



## 1995 ASSEMBLY BILL 616

October 12, 1995 - Introduced by Representatives BRANCEL, HAHN, LEHMAN, OLSEN, AINSWORTH, HUBER, DOBYNS, OTT, ALBERS, ZUKOWSKI, VRAKAS, FREESE, GARD and JOHNSRUD, cosponsored by Senators WELCH, SCHULTZ and BUETTNER. Referred to Committee on Consumer Affairs.

1     **AN ACT to renumber and amend** 100.30 (2) (a); **to amend** 100.30 (2) (b), 100.30  
2           (2) (c) 1. a., 100.30 (2) (d), 100.30 (2) (L) (intro.), 100.30 (2m) (a), 100.30 (2m) (b),  
3           100.30 (3), 100.30 (5) (a), 100.30 (6) (a) 7. and 814.04 (intro.); **to repeal and**  
4           **recreate** 100.33 (1) (h); and **to create** 100.30 (2) (a), 100.30 (2) (am) 1m., 100.30  
5           (2) (cb), 100.30 (2) (cg), 100.30 (2) (cm), 100.30 (2) (j), 100.30 (2) (m), 100.30 (4m),  
6           100.30 (5m), 100.30 (6) (a) 9. and 100.30 (6) (a) 10. of the statutes; **relating to:**  
7           the regulation of the sale of merchandise below cost and providing a penalty.

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### *Analysis by the Legislative Reference Bureau*

Currently, with certain exceptions, the state unfair sales or "minimum markup" law requires a wholesaler of cigarettes, other tobacco products, fermented malt beverages, intoxicating liquor, wine or motor vehicle fuel to sell that merchandise for at least 3% more than the cost of the merchandise to the wholesaler. The law requires a retailer of cigarettes, other tobacco products, fermented malt beverages, intoxicating liquor, wine or motor vehicle fuel to sell that merchandise for at least 6% more than the cost of the merchandise to the retailer. Finally, the law requires a retailer or wholesaler of other merchandise to sell that merchandise for at least its cost to the retailer or wholesaler. Generally, under the unfair sales law, cost is computed as the lesser of the invoice cost or the replacement cost of the merchandise, plus excise taxes and overhead costs, and minus certain trade discounts.

The unfair sales law prohibits offering loss leaders. A loss leader is the sale of an item of merchandise at less than cost in order to induce the purchase of other merchandise or to unfairly divert trade from a competitor.

This bill creates different minimum markup requirements for sellers of motor vehicle fuel from those in current law. The minimum markup requirements under

the bill for retail sales of motor vehicle fuel vary depending on various factors, including whether the retail seller is owned or operated by a refiner or wholesaler of motor vehicle fuel. Depending on those factors, the minimum markup under the bill for retail motor vehicle fuel sales is generally 6% over the cost of the motor vehicle fuel to the retail seller, 6% or 9.18% over the retail seller's lowest selling price or 9.18% over the average posted terminal price. The average posted terminal price is the average posted price at which motor vehicle fuel is sold at a motor vehicle storage and distribution facility that is supplied by a pipeline or marine vessel, from which facility motor vehicle fuel may be removed at rack and from which facility 5 or more refiners sell motor vehicle fuel.

The minimum markup requirements under the bill for a wholesaler of motor vehicle fuel are generally 3% over the wholesaler's cost or 3% over the average posted terminal price, whichever is greater.

The bill also provides that a person may be liable for a violation of the minimum markup law if the person is a partner, officer or director of a person who commits a violation. The bill permits a person who is liable for a violation to obtain contribution from any other person who may also be liable for the violation.

Under current law, the department of agriculture, trade and consumer protection (DATCP) or a district attorney may bring an action on behalf of the state to recover a forfeiture against a person who violates the minimum markup law. DATCP may also issue an order requiring certain retailers or wholesalers to cease and desist from violating the minimum markup law. Finally, under current law, DATCP or a district attorney may bring an action to enjoin a violation of the minimum markup law. This bill permits a person who is injured or threatened with injury as a result of a sale or purchase of motor vehicle fuel in violation of the minimum markup law to bring an action against the violator for an injunction, or for the recovery of 3 times the amount of any monetary loss sustained or an amount equal to \$2,000 multiplied by each day of continued violation, whichever is greater, plus costs and reasonable attorney fees.

