



## Kriss Worthington

Councilmember, City of Berkeley District 7  
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### CONSENT CALENDAR

September 19, 2006

To: Honorable Mayor and Members of the City Council  
From: Councilmember Kriss Worthington  
Subject: Support Proposition 87: Alternative Energy Research Tax On California Oil

#### RECOMMENDATION:

That the Berkeley City Council support Proposition 87, which would establish a program to reduce oil and gas usage with research and production incentives for alternative energy.

#### BACKGROUND:

*From the Secretary of State's Website:*

Proposition 87 establishes a \$4 billion program to reduce oil and gasoline usage by 25%, with research and production incentives for alternative energy, alternative energy vehicles, energy efficient technologies, and for education and training. Funded by tax of 1.5% to 6%, depending on oil price per barrel, on producers of oil extracted in California. Prohibits producers from passing tax on to consumers. Program administered by California Energy Alternatives Program Authority. Prohibits changing tax while indebtedness remains. Revenues excluded from Proposition 98 calculations and appropriation limits. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: New state revenues annually – depending on the interpretation of the measure's tax rate provisions – of either about \$200 million or about \$380 million from the imposition of a severance tax on oil production, to be used to fund a variety of new alternative energy programs. Reductions of unknown amounts in: local revenues from property taxes paid on oil reserves, potentially partially offset by state payments to schools to make up their revenue loss; state revenues from income taxes paid by oil producers; and, potentially, state and local revenues from gasoline and diesel excise and sales taxes.

#### FINANCIAL IMPLICATIONS:

NONE

#### CONTACT PERSON:

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