

Big Oil Windfall Profits Tax Act

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Big oil companies have taken advantage of the international crises created by the COVID-19 pandemic and Russia's invasion of Ukraine to price gouge consumers and reap near-record profits in the process. For example, ExxonMobil booked \$77.8 billion in profits in 2022, more than double its 2021 profits (249 percent). Other Big Oil companies, like Chevron, have used the proceeds to further enrich their shareholders by engaging in billions of dollars of stock buybacks.

Last year, gas prices briefly surpassed \$5 a gallon, squeezing the budgets of American families. While the price of gas has fallen significantly since then, it remains a dollar above pre-pandemic levels. This instability underscores yet another consequence of our dependence on fossil fuels.

This bill would provide consumers guaranteed relief while maintaining American competitiveness and reducing inflation by combatting corporate profiteering.

The Big Oil Windfall Profits Tax Act will:

Claw back Big Oil's windfall profits.

Large oil companies will owe a per-barrel tax equal to 50 percent of the difference between the current price of a barrel of oil and the pre-pandemic average price per barrel between 2015 and 2019. This tax will be paid quarterly. It will apply to both domestically produced and imported barrels of oil to ensure a level playing field. The tax will apply to oil profits in 2022 and going forward so that Americans gouged by high prices are made whole.

Apply to the largest companies.

Large companies that produce or import at least 300,000 barrels of oil per day will be subject to the tax. Smaller companies accounting for roughly 70 percent of domestic production will be exempt, so oil giants like Exxon Mobil and Chevron cannot simply gouge consumers further without the threat of losing market share.

Lower consumer costs with relief rebates.

Revenue raised from the windfall profits of big oil companies will be returned to consumers in the form of an annual rebate, which would phase out for single filers who earn more than \$75,000 in annual income and joint filers who earn more than \$150,000. With oil priced at roughly \$90-100 per barrel, this levy would raise approximately \$48.1 billion per year. At this price, single filers would receive an estimated \$255 each year and joint filers \$382.