Current law contains certain exceptions to the minimum markup requirements. One of those exceptions provides that the minimum markup requirements do not apply if merchandise is priced in good faith to meet the existing price of a competitor. This bill provides that the exception applies only if the price of motor vehicle fuel is identical to the price of the same motor vehicle fuel sold by a direct competitor at not less than the competitor's cost on the same day, and is established in good faith to meet the competitor's price.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

- 1           **SECTION 1.** 100.30 (2) (a) of the statutes is renumbered 100.30 (2) (am), and  
2           100.30 (2) (am) 1., as renumbered, is amended to read:

1           100.30 (2) (am) 1. With respect to the sale of cigarettes or other tobacco  
2 products, fermented malt beverages, or intoxicating liquor or wine, ~~or motor vehicle~~  
3 ~~fuel~~, “cost to retailer” means the invoice cost of the merchandise to the retailer within  
4 30 days prior to the date of sale, or replacement cost of the merchandise to the  
5 retailer, whichever is lower, less all trade discounts except customary discounts for  
6 cash, plus any excise taxes imposed on such merchandise or the sale thereof other  
7 than excise taxes collected by the retailer, and any cost incurred for transportation  
8 and any other charges not otherwise included in the invoice cost or the replacement  
9 cost of the merchandise as herein set forth, to which shall be added a markup to cover  
10 a proportionate part of the cost of doing business, which markup, in the absence of  
11 proof of a lesser cost, shall be 6% of the cost to the retailer as herein set forth.

12           **SECTION 2.** 100.30 (2) (a) of the statutes is created to read:

13           100.30 (2) (a) “Average posted terminal price” means the average posted rack  
14 price at which motor vehicle fuel is sold at the close of business on the determination  
15 date by all refiners at a terminal plus any excise taxes imposed on the motor vehicle  
16 fuel or its sale and any cost incurred for transportation and any other fees or charges.  
17 In this paragraph, “average” means the arithmetic mean.

18           **SECTION 3.** 100.30 (2) (am) 1m. of the statutes is created to read:

19           100.30 (2) (am) 1m. With respect to the sale of motor vehicle fuel, “cost to  
20 retailer” means the following:

21           a. In the case of a retailer who is not owned or operated, either directly or  
22 indirectly, by a refiner or by a wholesaler of motor vehicle fuel and who purchases  
23 motor vehicle fuel from a refiner or wholesaler of motor vehicle fuel for retail sale at  
24 a retail station, the invoice cost of the motor vehicle fuel to the retailer within 10 days  
25 prior to the date of sale, or the replacement cost of the motor vehicle fuel, whichever

1 is lower, less all trade discounts except customary discounts for cash, plus any excise,  
2 sales or use taxes imposed on the motor vehicle fuel or on the sale of the motor vehicle  
3 fuel and any cost incurred for transportation and any other charges not otherwise  
4 included in the invoice cost or the replacement cost of the motor vehicle fuel, plus a  
5 markup of 6% of that amount to cover a proportionate part of the cost of doing  
6 business; or the average posted terminal price at the terminal located closest to the  
7 retailer plus a markup of 9.18% of the average posted terminal price to cover a  
8 proportionate part of the cost of doing business; whichever is greater.

9 b. In the case of the retail sale of motor vehicle fuel by a refiner at a retail station  
10 owned or operated either directly or indirectly by the refiner, the refiner's lowest  
11 selling price to other retailers or to wholesalers of motor vehicle fuel on the date of  
12 the refiner's retail sale, less all trade discounts except customary discounts for cash,  
13 plus any excise, sales or use taxes imposed on the motor vehicle fuel or on its sale and  
14 any cost incurred for transportation and any other charges not otherwise included  
15 in the invoice cost of the motor vehicle fuel, plus a markup of 9.18% of that amount  
16 to cover a proportionate part of the cost of doing business; or the average posted  
17 terminal price at the terminal located closest to the retail station plus a markup of  
18 9.18% of the average posted terminal price to cover a proportionate part of the cost  
19 of doing business; whichever is greater.

20 c. In the case of the retail sale of motor vehicle fuel by a wholesaler of motor  
21 vehicle fuel at a retail station owned or operated either directly or indirectly by the  
22 wholesaler of motor vehicle fuel, the wholesaler of motor vehicle fuel's lowest selling  
23 price to other retailers on the date of the wholesaler of motor vehicle fuel's retail sale  
24 less all trade discounts except customary discounts for cash, plus any excise, sales  
25 or use taxes imposed on the motor vehicle fuel or on its sale and any cost incurred

1 for transportation and any other charges not otherwise included in the invoice cost  
2 of the motor vehicle fuel, plus a markup of 6% of that amount to cover a proportionate  
3 part of the cost of doing business; or the average posted terminal price at the terminal  
4 located closest to the retail station plus a markup of 9.18% of the average posted  
5 terminal price to cover a proportionate part of the cost of doing business; whichever  
6 is greater.

