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## **Government Gives Gas Stations Some Competition.**

In an effort to offer residents cheaper fuel, Somerset, Ky., opened what's likely the nation's first city-run retail gas station this summer.

Everyone complains about high gasoline prices. One southeastern Kentucky town this summer decided to do something about it. In June, the town of Somerset opened what could be the nation's first city-run retail gas station. "The public is very concerned about cost," says Mayor Eddie Girdler. "We wanted to see if we could force competition into this field."

Municipalities are used to selling water and electricity; Girdler says that selling fuel was just a minor addition to city services. Somerset already had a fueling center for its own municipal fleet and for vehicles owned by other local governments. Drivers whose cars ran on compressed natural gas could fill up as well. Converting the facility to a retail operation cost the city about \$75,000, out of an annual budget that runs close to \$64 million.

Somerset doesn't plan to profit from the new enterprise; the fuel center is only meant to break even. That allows the city to charge less at the pump and, officials hope, to drive down prices at nearby private filling stations. So far, it seems to be working. Midway through its second month of operation, the city station and other gas stations in Somerset had prices that were almost 20 cents below the state average.

Of course, customers get what they pay for. The public facility lacks amenities like snacks or repair services. And there are no higher octane fuel options, just regular unleaded gas.

Girdler, a Republican, says the city's foray into retail gas sales is a way to help foster competition. But business groups say it actually interferes with the free market. "You have competition that is also taxing you," says Jeff Lenard, a spokesman for the National Association of Convenience Stores. "It is anything but a level playing field."

State Sen. Chris Girdler, a distant cousin of the mayor, wants to put in place a state law that would stop cities from selling gas and other retail products. "It's unfortunate," he says. "It's expanding government's footprint into an area beyond its traditional role."

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