

## @ISSUE: Self-serve gas: Is it time?

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*New Jersey is the one state in the nation where motorists cannot pump their own gas, and many New Jerseyans remain proud of that. They see full-serve gas as a special privilege that has become a part of the state's culture. But with a significant increase in the gas tax appearing inevitable, supporters of a self-serve option are likely to make a fresh push, believing residents will be more willing to embrace the potential savings.*

### **Self-Serve Gas Would Save You Money**

By Sal Risalvato

**When self-serve gasoline was first being introduced elsewhere, what was the objection in New Jersey? Safety concerns were more pronounced in the beginning, correct?**

The earliest fight on self serve was in the 1940s. New Jersey banned the practice because an upstart retailer slashed the pump price, and allowed customers to pump their own, and angered competitors. Safety concerns were used as the prevailing argument to ban the practice. The New Jersey Gasoline-C-Store-Automotive Association (NJGCA, then known as NJGRA) was strongly in favor of banning self serve. One by one other states began permitting self serve and the issue came to a boiling point again in the early '80s. The 1979 Iran oil embargo caused gas prices to skyrocket (to \$1.25, wow). Once the market settled back to prices in the 80- to 90-cent range, motorists who were still angry about the gas shortage a year earlier began demanding that self serve be permitted in New Jersey. It was very noticeable to New Jersey motorists that motorists in New York, Pennsylvania and other states had a choice to purchase self-serve or full serve and that there was a clear price difference with self serve being 5 to 10 cents lower than full serve. New Jersey motorists wanted the same. The tax difference between New Jersey and neighboring states was minor at the time compared with the delta that exists today.

In 1982, Sens. Gerald Cardinale from Bergen County and Frank Graves from Passaic County introduced legislation that would permit self serve in New Jersey. Cardinale won his election to the Senate and beat a Democrat named Frank Herbert in 1981 by campaigning on the promise that he would bring self serve to New Jersey. NJGRA opposed self serve even more strongly at that time. I owned an Exxon station on Route 17 in Paramus and was in the thick of the fight to stop Cardinale and Graves from passing self serve. Why? Because back then oil company-

operated gas stations were common in the retail community. I was competing against Exxon, Shell, Texaco, Amoco, Mobil and others directly. Competing stations were operated by oil companies with employees paid directly by them. There was no independent small business owner like myself who needed to make a profit. Company-operated locations began modernizing their own company locations preparing for self serve. Oil companies were pushing hard to pass self serve. Back then gas stations did not have canopies. Company ops began building canopies and installing intercom systems. Independents like me would have been buried.

**Eventually every state embraced self-serve gas except New Jersey and Oregon — and Oregon even has it partially now. So why is New Jersey still the lone holdout?**

New Jersey remains a holdout as a matter of “New Jersey culture.” Over the years neighboring states like Pennsylvania and New York continued to raise their motor fuels taxes while New Jersey did not. The delta between the states grew so large that New Jersey motorists recognized that when they had to travel out of state that they paid significantly more for gas and pumped it themselves. New Jersey gas began to look like a huge bargain that set in as our culture. The delta between Pennsylvania and New Jersey is currently 36 cents and between New York and New Jersey varies between 28 to 40 cents. The bottom line is that New Jersey motorists are proud that they pay so much less and don’t pump it themselves. What they do not realize is that if self serve were permitted, they would be still cheaper yet.

New Jersey motorists have an automatic visceral reaction opposing self serve. However, many do realize that they are being cheated out of both money and time. The convenience of self serve is very attractive to many because they wait to be served while looking at unoccupied pumps that are blocked by orange cones. The convenience factor and price factor will eventually gain public support for self serve. The “Jersey Girls Don’t Pump Gas” culture will eventually give way to convenience and financial considerations.

