



## Retail Motor Fuel Discounts

Weights and Measures Law in cooperation with the Code of Iowa and Iowa Administrative Code define the standards for multi-tier pricing issues in Iowa. Multi-tier pricing is the definition given by the National Institute for Standards and Technology Weights and Measures Division to price discounting. The intent of the controlling regulations is stated in Weights and Measures Law, “no person shall misrepresent the price of any commodity or services sold, offered, exposed, or advertised for sale by weight, measure or count, nor represent the price in any manner calculated or tending to mislead or in any way deceive a person.” Because the regulations are being drawn from three sources the standards for multi-tier pricing have caused confusion among motor fuel retailers and consumers. The primary areas of confusion are street sign price advertising, discounts, and the correlating information needed on motor fuel retail dispensers.

Motor fuel retailers advertising petroleum products through the use of a street sign, billboard, storefront, etc... should unambiguously display the price per gallon. The price advertised must equate with the price setting displayed on the pump. Where a street sign is advertising a discount on motor fuel the discount must be stated clearly on the dispenser or in such a position that it is clearly visible to the consumer. A price discount offered for a cash purchase must be conspicuously posted on the advertising sign through language stating that the discount only applies to cash purchases. The same standard would apply to discounts being offered through the use of a company credit card. Regardless of the type of discount being offered the advertised discount and any stipulations accompanying the discount must be conveyed to the consumer to avoid confusion.

A second area of concern involves what needs to be placed on dispensers. The dispenser must display the price at which the dispenser is set to compute or dispense. In the event a discount is being offered and the dispenser is capable of calculating a price for a credit purchase and a separate price for cash purchase, the option to select payment by cash or credit should be made available to the consumer. The dispenser should also display the prices specific to cash payment and credit payment if they are not equal. Language stating the price discount and its details should be stated clearly on the dispenser. The language detailing the discount must be posted in a manner in which the specifics of the discount are made clear to the consumer and the consumer can make an informed choice concerning method of payment and eligibility for a potential discount.

However, not all dispensers currently in use have the capability of displaying more than one price for a specific product. If a discount is being offered for a cash purchase and the dispenser only allows one price to be displayed the dispenser must display the dollar amount without the discount. In this scenario, a clear disclaimer must be placed on or near the dispenser detailing the specifics of the discount available for the consumer. The discount for cash purchases may be credited to the consumer at the register by an employee working on the premises.

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