



## Message From Executive Director Sal Risalvato

### Self Serve Gasoline; My Memory and the History

It wasn't long after I arrived at NJGCA in 2007 before I was approached by a member expressing his desire to see NJ's ban on self serve gasoline overturned. Besides expressing his desire to overturn the ban, he also asked my opinion on the issue. I didn't share it with him!

Similar exchanges began occurring regularly without me ever sharing my opinion, not even with the NJGCA Board of Directors. I knew my opinion would carry a lot of weight and I did not want to unfairly influence anyone until the proper time. I knew that when the proper time came, that I would be free to spout my thoughts as loudly as I usually do on other issues.

Because the issue was brought to me so often, I did broach the subject several times with the Board of Directors. Each time I received mixed reactions and a flurry of opinions, some of them in favor of self serve, and others opposed. I still remained neutral and never tried to influence the debate. I remained steadfast that when the time came to officially have the debate, that I would be qualified to present both sides of the issue with precision and equality. I also knew that it didn't matter what I thought, or for that matter what individual board members thought, because ultimately we would have to take the position of the majority of our members. Only a poll would settle the issue.

I would be a winner no matter what was decided. Why? Because my job would be to fight for whatever NJGCA members decided. I was certain that I could argue either side of the issue like a junk yard dog, even if the choice of the membership opposed my personal view. I enjoy the fight!

Guess what? I have written 4 paragraphs and you still don't know my opinion. You will have to read to the end in order to find out. I have been waiting 7 years to reveal my opinion.

To understand why NJ is one of only two states that do not permit motorists to pump their own gas, one has to go back over 30 years to learn the facts. It just so happens that I was a young owner of an Exxon station when the battle was fought and I remember it well.

In January 1979, the United States was embroiled in a feud with Iran that began 30 years earlier when the U.S. supported a coup that brought Shah Mohammad Reza Pahlavi to power in order to protect the oil interests of both the United States and Great Britain. Because of this, over those 30 years fundamentalist Islamists grew to despise the U.S. and its Western allies. The Shah was exiled on January 16, 1979, coincidentally only two days after I attended a meeting of gas station owners at the War Memorial Auditorium in Trenton, NJ on a

Sunday afternoon. Although the meeting that I attended was totally unrelated to events developing in Iran, I had no idea at that time how these two events would affect my life right up to this very day.

When the Shah was exiled, a chain of geo-political events began that would result in long gas lines and the price of crude oil skyrocketing from \$15 per barrel to \$40, just four months later. The price of gas soared and I still remember being the first to raise my price to 99.9 cents per gallon. The motoring public was screaming!

Later that year, President Carter allowed the exiled Shah of Iran into the US to receive medical care. You may remember that this precipitated the Iran Hostage Crisis, which ended only when President Reagan was sworn into office more than a year later. Fanatical Islamic extremists led by Ayatollah Khomeini had successfully caused chaos to the world's economy and energy security.

Why the history lesson? Because this episode and the events of 1979 planted the first seeds in the debate over self serve gasoline.

In 1980, while the price of gas still had not returned to its pre-1979 level, motorists began to demand that NJ allow customers the ability to serve themselves at the gas pumps. NJ motorists wanted the same lower price that was being offered in neighboring states when customers chose to pump it themselves. They didn't care that full serve cost more... they only cared that self serve cost less! So the debate and ensuing battle began.

Back then, our association had a slightly different name. Many of you may remember us as the NJ Gasoline Retailers Association. Our name changed in 2007, not long after I arrived. NJGRA was a staunch opponent of allowing self serve in NJ. There were several issues that made gasoline retailers fearful of allowing self serve. The biggest and most cogent premise to the argument against self serve was the fact that the Major Oil Companies operated so many direct company stations. Exxon, Shell, Mobil, Amoco, Texaco, and Sunoco all operated their own stations in direct competition with dealers. They undercut the market injuriously. Certainly they would modernize their own stations and have them all set up for self serve if it were permitted, and then they would destroy all of us smaller guys. It was a legitimate fear.

While the battle raged for several years, NJGRA offered a compromise. Dealers would back off their opposition to self serve if the legislature would pass a law called divorcement. Divorcement would have prohibited the Oil Companies from operating their own stations directly.

They would be forced to have a dealer in every location; a dealer who would compete on the same level as others. Maryland had recently passed such a law and we wanted the same for NJ dealers.

