

A New Direction for Energy Independence New Tools to Fight Record Gas Prices: Stopping Price Gouging

Key Points:

- **The Democratic-led Congress is moving America in a New Direction for Energy Independence—working for consumers to lower gas prices, make America more secure, and launch a cleaner, smarter, more cost-effective energy future that creates hundreds of thousands of green jobs and reduces global warming.**
- **Today, the New Direction Congress will once again crack down on oil companies that are gouging American consumers, to help families and businesses facing record gas prices after seven years of the Bush-Cheney energy policy, written by and for an Oil Industry raking in record profits.**
- **If the Republican-led Congress had enacted anti-price gouging legislation when Democrats first proposed the gouging bill almost three years ago, we could have had federal laws on the books today against gouging nationwide. Just last week, New Jersey officials issued 350 citations for price-gouging related offenses after surveying 1,000 gas stations.**
- **The Bush Administration threatened to veto this measure last year, when both the House and Senate passed the measure.**
- **In addition, this week we will continue to offer innovative energy solutions, pressing for legislation that reduces public transit fares to help Americans struggling with energy prices and reward conservation, cracks down on oil speculators and on price gouging, and forces Big Oil to ‘use it or lose it’ on federal drilling permits, as part of our plan to transition America to a new more affordable energy future.**
- **Seven years of the Bush-Cheney energy policies of drilling for more fossil fuels, providing even greater taxpayer subsidies to the Big Oil companies already earning record profits, and refusing to diversify our energy sources—with bold investments in renewable energy and more efficient technology—have left American families and businesses reeling from record gasoline prices, America dangerously dependent on foreign oil, and our economy on the brink of recession.**

Today, under suspension of the rules, the House will consider H.R. 6346, which investigates and punishes those who artificially inflate the price of gasoline and diesel fuel. The bill sets criminal penalties for price gouging, and permits states to bring lawsuits against wholesalers or retailers who engage in such practices.

- **The summer driving season is well underway and drivers are paying a heavy price for the Bush Administration’s failure to enact a comprehensive energy strategy. As prices climb, so does the potential for consumers to be gouged at the pump.**

- Families and businesses are paying \$4.07 a gallon on average for regular gasoline – near the all-time high and more than double the cost when Bush took office, while truckers and farmers are paying \$4.77 a gallon for diesel fuel – near the all time high and three times the cost in 2001. [AAA, 6/23/08]
- Congress is moving to crack down on price gouging by Big Oil companies. The Energy Price Gouging Prevention Act would provide relief to consumers by giving the Federal Trade Commission the authority to investigate and punish companies that artificially inflate the price of energy. Twenty-eight states have anti-price gouging laws on the books.
- Under the bill, the Justice Department could impose criminal penalties of up to \$150 million on corporations, and fines of up to \$2 million and jail sentences of up to 10 years for individuals. This would apply during a national emergency and would crack down on wholesale and retail companies charging unconscionable and excessive prices. The bill directs penalties from price gougers to the Low-Income Home Energy Assistance Program (LIHEAP) to help families with their heating and air conditioning bills. Under the bill, the FTC would consider whether the amount charged, grossly exceeds the price of competing sellers, reasonably reflects costs, or is attributable to market conditions, and would focus enforcement on companies with sales in excess of \$500 million per year.
- On May 23, 2007, the House of Representatives approved a very similar bill, the Federal Energy Price Gouging Prevention Act (H.R. 1252) by a bipartisan vote of 284 to 141, securing the two-thirds necessary to override a veto.
- Just last Thursday, the New Jersey Attorney General announced that a survey of more than 1000 gas stations in New Jersey resulted in tickets for 350 violations of gasoline price gouging-related offenses. Among the citations issued were: 62 violations for the pump not accurately metering (or measuring) fuel, 46 violations for per-gallon prices being different on each side of the pump, 37 violations for fuel grades (octane rating labels) not posted, 26 violations for inaccurate octane ratings, 19 violations for inaccurate total sale price calculation and 14 violations for multiple price changes in a 24-hour period.
- In 2006, the Federal Trade Commission (FTC) found that after Hurricane Katrina: 23% of refineries studied, 9% of wholesalers studied, and 25% of retailers studied, had price increases that “were not substantially attributable to increased costs” and that these increases “could not be attributed to national market trends.”