



# ***Crude Oil Production Tax***

Board of Supervisors  
May 13, 2008



# ***Background***

- Budget Concerns late 2007

- February 25, 2008 Revenue Possibilities

- Research of Legal Constraints

- Discussion with Producers

- Other Agency Practices

# ***Oil Tax Rate Assessed in 2007 by Local Jurisdictions***

	<b>Tax/ Bbls.</b>	<b>Year Adopted/ Updated</b>	<b>Description</b>
<b>Beverly Hills</b>	\$0.365 \$0.34	1996/2005	\$3,650.75 for the first 10,000 barrels (\$0.3651/bbls.), \$.34 /bbls. in excess of 10,000 barrels within the city.
<b>Huntington Beach</b>	\$0.31	1971/1978	In addition to an annual \$100 per well base tax.
<b>Long Beach</b>	\$0.40	1990/2007	
<b>Seal Beach</b>	\$0.548	Unknown/ 2004	In addition to an annual \$150 per well base tax.
<b>Signal Hill</b>	\$0.595	1960/1983	In addition to an annual \$100 per well base tax.

# Decision Tree

Go/No Go

Determination of whether the Board wishes to pursue the revenue alternative or not.

Threshold

Minimum oil price/barrel that will trigger the tax.

Tax Rate

Dollar amount to be applied to each barrel produced.

Inflation  
Calculation

Amount if annual increase in per barrel tax to keep pace with inflation, e.g. Producers' Price Index, Consumer Price Index.

# ***Decision Tree (cont.)***

**Payment Times**

How often will producer submit payments to the County? Monthly? Quarterly? Semi-Annually? Annually? With Property Tax?

**Audits**

Should the County conduct random audits of payments to ensure proper payments?

**Use of Funds**

Should funds be designated for specific uses or maintained as a discretionary revenue (changes the voter approval requirement )

**Election Date**

When should the tax be placed on the general election ballot?