CALIFORNIANS FOR ENERGY INDEPENDENCE

An Oil Severance Tax is Wrong for California

Would an oil severance tax impact Californians?

Californians consume all of the oil produced in the state, so higher oil taxes could be passed on directly to consumers. We may not just pay more at the pump; we could pay more for goods and services that rely on oil and gas – like food, energy and transportation.

Could an oil severance tax increase gas prices?

Californians already pay among the highest gasoline taxes and the highest gas prices in the country. While a boom in domestic energy production has recently reduced gas prices, another oil tax could drive California gas prices even higher than before.

Would an oil severance tax put people out of work?

Another oil tax would result in the loss of billions of dollars in economic activity and destroy thousands of California jobs. We need to get our economy back on track, not put more people out of work.

Could an oil severance tax jeopardize local services?

In 2012, oil production generated $21.5 billion in state and local tax revenues that helped fund vital services. According to the nonpartisan State Legislative Analyst's Office, an oil severance tax would reduce property values and taxes by "tens of millions of dollars per year" in California's oil-producing regions, resulting in less money for schools and public safety.

Doesn't California already tax oil?

California already collects high taxes from oil producers by taxing oil reserves in the ground and with some of the steepest sales tax, personal income tax and corporate tax rates in the nation. Oil producers also pay the state hundreds of millions of dollars per year in royalty payments for oil produced on state lands and billions to private individuals who own oil and natural gas reserves.

Would another oil tax impact in-state oil production?

A new tax would decrease California production, reducing state and local tax revenues by hundreds of millions of dollars a year.

Does a new tax on oil make us more dependent on foreign oil?

An oil severance tax would penalize in-state oil production but exempt foreign and out-of-state oil brought into California, which rewards out-of-state competitors by increasing foreign oil imports. California already uses all the oil we produce in the state and demand forces us to import the balance from other states and foreign countries. We should be promoting more in-state production to achieve energy independence, not less.

How does dependence on foreign oil impact the environment?

When SB 4 was signed into law in 2013, California became a world leader in environmental protection by establishing the strictest oil production regulations of any state in the nation. Should another oil tax reduce in-state oil production, California would be forced to import more oil from other states and foreign countries with fewer environmental protections.

Californians for Energy Independence is a coalition created to support state and local policies that allow for continued domestic energy production and oppose those policies - such as energy bans or severance taxes - that would halt or significantly hinder production, hurt our energy independence and increase our reliance on foreign oil.

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