

EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA

A PROCLAMATION

BY THE GOVERNOR OF THE STATE OF CALIFORNIA

WHEREAS from August to October 2022, Californians experienced some of the highest gasoline prices ever recorded in the State, even though the price of crude oil declined during that time, state taxes and fees remained unchanged, and gas prices did not increase outside the western United States; and

WHEREAS much of this increase was caused by refiners, which increased their share of the price consumers paid at the pump from \$0.64 per gallon on August 29, 2022, to \$2.48 per gallon on October 3, 2022, leading to prices that were \$2.61 higher per gallon than average U.S. prices; and

WHEREAS as a result of these increases, refiners earned record profits at the expense of Californians during the third quarter of 2022, with Chevron earning \$11.2 billion; Phillips 66 earning \$5.4 billion (up from \$402 million during same period in 2021, an increase of over 1200%); Marathon Petroleum earning \$4.48 billion (up from \$694 million during the same period in 2021, a 545% increase); Valero earning \$2.82 billion (up from \$463 million during this same period in 2021, an increase of more than 500%), and PRF Energy earning \$1.06 billion (up from \$59.1 million during the same period in 2021, an increase of nearly 1700%); and

WHEREAS in addition to the State's refiners, oil companies took in astronomical profits during this time, including Shell (earning \$9.45 billion in the third quarter of 2022, up from \$4.1 billion in that time in 2021), Exxon (\$19.7 billion in the third quarter of 2022, the highest quarterly profits in its history), and BP (\$8.2 billion in profits in the third quarter); and

WHEREAS oil companies have earned these extraordinary profits at the expense of Californians' health, which continues to be harmed by the production and burning of fossil fuels, and at the expense of our air, land, and water, which continue to suffer billions of dollars of damage each year from the climate crisis that is caused by the combustion of fossil fuels; and

WHEREAS the burden of high gas prices is borne disproportionately by lower-income Californians, many of whom must drive to commute long distances for work and have less ability to absorb higher gas prices in their budgets and have been disproportionately impacted by inflation generally; and

WHEREAS the Assembly's Select Committee on Gasoline Supply and Pricing and the Energy Commission have been investigating the causes of gasoline price increases and supply shortages, but oil companies have

refused to provide complete and adequate explanations for their actions;
and

WHEREAS the limited explanations refiners have offered, such as low inventory levels and overlapping scheduled maintenance schedules, can account for only part of the 2022 price spike and suggest the need for closer oversight of the refining sector to prevent supply shortages that artificially drive up prices; and

WHEREAS gas prices in California have remained elevated, without explanation, since a price shock that followed a refinery explosion—an episode that was exacerbated by unlawful price manipulation by market participants, according to the Attorney General; and

WHEREAS the Legislature enacted, and I signed, the California Oil Refinery Cost Disclosure Act (Senate Bill No. 1322, Allen) in 2022, to provide more information about refiners' margins by requiring reporting of data that will make windfall profits more apparent, yet even greater transparency is needed in light of oil companies' recent pricing decisions, particularly with respect to information regarding the timing and production impact of refinery maintenance and timely information about inventory levels; and

WHEREAS oil companies are entitled to a reasonable return, but not to engage in opportunistic price gouging for gasoline, which remains a necessary commodity for most Californians even as the state begins the process of moving away from relying on fossil fuels to power our vehicles; and

WHEREAS the State was able to mitigate the effect of oil companies' excessive profits on Californians by funding the Middle Class Tax Refund and by transitioning to winter-blend gasoline a month early to increase the state's gasoline supply, yet these are stopgap measures and more fundamental changes are necessary to avoid oil company price gouging going forward; and

WHEREAS these extraordinary circumstances require the Legislature of the State of California to be convened in a special session.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with Section 3(b) of Article IV of the California Constitution, hereby convene the Legislature of the State of California to assemble in extraordinary session in Sacramento, California, on the 5th day of December 2022, at a time to be determined, for the following purposes:

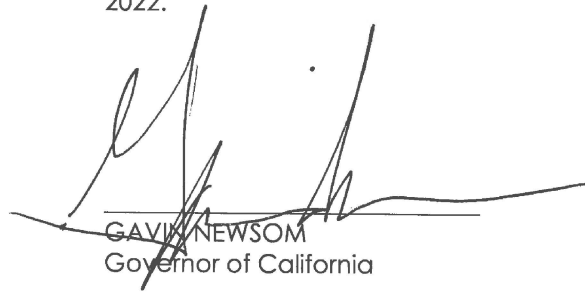
To consider and act upon legislation necessary to:

- a. Deter price gouging by oil companies by imposing a financial penalty on excessive margins, with any penalties collected to be returned to Californians.
- b. Empower the Energy Commission and the Department of Tax and Fee Administration to more closely review and evaluate costs, profits, and pricing in the refining, distribution, and retail segments of the market for gasoline in California.

- c. Provide for greater regulatory oversight of the refining, distribution, and retail segments of the market to prevent avoidable supply shortages and excessive price increases.
- d. Make conforming changes to existing law consistent with paragraphs (a), (b), and (c).

I FURTHER DIRECT that as soon as hereafter possible, this Proclamation be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Proclamation.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 30th day of November 2022.



GAVIN NEWSOM
Governor of California

ATTEST:

SHIRLEY N. WEBER, PH.D.
Secretary of State