7 d. In the case of a retail sale of motor vehicle fuel at a retail station by a person  
8 not described in subd. 1. a. to c., the average posted terminal price at the terminal  
9 located closest to the retail station plus a markup of 9.18% of the average posted  
10 terminal price to cover a proportionate part of the cost of doing business.

11 e. In the case of a retail sale of motor vehicle fuel at a place other than a retail  
12 station, the invoice cost of the motor vehicle fuel to the retailer within 10 days prior  
13 to the date of the sale, or the replacement cost of the motor vehicle fuel, whichever  
14 is lower, less all trade discounts except customary discounts for cash, plus any excise,  
15 sales or use taxes imposed on the motor vehicle fuel or on its sale and any cost  
16 incurred for transportation and any other charges not otherwise included in the  
17 invoice cost or the replacement cost of the motor vehicle fuel, plus a markup of 3%  
18 of that amount to cover a proportionate part of the cost of doing business; or the  
19 average posted terminal price at the terminal located closest to the place of delivery  
20 plus a markup of 3% of the average posted terminal price to cover a proportionate  
21 part of the cost of doing business; whichever is greater.

22 **SECTION 4.** 100.30 (2) (b) of the statutes is amended to read:

23 100.30 (2) (b) “Cost to retailer” ~~and~~, “cost to wholesaler” and “cost to wholesaler  
24 of motor vehicle fuel” as defined in pars. ~~(a) and (am)~~, (c) and (cb) mean bona fide  
25 costs; and purchases made by retailers ~~and~~, wholesalers and wholesalers of motor

1 vehicle fuel at prices which cannot be justified by prevailing market conditions  
2 within this state shall not be used in determining cost to the retailer and, cost to the  
3 wholesaler and cost to the wholesaler of motor vehicle fuel. Prices at which  
4 purchases of merchandise other than motor vehicle fuel are made by retailers or  
5 wholesalers cannot be justified by prevailing market conditions in this state when  
6 they are below the lowest prices at which the manufacturer or producer of such  
7 merchandise sells to other retailers or wholesalers in this state. Prices at which  
8 purchases of motor vehicle fuel are made by retailers and wholesalers of motor  
9 vehicle fuel cannot be justified by prevailing market conditions in this state when  
10 they are below the average posted terminal price.

11 **SECTION 5.** 100.30 (2) (c) 1. a. of the statutes is amended to read:

12 100.30 (2) (c) 1. a. With respect to the sale of cigarettes or other tobacco  
13 products, fermented malt beverages, or intoxicating liquor or wine, or motor vehicle  
14 fuel, "cost to wholesaler" means, except as provided in subd. 1. b., the invoice cost of  
15 the merchandise to the wholesaler within 30 days prior to the date of sale, or the  
16 replacement cost of the merchandise to the wholesaler, whichever is lower, less all  
17 trade discounts except customary discounts for cash, plus any excise taxes imposed  
18 on the sale thereof prior to the sale at retail, and any cost incurred for transportation  
19 and any other charges not otherwise included in the invoice cost or the replacement  
20 cost of the merchandise as herein set forth, to which shall be added, except for sales  
21 at wholesale between wholesalers, a markup to cover a proportionate part of the cost  
22 of doing business, which markup, in the absence of proof of a lesser cost, shall be 3%  
23 of the cost to the wholesaler as herein set forth.

24 **SECTION 6.** 100.30 (2) (cb) of the statutes is created to read:

1           100.30 (2) (cb) With respect to the sale of motor vehicle fuel, “cost to wholesaler  
2 of motor vehicle fuel” means the invoice cost of the motor vehicle fuel to the  
3 wholesaler of motor vehicle fuel within 10 days prior to the date of the sale or the  
4 replacement cost of the motor vehicle fuel, whichever is lower, less all trade discounts  
5 except customary discounts for cash, plus any excise, sales or use taxes imposed on  
6 the motor vehicle fuel or on its sale and any cost incurred for transportation and any  
7 other charges not otherwise included in the invoice cost or the replacement cost of  
8 the motor vehicle fuel, plus a markup of 3% of that amount to cover a proportionate  
9 part of the cost of doing business; or the average posted terminal price at the terminal  
10 located closest to the place of delivery plus a markup of 3% of the average posted  
11 terminal price to cover a proportionate part of the cost of doing business; whichever  
12 is greater.

