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*Comment Received From: Sacramento Taxpayers Association
Submitted On: 5/3/2024
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SacTax Comment on SBX1-2 for CA Energy Commission

Attached please find comment letter on behalf of W. Bruce Lee, President, Sacramento Taxpayers Association, relative to SBX1-2 Maximum Gross Gasoline Refining Margin/Penalty Workshop. Thank you for your consideration

Additional submitted attachment is included below.

SACRAMENTO TAXPAYERS ASSOCIATION

Officers

W. Bruce Lee
President
(Executive Director,
Phoenix
Correspondence
Commission)



Jon Coupal
Vice President
(President, Howard Jarvis
Taxpayers Association)

May 1, 2024

Nick Bloise
Secretary/Director of
Operations
(Small Business Owner)

By Email
California Energy
Commission
Docket No. 23-O1R-03
715 P Street, MS-4
Sacramento, CA 95814
docket@energy.ca.gov

Tim Schaefer
Treasurer
(Council Member,
Citrus Heights, CA)

Re: Comment on SBX1-2 Maximum Gross Gasoline Refining Margin/Penalty Workshop

My name is W. Bruce Lee and I currently serve as President of Sacramento Taxpayers Association, the leading tax advocacy organization representing taxpayer and small business interests in the Sacramento and Capital region for more than sixty years.

I urge the CEC to consider the true source of price gouging on California's gasoline: California's heavy tax burden. The CEC's focus on refiners' margins is misplaced as a significant portion of gasoline prices can be attributed to California's taxes. I urge the CEC to thoroughly calculate and analyze the impact of all taxes, including local sales taxes, on gasoline prices.

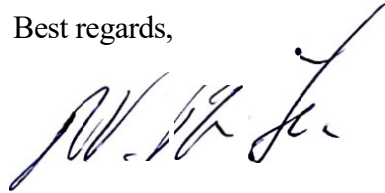
Californians pay state and local sales taxes, excise taxes, and fees on their gasoline. California currently charges 57.9 cents for its state excise tax, the highest state tax on gas in the nation. Additionally, Californians pay environmental fees, including fees for California's cap and trade program and a fee for the state's low carbon fuel program. All together, these taxes and fees amount to California pumping out the highest state gas tax rate in the nation, 77.9 cents per gallon (as of July 2023). It is currently estimated that taxes and fees make up \$1.19 per gallon of gas in California. According to the CEC's website, "Estimated Gasoline Price Breakdown and Margins," these taxes and fees amount to about 30% of the retail price of gasoline, an already significant percentage. The only greater component to the comprehensive cost of gasoline in the state is the cost of crude itself.

However, the CEC is not calculating the full impact of local sales taxes on gasoline prices in this breakdown. Cities and counties set district tax rates that are paid on top of the 2.25% state sales tax. These district taxes range from .10-1.00% so that on average, Californians pay a combined state and local sales tax rate of 3.7% on gas. The CEC incorrectly only applies the state sales tax rate of 2.25% to account for the state and local sales tax. As such, when adding up the individual contributors to the price of gas from the CEC's breakdown, they do not equal the retail price of gas as stated by the CEC.

Additionally, in comparison, refiners' margins (including profits and costs) contribute to 17% of the cost of gas. The distribution margin, which takes into account distribution and marketing costs, and profits, only represents 10% of the total cost.

The CEC's focus on refiners' margins is thus misplaced. Taxes and fees are a larger contributor to California gas prices and is the real source of price gouging. The CEC is also underestimating the true impact of local and state sales taxes on the price of gasoline such that taxes are an even larger contributor to gas prices than they estimate. The CEC should focus on thoroughly analyzing and alleviating this tax burden if the CEC truly aims to lower gasoline prices in California.

Best regards,



President
Sacramento Taxpayers Association