



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

September 21, 2011

Motion 13564

Proposed No. 2011-0387.2

Sponsors Gossett and Patterson

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

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

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

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

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

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

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

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

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

28 WHEREAS, these savings would allow the county to avoid making cuts to
29 530,000 hours of service per year, eighty-eight percent of the total projected cuts, and

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

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

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

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

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

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

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

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

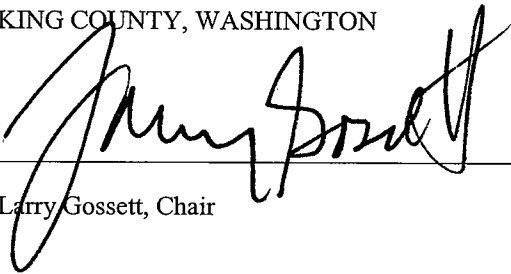
54 The King County council calls on the Commodity Futures Trading Commission
55 to aggressively implement its new market manipulation authority and prosecute oil
56 market manipulators, and to immediately implement past-due required rules to prevent

57 excessive speculation in oil futures and swaps markets that are contributing to artificially
58 high oil prices.
59

Motion 13564 was introduced on and passed as amended by the Metropolitan King
County Council on 9/19/2011, by the following vote:

Yes: 8 - Mr. Phillips, Mr. Gossett, Ms. Hague, Ms. Patterson, Ms.
Lambert, Mr. Ferguson, Mr. Dunn and Mr. McDermott
No: 0
Excused: 1 - Mr. von Reichbauer

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Larry Gossett, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments: None