13           **SECTION 7.** 100.30 (2) (cg) of the statutes is created to read:

14           100.30 (2) (cg) 1. Except as provided in subd. 2., “determination date” is the day  
15 preceding the day of the sale of motor vehicle fuel by a retailer or wholesaler of motor  
16 vehicle fuel.

17           2. If a retailer or a wholesaler of motor vehicle fuel sells motor vehicle fuel on  
18 a day other than the day on which the retailer or wholesaler of motor vehicle fuel last  
19 purchased any motor vehicle fuel and the sale of the motor vehicle fuel by the retailer  
20 or wholesaler of motor vehicle fuel occurs no later than 10 days after its last purchase  
21 by the retailer or wholesaler of motor vehicle fuel, “determination date” means any  
22 of the following dates selected by the retailer or the wholesaler of motor vehicle fuel:

23           a. The day preceding the day of the sale of motor vehicle fuel by the retailer or  
24 wholesaler of motor vehicle fuel.

1           b. The day on which motor vehicle fuel was last purchased by the retailer or  
2 wholesaler of motor vehicle fuel.

3           **SECTION 8.** 100.30 (2) (cm) of the statutes is created to read:

4           100.30 (2) (cm) "Refiner" means a manufacturer, producer or refiner of motor  
5 vehicle fuel or a person who purchases motor vehicle fuel for sale to wholesalers of  
6 motor vehicle fuel.

7           **SECTION 9.** 100.30 (2) (d) of the statutes is amended to read:

8           100.30 (2) (d) "Replacement cost" means the cost computed as specified in par.  
9 ~~(a) or (am)~~, (c) or (cb) at which the merchandise sold could have been bought by the  
10 retailer ~~or, wholesaler~~ or wholesaler of motor vehicle fuel at any time if bought in the  
11 same quantity as the retailer's ~~or, wholesaler's~~ or wholesaler of motor vehicle fuel's  
12 last purchase of the said merchandise.

13           **SECTION 11.** 100.30 (2) (j) of the statutes is created to read:

14           100.30 (2) (j) "Terminal" means a motor vehicle fuel storage and distribution  
15 facility that is supplied by a pipeline or marine vessel, from which facility motor  
16 vehicle fuel may be removed at a rack and from which facility at least 5 refiners sell  
17 motor vehicle fuel

18           **SECTION 11.** 100.30 (2) (L) (intro.) of the statutes is amended to read:

19           100.30 (2) (L) (intro.) "Wholesaler" includes every person holding a permit as  
20 a multiple retailer under s. 139.30 (8) and every person engaged in the business of  
21 making sales at wholesale, other than sales of motor vehicle fuel at wholesale, within  
22 this state except as follows:

23           **SECTION 12.** 100.30 (2) (m) of the statutes is created to read:

24           100.30 (2) (m) "Wholesaler of motor vehicle fuel" includes all of the following:



1           1. Every person who acquires motor vehicle fuel from a refiner, stores the motor  
2 vehicle fuel and sells it through 5 or more retail outlets that the person owns or  
3 operates.

4           2. Every person who acquires motor vehicle fuel from a refiner and stores it in  
5 a bulk storage facility other than a retail station for further sale and distribution.

6           3. Every person engaged in the business of making sales of motor vehicle fuel  
7 at wholesale within this state.

8           4. Every person engaged in the business of selling diesel fuel if that person's  
9 sales of diesel fuel accounted for at least 60% of that person's total sales of motor  
10 vehicle fuel in the previous year or, if that person did not engage in the business of  
11 selling diesel fuel in the previous year, if that person reasonably anticipates that  
12 sales of diesel fuel will account for at least 60% of that person's total sales of motor  
13 vehicle fuel in the current year.

14           **SECTION 13.** 100.30 (2m) (a) of the statutes is amended to read:

15           100.30 **(2m)** (a) When one or more items of merchandise are furnished or sold  
16 in combination with or on condition of the purchase of one or more other items, or are  
17 so advertised, all items shall be included in determining cost under sub. (2) ~~(a) or~~  
18 (am), (c) ~~or (cb)~~; and if any of the items included therein are separately priced, such  
19 separate price shall be subject to the requirements of this section.

