



Members-only gas at Costco stations is legal in NJ and it starts July 5

By: Dan Alexander, June 29, 2022

The state Division of Consumer Affairs has given its blessing to Costco changing its policy to require a membership to buy gas.

When Costco first opened gas stations in New Jersey in 2004, the warehouse chain was told by the state Division of Consumer Affairs it could not require a membership for the purchase of gasoline because it violated state law regarding fuel sales, according to news coverage at the time.

State officials, however, have been unable to point to the law or regulation that supposedly was on the books at the time. What matters now is that no prohibition currently exists.

As gas prices have skyrocketed towards \$5 per gallon, drivers have found prices are the cheapest at Costco's 18 New Jersey locations, creating long lines looking for an inexpensive fill-up.

This has angered Costco members who find themselves in queues that can sometimes last up to an hour. Costco has not responded to New Jersey 101.5's request for more information about the policy change.

Signs started appearing at New Jersey Costco gas stations at the beginning of June advising customers of the change effective Tuesday, July 5.

Costco gas pumps in North Brunswick (Dan Zarrow, Townsquare Media NJ)

State won't step in to stop the requirement

The change in policy is OK with the Division of Consumer Affairs, which is part of the Attorney General's Office.

"The practice of offering members-only gasoline sales does not violate any of New Jersey's consumer protection laws," spokesman Steve Barnes told New Jersey 101.5. "Meanwhile, the Division of Consumer Affairs encourages New Jersey residents to contact us if they become aware of or may be subject to price gouging, and file a complaint. The Division of Consumer Affairs is committed to standing up for New Jersey's consumers in the face of unfair and deceptive acts and practices."

Barnes did not respond to a question asking the Division of Consumer Affairs to identify the "state law regarding fuel sales" cited in 2004 that had changed.

Sign announcing membership requirement at Costco in Wharton (Kayla Mackenzie)

There never was a law?

Sal Risavado, executive director of the New Jersey Gasoline, C-Store, and Automotive Association said when questions first came out about Costco's new policy, the DCA contacted him for help to identify the law.

"They can't find something from 2004 because the way it doesn't exist today is that it didn't exist in 2004, either," he said. "My experience with the Division of Consumer Affairs officials back in that era is that they would look to do anything to make themselves look like a bunch of heroes. That is not my experience today."

Risavato challenged then-Attorney General Anne Milgram after she accused gas station owners of price gouging. He reviewed each inspection and found no summonses had been issued for calibration issues despite a press release from her office stating otherwise.

What happens Tuesday?

An employee at the Costco in Lawrence said he's already been told that someone will be positioned at the entrance to the gas station to check memberships and turn away the general public.

Membership to Costco is \$60 and includes a "household card" for other members to use. A card must be inserted into the gas pump to show an active membership.