



## **PROP 87 Q&A**

Prop 87 would impose a tax on oil drilling in California, and use the money— \$4 billion over 10 years—to reduce the consumption of petroleum by 25%. Our addiction to oil causes dirty air, global warming, and an unhealthy foreign policy. Prop 87, by jumpstarting the transition to oil alternatives, is the cure.

Q- Oil tax? I don't want my gas prices to rise.

A- The tax is on extraction of crude oil in the state. Crude oil is traded on a global market, and we simply do not produce enough crude for this to have a measurable impact on local gasoline prices. Ask Severin Borenstein, Director of the University of California Energy Institute, or Dr. Daniel Kammen, professor in UC Berkeley's Energy and Resources Group and the Goldman School of Public Policy—they will tell you the same thing.

Q- So who is going to pay for it?

A- The oil companies, out of their record profits. Think it through. No one is drilling significant new wells anymore. The existing wells were drilled when oil was what--\$20-\$30 a barrel? Now it's upwards of \$70. Their operating costs have not changed accordingly. And that's all profit—we know this because oil companies have been posting record profits. Since oil extractors have to pay the tax, and gasoline refiners buy their crude on a world market, the money is—very elegantly—going to come from their record profits.

Ask yourself: if the oil companies could just pass this cost on to you, why are they spending nearly \$100 million to fight it?

Q- Won't this increase our reliance on foreign oil?

A- We do not produce much oil locally, and what we have is drying up. There is no other meaningful long-term solution than to reduce consumption and develop alternatives. The sooner we do so, the sooner we can reap the benefits. The longer we wait, the worse it will get. Prop 87 jumpstarts the process.

Q- But won't this create a new bureaucracy? Bureaucracies are scary.

A- You know, that's exactly what Franklin Roosevelt said the day after Pearl Harbor: "I'd like to respond to this attack on our country, but, well, you know... the bureaucracy..." Look, we are facing potentially apocalyptic climate change and engaged in oil wars seeming without end. The fact that employees might have to be hired to work on this problem should perturb no one. This is the most asinine objection we've come across. Really, for the love of pete...

Q- So where is the money going to go?

A- A competitive selection process (evaluated on bang for buck) governed by a nine-member board (EPA secretary, CEC Commissioner, State Treasurer, etc), to reduce oil consumption in the state by 25%--or 4 billion gallons annually. 57.5% goes to market incentives for vehicles, fuels, and infrastructure; 26.75% to research and innovation; 9.75% to technology commercialization; 2.5% to vocational training; and 3.5% to public education and administration.

Some think biofuels will be the big winner. We think plug-in vehicles, which need much less infrastructure and operate more cheaply and cleanly, will benefit most. Regardless of technology, we all win.

Q- Where's the accountability?

A- The nine-member board is appointed by diverse entities, ensuring independence. We think the competitive selection process, combined with 2-year operational plans, gives the necessary flexibility to adapt to changing technology developments and market conditions—and is much preferable to having a 10-year plan rigidly established in law ahead of time. Few things are guaranteed in this life--the effort may or may not result in the 25% goal. What is certain is this—we'll do better with Prop 87 than without. With a narrowing window of opportunity to make a difference in the fight against global warming, it's beyond time for action.

Q- Do other states have similar fees on oil extraction?

A- Alaska's oil drilling fee is 15%, Louisiana's is 12.5%, and Texas's is 4.6%. What do these three states have in common? Gas prices waaay cheaper than California. California currently makes more from selling hunting and fishing licenses than oil fees.