

GAO

Testimony

For Release
on Delivery
Expected at
10:00 a.m. EDT
Tuesday
September 27, 1988

States' Programs for Pump
Labeling of Gasoline Ingredients

Statement of
Keith O. Fultz, Senior Associate Director
Resources, Community, and Economic
Development Division

Before the
Subcommittee on Energy and Power
Committee on Energy and Commerce
House of Representatives



136898

043361/136898

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to participate in hearings aimed at determining whether it would be beneficial to have a federal uniform gasoline ingredient pump label. My statement focuses on the results of a questionnaire that we sent to the 50 states, the District of Columbia, Puerto Rico, and 4 U.S. territories (56 entities hereafter referred to as states) concerning disclosure of gasoline ingredients on pump labels at retail service stations. We prepared our questionnaire in response to the Chairman's request that we contact the states to obtain information about their pump labeling requirements and their opinions on the possible need for a federal uniform pump label. I want to point out that we did not make an independent study of the possible need for a federal uniform pump label, and our testimony is based solely on responses to questions contained in our questionnaire.

In summary, 50 states responded to our questionnaire, and a tabulation of their responses disclosed the following:

- Thirty-nine states have requirements for retail gasoline stations to place a label on their gasoline pumps disclosing gasoline ingredients.
- In all 39 states these requirements are primarily concerned with the disclosure of the content of alcohol fuels, such as ethanol and methanol, in gasoline on pump labels. The alcohol labeling requirements were established primarily for consumer protection. Half of the states specifically indicated that alcohol labeling would enable consumers to comply with automobile manufacturers' fuel specifications.
- Twenty-two of the 39 states that have pump labeling programs said that no changes were needed to their

programs. Nine said changes were needed and the other eight did not express an opinion.

- Thirty-seven states expressed an opinion on the desirability of a federal uniform ingredient pump label. Twenty-four states favored a federal uniform label and 13 states were opposed. The other 13 states were uncertain or had no basis to judge whether a federal label was needed. The states gave various reasons for supporting or opposing a federal label; however, no consensus occurred in either group.

- Twenty-eight states commented on what should be included on a federal uniform pump label. Their comments ranged from very general to very specific. No consensus on what should be listed on such a label was clearly evident from the states' responses.

PUMP LABELING REQUIREMENTS

The federal and state governments currently have some pump labeling requirements. The federal government requires pump labeling of lead and the posting of octane ratings, while many of the states require pump labeling of alcohol fuels.

Lead additives in gasoline are used to raise the octane number of gasoline. In the early 1980s, the Environmental Protection Agency (EPA) began reducing the levels of lead permitted in leaded gasoline. As part of its "lead phasedown" project, EPA required placement of labels on gasoline pumps to inform the public of the presence of lead in gasoline. Earlier, in 1978, the Congress saw a need to inform the public of octane ratings of gasoline and enacted the Petroleum Marketing Practices Act (PMPA) to require uniform posting of gasoline octane ratings on pumps.

The federal phasedown of lead in gasoline led the petroleum industry to find other ways to increase the octane capabilities of its gasolines. These methods included using oxygenated fuels¹ to fulfill that need. As oxygenated fuels gained more use, the states began to consider establishing labeling guidelines for these fuels. At the National Bureau of Standards' 1984 Conference on Weights and Measures, delegates from the states' and local governments' weights and measures offices voted to establish labeling guidelines for motor fuels containing at least 1 percent alcohol. Subsequently, many states implemented pump labeling for alcohol fuels.

QUESTIONNAIRE RESULTS

We received responses to our questionnaire from 47 states, the District of Columbia, Puerto Rico, and the Virgin Islands. My discussion is limited to reporting the states' responses to the questions contained in our questionnaire. Attachment I contains additional information on our methodology. Now I will discuss the responses to eight of the questions included in our questionnaire.

Do States Require Gasoline Pump Labeling?

