

STAND. COM. REP. NO. 3403

Honolulu, Hawaii

APR 04 2008

RE: H.B. No. 3407
H.D. 1
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committees on Energy and Environment and Commerce,
Consumer Protection, and Affordable Housing, to which was referred
H.B. No. 3407, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO GASOLINE DEALERS,"

beg leave to report as follows:

The purpose of this measure is to remove the restriction on
converting an existing gasoline dealer retail station to a company
retail station by a gasoline manufacturer or petroleum products
wholesaler (jobber).

Specifically, this measure repeals the gasoline service
station anti-encroachment laws under chapter 486H, Hawaii Revised
Statutes.

Testimony in support of this measure was submitted by the
Western States Petroleum Association; Aloha Petroleum, Ltd.; Mid
Pac Petroleum, LLC; Kahala Shell Auto Care; and four private
citizens. Testimony in opposition to this measure was submitted
by Aiea Shell; Aloha Shell Service; and one private citizen.
Comments were submitted by the Department of Economic Development,
and Tourism (DBEDT).

Your Committees are aware of the concern that, by allowing
existing dealer gasoline stations to be converted into company
stations, this measure may have the unintended effect of creating



a more concentrated market with fewer competitors, resulting in higher prices.

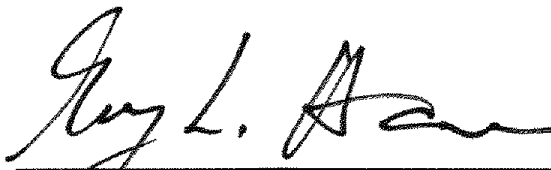
However, testimony from DBEDT noted that economic research published by the Federal Trade Commission in 1999 indicates that divorcement and anti-encroachment laws tend to increase retail gasoline prices. In addition, DBEDT pointed out that Hawaii's divorcement law previously stifled the efforts of a refinery to create a low-priced volume retail business. Therefore, this measure may benefit the public by helping to lower gasoline prices.

As gasoline prices affect every person and business in this State, your Committees find that the important issues raised by this measure should be further explored by the Legislature in conference committee.

Accordingly, your Committees have amended this measure by changing the effective date to July 1, 2050, to ensure further discussion and consideration.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Commerce, Consumer Protection, and Affordable Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 3407, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3407, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committees on Energy and
Environment and Commerce,
Consumer Protection, and
Affordable Housing,



RUSSELL S. KOKUBUN, Chair



RON MENOR, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:* HB 3407 HD1	Committee Referral: ENE/CPH	Date: 4/3/08
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The committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
MENOR, Ron (C)	✓			
HOOSER, Gary L. (VC)	✓			
IHARA, Jr., Les				✓
KOKUBUN, Russell S.	✓			
TRIMBLE, Gordon	✓			
TOTAL	4			1

Recommendation:
 Adopted
 Not Adopted

Chair's or Designee's Signature:


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*Only one measure per Record of Votes

