



DEBRA BOWEN | SECRETARY OF STATE
STATE OF CALIFORNIA | ELECTIONS

1500 11th Street, 5th Floor | Sacramento, CA 95814 | Tel (916) 657-2166 | Fax (916) 653-3214 | www.sos.ca.gov

October 21, 2011

County Clerk/Registrar of Voters (CC/ROV) Memorandum #11096

TO: All County Clerks/Registrars of Voters and Proponent

FROM:


Katherine Montgomery
Initiative Program Manager

RE: Initiative: 1513, Related to Taxes and Education

Pursuant to Elections Code section 9004 (c), we transmit herewith a copy of the Title and Summary prepared by the Attorney General on a proposed initiative measure entitled:

**TAX ON CALIFORNIA OIL AND NATURAL GAS.
REVENUES TO EDUCATION. INITIATIVE STATUTE.**

The proponent of the above-named measure is:

Philip D. Sales II

savecaliforniaseducation@gmail.com

**TAX ON CALIFORNIA OIL AND NATURAL GAS.
REVENUES TO EDUCATION. INITIATIVE STATUTE.**

CIRCULATING AND FILING SCHEDULE

1. Minimum number of signatures required: 504,760
California Constitution, Article II, Section 8(b)

2. Official Summary Date: Friday, 10/21/11

3. Petitions Sections:
 - a. First day Proponent can circulate Sections for
signatures (Elections Code § 336) Friday, 10/21/11

 - b. Last day Proponent can circulate and file with the county.
All sections are to be filed at the same time within each
county. (Elections Codes §§ 9014, 9030(a)).....Monday, 03/19/12

 - c. Last day for county to determine total number of
signatures affixed to petitions and to transmit total
to the Secretary of State (Elections Code § 9030(b)).....Thursday, 03/29/12

(If the Proponent files the petition with the county on a date prior to
03/19/12, the county has eight working days from the filing of the petition
to determine the total number of signatures affixed to the petition and to
transmit the total to the Secretary of State) (Elections Code § 9030(b).)

 - d. Secretary of State determines whether the total number
of signatures filed with all county clerks/registrars of
voters meets the minimum number of required signatures
and notifies the counties.....Saturday, 04/07/12*

 - e. Last day for county to determine total number of qualified
voters who signed the petition, and to transmit certificate
with a blank copy of the petition to the Secretary of State
(Elections Code §§ 9030(d)(e)).....Friday, 05/18/12

* Date varies based on the date of county receipt.

INITIATIVE #1513
Circulating and Filing Schedule continued:

(If the Secretary of State notifies the county to determine the number of qualified voters who signed the petition on a date other than 04/07/12, the last day is no later than the thirtieth working day after the county's receipt of notification). (Elections Code §§ 9030(d)(e).)

- f. If the signature count is more than 555,236 or less than 479,522 then the Secretary of State certifies the petition as qualified or failed, and notifies the counties. If the signature count is between 479,522 and 555,236 inclusive, then the Secretary of State notifies the counties using the random sampling technique to determine the validity of all signatures (EC §9030(f)(g); 9031(a))Monday, 05/28/12*

- g. Last day for county to determine actual number of all qualified voters who signed the petition, and to transmit certificate with a blank copy of the petition to the Secretary of State. (Elections Code §§ 9031(b)(c)).Tuesday, 07/10/12

(If the Secretary of State notifies the county to determine the number of qualified voters who have signed the petition on a date other than 05/28/12, the last day is no later than the thirtieth working day after the county's receipt of notification.) (Elections Code §§ 9031(b)(c).)

- h. Secretary of State certifies whether the petition has been signed by the number of qualified voters required to declare the petition sufficient (Elections Code §§ 9031(d), 9033)...Saturday, 07/14/12*

*Date varies based on the date of county receipt.

IMPORTANT POINTS

- California law prohibits the use of signatures, names and addresses gathered on initiative petitions for any purpose other than to qualify the initiative measure for the ballot. This means that the petitions cannot be used to create or add to mailing lists or similar lists for any purpose, including fundraising or requests for support. Any such misuses constitutes a crime under California law. Elections Code § 18650; *Bilofsky v. Deukmejian* (1981) 124 Cal.App.3d 825, 177 Cal.Rptr. 621; 63 Ops.Cal.Atty.Gen. 37 (1980).
- Please refer to Elections Code §§ 100, 101, 104, 9008, 9009, 9013, 9021, and 9022 for appropriate format and type consideration in printing, typing and otherwise preparing your initiative petition for circulation and signatures. Please send a copy of the petition after you have it printed. This copy is not for our review or approval, but to supplement our file.
- Your attention is directed to the campaign disclosure requirements of the **Political Reform Act of 1974**, Government Code section 81000 et seq.
- When writing or calling state or county elections officials, provide the official title of the initiative which was prepared by the Attorney General. Use of this title will assist elections officials in referencing the proper file.
- When a petition is presented to the county elections official for filing by someone other than the proponent, the required authorization shall include the name or names of the persons filing the petition.
- When filing the petition with the county elections official, please provide a blank petition for elections official use.

