



Did NJ Officials Mislead Public About Costco Gasoline Rule?

By: Dan Alexander, June 16, 2022

It's been over a week since signs appeared at Costco stores in New Jersey announcing that membership would be required for gas purchases starting July 5.

It has also been over a week since the state of New Jersey Division of Consumer Affairs was asked by New Jersey 101.5 about the legality of such a move.

Eighteen years ago, the state of New Jersey reportedly told Costco that the wholesaler was prohibited from selling members-only gasoline, citing a non-specified "state law," according to news coverage at the time. Ad

The division, which is part of the Attorney General's Office, has yet to provide an answer about what specific law or regulation would be violated.

Sal Risalvato, executive director of the New Jersey Gasoline, C-Store, and Automotive Association, said the agency asked him for help in trying to identify the law. He could not find one and has a theory about why: there is none.

Gas station inspection shenanigans in 2008

Based upon his own experience with the Division of Consumer Affairs and the Attorney General's Office during the Corzine administration in 2008, he believes that the state and Costco came to an "understanding" about the membership requirement.

During his first year as executive director of the industry group, Risalvato said gas prices were spiking and then-Attorney General Anne Milgram wanted to show she was taking action to bring prices down.

Risalvato said Milgram ordered county Weights & Measures officers to visit gas stations in order to make sure pumps were correctly calibrated. Risalvato said inspectors found administrative errors, such as improperly displayed licenses and unavailable credit card receipts, but no summons were issued for problems with calibration. Milgram, however, issued a press release to the contrary, Risalvato said.

In her press release, Milgram said that during a three-day inspection of a third of the state's 3,000+ gas stations, more than 300 alleged violations had been found. Milgram said stations were found with "improperly calibrated" equipment, inaccurate octane ratings and pricing discrepancies. Milgram said she believed most of the violations were intentional, according to published reports.

Different administrations, different relationships

At the time, Risalvato denounced the findings and accused Milgram of using gas stations as a "scapegoat," according to an Associated Press story. A spokesman at the Attorney General's Office denied it was a "publicity ploy." Risalvato said he filed Open Public Records Acts requests for every inspector's report to back his allegation and later called for Milgram's resignation.

"When I think of what they did there it's not beyond me to think that in 2004 when this Costco thing came up they tried to make it look like they were a bunch of heroes when there was really nothing at all that they could have done if Costco wanted to press it," Risalvato said.

He believes that is why 18 years later, Costco feels emboldened to require membership.

Risalavto said that he currently has a great relationship with county Weights & Measures offices, the Attorney General's Office and Division of Consumer Affairs.

"There's a big difference between 2008 Division of Consumer Affairs and 2022 Division of Consumer Affairs," Risalvato said.

Costco has not issued a statement or responded to New Jersey 101.5's request for more information.