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Res. No. 1193

Resolution calling upon the Department of Consumer Affairs, in response to the disruption of Hurricanes Katrina and Rita, to examine the necessity of declaring gasoline in temporary short supply in order to protect consumers from price gouging and for the New York State Attorney General to vigilantly continue investigating instances of potential price gouging.

By Council Members Gentile, Barron, Comrie, Fidler, James, Jennings, Koppell, Liu, McMahon, Nelson, Palma, Recchia Jr., Stewart, Weprin and Jackson

Whereas, Most of the gasoline sold in the Unites States comes out of the refineries in the Gulf Coast region, accounting for some 45% of the nation's gasoline production; and

Whereas, Hurricane Katrina brought to a halt many of the oil refineries in the region, resulting in the cost of crude oil surpassing $70 a barrel, an all-time high; and

Whereas, Resulting from the climbing cost of oil and its limited production, the cost of gasoline for consumers began to rise steeply, with regular unleaded gasoline prices in New York City having approached $4 a gallon several weeks ago; and

Whereas, As gasoline prices continued to rise on a daily basis, some New York City gas stations were raising gasoline prices more than once a day, prompting elected officials and consumers alike to call for action against potential price gougers; and

Whereas, Although there is no federal price gouging law, Hurricane Katrina's effect on gas prices has prompted a number of members of Congress to consider enacting some form of federal protection; and

Whereas, New York is one of 23 states to have price gouging laws; the New York law, however, does not go into effect unless the Governor has declared a state of emergency; and

Whereas, Governor Pataki and Attorney General Spitzer have announced that the State Gasoline Price

Stability Task Force is monitoring gasoline stations for price gouging and will take legal action if any improprieties are discovered; and

Whereas, In New York City, the commissioner of the Department of Consumer Affairs may declare a consumer product, including gasoline, to be in temporary short supply, which puts into place a number of consumer protections, one of which prohibits retailers to "increase prices in excess of an amount reflecting normal market fluctuations"; and

Whereas, To further protect consumers from unscrupulous gas stations during this trying time, the City Council acted quickly and introduced legislation to increase fines against gas stations that violate regulations pertaining to the sale of unleaded gasoline and octane rating certification; and

Whereas, Despite reports that some gas stations in the city were dry, city officials claimed that there was no emergency but that the Department of Consumer Affairs was monitoring the situation and sending out inspectors to ensure that gas stations were properly advertising prices and checking octane levels at the pumps; and

Whereas, Although the devastation of Hurricane Rita was significantly less than that of Hurricane Katrina, it still affected a number of oil refineries in the area, which as some speculate, could once again affect gasoline prices and supplies in the area in the coming weeks; now therefore, be it

Resolved, That the Council of the City of New York calls upon the Department of Consumer Affairs, in response to the disruption of Hurricanes Katrina and Rita, to examine the necessity of declaring gasoline in temporary short supply in order to protect consumers from price gouging and for the New York State Attorney General to vigilantly continue investigating instances of potential price gouging.

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