Of the 50 states that responded to our questionnaire, 39, or 78 percent, stated that they have requirements for retail gasoline stations to disclose one or more ingredients in gasoline on a pump label. Twenty-six of those states have laws requiring pump labeling. The others have various bases for requiring pump labeling such as state regulations and rules.

¹The term oxygenate is used to denote octane components containing hydrogen, carbon, and oxygen in their molecular structure. It includes ethers, such as methyl tertiary butyl ether, and alcohols such as ethanol and methanol.

What Ingredients Are
Included on Pump Labels?

All of the 39 states with pump labeling requirements stated that they require gasoline stations to disclose the alcohol content, such as ethanol and methanol, in gasoline.

What Is the Basis for
Requiring Alcohol Labeling?

Most of the states with alcohol labeling requirements reported that they require the disclosure of alcohol content in gasoline for consumer protection. Twenty states specifically indicated that alcohol labeling would enable consumers to comply with automobile manufacturers' fuel specifications. In addition, three states mentioned the National Conference on Weights and Measures' model law for motor fuel ingredients which includes guidelines for disclosing alcohol in gasoline.

What Are the States'
Alcohol Labeling Requirements?

The states' pump labeling requirements for alcohol usually specify that gasoline must contain a certain minimum volume of alcohol to require alcohol labeling on the pump, and these minimums vary by state. Most of the states with alcohol labeling requirements (24 out of 39) said that gasoline with a 1-percent alcohol volume must be revealed on the gasoline pumps, while about half as many states (14 out of 39) said that gasoline with more than 1 percent has to be marked on the pumps. Only 1 state out of 39 requires that gasoline with less than 1 percent alcohol be marked on the pump.

The states' requirements for how alcohol should be shown on the pump label vary. When the alcohol content of gasoline meets

the minimum volume percentage referred to above, it is shown on the gasoline pump as Alcohol, Ethanol, Methanol, Gasohol, and/or other categories, such as co-solvents. Table 1 shows the states' responses as to their labeling requirements.

Table 1: States' Responses to Alcohol Labeling Requirements

<u>Type of labeling</u>	<u>Responses</u>
Alcohol	10
Ethanol	34
Methanol	29
Gasohol (10% ethanol blend)	8
Other	12

State requirements range from using a general label, such as "Contains Alcohol," to specific labels requiring the type and percentage of alcohol. The responses to our questionnaire show that most of the states require that the presence of ethanol and/or methanol in gasoline be specifically revealed on the gasoline pumps. For example, several states require that gasoline containing ethanol must be labeled "Contains Alcohol" with the word "Ethanol" and the percentage of ethanol in the gasoline printed below it. Some states also mentioned that the presence of co-solvents must be marked on the pumps.

The states' requirements for their alcohol pump label also vary with respect to size of the letters in height and width, type of print to be used, color of the letters, color of the label background, and the location of the label on the gasoline pump.

What Are the States'
Penalties and Extent of Enforcement?

The states have various enforcement penalties available, such as fines (32 states), stop sales (28 states), and warnings (18 states). The states vary in the extent to which they enforce their pump labeling requirements. Twenty-six states, or two-thirds of the states with pump labeling programs, said that they enforce their pump labeling requirements to a great or a very great extent. The remaining 13 states said that they either enforce their pump labeling requirements to a moderate extent, to little or no extent, or to some extent.

Are Changes Needed to State
Pump Labeling Programs?

Overall, 22 of the 39 states with gasoline pump labeling requirements, or 56 percent, reported that they were satisfied with their pump labeling program. When asked whether changes are needed to their pump labeling programs for gasoline ingredients, 22 states responded that changes are not needed, 9 responded that changes are needed, and 8 responded that they were uncertain or have no basis to judge whether their programs need changing. Of the nine states that indicated that changes were needed in their programs, two states mentioned that they were concerned with improving enforcement of pump labeling.

Is There a Need for a
Federal Uniform Pump Label?

