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I first began doing research on various state laws that prohibit the sale of gasoline below cost twenty five years ago, when Wisconsin first considered (and then passed) a law strengthening its enforcement. I have continued to follow and write on such laws because I know of no better example in the U.S. of a law that has no conceivable purpose other than to increase the profits of retailers and force consumers to pay more for a good.

My research on this topic has appeared in Applied Economics, a scholarly academic journal, as well as a policy journal called Regulation. I also co-authored a study on the topic published by the Wisconsin Institute of Law and Liberty and another that was published by what is now called the Badger Institute.

I've also published articles in The Wisconsin Journal, Milwaukee Journal-Sentinel, NACS Magazine, The Wall Street Journal, the Oshkosh Northwestern, Green Bay Post-Gazette, and the Milwaukee Business Journal. I have also given several depositions in court cases related to the Unfair Sales Act.

The intent of the Unfair Sales Act, and all laws that mandate a minimum markup for gasoline prices, are always and everywhere to increase the margins of gas stations. In my mind no serious scholar disputes this assertion. The ostensible reason typically given is that these are needed to prevent "cutthroat competition" in the retail gasoline market, but people who study market structure--including the economic staff at the Federal Trade Commission--observe that such a thing rarely if ever occurs and that there is no reason to think it would happen in the retail gasoline market.

In 1998 the state of Wisconsin changed its Unfair Sales Act so that the relevant wholesale price was to be the posted terminal price closest to a station, clarified the precise amount of the markup required--9.18% over the terminal price--and specified the fines for each violation. It also allowed those who report violations of the Unfair Sales Act to receive a portion of the fines collected.

In my research that appeared in *Applied Economics* I compared the markup over wholesale prices in Wisconsin to markets in Illinois and Michigan, which are nearby and do not have a minimum markup mandate. Unsurprisingly, margins in Wisconsin increased after passage, but did not change in the other states.

In my 2017 study with Will Flanders we also found lower markups in gasoline stations in the Upper Peninsula of Michigan, across the border from Wisconsin, than in those Wisconsin border communities.

During my research in the 1990s I talked to numerous gas station owners and no one disputed that minimum markup laws keep gas prices higher. That is precisely the point of them, they thought.

The ostensible reason for them--or at least the one put forth by the legislature when such laws were first enacted in the great depression--was the notion that they are needed to combat cutthroat competition, whereby one large-pocketed incumbent cuts prices below that of other competitors until they all go bankrupt, which then allows it to charge monopoly prices.

There is no evidence that such competition has occurred in retail gasoline markets. The supporters of such a law sometimes point to the fact that the number of gas stations operating in the U.S. has decreased steadily in the last five decades and assert that cutthroat competition had something to do with this.

However, in my analysis I found no difference between closures in states with an Unfair Sales Act and those without such a law. The reality is that the decline in the number of stations was driven by environmental laws that required older stations to replace their gas tanks and lines, as well as new economics that favored larger operations that could support a bigger retail operation.

Indeed, I found that for many gas stations the operating margins on gasoline are a small or even negligible proportion of the revenue earned, and that their retail sales bring most of the profits. In some markets in states without minimum markup laws it was not uncommon for margins to equal the credit card fees.

That is emphatically not the case in Wisconsin, where mandated margins increase with the wholesale price. Higher gas prices bring a bonanza to gas station owners there.

The gasoline and convenience store owners in Wisconsin viewed the Unfair Sales Act as a favor done for them by the Wisconsin Assembly in recognition of the fact that their cost of adhering with new environmental regulations in the 1990s were significant, which their implementation by the state exacerbated.

There is near unanimity that minimum price markups on gasoline harm consumers and are unnecessary. The Federal Trade Commission has written to this point, numerous economists have testified to this effect, and no small amount of ink has been spilled to belabor what is, for economists, an exceedingly simple and obvious truism that limiting competition never benefits consumers.

There is no possibility that Minnesota will find itself bereft of operating gas stations if it were to repeal its minimum markup rule.

There are few markets that the government sees fit to put in a price floor, and when it does it rarely bothers with the pretense that it is being done to help consumers. If the state of Minnesota is concerned about gasoline prices being too low for some reason, it can easily fix that by increasing its gasoline tax. Indeed, I suggested to the Wisconsin legislature when I was asked to testify on this law that it combine an ending of the Unfair Sales Act with a one-time rise in the gas tax so that consumers would not notice the tax increase at all.

The Minnesota Legislature has a simple decision to make: Does it believe it is a vital interest of the state to ensure that the corporations that own gasoline stations make more money? If so, it should be content with the status quo. Otherwise, there is no valid public interest that I--or any economist who has studied the issue--can identify that would justify keeping this law.