Of course, the Oil Companies opposed such a law. The battle waged on with no end in sight. At one point, I remember receiving a survey from NJGRA asking for my opinion on the self serve issue. No, it wasn't emailed to me like the survey that I recently sent to NJGCA members. It was a paper ballot that I had to complete and mail back to NJGRA headquarters. The results overwhelmingly supported keeping the ban on self serve. NJGRA dug in for a nasty fight. Remember, the general public was SCREAMING that they wanted to pump their own gas!

A young Assemblyman named Gerald Cardinale became the champion of self serve, and won his election to the Senate by campaigning hard and telling his constituents that he would successfully pass a law that would finally allow motorists to pump their own gas. Cardinale won his election and became Senator Cardinale.

For several legislatures, Senator Cardinale, and an ally, Senator Frank Graves of Paterson, argued fiercely to permit self serve in NJ. NJGRA stood firm and when the dust settled, NJ's ban on self serve gasoline remained standing.

Although Senator Cardinale never gave up on his vision of permitting motorists to pump their own gas, the issue was left lifeless on the scrap heap of legislation that was never passed. The issue was resurrected for two weeks in 2008 while Jon Corzine was Governor, but was quickly shelved when an outcry from the public resulted in more phone calls to Governor Corzine than any other issue in his 4 years as Governor. The issue was dead once again.

What had changed? Why did a motoring public that was SCREAMING for self serve in the early 1980s, suddenly react with outrage at the suggestion that motorists be permitted to pump their own gas? A suggestion that was made by Corzine so that motorists could purchase gasoline at lower prices if they pumped it themselves!

Basically, NJ motorists had become spoiled, almost lazy in some regard. NJ bragged about being one of only two states that didn't permit people to pump their own gas. NJ motorists became accustomed to paying one of the lowest prices in the country for gasoline, while at the same time having someone pump it for them. Motorists didn't have to get out of their cars in the heat or the cold and especially on rainy days. NJ motorists became complainers when traveling out of state and having to fill their own tanks. It became a part of NJ culture. Have you ever seen bumper stickers that exclaim, "Jersey Girls Don't Pump Gas"?

What else changed in 30 years? For starters, the Major Oil Companies no longer operate their own gas stations except for a few locations. Not only do dealers not have to compete against their franchisor, but in most cases

the dealers now have actually been able to purchase their real estate and now control who supplies their gasoline products.

The dynamic has changed so dramatically that today an overwhelming majority of station owners want to allow self serve gasoline in NJ. In fact, the survey that I sent to NJGCA members in January has shocked even me. Not only did the survey strike a nerve, because it seems like members crawled out of the woodwork to get their opinion registered, but a whopping 77% of the respondents favor allowing self serve in NJ. Only 21% were opposed while 2% remain undecided.

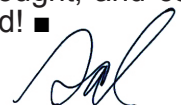
In 30 years, the dynamic has completely reversed itself. In 1980, while the public was demanding to pump their own gas and save a few pennies, and while influential legislators like Senator Cardinale and Senator Graves lined up against us, we fought hard to keep self serve from passing. Today, the general public is once again against us. However, now they are adamantly opposed to permitting self serve in NJ. However, Senator Gerald Cardinale is still in the Senate and still has lots of fight left in him, only today we share the same side of the issue. We have a big fight ahead in order to accomplish our goal, but like I said earlier, and like Senator Cardinale, I am up for the fight too!

Oh... I did say that I would reveal my personal opinion at the end of this story. So here it is. I too am in favor of permitting motorists to pump their own gas! I have arrived at this conclusion for several reasons, and one of them was about 15 years ago while I still owned a Texaco service station.

I concluded then that my business would be better off if I no longer had to deal with unreliable, untrustworthy, irresponsible, and mostly bad employees that found their way to my gas pumps. I was tired of shortages. I was tired of last minute calls feigning sickness and then scrambling to find a warm body to work the shift. I was tired of paying huge amounts of money to employees and the employer taxes and insurance that accompanied their wages. Without that expense I could make a profit!

Once I got out of the business and began a new career, I was frustrated as a customer when I had to wait in line to have my gas pumped. Many times I just wanted to get out of my car and get the pump started and get on my way. Then, in 2007, when I arrived here at NJGCA, I began to recognize that the problems that I had were still being experienced by all of you. I met so many gas station owners who would not join NJGCA because they perceived that as an organization we opposed self serve. They of course were wrong. Yes, we opposed self serve 34 years ago, but I didn't have a clue what the members of today desired.

