

ENERGY, CLIMATE CHANGE, ENVIRONMENTAL JUSTICE, AND RIVER COMMITTEE REPORT relative to gas extraction taxes, projection on potential revenue, and possible inclusion of imposing an extraction tax on oil and gas production on the November 2022 ballot.

Recommendation for Council action, as initiated by Motion (Krekorian – Raman – O’Farrell):

INSTRUCT the City Administrative Officer (CAO), with assistance from the Office of Petroleum and Natural Gas Administration and Safety (OPNGAS), to report in regard to potential fee structures, penalties, bonding requirements, and other components that may be implemented and imposed on oil and gas production to expedite cost recovery, phase-out, and remediation of these activities in the City of Los Angeles with said report to include:

- a. Examples of fee structures from other jurisdictions.
- b. Potential revenue projections for each model fee structure for the City of Los Angeles, including the possibility of the revenue to be used to assist the funding of the amortization study to phase out the production of oil and gas in the City and to assist disadvantaged communities that have historically have faced the brunt of negative impacts caused by climate change.

Fiscal Impact Statement: Neither the CAO nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: Yes

For:
Los Feliz Neighborhood Council

(Rules, Elections, and Intergovernmental Relations Committee waived consideration of the above matter.)

Summary:

On March 18, 2021, your Committee considered a Motion (Krekorian – Raman – O’Farrell) relative to gas extraction taxes, projection on potential revenue, and possible inclusion of imposing an extraction tax on oil and gas production on the November 2022 ballot. According to the Motion, Los Angeles Is the largest urban oil field in the United States. More than half a million LA County residents live within half a mile of an active oil well. Consequently, oil and gas extraction has adverse impacts on the City and its taxpayers, including diminished quality of life, reduced property values, and negative health and educational outcomes, especially among low-income Angelinos. Also, oil

production is antithetical to, and thus increases the cost of, the City's goals of achieving carbon neutrality by 2050. The combustion of fossil fuels is the world's greatest contributor to climate change, which will force the City to make massive expenditures in coming years. Los Angeles taxpayers therefore bear considerable expense resulting from the oil and gas extraction industry. For 60 years, Los Angeles charged an oil extraction tax, which was repealed by voters in 1996. Many neighboring jurisdictions impose various per-barrel taxes on oil and gas extraction that help them pay for general city services, including offsetting the negative local impacts of extraction. In order to create an additional source of revenue to achieve those objectives, Los Angeles should consider allowing the voters to decide whether to impose an extraction tax on oil and gas production. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the Motion, as amended, and detailed in the above recommendations. This matter is now referred to Council for its consideration.

Respectfully Submitted,

Energy, Climate Change, Environmental Justice, and River Committee

COUNCILMEMBER	VOTE
O'FARRELL:	YES
RIDLEY-THOMAS:	YES
KORETZ:	YES
DE LEON:	YES
KREKORIAN:	YES

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3/18/21

-NOT OFFICIAL UNTIL COUNCIL ACTS-