

13564

S1

9/19/2011 Council Meeting

Sponsor: Councilmember Lambert

phh

Proposed No.: 2011-0387

KL MOVED
PASSED: 8-0 PUR Excused

STRIKING AMENDMENT TO PROPOSED MOTION 2011-0387, VERSION 1

Beginning on page 1, line 8, delete everything through page 4, line 68, and insert:

“WHEREAS, it was estimated that between Memorial Day and Labor Day, Washingtonians purchased 750 million gallons of gasoline, and

WHEREAS, the national average gasoline price at the beginning of the Labor Day weekend was \$3.63, which was \$1.00 per gallon higher in 2011 than in 2010, despite no decrease in supplies or increases in demand, and

WHEREAS, this means that Washington state families and Main Street businesses paid millions more for gasoline this summer compared to last.

WHEREAS, at a May 12, 2011, Senate Finance Committee meeting, the Chairman and Chief Executive Office of Exxon Mobil testified that the real cost of oil should be \$60 to \$70 per barrel, and

WHEREAS, a barrel of oil on that day was trading at \$98, 33 percent higher than the price would be if oil were based on the actual value of \$65 per barrel, and

WHEREAS, the King County transit division is facing deficits of \$60 million per year over the next four years, compared to the cost of maintain current levels of service, and

18 WHEREAS, fuel costs are a major cost to the transit division, and currently it is
19 estimated that King County will spend \$160 million on fuel over that same timeframe,
20 and

21 WHEREAS, if fuel prices were based upon actual demand, instead of prices that
22 were speculated on, the transit division would expect savings of approximately \$53
23 million on its fuel costs, and

24 WHEREAS, these savings would allow the county to avoid making cuts to
25 530,000 hours of service per year, 88 percent of the total projected cuts, and

26 WHEREAS, in response to legislation, the Commodity Futures Trading
27 Commission voted to approve a final market manipulation rule on July 7, 2011, and

28 WHEREAS, before this new rule, it was much more difficult for the Commodity
29 Futures Trading Commission to prove a manipulation case because of the requirement to
30 prove specific intent and actual artificial price, and

31 WHEREAS, speculation in oil futures and swaps markets is essential to providing
32 the necessary liquidity for facilitating the price discovery and appropriate risk mitigation
33 market function for hedgers; the future markets the financial markets needs some degree
34 of speculation because a buyer and seller are needed, and speculation is a valuable tool to
35 mitigate risks, and

36 WHEREAS, ten years ago hedgers outnumbered speculators three-to-one, and
37 today those numbers are more than completely reversed, and

38 WHEREAS, today, speculators dominate the markets and in June a Commodity
39 Futures Trading Commission report showed an average of 90 percent of all trades were

40 made by financial speculators daily futures trading volumes for the most commonly
41 traded commodities are held by financial speculators, and

42 WHEREAS, certain provisions included in the Dodd-Frank Wall Street Reform
43 and Consumer Protection Act require the Commodity Futures Trading Commission to
44 implement rules capping the size of speculator's investments in oil futures markets within
45 six months of the July 21, 2010, enactment, and

46 WHEREAS, more than one-year after enactment of the Dodd-Frank Wall Street
47 Reform and Consumer Protection Act, the Commodity Futures Trading Commission has
48 not enacted these rules to curb excessive speculation in the oil futures markets;

49 NOW, THEREFORE, BE IT MOVED by the Council of King County:

50 The King County council calls on the Commodity Futures Trading Commission
51 to aggressively implement its new market manipulation authority and prosecute oil
52 market manipulators, and to immediately implement past-due required rules to prevent
53 excessive speculation in oil futures and swaps markets that are contributing to artificially
54 high oil prices."

55

56 **EFFECT: Removes references to elected federal officials and deletes several**
57 **whereas clauses.**

9/19/2011 Council Meeting

T1

phh Sponsor: Councilmember Lambert
Proposed No.: 2011-0387

RL Moved: 8-0 For Excused

1 **TITLE AMENDMENT TO PROPOSED MOTION 2011-0387, VERSION 1**

2 Beginning on page 1, line 1, delete everything through page 1, line 7, and insert:

3 "A MOTION calling on the Commodity Futures Trading
4 Commission to aggressively implement its new market
5 manipulation authority and prosecute oil market
6 manipulators, and to immediately implement past-due
7 required rules to prevent excessive speculation in oil
8 futures and swaps markets that are contributing to
9 artificially high oil prices."

10

11 **EFFECT: Reflects the changes in S1 by changing "leading" to "contributing."**