

SAVE OUR JOBS

STOP the OIL TAX

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THOUSANDS OF JOBS, GOVERNMENT REVENUE THREATENED BY AB 656

California workers, employers, local governments and others continued their fight against a proposed 12.5% oil severance tax today, with speakers prepared to tell the Assembly Appropriations Committee that AB 656 (Torricono) would kill thousands of jobs, cost millions of dollars in tax revenue and multiply the harm already inflicted by the recession.

The committee was a critical proving ground for dozens of bills facing a deadline to pass their house of origin or die.

“A report completed by former Legislative Analyst Bill Hamm concludes that an oil severance tax would result in 10,000 jobs lost and reduce oil production between 50,000 and 80,000 barrels per day,” said Assembly member Jean Fuller (R-Bakersfield) in remarks prepared for testimony. “To offset this loss of production, California dependency on oil imports would increase.

“Thousands of families have lost jobs or are losing their jobs, foreclosing on their homes, especially in my district. Why would we impose a new tax that would put thousands more people out of work? This bill will compound our unemployment crisis at the very time we need to keep every existing job in the state.”

The owner of a small California natural gas exploration company said those proposing AB 656 are mixing apples and oranges when justifying the harmful levy by saying California doesn't have a severance tax like other oil producing states.

(more)

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“The addition of a 12.5% gross revenue tax could very well put us out of business,” said Derek Jones, vice president of Sacramento-based Vern Jones Oil and Gas Corporation.

“No other state in the nation has anything close to a 12.5% gross revenue tax without deductions or exemptions” Jones continued. “Alaska’s tax is a net tax on profits only and allows a \$12 million deduction that exempts all small producers. So my severance tax bill in Alaska would be zero.”

“The state’s enormous budget problems make Big Oil a very tempting target,” Allan Krauter, legislative analyst for Kern County, was prepared to testify. “But big oil companies won’t pay – they can simply cut production in California and import more oil. Instead, the tax would hit working men and women – mostly in Kern County – who will lose their jobs.

“Eventually, there will be fewer and fewer people and industries to tax, and the State will have to face the fact that California needs businesses and jobs if we’re going to pull ourselves out of this tailspin. More taxes are not the answer.”

Krauter said California’s problems go far beyond any single industry or region, and so should answers to the state budget crisis.