

Fiscal Estimate Narratives

DOR 7/17/2003

LRB Number 03-2509/1	Introduction Number AB-415	Estimate Type Original
Subject Sale of motor fuel under the unfair sales act		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, with certain exceptions, the state Unfair Sales Act or "minimum markup" law requires a wholesaler or retailer of motor vehicle fuel to sell fuel for at least a certain percentage above its cost.

Current law provides a specific method for determining the cost to the wholesaler or the retailer. The motor vehicle fuel cost is calculated as the greater of the computed cost or the average posted terminal price plus excise taxes and certain overhead costs.

Under current law, sales where the price of merchandise is established in good faith to meet an existing price of a competitor are exempt from Unfair Sales Act. Under this bill, the exemption applies with respect to the sale of motor vehicle fuel only if the direct competitor is located in this state.

This bill has no significant impact on state motor fuel tax revenues or Department of Revenue costs.

Long-Range Fiscal Implications