That's why I kept my personal opinion to myself -- knowing that someday, when the time was right, I would ask the members what they thought, and could share what I think. The day has arrived! ■



# SELF SERVE: MEMBER SURVEY RESULTS

BY: ERIC BLOMGREN

While historically this organization has been adamantly opposed to allowing any form of self serve in New Jersey, it has become increasingly clear over the last few years that this position needs to be reevaluated. Times change, and people change with them. In the thirty years since self serve was a major issue, the economy and nature of doing business in the gasoline retail industry had changed dramatically. Technology has advanced and the cost of labor is always shooting up. It also became clear that the oil companies no longer have any interest in competing directly with dealers in retail locations that they operate themselves, in fact they are getting out of the retail side of the business completely.

In 2007, the New Jersey Gasoline Retailers Association began to finally adapt to the modern world and recognize the changed industry. One of the many transformations was to change the name of the organization to the New Jersey Gasoline, C-Store, Automotive Association. With this change, as well as Sal's start as Executive Director, the organization's position on self serve shifted away from outright opposition to a more benign position of effective neutrality.

For several years, NJGCA's lack of a firm position on the issue was irrelevant since legislators and the press rarely brought the issue up, and when they did it was mostly just in passing, as a curiosity. When asked, the NJGCA position was that we were historically opposed to self serve, but if it became an issue we would have to poll our membership to see where we should stand.

Last year, an Assemblyman reached out to us saying that he was interested in introducing a bill that would allow self serve in some form in New Jersey. This was effectively the first time that self serve would be seriously discussed in this state since Governor Corzine floated the issue in 2006.

In January, NJGCA sent a survey via email to all members, asking them for their position on self serve. Before voting, there was a lengthy and unbiased description of the reasons for and against allowing the option of self serve in New Jersey. **If you missed it or you would like to read it again, it has been included at the end of this article.**

The response rate for this survey was significant and definitive. 365 stations were represented, a statistically significant sample of the total 2,300 stations in New Jersey, and an even larger chunk of NJGCA membership. This means it is more representative and definitive than any of the public polls you see performed by universities and published in the newspaper. They typically talk to between 300 and 1,500 people, but they represent a total universe of millions of voters and residents.

Many members have been wondering what the results of that survey were. Those members who came out to NJGCA's membership meetings last month got an early peek at the results, as did the NJGCA Board of Directors.

The answer was overwhelming. When asked the question "Do you believe it should be legal in New Jersey for motorists to pump their own gasoline if they choose?", 77% of member stations were in favor of self serve and allowing motorists to pump their own gas. 18% were opposed and 5% were undecided. No matter how the members were broken down, there was no scenario or segment of the membership which did not support self serve, from members with zero stations (repair shops) to members with multiple stations, there were always many more members who supported self serve than opposed it.

**Given these landslide results, it's clear that NJGCA must make its official position TO SUPPORT SELF SERVE.**

## Self Serve: Next Steps

Don't let anyone fool you; getting self serve passed in New Jersey is primed to be one of the toughest fights imaginable. It is something that affects almost every person in the state, and consequently almost every person will have an opinion on the issue. Whereas once the public was overwhelmingly in support of self serve, now their initial reaction will generally be opposition. There have not been any recent public polls on the issue, but while the opposition to self serve is broad, there are indications that it is not deep and many of the people whose gut reaction is opposition could be persuaded.

Getting self serve in New Jersey is a fight with multiple fronts. We will have to convince not just the 120 state legislators that it should be allowed, but also the media, other interest groups, and of course the vast voting public.

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To do it, we will need you to become more actively involved than you ever have. One of the most important ways will be **financially**. We will need funds to pay for expenses like polling and even advertising our side of the issue.

It also means **membership fees**. We need your help to promote the value of NJGCA membership so that we have the resources for a fight as big as this. We know that there are retailers out there who never joined NJGCA primarily because they believed we opposed self serve, we need you to reach out to them and let them know they need to get in the fight and join up. We also know that some members own multiple sites but only pay membership dues for one. This is against the rules of the organization and unfair to those members who are members at every site. Remember, NJGCA does NOT represent all the gas stations in the state of New Jersey, we only represent members in good standing.

We will also need political contributions so that we can support our allies on this issue and prove to them that there truly are hundreds of small businesses in this state who care so deeply about this issue that they are willing to put their money where their mouth is.

In addition to financial support, we will also need your physical support. We will need you to show up to press events and committee hearings in numbers to show the widespread support for this issue. We will also need individuals to come with us when we meet with legislators. It means more for them to hear directly from their constituents about an issue than to hear for us. After all, you are the ones providing jobs and services to their constituents.

