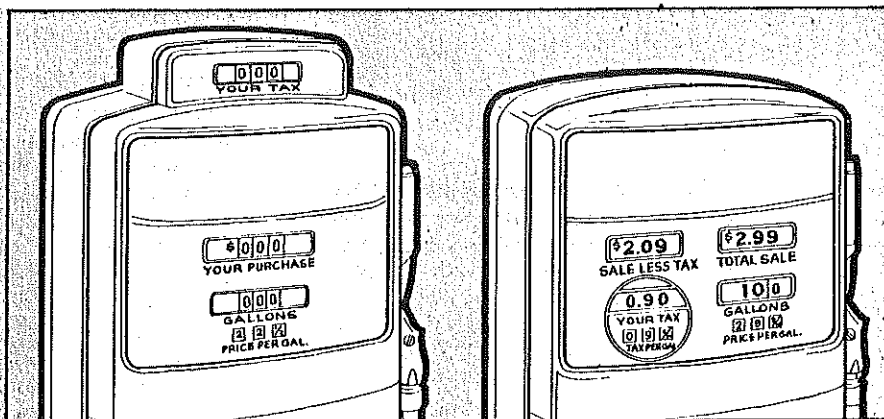


Gasoline taxes hurt. To dramatize the facts and combat further increases, fresh consideration is being given to computers, so . . .



Gasoline Pumps May Show Tax Burden

Service station pumps may be in for a long-overdue face-lifting: a new computer that will enable retailers to point up the high cost of federal and state taxes on each and every sale of gasoline.

The basic idea isn't new; it's been kicked around, off and on, for years. But serious consideration is being given to it now, as a protective weapon to help combat spiraling gasoline taxes.

Active discussions and planning have been under way since last fall, injecting new life into a dormant project that many oil men feel could be the answer to the tax problem.

In many states, combined federal and state taxes already account for more than 50% of the ex-tax price of conventional motor fuels—and the end apparently isn't yet in sight. The Eisenhower Administration, for one, is insisting on another 1/2¢-per-gal. increase in the federal tax to support the roadbuilding program.

Concrete proposals for two new computer heads were unveiled this week at the annual meeting of the Gasoline Pump Manufacturers Assn. in White Sulphur Springs, W. Va.

They were presented by A. L. Burton, director of research for Veeder-Root, Inc., Hartford, Conn. He introduced sketches of workable computers that would hammer the gasoline tax story home to the public.

One (above, left) is a "piggyback" affair that would be built into standard pumps. It would sit astride the top of the pump housing, and would compute the total tax on each sale.

This would be in addition to the standard computers that record the total sale (including taxes), the number of gallons, and the price per gallon.

The supplemental computer unit would reset and synchronize automatically with other indicators. Its

figures would be visible on both sides of the pump.

Thus, motorists would be reminded—and needled—constantly, in dollars and cents, of the taxes involved in each and every purchase.

The second, more involved computer would do the same thing, and more. It would represent a redesign of the head and face of the pump itself to make five separate computations visible, compared to the present three.

One would show the price ex-tax, and another immediately below it would compute the sum of federal, state, and local taxes separately.

Computers at the right would show the total cost for the consumer (including taxes), the number of gallons purchased, and the price per gallon.

The proposals crystallize the thinking of many pump manufacturers and oil industry experts on tax and public relations problems.

Theon Wright, managing director of the Gasoline Pump Manufacturers Assn., and members of his group have been working with oil trade association representatives for months on the project.

Veeder-Root was brought into the picture to explore the possibilities, and to prepare some preliminary sketches. It was these sketches that were shown at the meeting.

Whether the proposals ever make the transition from drawing board to service station, however, hinges mostly on the oil industry's zeal to meet the tax problem head-on.

Burton emphasized that, mechanically speaking, it is feasible to produce the new computer heads to calculate taxes separately, and in synchronization with standard equipment.

He feels, and pump manufacturers concur, that if the oil industry really wants them, and is willing to pay the

price, the only questions to be resolved are final design and manufacture.

Since pump sales have been depressed for the past several years, there is no doubt that the manufacturers would jump at something that would revitalize their operations.

Thus, it would appear that the oil industry's appetite for a harder-hitting approach is the key to the whole matter. Gasoline is one of the few commodities still sold on a tax-included basis—and the tax percentage far exceeds the wartime luxury taxes that still linger on.

Oil companies, marketers, and jobber-dealer associations are deeply concerned about the crushing tax burden, and the tendency of legislatures to raise the ante regularly.

Only last week, for example, the American Petroleum Institute's Service Station Advisory Committee recommended that gasoline taxes be posted separately on service station price signs.

The recommendation was made by W. W. Wright, senior vice-president of Sun Oil Co., and chairman of the committee, at API's Marketing Division meeting in Cleveland.

He noted that even in the states where separate posting is required by law, many dealers still combine the two items. These states are Texas, Indiana, Arkansas, Florida, Missouri, and Pennsylvania.

M. J. Rathbone, president of Standard Oil Co. (N. J.), and chairman of the API, told the same meeting that "bold, imaginative thinking" is needed to find new ways to merchandise gasoline.

And he made a special point of the "inroads that taxes have made into our margins . . . and [our] concern about passing on to our customers any further increases that might occur."

He urged the industry to consider

all "reasonable steps which might be tried to get this tax issue into the open."

The cost of replacing the old-type gasoline pumps with the new ones could be a real stumbling block, however; several hundred million dollars might be involved.

Oil marketers currently are spending \$45-million to \$50-million a year for pumps installed at new facilities, and as replacements for worn-out mechanisms. Pumps have a normal life of about 15 years.

Standard models run around \$500 each at present. Tailored designs and couplings to meet individual company taste and requirements increase the cost of many pumps, however.

The proposed "piggyback" model would run, according to very rough estimates, about 15% to 20% more than standard pumps.

The more complicated computer head obviously would cost still more, but no estimates were attempted because of the many intangibles involved.

Conservative estimates indicate that there are a half-million or more gasoline pumps in use now throughout the country, so full replacement—even on a gradual basis—could mean expenditures of a quarter-billion dollars or more for the entire industry.

While this is being considered, other experiments are being tried with credit cards and pump heads to emphasize the tax story.

Standard Oil Co. of California for the past year has been testing a device that stamps gallons, price, and taxes on the credit-card customer's purchase receipt.

And Standard Oil Co. (Ohio) is experimenting with a tape in the pump head to tabulate sales, and to expedite accounting procedures.

Thought is being given, too, to the possibility of using electronic systems instead of computers on the pump heads. This could lead to extensive use of business machine attachments to record all types of information on the sales slips.

What makes the problem so involved, however, are the many designs and models that oil companies are now using. Says GPMA's Wright plaintively:

"There are just too many different pump designs. Oil companies could save themselves a lot of problems and headaches by simplifying their requirements."

But that, he conceded, would mean that the distinctive styles and designs of the various companies would have to play secondary roles.

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