About half of the 50 states that responded to our questionnaire favored a federal uniform gasoline pump label (24 out of 50). A quarter of the states were opposed to a federal pump label and the remaining quarter had no opinion. Table 2 shows a summary of the states' responses to this question.

Table 2: States' Responses to the Need
for a Federal Uniform Pump Label

	<u>States'</u> <u>responses</u>	<u>Percent</u>
Definitely yes	11	22
Probably yes	13	26
Definitely not	5	10
Probably not	8	16
Uncertain	7	14
No basis to judge	<u>6</u>	<u>12</u>
 Total	 <u>50</u>	 <u>100</u>

As shown in table 2, counting only the states that responded to our questionnaire with a "yes" or "no" answer, 24 of these 37, or 65 percent, favored a federal uniform pump label.

Of the 37 states that favored or opposed a federal uniform pump label, 18 provided additional information on their views. However, their responses varied, and no consensus occurred in either group. Of the 24 states that favored a federal pump label, 7 cited "uniformity" as a positive factor. One state said, for example, that the consumer should be able to purchase petroleum products that are uniform in nature when interstate travel is required. Three of the states that favored a federal pump label said that a uniform label would help consumers follow vehicle manufacturers' fuel specifications, while two others cited environmental or safety reasons. One state favored a federal label only to the extent of identifying oxygenated fuels.

Of the 13 states that are opposed to a federal uniform pump label, 3 cited enforcement reasons. One state said, for example, that unless the federal government is going to fund and enforce

legal requirements, it should stay out of the process. Another state said labeling requirements are only meaningful if there is an effective compliance and enforcement program, and since only the states are likely to conduct such compliance and enforcement programs on motor fuel labeling, it makes no sense for the federal government, overextended as it is, to become involved in the gasoline ingredient labeling business.

Two states that are opposed to a federal uniform pump label expressed concern about preemption of state laws. One state said a federal law would be so watered down as to be totally inadequate, and it would probably preempt more stringent state laws. The other state said that uniformity by consensus of the regulators is desirable, but preemption by whatever name is unproductive and undermines existing programs. Another state, which indicated it had no basis to judge whether a federal uniform label was needed, said that if federal requirements are enacted for dispenser labeling, it strongly recommends that a less stringent preemption apply to the relationship to state laws.

What Should Be Listed
on a Uniform Label?

Twenty-eight states responded to our question on what should be included on a federal uniform pump label. Their comments ranged from very general to very specific. For example, one state said any ingredient that significantly alters the behavioral characteristics of the base gasoline or any ingredient that may require warning labels due to public health concerns should be on a pump's label. Another state said all necessary information that would benefit a buyer's and seller's health and help protect the vehicle should be included on a uniform pump label.

More specifically, 17 states said alcohol should appear on a federal pump label. One state said, for example, that consumers

need to know whether alcohol blended fuels contain ethanol or methanol, and what percentage, because some automobile warranties can be voided by improper dilutions of alcohol. Three states noted that oxygenates should be included on a federal label. One of these states said, in order to not discriminate against specific types of alcohols, all oxygenates should be labeled. The states' specific comments are listed in attachment II to this statement.

- - - -

In summary, Mr. Chairman, ingredient pump labeling currently varies in the states. The majority of the states with labeling requirements seem satisfied with their pump labeling programs. About one-half of the responding states said that they favored a federal uniform gasoline ingredient pump label. However, counting only the responses of the states with opinions, two-thirds of these states said that they favored a federal uniform pump label. No consensus on what should be listed on such a label was clearly evident from the states' responses to our questionnaire.

This concludes my prepared statement. I will be happy to answer any questions you or Members of the Subcommittee may have.

