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Long Beach, California

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September 15, 2020

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Resolution of the City Council of the City of Long Beach Expressing its Intent to Prioritize Spending of the Oil Barrel Production Tax Revenues for Specific Purposes, if Approved by Voters in the November 3, 2020 General Municipal Election. (Citywide)

DISCUSSION:

On July 29, 2020, the Long Beach City Council approved the placement of a measure on the November 3, 2020 ballot to increase the maximum rate of the general purpose Oil Barrel Production Tax (Barrel Tax) from 15 cents per barrel to 30 cents per barrel, with annual CPI adjustments and suspension limits to the general tax. The Council further requested that a resolution be prepared expressing its intent to prioritize spending of funds that would result from the increase, for climate change and environment, community health and well-being program services, and children and youth services and programs.

Pursuant to your request, this office has prepared and now submits for your consideration the above-described resolution.

SUGGESTED ACTION:

Approve recommendation.

Very truly yours,

CHARLES PARKIN, City Attorney

By: AMY R. WEBBER
Deputy City Attorney

ARW:bg A20-04315
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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH EXPRESSING ITS INTENT TO
PRIORITIZE SPENDING OF FUTURE GENERAL
PURPOSE OIL BARREL PRODUCTION TAX REVENUES
FOR CERTAIN PURPOSES

WHEREAS, pursuant to Section 3.80.221 of Chapter 3.80 of Title 3 of the Long Beach Municipal Code, the City currently imposes a general purpose Oil Barrel Production Tax ("Barrel Tax") at the rate of 15 cents per barrel upon every person conducting, managing or carrying on the business of oil production from any well located within the City; the revenues from which are deposited in the City's General Purpose Fund and may be used for general City services; and

WHEREAS, the general purpose Barrel Tax was separately adopted and is in addition to the City's special purpose Barrel Tax (LBMC Section 3.80.222, also known as "Prop. H"), which is currently imposed at the rate of 33 cents per barrel, the revenues from which are deposited in the City's "Police and Fire Public Safety Oil Production Act Fund," the proceeds of which may only be used for public safety purposes, including, but not limited to, equipment, facilities and training, all intended to ensure responses to public safety needs, natural and man-made disasters and possible acts of terrorism; and

WHEREAS, pursuant to City Charter and California Elections Code §9222, the City Council placed a measure on the November 3, 2020 General Municipal Election ballot proposing an increase to the maximum rate of the City's general purpose Barrel Tax from 15 cents per barrel to 30 cents per barrel, to begin October 1, 2021, with annual CPI increases; and

WHEREAS, the proposed measure is a general tax, the revenue of which will be placed in the City's general fund and will be used to pay for important general City

1 services; and

2 WHEREAS, the general fund provides funding for community health
3 programs; clean air and water programs; climate change awareness activities, child and
4 youth services and programs, such as job training and early childhood education, as well
5 as for other important general City services; and

6 WHEREAS, the City Council desires to adopt this resolution expressing its
7 intent, if Long Beach voters approve the general purpose Barrel Tax increase to a
8 maximum of 30 cents per barrel, subject to annual CPI increases as provided in the
9 Measure, to commit to spend the additional Barrel Tax revenue generated by the rate
10 increase for various purposes, with priorities as identified herein;

11 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
12 follows:

13 Section 1. Findings. The City Council finds that all of the preceding
14 recitals are true and correct.

15 Section 2. Priorities for Spending Additional General Fund Barrel Tax
16 Revenue Generated by Increase. The City Council hereby expresses its intent, if the
17 general purpose Barrel Tax increase is enacted by the voters, to prioritize spending of
18 revenue generated by the rate increase for the following purposes:

19 A. Climate Change and the Environment: Future general fund
20 Barrel Tax revenue may provide funding to reduce greenhouse gas
21 emissions; to educate and inform the public of the consequences of climate
22 change; to implement the City's Climate Action and Adaptation Plan or
23 other environmental strategic plans; to promote clean air and water quality;
24 and other climate and environmental programs as determined by the City
25 Council through the annual budget process.

26 B. Community Health: Future general fund Barrel Tax revenue
27 may provide funding for community health and well-being programs and
28 services; trauma-informed based approaches to community needs; violence

1 prevention services; to address health equity and health disparities in at-risk
2 populations; implementation of health-focused strategic plans; and other
3 health-focused initiatives as determined by the City Council through the
4 annual budget process.

5 C. Children and Youth Services and Programs: Future general
6 fund Barrel Tax revenue may also be spent on creating and expanding
7 early childhood education; funding youth programming and youth equity
8 opportunities; implementing youth-focused strategic plans; youth job
9 training opportunities; and other child and youth-focused initiatives as
10 determined by the City Council through the annual budget process.

11 Section 3. Barrel Tax Increase Measure Not Deemed a Special Tax.

12 The adoption of this Resolution shall not be construed, and it is not the City Council's
13 intent, to convert the proposed Barrel Tax rate increase measure into a "special tax", as
14 that term is defined by Article XIIC §1(d) of the California Constitution, California
15 Government Code §§ 53721 and 53724, or any combination thereof. Although this
16 Resolution expresses the intent of the current City Council to spend future general fund
17 Barrel Tax revenues for certain priorities, this Resolution is non-binding on any future or
18 subsequently constituted City Council, and the general fund Barrel Tax measure shall
19 remain a "general tax" as that term is defined in Article XIIC §1(a) of the California
20 Constitution.

21 Section 4. This Resolution shall take effect immediately upon its
22 adoption by the City Council, and the City Clerk shall certify the vote adopting this
23 Resolution.

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I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of _____, 2020, by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

Recusal(s) Councilmembers: _____

City Clerk

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