



Date: January 23, 2007
To: Honorable Mayor and Members of the City Council
From: Councilmember Gary DeLong *GD*
Subject: Oil Production Tax

Recommendation from the office of Councilmember Gary DeLong to:

- 1. Place amended ordinance as recommended by the City Auditor on the next available ballot.**
- 2. Dedicate any revenue generated from the proposed increase 50% to Public Safety and 50% to Infrastructure Improvements.**

Working closely with both the Office of the City Auditor and the Mayor's Office to determine whether or not an increase to the City's Oil Production tax is appropriate, it appears that an increase to the City's current Oil Production Tax is warranted.

The current charge of \$0.15 per barrel was instituted in 1990, and has not received any increases since. Should the City Council approve the City Auditor's recommendation of increasing the fee to \$0.40, with an annual CPI adjustment, the increased revenue will be approximately \$4 million annually.

The recommendation is to place the amended ordinance on the next available ballot (May 1st) for a vote of the people.

Additionally, given the pressing need for additional funding to the City's two highest priorities, Public Safety and Infrastructure Improvements throughout the City, the second recommendation is to dedicate the OPT revenue 50% to Public Safety and 50% to Infrastructure Improvements.