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Conference committee negotiators in the Hawaii state legislature have reached agreement on a bill that will suspend Hawaii's controversial [gasoline](#) price control law, commonly known as the "gas cap."

Under the proposed bill created by the conference committee, the current gas cap law would be immediately suspended for an indefinite period. The cap price would continue to be calculated, but the governor would have sole discretion to reinstate the price cap. The bill would also call for increased reporting of profits by oil companies.

The bill draft still needs majority approval by both houses (which appears likely), and signature by Governor Linda Lingle.

The current law uses wholesale gasoline prices from three Mainland markets to set the maximum price that oil companies can charge for gasoline. Retailers are free to charge whatever they wish.

The law was proposed by the Democratic-controlled legislature during a time when oil company profits in Hawaii compared with the Mainland came under intense scrutiny. Republicans, including Lingle, opposed the bill.

Since the law went into effect in September 2005, price fluctuations due to the disruption of gasoline supply in the wake of Hurricane Katrina have resulted in gas prices of more than \$3.00 a gallon in Honolulu, with significantly higher prices on the Neighbor Islands. Currently prices of unleaded gasoline in Honolulu range from \$3.00 to \$3.42 per gallon, the highest in the nation.

During the current legislative session which expires Thursday, the House of Representatives (the lower house) passed a version calling for outright repeal of the law, while the Senate (the upper house) called for modification of the formula used to calculate the cap.

However, in recent weeks, the main proponent of the gasoline price cap law, Senator Ron Menor (D-Mililani), softened his position, allowing for an indefinite suspension of the gas cap. Negotiations between the House and Senate had reached an impasse over the

calculation of the cap level. Senate negotiators pushed for a formula that would have set cap levels about 15 to 20 cents lower than the current formula. The leadership of the legislature intervened as the deadline for conference committee reports loomed.

Hawaii is the only state in the United States to institute price controls on gasoline in recent years.

## Sources

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- "[Gas Cap Set To Disappear](#)". *KITV Honolulu*, April 26, 2006