

Economic Impact Statement

Montgomery County, Maryland

Bill 7-23

Consumer Protection – Gasoline Station Signage

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 7-23 would have a small positive impact on economic conditions in the County in terms of the Council's priority indicators. By requiring gas stations to post the highest credit price on signs as a consumer protection measure, the Bill likely would induce behavioral changes among certain resident motorists which likely would result in small increases in net discretionary income. While these behavioral changes may have mixed economic impacts on certain County-based gas stations, OLO does not expect the Bill to cause resident motorists to use gas stations based outside the County more than they otherwise would in its absence. Thus, the Bill likely would not reduce total demand for County-based gas stations.

BACKGROUND AND PURPOSE OF BILL 7-23

Under State law, certain gas station signs in the County must post the lowest unit price charged for regular gas. The lowest unit price of gas varies depending upon the method of payment. Generally, the per unit price of regular gas when using a credit card is higher than the per unit price when using cash.

If enacted, Bill 7-23 would require the posting of the highest credit price on gas station signs as a consumer protection measure. The Bill defines credit price as follows:

Credit price means the total amount, including any fees, payable to a gas station by a customer using a credit card or other non-cash form of payment, for one whole measurement unit of regular gasoline sold on the premises.

If gas stations fail to comply, it would constitute an unfair or deceptive trade practice under County law.

Bill 7-23 is aligned with Senate Bill 178, introduced in the Maryland General Assembly in January 2023. Like the Senate Bill, Bill 7-23 is intended to avoid consumer confusion about the lowest per unit price of gas.

Bill 7-23, Consumer Protection – Gasoline Station Signage, was introduced by the Council on February 7, 2023.¹

INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

Per Section 2-81B of the Montgomery County Code, the purpose of this Economic Impact Statement is to assess, both, the impacts of Bill 7-23 on residents and private organizations in terms of the Council's priority economic indicators and whether the Bill would have a net positive or negative impact on overall economic conditions in the County.²

¹ The bill description is based on the [Introduction Staff Report for Bill 7-23](#).

² Montgomery County Code, [Sec. 2-81B](#).

To assess the Bill's impacts on the Council's priority indicators, OLO performs a qualitative assessment based on the following sources of information:

- Introductory Staff Report for Bill 7-23;
- Fiscal and Policy Note for MD Senate Bill 178; and
- Consumer survey conducted by GasBuddy.

The primary assumption underlying the claims made in the analysis below is the following: the per unit price of regular gas when using a credit card is higher than the per unit price when using cash.

VARIABLES

The primary variables that would affect the economic impacts of Bill 7-23 are the following:

- Average per unit gas price for cash;
- Average per unit gas price for credit cards/debit cards; and
- Total number of resident motorists.

IMPACTS

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

Residents

OLO anticipates Bill 7-23 would have a small positive economic impact on certain residents in the County in terms of the Council's priority indicators.

Requiring gas stations to post the highest credit price on signs as a consumer protection measure primarily would impact resident motorists. According to a 2019 survey of American gas purchasing behavior by GasBuddy, a U.S.-based tech company, 51 percent of respondents said they pay for gas using a debit card and 37% said they use a credit card. This study suggests that many resident motorists likely rely on non-cash form of payments to purchase gas.

The Bill likely would provide more accurate information to certain resident motorists on the highest credit price for gas, which may impact their consumer behavior in several ways. First, assuming the per unit price of regular gas when using a credit card is higher than the per unit price when using cash, certain resident motorists may pay for gas in cash more than they otherwise would without the change of law. Second, more accurate signage may help certain residents identify gas stations with more affordable credit card prices for gas. Holding all else equal, these behavioral changes would result in minor decreases in gas expenses for certain resident motorists, thereby slightly increasing their net discretionary income (i.e., income remaining after paying taxes and living expenses).

Beyond this potential impact, OLO does not expect the Bill to affect residents in terms of the Council's other priority indicators.

Businesses, Non-Profits, Other Private Organizations

OLO anticipates Bill 7-23 would have mixed impacts on certain private organizations in the County in terms of the Council's priority indicators.

As previously stated, requiring gas stations to post the highest credit price on signs as a consumer protection measure may help certain residents identify gas stations with more affordable credit card prices for gas. This change in consumer behavior may have mixed impacts on certain gas stations, with some experiencing minor net increases in business revenue and others minor net decreases in revenue.

Beyond these potential impacts, OLO does not expect the Bill to affect private organizations in terms of the Council's other priority indicators.

Net Impact

OLO anticipates Bill 7-23 would have a small positive net impact on economic conditions in the County in terms of the Council's priority indicators. As previously discussed, the Bill likely would induce behavioral changes among certain resident motorists which would result in small increases in net discretionary income. These behavioral changes may have mixed economic impacts on certain County-based gas stations. Importantly, OLO does not expect the Bill to reduce total demand for County-based gas stations, as it is unlikely the change in law would result in many residents using gas stations outside the County more than they otherwise would in its absence.

DISCUSSION ITEMS

Not applicable

WORKS CITED

Montgomery County Code. [Sec. 2-81B, Economic Impact Statements](#).

Montgomery County Council. Bill7-23, Consumer Protection – Gasoline Station Signage. Introduced February 7, 2023.

CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the Bill under consideration.

AUTHOR

Stephen Roblin (OLO) prepared this report.