



September 28, 2022

Honorable Gavin Newsom
1021 O Street, Suite 9000
Sacramento, CA 95814

Re: Request For A Special Session on Gas Prices

Governor,

Californians are facing a crisis at the gas pump. We believe it is the interest of all Californians that you call a special session of the California legislature to address the unprecedented, \$2 per gallon extra Californians are paying at the pump as opposed to US drivers.

California's environmental regulation and extra taxes add only about 60 cents to the price at the pump. The latest US Energy Information Administration data shows Californians paying \$5.61 per gallon and US drivers paying \$3.71 per gallon. Newer data shows the spread between US and California pump prices is now \$2.25.

There is no justification for this difference. Oil refiners blame downed refineries. However, oil refiners don't have added production costs when refineries go down. They are simply charging more because they can and want to. That's gouging.

We are grateful that you signed [a new law, SB 1322 \(Allen\)](#), that will require oil refiners to post their monthly profits per gallon starting in January. We cannot and should wait until the data is available to deal with this crisis.

The legislature should immediately consider two options.

First, the legislature should consider enacting a windfall profits tax, to take back ill-gotten gain. England recently took such steps in light of extraordinary oil company profits.

Second, a new price gouging law may be a remedy for the statehouse to consider. This would allow prosecution of the companies if their prices rose more than a certain percentage and was not justified by their costs. Currently price gouging laws can only be utilized when a state of emergency is declared. If the requirement for a state of emergency were removed for gasoline price spikes, we could effectively halt the spikes because they are not justified by costs.

The proof is in the profit reports. Second quarter profits reports provided to oil refiner investors show the companies are making [unprecedented profits of more than \\$1 per gallon](#) in the Western region off Californians' pain at the pump.

The oil industry has declared war on the state of California and is raising prices unreasonably to punish the public and lawmakers for enacting tough new laws.

As you know, the oil industry is unhappy with new environmental laws and is currently challenging via referendum a new law requiring that there be no new wells within 3200 feet of communities. These laws have no impact on the price at the pump. Oil refiners, however, seem to be making a statement about their discontent by charging Californians two bucks more per gallon as punishment.

This is a game of chicken that involves billions of dollars in consumers' money. The state of California should not blink. Forcing a spotlight on the oil refiners' profiteering in the legislature is what's needed to curb their greed and bring gas prices back in line with actual cost differentials.

Oil refiners are trying to rake in as much profits as they can now before SB 1322 takes effect and they have to report their per gallon profits monthly in January. The legislature shouldn't wait until January to enact a law that holds the refiners accountable for ill-gotten gain. At very least, it can pass a law requiring the companies to account for their profits from this recent price spike.

We need to send a message that this level of pig-at-the-trough price gouging is simply unacceptable.

I truly appreciate your consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Court". The signature is written in a cursive, flowing style.

Jamie Court

PS: I outline the case for a new windfall tax and price gouging laws in my testimony to the Assembly Select Committee on Gas Pricing and Supply. The [written testimony is here](#) and the [video is here](#).