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

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, thirty-three 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

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

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

WHEREAS, these savings would allow the county to avoid making cuts to 530,000 hours of service per year, eighty-eight percent of the total projected cuts, and

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

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

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

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

WHEREAS, today, speculators dominate the markets and in June a Commodity Futures Trading Commission report showed an average of ninety percent of all trades were made by financial speculators daily futures trading volumes for the most commonly traded commodities are held by financial speculators, and

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

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

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

The King County council calls on the Commodity Futures Trading Commission to aggressively implement its new market manipulation authority and prosecute oil market manipulators, and to immediately implement past-due required rules to prevent

excessive speculation in oil futures and swaps markets that are contributing to artificially high oil prices.