KAMALA D. HARRIS
Attorney General

State of California
DEPARTMENT OF JUSTICE



1300 I STREET, SUITE 125
P.O. BOX 944255
SACRAMENTO, CA 94244-2550
Public: (916) 445-9555
Telephone: (916) 324-5464
Facsimile: (916) 324-8835
E-Mail: Dawn.McFarland@doj.ca.gov

October 21, 2011

The Honorable Debra Bowen
Secretary of State
Office of the Secretary of State
1500 11th Street, 5th Floor
Sacramento, CA 95814

Attention: Ms. Katherine Montgomery
Elections Analyst

Dear Secretary Bowen:

Pursuant to Elections Code section 9004, you are hereby notified that on this day we sent our title and summary for the following proposed initiative to the proponent:

- 11-0033, A1S "The Save California's Education Act"

A copy of that title and summary and text of the proposed initiative is enclosed. Please contact me if you have questions.

Sincerely,

DAWN L. MCFARLAND
Acting Initiative Coordinator

For KAMALA D. HARRIS
Attorney General

DLM:

cc: Philip D. Sales II

FILED
In the office of the Secretary of State
of the State of California

OCT 21 2011

VIA
EMAIL

Debra Bowen, Secretary of State
By Deputy Secretary of State

October 21, 2011
Initiative 11-0033 (Amdt. #1-S)

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

TAX ON CALIFORNIA OIL AND NATURAL GAS. REVENUES TO EDUCATION.

INITIATIVE STATUTE. Imposes 10 percent tax on value of oil and natural gas extracted in California to supplement funding for education. Allocates 10 percent of tax revenues to grants for college and vocational students, and remainder to classroom education funding as follows: 10 percent to University of California; 20 percent to California State University; 20 percent to community colleges; and 40 percent to K-12. Prohibits reduction of existing education-funding levels based on these additional tax revenues. Prohibits passing tax through to consumers by way of higher fuel prices. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **Increased state revenues from a new oil and gas severance tax of \$1.5 billion to \$2.5 billion per year. These revenues would be allocated to education and would likely result in increased state funding of various education programs.** (11-0033)

August 29, 2011

Office of the Attorney General
1300 I Street
P.O. Box 944255
Sacramento, California 94244-2550

RECEIVED

AUG 31 2011

INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

RE: Respectfully request Amendment to the "Fair Share for Fair Tuition Act"

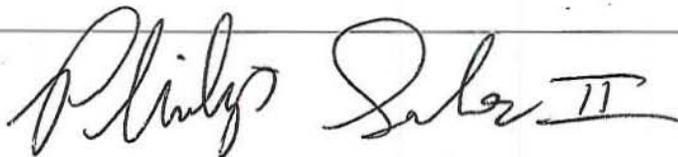
To Dawn L. McFarland:

I must thank you for your time and consideration. Secondly, I would like to apologize and ask that you please bare with any mistakes I may make during this process. I have little to no legislative experience and that brings me to my next point.

I respectfully request to make an amendment for a title change. As discussed in our previous correspondences, I would like the name to be "The Save California's Education Act." I had hoped that this name change would be considered non-substantiative so that I wouldn't have to resubmit the Initiative. Unfortunately, I've been told that I must resubmit this in order to change the Initiative's name. The sole purpose of this amendment is to do that.

Please make my contact information below public. If you have any questions or concerns please contact me at (909) 549-3318, and again, thank you very much.

With all sincerity and goodwill,



Philip D. Sales II

SaveCaliforniasEducation@gmail.com

INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

12-point
Boldface
Type

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

(Here set forth the title and summary prepared by the Attorney General. This title and summary must also be printed across the top of each page of the petition whereon signatures are to appear.)