Here are a taste of the main points to make to the public in favor of self serve:

### **It's Optional**

The biggest fear that the general public will have is that they will be forced to start pumping their own gas whether they want to or not. If that is the way the issue is presented, there is no doubt we will lose and lose big. Motorists need to know that all we are advocating for is to make self serve an option for those that want it. People that don't want to ever touch a gas pump still won't be required to. Now, they may not have the option of full serve at every single station, as we want the decision of whether or not to offer full serve to be left up to the retailer, however if there is consumer demand for full serve then no doubt someone will

offer it and take that business. But given the fact that, at least at first, huge segments of the market will still want full serve, they need to know it will be available to them somewhere. Over time, as people become used to the idea and get more and more comfortable pumping their own gas, there may be less demand for full serve.

### **Convenience**

Pretty much every motorist has been in a situation in which they had to wait around for an attendant to get to them. Sometimes it's because the station is particularly busy, other times it's just because the pumpers are busy on their cell phone, or in the bathroom, or just not paying enough attention. If a motorist wants to get out of their car and handle the pump because they don't want to wait around for an attendant, they should be able to do so. It's not about taking away the convenience of having someone pump your gas for you; it's about adding the convenience of being able to quickly pump gas yourself.

### **Savings**

High gas prices are a way of life, and with the world as unstable as it is, it's unlikely we'll ever see particularly cheap gas prices again. On top of that, talk of raising the gas tax in New Jersey continues and support for an increase is growing. Consumers are going to remain price conscious and look for savings wherever they can get it and that is where self serve can help. Despite what some will claim, price differences between self serve and full serve will be the result of a discount for self serve, not a surcharge for full serve. As with cash/credit pricing, retailers will pass the savings onto motorists in order to stay competitive. Many customers who would otherwise rather have an attendant pump the gas will gladly hop out of their cars if it means another ten cents a gallon in their pocket.

### **Safety**

Right now in New Jersey it can be difficult to find a place to fill up your car after about 10pm. The ban on self serve means that retailers are faced with a choice: leave one lone attendant standing around all night so that motorists will have a place to fill up or close down after dark, losing that business and leaving motorists stranded if they're running low on fuel. If self serve were allowed, it would mean that those gas pumpers wouldn't be exposed to all manners of dangerous situations, in which at best they're robbed at gunpoint and at worst they're robbed and then shot or stabbed. Just last year

a gas pumper was murdered in a robbery and only a few weeks ago one was shot. Self serve means that at any time of night motorists will be able to pull up, put their credit card in, pump their gas, and be on their way in just a few minutes. No longer will hundreds of gas station attendants be put at risk and no longer will motorists driving at night need to worry about where they can buy gas if they're running low. This will be a particular advantage to urban areas, where there are few or no stations open late at night.

### **Personal Freedom**

In New Jersey it is actually a crime for a small business to allow a regular citizen to pump their own gas. A long time ago it made sense for professionals to be the only ones allowed to pump

this flammable liquid, but nowadays using a gas pump is as simple as using an ATM. This is a not a radical new idea that hasn't been tested. More people are buying diesel powered cars, and are already permitted to pump their own fuel. 48 states, representing 96% of the US population, are fully capable of pumping their own gas, does the State of New Jersey really want to continue saying that its citizens are incapable of doing the same?

Expect this to be a long, hard, and loud fight. NJGCA can't emphasize enough that it will only be accomplished with your direct and consistent involvement. Stay tuned to your email inboxes for info about how to help when we need you. **If you don't receive the NJGCA "Road Warrior" email every week, make sure you call 973-376-0066 immediately and ask for Jacy. ■**

**Below is a reproduction of the information given to members before they voted whether or not to allow self serve.**

### **Proponents of Self Serve Say:**

Self serve will reduce the costs and burdens of operating a gasoline retail business by reducing the number of employees that are presently needed to serve customers. A time proven strategy of struggling small businesses is to lower costs by reducing the number of employees. Payroll is one of the top three expenses for any business.

Reducing employees also reduces the cost of Workers Compensation Insurance, Health Benefits, and Payroll Taxes. Reducing the number of employees eliminates other related problems such as cash shortages, inventory theft, poor performance, incompetence, unreliability, punctuality, and poor attendance. Many station operators say that they will be able to better compete with the "big guys" if they are able to eliminate employees and reduce payroll costs.

Those in favor of self serve argue that the advantage Big Box retailers would gain is a very small one if any at all. Most customers visit local independent retailers because they have a relationship with the owner and it is more convenient. Situations when motorists skip gas purchases at Big Box retailers because the lines are too long are rare. Today many Big Box retailers price their gasoline at the same or a higher price than smaller independent competitors. Proponents say that the economic benefits that would come from self serve far outweigh this cost.

