LONG BEACH SPECIAL CITY ELECTION - MAY DAY 2007:

WHY LONG BEACH VOTERS SHOULD REJECT PROPOSITION H

'H' IS FOR 'HOAX' !

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BACKGROUND. Like other area cities, Long Beach has an oil extraction tax. This tax was instituted in 1991 and has remain unchanged at 15 cents/barrel - now a very low rate. Prop. H adds an additional 25 cents/barrel, and furthermore indexes this additional amount annually (for inflation) by use of a local area consumer price index (CPI). Prop. H dedicates the new tax revenue to 'public safety' purposes - police and fire operations.

Prop. H looks doubly attractive. After all: Prop. H UPDATES a small existing tax on oil extraction to a more realistic and 'fair-share' level that is far more lucrative for the city. Moreover, Prop. H DEDICATES the resulting revenues to an attractive and important purpose - 'public safety': police and fire operations.

But in both respects Prop. H is (needlessly) a hoax, which voters can and should reject.

HOAX #1. 'UPDATES'. Like all taxes which must be voter-approved, and in view of the actual history of Long Beach's oil tax - if Prop. H passes, the tax is unlikely to be further updated for many years. As a result, for oil extractors, Prop. H is a great deal: it locks in an 'update' scheme that is already favorable to them - versus taxation in nearby cities - and will likely become even more so for many years to come. (Oil prices will likely climb faster than the CPI.) Already, for oil extractors it's a good deal compared with existing taxes in Signal Hill - and a bonanza compared with those in Culver City.

HOAX #2. 'DEDICATES'. Prop. H actually contains NO guarantee that Long Beach public safety will actually get any extra money. That's because its language leaves the City Council free to divert FROM public safety funding an equivalent amount that currently comes from other sources, like the General Fund. The situation is similar to when, some years ago, California voters were promised that a state lottery's profits would help schools. Well, the lottery profits did go to the schools, but the legislature was meanwhile free (before later passage of Prop. 98) to divert an equal

amount from other funds that had until then been used for schools.

VOTERS CAN AND SHOULD REJECT THE DOUBLE HOAX

By voting ‘NO’ on Prop. H, voters will send a clear message to the Long Beach City Council and City Hall staff: Lose no time proposing a far more lucrative and truly long-term-fair update oil tax (e.g. like the Culver City tax, 1.8% of gross receipts), and moreover build in clear safeguards to ensure that the tax will actually add to at least the maximum levels hitherto budgeted to public safety.

JOE WEINSTEIN

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