**Your organization long opposed self-serve gas, but has now shifted gears. Why is that?**

There are several reasons for this. Most importantly is that the major oil companies no longer have company-operated gas stations. Not only do they not operate gas stations themselves, but in many locations they have actually divested themselves of the real estate and it is now owned by the small-business person who owns the franchise. Retailers no longer fear competing against their supplier. Also it is getting harder and harder to hire employees willing to pump gas. Even with wages above minimum wage, it is hard to find help. Turnover is high and it is not uncommon for employees to never show up for work and quit. The reason that so many orange cones block off pumps is because employees are both hard to find and too costly. The transformation of the marketplace over 30 years makes it necessary for retailers to consider self serve. Other businesses like supermarkets and all retail stores are permitted to have their customers check out themselves, and the gasoline business is no different.

Customers no longer have to worry about the smell of gas as modern equipment collects gasoline vapors before they ever reach their hand while operating the nozzle. Conveniences like pay at the pump make it much easier for customers to serve themselves.

**The assumption is that a move to self-serve gasoline would cost jobs, but lower gas prices in the process. Let's start with the jobs. What's likely to happen?**

Every orange cone that you see blocking off a gas pump is an employee that already doesn't exist. Each cone is an employee that can't be dismissed or laid off. Orange cones don't file for unemployment. Since employees are hard to find, many employees will be put to good use inside the convenience stores. Because the turnover rate is so high, it is likely that attrition will also play a role simply by not replacing an employee who quits. To say that no employee would lose their job is false, but it is not likely that many will lose their jobs because of the reasons I just mentioned.

**Would prices really fall? How much? Skeptics would argue that the self-serve prices would just be the same as full-serve prices would have been, but full serve will cost more. Is that a fair concern?**

A recent survey of members who have accounting records and principles that I can rely upon shows the cost of labor at the pumps to be between 8 and 23 cents. All have indicated that they would reduce their pump price by at least 8 cents. I believe that we would see a price reduction on average of 10 to 12 cents statewide if self serve were permitted. Competition will dictate the price. Once a retailer offers self serve and lowers their price, competitors will have no choice but to follow. Especially once motorists recognize the price advantage, it will only be a matter of time before customers prefer self serve and desire both the convenience and lower price.

**With all the talk about raising the gas tax, do you see this as a good time for advocates to make another push for self-serve gas to ease the price increase, at least in theory?**

I have good evidence that this has been and may continue to be considered. Many legislators love the idea of self serve but are afraid of public reaction. All seem to agree with me that once self serve is permitted and the motoring public is enjoying both the convenience and the savings, that they will like it. It is making that jump that seems to make legislators squeamish. If the gas tax were raised by 20 cents and two months later self serve were permitted, there would be a noticeable increase of 20 cents followed by a noticeable decrease of 10 cents. What do you think the public will say then? I say they will love the price decrease and learn that pumping gas is no big deal, ladies included. Now is the time to restart the debate that was paused 30-plus years ago.

**But isn't it true that because gas prices are so volatile day to day, consumers don't really recognize or appreciate the impact regardless?**

A 10-cent reduction overnight is noticed, just like it will be noticed when the tax is increased.

**Aside from any other concerns, New Jerseyans appear strongly opposed to making the change. So why even bother trying?**

They are opposed as a matter of culture period. Weather is always cited, but really think about it; how many days in a year are excessively cold or hot? Because of canopies, the rain is a nonfactor, but still gets mentioned. The smell of gas is also a nonfactor and total fallacy. Go to a gas station yourself and pump gas and then smell your hands. I bet a steak dinner that you won't smell gas. Safety concerns are also nonexistent.

Exactly how many times have we heard of people lighting themselves on fire over the last 40 years in 49 other states?

If NJGCA didn't win the fight 30 years ago to ban self serve, then New Jersey motorists would have been pumping their own gas for years and it would never have been an issue. It is our own fault for not changing our position sooner. The public would have saved a lot of money over those years and would have enjoyed a lot of convenience.

*Sal Risalvato is executive director of the New Jersey Gasoline-C-Store-Automotive Association.*