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City Auditor Suggests Oil Tax Increase

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City Auditor Laura Doud has come out in favor of increasing the tax on oil produced in Long Beach.

Last Wednesday, Doud released a memo she has sent to the mayor, City Council members and the city manager. In it, Doud urged that the city significantly increase the oil production tax, now set at 15¢ per barrel.

"In Signal Hill, the OPT is 60¢ per barrel, which is four times the 15¢ per barrel that Long Beach charges," Doud said in a release. "That just doesn't seem fair for Long Beach."

Doud's release notes that the recommendation to increase the tax is not new — her predecessor, Gary Burroughs, made a similar recommendation in September 2004. However, the council did not pursue that approach.

Long Beach has not increased its oil production tax since 1990. In that time, the average price of oil has nearly tripled, from \$24.49 a barrel to \$67.28 a barrel.

Last year, Long Beach collected \$2.2 million in oil production tax. In a list of comparable cities, only El Segundo has a lower tax rate (2¢ per barrel).

Doud's memo recommends increasing the tax as soon as possible to increase revenue for the city. However, state law requires any tax to be approved by voters.

Assistant City Attorney Heather Mahood said that, if the tax is used for general purposes, it must be on a general election ballot where City Council members are up for election. A tax increase could be on a special election if the money is earmarked for a specific purpose, but that type of increase requires a two-thirds majority to pass.