

Big Oil Windfall Profits Tax Act

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Pres. Trump's war in Iran has spiked oil prices. Only weeks after its onset, the cost of gasoline is up an average of 80 cents per gallon across the country, and it's set to go even higher as the chaos in the Middle East continues. The price of a barrel of crude has increased over 50% since the start of the year, and Qatar has warned that oil could crest at \$150 per barrel in the coming weeks, far above even 2022 highs.

As a result, American consumers are getting squeezed and Trump's big oil donors are poised to reap record profits, just like they did during the international crises of the COVID-19 pandemic and the Russian invasion of Ukraine. For instance, in 2022 (the year Russia invaded Ukraine) ExxonMobil booked \$77.8 billion in profits, more than double its 2021 profits (249%). 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 average price per barrel last year. 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 2026 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 a 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. If oil is priced at roughly \$100 per barrel, this levy would raise approximately \$33 billion per year. At this price, single filers would receive an estimated \$216 each year and joint filers \$324.