Employers complain that even in times of high unemployment it is difficult to find reliable employees, and when unemployment levels are low it can be nearly impossible to find employees to even respond to advertisements seeking help.

Many employees seek jobs pumping gas for only as long as they need to find more attractive work; sometimes quitting with little or no notice. It is common for employees to simply not show up for work. Employees don't like to work in extreme weather like sub-zero temperatures, uncomfortable heat, and pouring rain.

Anticipated "Operator Training" regulations will create training costs that will be burdensome if employees consider their Gas Attendant jobs with a revolving door mentality. Recouping the costs of training employees is more difficult when employees are constantly replaced for one reason or another.

Some customers like the idea of self serve because they will no longer have to wait to be served, especially when gas pumps are blocked due to lack of employees who work the pumps. Many motorists complain that they can't serve themselves because of the New Jersey ban on self serve and are unable to get in and out of a gas station as quickly as motorists in other states do.

Theoretically, with today's modern "pay at the pump" technology, stations could be open 24 hours a day with few or no employees at all. Gas station attendants will no longer be targets for armed robbery after dark.

Proponents say that self serve is permitted in 48 other states without any public safety issues or inconveniences. New Jersey already permits motorists to pump their own diesel fuel into their vehicles, so what's the difference if they are permitted to pump their own gasoline? They say New Jersey needs to "get with it" and join the other 48 states by eliminating the ban on self serve gasoline.

Proponents of permitting self serve say that this is a free country with a free market and the government shouldn't ban consumers from pumping their own gas if they wish to do so. Many motorists who wait for an attendant simply wonder "why they can't just pump it themselves", especially when they are in a rush.

Those in favor of self serve point out that it is unlikely that NJ would move from 100% full serve to 100% self serve and that a change in the law would likely mean that NJ would have both, and every motorist could decide the better option. 48 out of 50 states currently allow self serve gas without any reported problems. They say that 96% of the US population (roughly 300 million people) lives in a state that allows self serve and that the population in general, including senior citizens and handicapped individuals, have not had the sky fall on them.

### **Opponents of Self Serve Say:**

Industry opponents say allowing motorists to pump their own gas may help lower the cost of employees for smaller independent stations, but it will also assist Big Box chains with larger locations and multiple pump islands. Larger Big Box retailers would be better able to serve at pumps that are often blocked with orange cones, enabling them to sell more gas and increase volume. Big Box retailers and multi site chain retailers are better able to compete in the marketplace and will gain an advantage if self serve were permitted.

Legalizing self serve would encourage more Big Box Retailers to establish locations in New Jersey. They would be incentivized to build gas stations at existing retail stores just as they have done in other states, in order to draw more customers into their stores and buy other more profitable consumer goods. Smaller and lower volume locations may find it more difficult to compete with the larger and higher volume locations that are more modern and readily prepared to begin self serve operations.

Consumer opponents claim that motorists don't like pumping their own gas when they travel out of state. Members of the public who oppose allowing self serve say that not pumping your own gas is a convenience and a proud part of 'New Jersey Culture'. Motorists enjoy the fact that full serve gas is cheaper in New Jersey than in most other states that allow self serve.

Public Safety opponents say that it is dangerous to allow motorists to pump their own gas. The ban was originally put in place 70 years ago to prevent fires and to protect the public from disasters.

Labor advocates say that eliminating the ban on self serve will surely eliminate thousands of jobs at a time when job creation is needed. New Jersey gas stations employ approximately 15,000 workers and permitting motorists to pump their own gas could eliminate a large portion of these jobs. Those affected will be mostly lower income and lesser skilled workers who might have difficulty finding employment elsewhere. Legislators will be hesitant to make a policy change that will eliminate jobs.

Opponents say that removing the ban on self serve will be a hardship for senior citizens and handicapped individuals. They say that even if a gas station maintains a full serve pump it will likely be priced higher than for gas sold at its self serve pumps. This will be unfair to those who have difficulty pumping their own gas, as well as to lower income individuals.

Those opposed to lifting New Jersey's ban on self serve point out that any savings of Workers Compensation premiums could be negated by higher costs for liability insurance as rates and thresholds are surely to be increased.

Industry opponents say that once self serve is permitted that it will be an excuse for regulators from all departments of government with enforcement oversight to begin promulgating new and more burdensome regulations with costly requirements. Enforcement agencies will claim that now they have to contend with preventing inequities to consumers, employees, and the environment.

Opponents say that New Jersey is doing just fine by banning self serve all of these years and that there is no reason to fix something that isn't broken.