ADDITIONAL INFORMATION CONCERNING QUESTIONNAIRE SURVEY

To address the questions that the Chairman asked us to review concerning pump labeling, we sent questionnaires to the 50 states, the District of Columbia, Puerto Rico, and 4 U.S. territories (American Samoa, Guam, the Mariana Islands, and the Virgin Islands) to survey them on their ingredient pump labeling programs. The questionnaires were sent to state officials, primarily in the states' Weights and Measures offices, whom we had identified as being responsible for ingredient pump labeling programs. We received 50 responses to our questionnaires from 47 states, the District of Columbia, Puerto Rico, and the Virgin Islands.

We contacted a few states to clarify individual responses to questions, but we did not verify any of the data that the states provided to us. We also did not evaluate or do any analysis of our own on issues, such as safety, health factors, environmental problems, and consumer protection, that are related to gasoline ingredient pump labeling. This was outside the scope of our work.

STATE OFFICIALS' SUGGESTIONS AS TO WHAT SHOULD
BE INCLUDED ON A UNIFORM PUMP LABEL

ALABAMA	Any ingredient that significantly alters the behavioral characteristics of the base gasoline or any ingredient that may require warning labels due to public health concerns.
ALASKA	Only to distinguish between hydrocarbon and oxygenated fuels.
ARIZONA	All necessary information that would benefit the buyer's and seller's health and help protect the vehicle.
ARKANSAS	Alcohol content for alcohol blended fuels.
COLORADO	Consumers need to know whether alcohol blended fuels contain ethanol or methanol, and what percentage. Some automobile warranties can be voided by improper dilutions of alcohol.
DELAWARE	Percentage of alcohol (methanol and ethanol) content.
DISTRICT of COLUMBIA	Percent of gasoline ingredients and type.
FLORIDA	Recommend Florida's rule (contains alcohol-ethanol or contains alcohol-methanol).
HAWAII	Octane, lead content, and alcohol content.
ILLINOIS	In order to not discriminate against labeling specific types of alcohols, all oxygenates should be labeled. Consumers do have problems with other types of alcohols and oxygenates.
MAINE	An indication of amount and type of any alcohol included.
MARYLAND	Type of alcohol whenever the content exceeds one volume percent, and/or some warning the fuel is not <u>pure</u> hydrocarbon (whenever it contains an oxygenate or something other than straight hydrocarbons other than

normal anti-rust, anti-oxidant additives, etc.). Anything that has an impact upon vehicle's performance versus performance when using straight hydrocarbon product.

MICHIGAN Any substance in gasoline, other than gasoline, in quantities greater than 1/4 percent. Also, any metals.

MINNESOTA Minnesota generally follows National Bureau of Standards Handbook 44 and National Conference of Weights and Measures labeling guidelines.

MISSOURI The word "CONTAINS"; the percentage and the type of each alcohol additive.

NEVADA Octane numbers, and additives such as methanol, ethanol, benzenes, and other cleaners used to keep fuel injection systems operating correctly.

NEW JERSEY All ingredients that affect octane should be listed on the label.

NEW MEXICO Type and amount of added ingredient.

NORTH CAROLINA If vehicle manufacturers qualify warranties or warn against the use of a fuel with a particular ingredient, that ingredient should be indicated on the label.

NORTH DAKOTA Gasoline grade and percentage and type of alcohol present.

OHIO Ohio Rule patterned, in part, after the National Bureau of Standards' (NBS) Model Law.

OKLAHOMA State pump labeling only. Not federal.

PUERTO RICO Included on this label should be any and all ingredients capable of affecting, in any way, the proper behavior of a motor and the human body. This label should state the percentage of each ingredient present in the fuel.

RHODE ISLAND Alcohol, ethanol, methanol, and gasohol, and any additive that has a health risk involved.

SOUTH CAROLINA	Information pamphlets and handouts would be more effective for the consumers who are really interested in the ingredients. State requires prominent labeling of alcohols by percentage, but most consumers do not understand the information provided.
TEXAS	Percentage of alcohol, if any, octane rating of fuel, and benzene warning.
VERMONT	All harmful ingredients.
WASHINGTON	Should be worked out at National Conference on Weights and Measures.