
NYS ASSOCIATION OF SERVICE STATIONS & REPAIR SHOPS, INC.

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E85 Questions and answers:

The push to bring E85 fuel into New York State may cause confusion for many dealers. We present answers to some of the questions we have received at the association to better educate our members.

- Q. Is it true that the House of Representatives has voted to change European luxury car makers the costs of equipping special pumps needed to put ethanol in flex cars?
- A. Yes, H.R. 5534, an act to provide grants from moneys collected from violations of the corporate average fuel economy program to be used to expand infrastructure necessary to increase the availability of alternative fuels. The bill establishes that fines levied on manufacturers, mostly European luxury car manufacturers, for failure to meet minimum gasoline economy standards be placed in a fund for use by independent gas station operators to install biofuel pumps. These fines amount to about \$27 million annually. Dealers would be eligible for grants as much as \$30,000 each, with a limit of \$60,000 per year.
- Q. Why must there be separate pumps?
- A. Ethanol is extremely corrosive to certain metals and rubber which are found in standard pumps
- Q. What is the estimated cost of installing the new pumps?
- A. The cost to add an E85 pump to a station could range from a few dollars to change the signs on the pump to as much as \$200,000 if a new tank needs to be installed along with a new pump, according to American Petroleum Institute. Other sources provide more

conservative estimates. Pump installation may be as little as \$7000 or a pump/tank combination at \$60,000. As a result of The Energy Policy Act of 2005, enacted by the US Government, fueling stations are eligible to claim a 30% credit for the cost of installing clean-fuel vehicle refueling equipment.

- Q. How many stations in the country can sell the new fuel?
- A. Reports vary from 500 to 600. AutoNews gives the figure at 608 out of 168,987 stations, or 1 out of 278 stations. There are no E85 stations open to the public in New York State.
- Q. Is there a price saving with ethanol?
- A. This is very difficult to determine. First of all E85 gasoline is energy poor, providing only 75% of the fuel mileage of gasoline according to a Department of Energy Study. So in order for E85 to be competitively priced it must be much less expensive than the \$3.29 or so that regular gasoline is going for on the island. It must be priced at \$2.47 or approximately 82 cents cheaper for a motorist to get the same miles per dollar.

The ethanol market has driven upward as fast if not faster than fuel markets this year. Furthermore, the On Wednesday, July 26, 2006 the rack prices for a gallon of ethanol intended for fuel blending ranged from \$2.67 in Missouri to \$3.67 in Colorado. There are no rack prices available for New York. The closest is \$2.77 in Ohio and you would have to truck it in from there.

The Governor and Legislature have acted to eliminate all State taxes on renewable automobile fuels, including ethanol (E85), biodiesel, and compressed natural gas (CNG), hydrogen, and other renewable fuels. Eliminating these taxes, which total 31.90 cents/gallon, combined with federal fuel tax credits of 43.35 cents per gallon will help renewable fuel to be competitively priced with conventional petroleum fuel by cutting the cost by approximately 80 cents.

Finally, adding more confusion to the whole situation, are two recent studies. The first concluded that it takes more energy to grow, harvest, and produce the ethanol than what we get out of it. If that is the case, then ethanol fuels will never produce a price savings unless it is created by tax incentives. The second study determined that there was a small positive energy output for ethanol. However, in the final analysis 97% of the country would need to be converted to cornfields to meet our energy shortfall.

- Q. What does the CAFÉ Act of 1975 say?
- A. In 1975, in response to the 1973-74 Arab oil embargo, Congress passed the 'Energy Policy Conservation Act'

INSIDE THIS ISSUE

- 1 NYC Intro 296
- 2 Beer Sales Blue Laws Repealed
- 2 OSHA Asbestos Safety Bulletin
- 3 Oil Filter Recycling Bill Dies
- 3 Zone Pricing Bill
- 3 Right to Repair Act

which added an automobile efficiency title to the Motor Vehicle Information and Cost Savings Act and established Corporate Average Fuel Economy (CAFE) standards for passenger cars and light trucks.

The CAFE law requires each manufacturer selling vehicles in the United States to achieve an average level of fuel economy, or miles per gallon (mpg), for all specified vehicles manufactured in a given model year (MY). The statute distinguishes passenger cars from light trucks and requires separate calculations for both.

The Secretary of Transportation has delegated authority over the CAFE program to National Highway Traffic Safety Administration (NHTSA). NHTSA sets the CAFE standard for light trucks, which is currently at 22.2 for the 2007 MY. The current standard for passenger cars is 27.5 mpg which is set by statute.

