

September 24, 2007

Governor Arnold Schwarzenegger
Office of the Governor
State Capitol Building
Sacramento, CA 95814

Re: AB 868

Dear Governor Schwarzenegger,

The Owner-Operator Independent Drivers Association is a national trade association representing the interests of professional truck drivers. On behalf of our members, more than 156,000 across the nation with approximately 5,300 residing in the State of California, we urge you to please pay close attention to the facts presented by consumer advocates on the issue of "hot fuel" and veto AB 868. While we wholeheartedly believe that legislation of some form is necessary to address the negative effect hot fuel has on consumers, this particular bill will not accomplish that goal.

Our association has been following the issue of hot fuel for years. Our members, who are made up mostly of small-business owners, have expressed their concerns about the effect of hot fuel on their bottom line. Particularly for truckers, the high cost of fuel is a major concern in hot spot areas of the country, which includes California, where summer fuel temperatures can spike as high as 100 degrees. When you consider that a trucker may consume 28,000 gallons of fuel annually, and loses about 250 gallons due to the effects of hot fuel, the annual cost to truckers is about \$750.

To continue allowing fuel to be purchased with the status quo would mean retailers will continue collecting additional tax dollars from consumers that are never sent on to the federal or state governments. On the wholesale level, fuel is temperature compensated and taxed at the time of purchase. At the fuel station, any additional amount of taxes paid by motorists buying hot fuel goes straight into the pockets of the oil companies and the retailers. Nationally, retailers avoid an estimated \$350 million in state and federal revenue that would otherwise go to pay for road maintenance and repair. The fuel pump is the only part of the production and distribution system where the temperature adjustment does not occur.

The legislation before you was developed by a lobbying group, the California Independent Oil Marketers Association. This is hardly an organization looking out for the good of consumers, but rather their own corporate interests. A more appropriate bill would include mandatory installation of automatic temperature compensation kits at all retail fuel pumps.

AB868 simply rubber stamps the status quo for hot fuel and continues the rip off of consumers and your state's treasury. Please veto AB868.

Sincerely,

Jim Johnston
President