

08-0411-S1

MOTION

At least twice since 1981, Californians have considered proposals to impose a levy on every barrel that drillers take out of the California ground. Both times, the proposals were unsuccessful. The 2006 defeat of Proposition 87, which would have steered the tax proceeds to alternative fuel programs, preserved California's status as the only one of the 22 major oil states not to charge an oil extraction fee. However, with the State's current financial situation, the oil extraction fee proposal is back on the table.

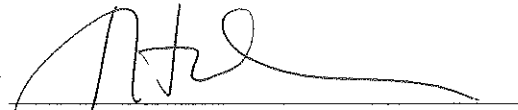
According to the State's Energy Commission, about 240 million barrels of crude oil were extracted in 2008 from California lands and waters, including federal waters offshore. Several cities in California already collect oil extraction fees which are charged to the companies that are extracting petroleum from the ground. In Los Angeles county, it has been reported that over 27 million barrels of oil are extracted every year. Fees per barrel range from a low of 20 cents in Huntington Beach to a high of 60 cents in Signal Hill. The City could potentially raise millions of dollars by implementing its own levy on oil extraction.

It is important that all City revenues are safeguarded and maximized especially during these volatile economic times. This is pivotal as the City's success in collecting taxes, fees and other revenue directly impacts its ability to provide services to its residents and businesses. Toward this end, the City Attorney should be asked to draft the appropriate resolution and ordinance to place a measure on the March 2011 City municipal ballot to implement an oil extraction fee on all barrels of crude oil that are extracted within the City of Los Angeles.

I THEREFORE MOVE that the Council request the City Attorney, with the assistance of the CAO, to prepare and present the documents necessary to place on the March 2011 municipal election ballot, or any other election feasible prior to that date, a measure to implement an oil extraction fee on all barrels of crude oil that are extracted within the City of Los Angeles.

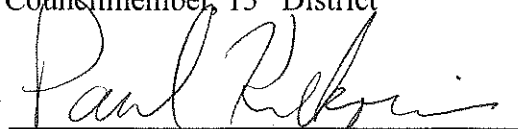
I FURTHER MOVE that the CAO be directed to evaluate the impact on the City budget of the above described proposed tax, and, if the voters approve such a tax, adjust revenue projections to reflect this new revenue source.

PRESENTED BY



JANICE HAHN
Councilmember, 15th District

SECONDED BY



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