

213TH NEW JERSEY LEGISLATURE
ASSEMBLY TRANSPORTATION COMMITTEE
HON. JOHN S. WISNIEWSKI—CHAIR

TESTIMONY

SAL RISALVATO

Executive Director

New Jersey Gasoline, C-Store, Automotive Association

A-3726

An Act concerning motor fuel franchises.

Support

March 12, 2009

COMMITTEE ROOM 11
TRENTON, NJ 08625

Testimony of Sal Risalvato
A-3726—Support

Chairman Wisniewski, Vice-Chair Stender, and honorable members of the committee, my name is Sal Risalvato, Executive Director of the New Jersey Gasoline, C-Store, and Automotive Association. NJGCA represents over 1500 small businesses most of whom are gasoline service stations. Gasoline service stations are the quintessential small businesses of America, and they will be irreparably harmed if we fail to quickly pass A-3726. A-3726, more commonly known as the First Right of Refusal Act, is a law that places a courtesy in our statutes. Had ExxonMobil and other big oil companies been willing to sit at the table with the franchisees who built the businesses the company wants to sell out from under them, then I doubt I would be before this committee today. Do not be mistaken, this is a small business bill, but it is more than that; A-3726 will preserve competition, allow franchisees to purchase the stations many have spent their life building, provide a new level of fairness in the New Jersey Franchise Act, but equally important it will protect consumers.

There are some in this room that claim this bill is simply anti-big oil; however, I do not see it that way. NJGCA and the United Dealers of New Jersey view this legislation as pro-small business, pro-consumer, and an offering of new fairness and equality in the motor fuels market. NJGCA and the United Dealers of New Jersey see this legislation as pro-worker, pro-job preservation, and as a more economically sound policy for New Jersey. NJGCA and the United Dealers of New Jersey do not view this bill as anti-anyone, because no one is harmed by allowing a franchisee to purchase a business at the same rate the business would be sold to someone else.

ExxonMobil has made it crystal clear that they will only deal with major distributors in the sale of these properties, unless this legislation is passed. What they are not making quite as clear is that the only distributors with the financial ability to purchase such a large block of stations are outside the borders of New Jersey. What ExxonMobil is not making quite as clear is that no distributor has the economic resources of ExxonMobil, and any distributor purchasing these properties will have to overreach financially to acquire them. Quite predictably, this will result in significantly higher expenses for

Franchisees through increased rents, higher maintenance fees, and most significantly for consumers through higher gas prices.

Finally, I want you to understand that I stand before you trying to ensure that history is not repeated. In 2004, ExxonMobil divested most of their stations in Southern New Jersey. Of the 59 stations sold, over 20 franchisees either handed in their keys, which resulted in the loss of all capital expended to purchase the franchisee, and all improvement costs; or sold their franchises at a substantial loss. In the economic climate we are faced with today, New Jersey can neither stand to have jobs and competition lost, nor can our residents afford an increase in the cost of motor fuels. I have been before committees in Trenton for the last two years, illustrating the hard times motor fuel retailers are faced with on a constant basis. However, there are few issues I feel as passionate about as this legislation, because it is the most common sense solution to what is bound to be an ever increasing trend. ExxonMobil was the first company to announce nationwide divestiture, but it will not be the last.

My plea to you today is simple, listen to the stories of those here today that are faced with the possibility of losing their investments in a business they have built, understand that there is a clock ticking faster by the minute against these business owners, and vote not only for them but for all of the people you represent.

Thank you.