20           **SECTION 14.** 100.30 (2m) (b) of the statutes is amended to read:

21           100.30 **(2m)** (b) Any retailer who also sells to other retailers shall use the  
22 invoice cost to other retailers in computing the selling price at retail under sub. (2)  
23 ~~(a)~~ (am) 1. and 2.; and if that retailer is a manufacturer or producer, both sub. (2) ~~(a)~~  
24 (am) 1. and 2. and (c) 1. and 2. shall be used in computing the selling price at retail.  
25 In the absence of sales to other retailers, the manufacturer's or producer's invoice

1 cost to wholesalers shall be used in computing the manufacturer's or producer's  
2 selling price at retail as provided in sub. (2) ~~(a)~~ (am) 1. and 2. and (c) 1. and 2.

3 **SECTION 15.** 100.30 (3) of the statutes is amended to read:

4 100.30 **(3)** ILLEGALITY OF LOSS LEADERS. Any sale of any item of merchandise  
5 either by a retailer ~~or~~, wholesaler, wholesaler of motor vehicle fuel or refiner, at less  
6 than cost as defined in this section with the intent or effect of inducing the purchase  
7 of other merchandise or of unfairly diverting trade from a competitor, impairs and  
8 prevents fair competition, injures public welfare and is unfair competition and  
9 contrary to public policy and the policy of this section. Such sales are prohibited.  
10 Evidence of any sale of any item of merchandise by any retailer or wholesaler at less  
11 than cost as defined in this section shall be prima facie evidence of intent or effect  
12 to induce the purchase of other merchandise, or to unfairly divert trade from a  
13 competitor, or to otherwise injure a competitor.

14 **SECTION 15.** 100.30 (4m) of the statutes is created to read:

15 100.30 **(4m)** LIABILITY. Any person who violates this section is liable, and every  
16 partner, officer or director of the person is liable jointly and severally with and to the  
17 same extent as the person, unless the person liable under this subsection proves that  
18 he or she did not know, and in the exercise of reasonable care could not have known,  
19 of the existence of the facts by reason of which the liability is alleged to exist. A  
20 person who is liable under this subsection may obtain contribution as in cases of  
21 contract from any other person who is liable under this subsection.

22 **SECTION 17.** 100.30 (5) (a) of the statutes is amended to read:

23 100.30 **(5)** (a) The department may issue a special order as provided in s. 93.18  
24 against a retailer ~~or~~, wholesaler, wholesaler of motor vehicle fuel or refiner requiring  
25 the ~~retailer or wholesaler~~ person to cease and desist from violating this section in the

1 sale of cigarettes or other tobacco products, fermented malt beverages, intoxicating  
2 liquor or wine or motor vehicle fuel. The department or a district attorney may  
3 commence an action on behalf of the state against a retailer ~~or~~, wholesaler,  
4 wholesaler of motor vehicle fuel or refiner who violates a special order issued under  
5 this paragraph to recover a forfeiture of not less than \$200 nor more than \$5,000 for  
6 each violation.

7 **SECTION 16.** 100.30 (5m) of the statutes is created to read:

8 100.30 **(5m)** PRIVATE CAUSE OF ACTION. Any person who is injured or threatened  
9 with injury as a result of a sale or purchase of motor vehicle fuel in violation of sub.  
10 (3) may bring an action against the person who violated sub. (3) for temporary or  
11 permanent injunctive relief or an action against the person for 3 times the amount  
12 of any monetary loss sustained or an amount equal to \$2,000, whichever is greater,  
13 multiplied by each day of continued violation, together with costs, including  
14 accounting fees and reasonable attorney fees, notwithstanding s. 814.04 (1). An  
15 action under this subsection may not be brought after 180 days after the date of a  
16 violation of sub. (3).

17 **SECTION 19.** 100.30 (6) (a) 7. of the statutes is amended to read:

18 100.30 **(6)** (a) 7. The price of merchandise, other than motor vehicle fuel, is  
19 made in good faith to meet an existing price of a competitor and is based on evidence  
20 in the possession of the retailer or wholesaler in the form of an advertisement, proof  
21 of sale or receipted purchase.

22 **SECTION 18.** 100.30 (6) (a) 9. of the statutes is created to read:

23 100.30 **(6)** (a) 9. Motor vehicle fuel is sold by a refiner to a wholesaler of motor  
24 vehicle fuel, who may sell the motor vehicle fuel at either retail or wholesale.

25 **SECTION 21.** 100.30 (6) (a) 10. of the statutes is created to read:

