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Long Beach, California

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City Auditor Laura Doud Initiates Action Plan and Timeline to Make the Oil Production Tax Equitable
Neighboring Cities Charge as Much as Four Times More than Long Beach

Long Beach, Ca. – Long Beach City Auditor Laura Doud released a memorandum today to Long Beach Mayor Bob Foster and members of the City Council highlighting the fact that the City's Oil Production Tax (OPT) is well below the market rate and is a potential source of significant new revenue for the City.

The City Auditor's Office has been working closely with the Mayor's Office, Councilmember Gary DeLong and the Department of Financial Management in analyzing the City's OPT. Long Beach, as is the case with other oil producing cities, mandates a set fee for "every person conducting, managing or carrying on the business of oil production from any well located in the city."

However in the case of Long Beach, the OPT is nearly the lowest of all neighboring cities and despite the rise in oil prices it has not been increased since 1990. The City Auditor's memorandum strongly recommends that the Mayor and City Council increase the OPT, which would potentially generate millions of dollars in new revenue annually to the City.

"As part of our continuing effort to identify and maximize revenue sources for the City, we have been looking closely at our Oil Production Tax which is much lower than other cities," stated City Auditor Laura Doud. "In fact in Signal Hill the OPT is \$.60 per barrel, which is four times the \$.15 per barrel that Long Beach charges. This just doesn't seem fair for Long Beach. We are committed to working with Councilmember DeLong and other stakeholders to determine a specific and equitable rate to recommend to the entire City Council in February for placement on the earliest possible ballot."

A change in the City Ordinance to increase the OPT would require approval by the voters.

Some of these findings and recommendations are based on an audit that was conducted by the City Auditor's office in September 2004; however, the recommendation to place the OPT on the ballot was never pursued.

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