In setting a CAFE standard, NHTSA must set standards at the 'maximum feasible' level considering four factors: (1) technological feasibility; (2) economic practicability; (3) the effect of other standards on fuel economy; and (4) the need of the nation to conserve energy. NHTSA has also considered safety and the effects on employment in setting a maximum achievable CAFE standard.

Manufacturers who fail to meet CAFE standards are subject to fines of \$55 per vehicle sold for each mile per gallon short of the fuel economy standards.

Blue Laws Dealing With Beer Sales Repealed.

Governor Pataki has signed into law Bill A912 that amends the Alcohol Beverage control Law in relation to authorizing the sale of beer on Sundays after 8:00 A.M. This new law repeals the section of law that forbids retail establishments from selling beer for off-premises consumption on Sundays between 3 A.M. and 12 noon.

It was a law that is archaic one, a holdover from the blue laws that were put into effect when most businesses were closed on Sundays and society was very different. With people attending religious services at varying times and days, not just on Sunday mornings, this prohibition is not practical today. The law was also created a needless inconveniences, according to the sponsors of the bill.

The bill was delivered to the Governor on July 14th. He signed the bill and it went into affect on Sunday July 30th.

The law states: No person, firm or corporation holding any license or permit issued under the Alcoholic Beverage Control Law shall sell, offer for sale or give away beer at retail on Sunday between 3:00 AM and 8:00 AM.

However, there are counties that require that beer not be sold after a certain hour that is different for the State requirement. For example, Allegany County does not permit the sale of beer from 1:00 AM to 8:00 AM on Sunday. The hour to stop selling may be different from one county to another but the time you are able to start selling beer is the same for all counties, 8:00 AM.

Check with you county to determine when you must stop selling or call the Association Office.

OSHA Issues Safety Bulletin for Technicians Working on Asbestos Brakes and Clutches

The Occupational Safety and Health Administration (OSHA) has issued a Safety and Health Information Bulletin to inform employees and employers in the automotive brake repair industry of the precautions that must be taken when working with automotive brakes and clutches containing asbestos. According to the agency, while the use of asbestos in friction products is declining annually, it remains a substantial source of potential exposure in both old and replacement brakes and clutches.

The two preferred OSHA methods to control asbestos dust during brake and clutch repair and service are a negative pressure enclosure/HEPA (high efficiency particulate air) vacuum system and the low pressure/wet cleaning methods. Further, according to the agency, the spray can/solvent system method can be used as an alternative preferred method since it meets the equivalency criterion of the negative pressure enclosure/HEPA vacuum system method. Proper training is essential to ensure that employees use the methods in an effective method.

While the exposure to asbestos prevention from brake work is not new it is always in order to remind technicians to be careful. It is also a good idea to remind shop owners that the "employee right to know" regulations mandate that all hazardous material in the work place needs to be inventoried, and have a Material Safety Data Sheet in a place that is accessible to the technician. Also, the employee must be trained on how to care for exposure to the hazards chemicals and material.

Labor department officials both on a state and federal level that most of the violations are for noncompliance with the right to know regulations.

Oil Filter Recycling Bill Dies In Senate

Service station and repair shop dealers statewide dodged a bullet when bill A2881 introduced in the State Legislature did was not considered in the Senate. The bill did pass the Assembly. Had the bill passed the Senate and signed by the Governor it would have mandated the recycling of used oil filters. The provisions of the bill are as follows:

- It amends the New York State Environmental Conservation Law, in relation to used oil filters.
- It prohibits the disposal of used oil filters into the environment and encourages the recycling of the filters and the waste oil left in the filter.
- It allows the Commissioner of DEC to establish rules and regulations governing used oil filter generators, transporters, and processors.
- It requires service stations and repair shops that perform oil changes to crush the filter and remove the oil.
- It requires that the facility dispose of the used filter in an environmentally acceptable manner.
- It establishes requirements regarding fees and signs.
- It prohibits the disposal of used oil filters in landfill.

- It requires used oil filter transporters to maintain complete records.
- It requires the registration of used oil filter processors.
- It will regulate waste and used oil filters.
- It requires transporters and processors to submit an annual report to the Department of Environmental Conservation.
- It includes used oil filters in the existing recycling of used oil penalties.

