

INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO  
THE VOTERS

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

(Here set forth the title and summary prepared by the Attorney General. This title and summary must also be printed across the top of each page of the petition whereon signatures are to appear.)

TO THE HONORABLE SECRETARY OF STATE OF CALIFORNIA

We, the undersigned, registered, qualified voters of California, residents of \_\_\_\_\_ County (or City and County), hereby propose amendments to the Business and Professions Code, relating to petroleum, and petition the Secretary of State to submit the same to the voters of California for their adoption or rejection at the next succeeding general election or at any special statewide election held prior to that general election or otherwise provided by law. The proposed statutory amendments read as follows:

SECTION 1. Division 10 (commencing with Section 27000) is added to the Business and Professions Code, to read:

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DIVISION 10. CALIFORNIA PETROLEUM COMMISSION

CHAPTER 1. DEFINITIONS

27000. "Facility" includes a refinery, pipeline, terminal, or other facility, as determined by the commission.

27001. "Person" includes any individual, firm, partnership, joint venture, limited liability company, corporation, association, estate, trust, business trust, receiver, trustee, syndicate, or any other group or combination acting as a unit.

27002. "Producer" includes any person engaged in the refining, manufacturing, producing, blending, or compounding of fuel from petroleum for sale in this state.

CHAPTER 2. MEMBERS OF THE COMMISSION

27010. The California Petroleum Commission is hereby created in state government in order to regulate privately-owned petroleum companies, including publicly traded companies and privately-held companies, doing business in this state, and to thereby assure the residents of California of fair and reasonable petroleum prices, a reliable supply of petroleum products, and protection of the residents of California from fraud.

27011. (a) The commission shall consist of

seven members. The Governor shall appoint three members of the commission, including the president of the commission, subject to advice and consent of the Senate. The four remaining members of the commission shall be elected, with two members elected at large from District 1 and two members elected at large from District 2.

(b) An elected member of the commission shall be a nonpartisan office for purposes of the Elections Code, as defined in Section 334 of the Elections Code. The initial election of the elected members of the commission shall occur at the next statewide primary or general election scheduled after the effective date of this division, whichever occurs first. The two candidates receiving the largest number of votes in each district in the initial election shall be deemed elected. In a subsequent election, the candidate receiving the most votes in each district shall be deemed elected.

(c) Two of the three members initially appointed by the Governor and confirmed by the Senate shall serve terms beginning with the date of confirmation and ending on January 1, 2011. One of the three members initially appointed by the Governor and confirmed by the Senate shall serve a term beginning with the date of confirmation and ending on January 1, 2013. Of the two members initially elected by the voters in each district,

the member receiving the most votes shall serve a term ending on January 1, 2013, and the other member shall serve a term ending on January 1, 2011. Thereafter, all members of the commission shall serve six-year terms. In the case of a vacancy of either an appointed or elected member, the Governor may make an appointment to fill the unexpired term of the member, subject to the advice and consent of the Senate. A member of the commission may serve a maximum of two terms.

(d) The commission may initially meet and conduct business upon appointment and confirmation of the three appointed members. Until the elected members initially take office, three members of the commission shall constitute a quorum. Thereafter, four members of the commission shall constitute a quorum.

(e) Except as otherwise provided in this section, elected members of the commission shall be elected in accordance with the provisions of the Elections Code.

(f) For purposes of this section, District 1 shall incorporate the same territory that is contained within Districts 1 and 2 of the State Board of Equalization, and District 2 shall incorporate the same territory that is contained within Districts 3 and 4 of the State Board of Equalization.

27012. The commission may employ staff as it determines necessary to carry out its powers and duties.

27013. Members of the commission shall receive the same salaries and benefits received by members of the Public Utilities Commission.

27014. Each annual Budget Act shall provide funding for the operation of the commission.

### CHAPTER 3. POWERS AND DUTIES

27020. The commission shall establish the maximum rates for each fuel produced from petroleum that is sold in this state. Maximum rates shall be established in a manner that limits the cumulative profit of any person engaged in the business of a petroleum producer or petroleum facility to not more than five percent over costs. The commission may develop accounting standards as necessary to implement this section.

27021. The commission shall license petroleum producers and petroleum facilities and shall establish licensing fees in that regard. In order for a person to abandon or sell a petroleum facility, the prior consent of the commission shall first be obtained. Engaging in the business of a petroleum producer or petroleum facility in this state without a license is unlawful.

27022. The commission shall determine the need

for additional petroleum facilities necessary to provide and supply fuel to the California market. The commission may order a producer to construct additional petroleum facilities as a condition of obtaining or renewing a license.

27023. The commission may order a petroleum producer to modify any marketing arrangements or practices determined by the commission to have an adverse effect on the supply and price of fuel.

27024. The commission shall provide a forum for consumer complaints concerning the petroleum industry.

27025. The commission shall promote the use of alternatives to petroleum products in order to reduce the dependence of Californians on petroleum.

#### CHAPTER 4. PROCEDURE

27030. The commission may establish general orders setting forth service standards and rules governing the petroleum industry.

27031. The commission may adopt regulations necessary to implement this division.

27032. The commission shall adopt rules of practice and procedure governing proceedings of the commission.

27033. The commission shall establish and

collect civil penalties for a violation of this division and may seek and obtain cease and desist orders pertaining to a person in violation of this division.

27034. The commission shall refer the violation of any law that constitutes a criminal offense relative to the petroleum industry to a district attorney for prosecution.

27035. Any person may initiate a proceeding or intervene in any proceeding permitted or established by the commission pursuant to this division, challenge any action of the commission under this division, and enforce any provision of this division.

#### CHAPTER 5. MISCELLANEOUS

27040. If any provision of this division or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of the division that can be given effect without the invalid provision or application, and to this end the provisions of this division are severable.

27041. This division shall apply to the extent consistent with, and not in conflict with, federal law.

27042. The Legislature may amend this division, by a statute passed in each house of the

Legislature by rollcall vote entered in the journal,  
two-thirds of the membership of each house concurring, if  
the statute furthers the purposes of this division.