

Business License Tax on the Business of Producing Oil

Santa Barbara County

Board of Supervisors

December 16, 2013



Background

- Follow-up to Grand Jury Recommendation
- December 3rd Board action:
 - Schedule Special Meeting,
 - Provide range of tax structural options
 - Provide range of use options



Today's Purpose

- Make needed decisions to prepare for future consideration:
 - Tax ordinance,
 - Resolution to place tax on ballot and
 - Ballot language

Business License Tax Structure I



| Decision Points | Options for decisions | Response |
|---|-------------------------|----------|
| Tax Rate per unit? | \$ per Barrel | |
| Index Tax Rate for inflation? | Yes/No | |
| If yes, select period for adjustment and adjustment date. | Annually, date specific | |
| If yes, % change from a base date | Date | |



Business License Tax Structure II

| Decision Points | Options for decisions | Response |
|---|--|----------|
| Establish “price floor” exclusion? | Yes/No | |
| If yes, select the price per barrel below which taxes will cease to be collected or collection resumed. | \$ per Barrel | |
| If yes, select market price standard for setting the price floor exclusion. | Name of public commodity price index | |
| If yes, select the market price review period. | Monthly, Quarterly, Annually, Date-specific. | |



Business License Tax Structure III

| Decision Points | Options for decisions | Response |
|---|-----------------------|----------|
| Exclude “low volume” wells? | Yes/No | |
| If yes, select oil volume threshold to determine exclusion. | # of Barrels per day | |
| Include a Business License Tax on Oil Production “sunset?” | Yes/No | |
| If yes, select end date. | Date | |



Business License Tax Structure IV

| Decision Points | Options for decisions | Response |
|--|-----------------------|----------|
| General Tax or Special Tax? | Select One | |
| If Special Tax, include a “No supplantation” restriction? | Yes/No | |
| If yes, select a base line year to determine compliance with supplantation restriction | Date (Fiscal Year) | |



Specific Purpose I

| Decision Points | Options for decisions | Response |
|--|--|----------|
| Frequency of collection by Treasurer-Tax Collector? | Monthly, Quarterly, Semi-Annual, Annual | |
| Should a portion of the tax collected reimburse county departments for the cost of providing, collecting or reporting business license and collecting taxes? | Yes/No | |
| If yes, specify reimbursement basis | Total actual costs, costs up to a percentage collected | |



Specific Purpose I

| Decision Points | Options for decisions | Response |
|--|--|----------|
| Specific Programs, Projects or Initiatives to be funded? | Various | |
| If more than one Program, Project or Initiative is specified, how will the funds be divided? | Equal percentage, specific set percentages, other method | |



Recommended Actions

- Receive and file a report on options for structuring a business license tax
- Receive and file a report on possible uses for revenues generated by a business license tax
- Consider and provide direction to staff on the:
 - Structural options and specific revenue purposes, **AND**
 - Creation of required documents, for consideration at a Public Hearing on January 21, 2014 (First Reading) and Adoption on February 4, 2014 (Second Reading) for the June 2014 Primary Election Ballot, **OR**
 - Creation of required documents for consideration in sufficient time to be placed on the November 2014 General Election Ballot, and
- Consider setting a hearing
- Direct staff to draft a follow-up letter to the Presiding Judge
- Determine that the above actions are not a project under CEQA