The sponsor claims that, "current laws and regulations governing the prohibited disposal of used oil and establishing requirements for its safe management are not adequate to protect the environment from the estimated 700,000 gallons of waste oil which remains in the eighteen million used oil filters generated in the State each year. Landfill disposal of this product should be prohibited as a pollution prevention measure. Service stations and other on-premises oil changing operations are the largest generators of used oil filters, and are the logical focus for safe management requirements, i.e., source separation of discarded filters. With significant amounts of steel and oil contained in each used filter, a recyclable, recoverable commodity can be prevented from contributing to the pollution of groundwater resources in New York State. Furthermore, the recycling of used oil filters is a growing and profitable enterprise. There are both large and small companies in the business of managing used oil filters in NYS. This bill will encourage the growth of this industry and provide new jobs in all areas of the State."

The Association opposed this bill because it produces an added burden and expense to our industry. The bill does not address the "do it yourself" oil and filter changer. The bill will add an additional expense to provide oil change service. These cost must be passed on the motorist. As the price goes up so will the number of motorists changing their own oil. Where will these filter go?

We have been successful in stopping this bill so far but it will be back in the next session. We may need to find a solution that will satisfy the legislature and not be a burden to the industry.

Bill S973A – Zone Pricing - SPONSOR: Senator ALESI

The subject bill amends the general business law, in relation to zone pricing of gasoline. It prohibits the use of zone pricing as a marketing device for motor fuel. The bill defines "Zone Pricing" to mean arbitrary price differences within the same market area. It is based on what consumers are likely to pay or where the effect is to injure competition. The bill prohibits the practice of zone pricing it subject to a civil penalty of \$5,000 per instance, enforceable by the attorney general.

Zone pricing is a marketing technique currently used by motor fuel suppliers. The company determines geographical price zones based on the demographics of a certain area. For

example, if one area typically is more affluent than another is, the tank wagon price, may be slightly higher in that area, than an area where the clientele is primarily a working class neighborhood. Because the petroleum companies increase the amount charged to the service station dealers for the gasoline in those designated zones, this cost is then passed on to the consumers. Therefor, the result of zone pricing is higher prices at the pump for individuals who are assumed to be able to pay more. This legislation would prohibit this discriminatory pricing policy.

However, in the definitions in the bill it prohibits any person who violates this law will be liable to a penalty. As we read the bill it includes retailer. Therefor if a retailer has more than one station that retailer will need to price all his/her stations at the same price. We asked the sponsor to amend the bill but due to the lateness of the session it was not done. Also, the oil companies and the distributors opposed the bill. One of the distributor groups publics acknowledged and thanked the sponsor for holding the bill.

This legislation if written properly can be of assistance. Next session we will determine if the sponsor is will to amend the bill and we will solicit a strong Assembly sponsor and try to move the bill. This year it did get on the calendar in the Senate.

Right To Repair Act

As most of you know, the New York State Association of Service Stations and Repair Shops, Inc. (NYSASSRS) and its affiliate organizations, along with other automotive industry associations, have been fighting for passage of the Right to Repair act in Congress for several years. Passage of this legislation will assure that independent repair shops and collision shops have available to them all of the tools, software and repair information that new car dealers have access to. We are very close to getting this legislation out of committee but we need your help. If, in the last 12 months, you or your customer has had to send a vehicle back to a new car dealer for repair, reprogramming or re-initialization on any vehicle system or component because a tool, scanner, scanner software, repair software or repair information was unavailable, then we would like to hear from you. The future of the independent repair shop may be at stake here!

To date, the National Automotive Service Task Force (NASTF, www.nastf.org) has been the only clearing house for independents to file complaints about gaps in tool and information availability. We believe that NASTF is vastly underutilized and that there are many more examples of gaps in tool and information availability than have been reported. Among the many reasons for this is the very small amount of free time the typical auto repair shop has to file reports, compared to the one phone call it takes to have a car towed to a new car dealer where everything needed is always available.

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Right to Repair (continued)

If you have ever had to send a vehicle to a new car dealership to perform or complete a repair due to lack of repair information or tool availability from a vehicle manufacturer, then please take a few minutes to send us your story. If you know of anyone else who has been in this situation, please encourage them to do the same. AASP is looking for stories from collision repair shops, mechanical repair shops and customers who have been inconvenienced by such a situation. These stories will be forwarded to congressional staff and used as evidence that the legislation is definitely needed. We do need your name and the name of your shop (or the independent repair facility who attempted the repair) for verification, but we can forward your story without names if you prefer.

Please use the enclosed questionnaire to forward your story to NYSASSRS as soon as possible. Thank you for your prompt attention to this important issue. Please fax, mail or e-mail your story to:

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