

**STATEMENT OF
DOUGLAS M. BEECH, LEGAL COUNSEL/CORPORATE
DEVELOPMENT/GOVERNMENT RELATIONS
CASEY'S GENERAL STORES, INC.
TO
MOTOR VEHICLE FUEL STUDY COMMITTEE
NOVEMBER 4, 2005**

I am appearing on behalf of Casey's General Stores, Inc. ("Casey's"), an Iowa based and founded corporation located in Ankeny, Iowa. Casey's has 353 convenience stores located in virtually every county in the state of Iowa. Each of the Casey's General Stores sells motor fuel, including ethanol blended fuels.

As a general principle, Casey's believes that the free market competition should establish motor fuel prices without government intervention, and for this reason, Casey's opposes legislation which the government sets a price or cost of motor fuels. Casey's has been confronted with this type of legislation in a number of other states in which it does business. Due to the complexity and interaction from various components of these proposed laws, Casey's has determined that there are often unintended consequences that would end up not only harming Casey's and other marketers of motor fuels, but more importantly, would end up injuring consumers with higher gasoline prices.

During the past legislative session, House Study Bill 282 ("HSB 282") was introduced as a proposed Ways and Means Committee bill. Casey's would classify HSB 282 as a "Minimum Mark Up Bill." In essence, HSB 282 would require that the wholesale price of motor fuel be marked up 3% and the retail price be marked up another 8% for a combined minimum mark up percentage of 11.24%. HSB 282 would then propose penalties for retailers or wholesalers who

did not raise their gas prices up to the minimum price as set forth in the bill. HSB 282, like other Minimum Mark Up Bills, would artificially raise the price of gasoline and insulate gasoline wholesalers and retailers from competition resulting in significantly higher prices for gasoline consumers.

Set forth below are several examples of the difference in the retail gasoline price that Iowa consumers would have had to pay had HSB 282 been passed by the Iowa Legislature and signed by the Governor.

	Milford Terminal Average Wholesale Cost 9/17/05		Casey's Posted Retail Price on 9/17/05 For Arnolds Park Store 357 Hwy 71 S.	
	<u>Unleaded</u>	<u>Unleaded w/ Ethanol</u>	<u>Unleaded</u>	<u>Unleaded w/ Ethanol</u>
Gasoline	2.1018	1.8916		
Ethanol		.2595		
Federal Tax	.1840	.1330		
State Tax	.2170	.2000		
Freight	<u>.0102</u>	<u>.0102</u>		
Casey's Cost	2.5130	2.4943		
11.24% Markup as Required by HSB 282	<u>x 11.24%</u>	<u>x 11.24%</u>		
	<u>.2825</u>	<u>.2804</u>		
Minimum Required Posted Retail Price Pursuant to HSB 282	2.7955	2.7747	2.699	2.659

**Des Moines Terminal
Average Wholesale Cost
9/22/05**

**Casey's Posted Retail
Price on 9/22/05
For Ankeny Store
1010 SE Oralabor Road**

	<u>Unleaded</u>	<u>Unleaded w/ Ethanol</u>	<u>Unleaded</u>	<u>Unleaded w/ Ethanol</u>
Gasoline	2.1062	1.8956		
Ethanol		.2480		
Federal Tax	.1840	.1330		
State Tax	.2170	.2000		
Freight	<u>.0125</u>	<u>.0125</u>		
Casey's Cost	2.5197	2.4891		
11.24% Markup as Required by HSB 282	<u>x 11.24%</u>	<u>x 11.24%</u>		
	<u>.2832</u>	<u>.2798</u>		
Minimum Required Posted Retail Price Pursuant to HSB 282	2.8029	2.7689	2.659	2.599

**Dubuque Terminal
Average Wholesale Cost
9/22/05**

**Casey's Posted Retail
Price on 9/22/05
For Dubuque Store
5505 Asbury Road**

	<u>Unleaded</u>	<u>Unleaded w/ Ethanol</u>	<u>Unleaded</u>	<u>Unleaded w/ Ethanol</u>
Gasoline	2.1163	1.9047		
Ethanol		.2449		
Federal Tax	.1840	.1330		
State Tax	.2170	.2000		
Freight	<u>.0110</u>	<u>.0110</u>		
Casey's Cost	2.5283	2.4936		
11.24% Markup as Required by HSB 282	<u>x 11.24%</u>	<u>x 11.24%</u>		
	<u>.2842</u>	<u>.2803</u>		
Minimum Required Posted Retail Price Pursuant to HSB 282	2.8125	2.7739	2.639	2.579

As you can see, the increased cost to Iowa gas consumers from a HSB 282 would have been a low 9.5¢ a gallon for unleaded gasoline and a low of approximately 11.5¢ a gallon for unleaded gasoline with ethanol.

In addition to these high gas costs to consumers, Casey's has a number of other concerns with the provisions of HSB 282. The exceptions as set forth in the bill, when gasoline prices can deviate from the minimum mark up is not well defined or inclusive enough to allow Casey's to be competitive in all areas of the state, including the border areas of Iowa. In addition, the penalties in the proposed legislation were prohibitive and the legislation is not well drafted so that it would be absolutely clear that any violation would be on a per site basis. Finally, the legislation's reporting and bookkeeping requirements would be unbelievably burdensome to Iowa gas retailers.

Casey's would ask that the legislature affirm its belief in the free market system and not support House Study Bill 282 or other types of minimum mark up legislation.