TO THE HONORABLE SECRETARY OF STATE OF CALIFORNIA

Type: Roman
Boldface not
smaller than
12-point

We, the undersigned, registered, qualified voters of California, residents of _____ County (or City and County), hereby propose amendments to the Revenue and Taxation Code, relating to fair tuition, and petition the Secretary of State to submit the same to the voters of California for their adoption or rejection at the next succeeding general election or at any special statewide election held prior to that general election or otherwise provided by law. The proposed statutory amendments (full title and text of measure) read as follows:

SECTION 1. Part 21 (commencing with Section 42001) is added to Chapter 1 of Division 2 of the Revenue and Taxation Code, to read:

PART 21: SAVE CALIFORNIA'S EDUCATION ACT

CHAPTER 1. OIL SEVERANCE TAX

42001. This part shall be known, and may be cited, as the Save California's Education Act.

42002. For purposes of this part, the following definitions shall apply:

(a) "Barrel of oil or gas" means 42 United States gallons of 231 cubic inches per gallon oil computed at a temperature of 60 degrees Fahrenheit or gas, as measured per 1,000 cubic feet (mcf) at a base pressure of 15.025 pounds per square inch absolute and at a temperature base of 60 degrees Fahrenheit.

(b) "California Higher Education Fund" or "CHEF" means the fund that is created by Section 42100.

(c) "Gas" means all natural gas, including casing head gas, and all other hydrocarbons not defined as oil in subdivision (g).

(d) "Gross value" means the sale price at the mouth of the well, including any bonus, premium, or other thing of value, paid for the oil or gas, as determined by a rolling 30-day average daily value, as established by the market price of the product. The board shall determine the base indexes from which the average shall be calculated. If the oil or gas is exchanged for something other than cash, if there is no sale at the time of severance, or if the relation between the buyer and the seller is such that the consideration paid, if any, is not indicative of the true value or market price, then the

board shall determine the value of the oil or gas subject to the tax based on the cash price paid to the producer for like quality oil or gas in the vicinity of the well.

(e) "Higher education" means the California Community Colleges, the California State University, and the University of California.

(f) "In this state" means within the exterior limits of the State of California and includes all territory within these limits owned by or ceded to the United States of America. "In this state" includes the mean high tide line to three nautical miles off shore.

(g) "Oil" means petroleum, or other crude oil, condensate, casing head gasoline, or other mineral oil that is mined, produced, or withdrawn from below the surface of the soil or water in this state.

(h) "Operator" means a person that, by virtue of ownership, or under the authority of a lease or any other agreement, has the right to drill, operate, maintain, or control an oil or gas well in the earth or water in this state, including any person that takes oil or gas from the earth or water in this state in any manner, any person that owns, controls, manages, or leases any oil or gas well in the earth or water of this state, and any person that produces or extracts in any manner any oil or gas by taking it from the earth or water in this state; and includes the first person that acquires either the legal title or beneficial title to oil or gas taken from the earth or water in this state by the federal government or a federal instrumentality.

(i) "Political subdivision of the state" includes any local public entity, as defined in Section 900.4 of the Government Code.

(j) "Production" means the total gross amount of oil or gas produced, including the gross amount attributable to a royalty or other interest.

(k) "Severed" or "severing" means the extraction or withdrawing from below the surface of the earth or water of any oil or gas, regardless of whether the extraction or withdrawal shall be by natural flow, mechanical flow, forced flow, pumping, or any other means employed to get the oil or gas from below the surface of the earth or water, and shall include the extraction or withdrawal by any means whatsoever of oil or gas upon which the tax has not been paid, from any surface reservoir, natural or artificial, or from a water surface.

(l) "Stripper well" means a well that has been certified by the Division of Oil, Gas, and Geothermal Resources in the Department of Conservation as an oil well incapable of producing an average of more than 10 barrels of oil per day during the entire taxable month or a gas well that is incapable of producing more than 60,000 cubic feet of gas per day. Once a well has been certified as a stripper well, that stripper well shall remain certified as a stripper well until the well produces an average of more than 10 barrels of oil or 60,000 cubic feet of gas per day during an entire taxable month.

42010. (a) For the privilege of severing oil or gas from the earth or water in this state, a tax is hereby imposed on all operators at the rate of 10 percent of the gross value of the barrel of oil or gas, and the tax shall be applied equally to all portions of the gross value of each barrel of oil or gas.

(b) Any person that owns an interest, including a royalty interest, in oil or gas or its value is liable for the tax until it has been paid to the board.

42011. Except as otherwise provided in this part, the tax shall be upon the entire production in this state, regardless of the place of sale or to whom sold or by whom used, or the fact that the delivery may be made to points outside the state.

42012. The tax imposed by this part shall be in addition to any other taxes imposed by law, including, without limitation, any ad valorem taxes imposed by the state, or any political subdivision of the state, or any local business license taxes that may be incurred for the privilege of severing oil or gas from the earth or water or doing business in that locality. There shall be no exemption from the payment of an ad valorem tax related to equipment, material, or other property by reason of the payment of the tax pursuant to this part.

42013. (a) The tax imposed by this part shall not be passed through to consumers by way of higher prices for oil, natural gas, gasoline, diesel, or other oil or gas consumable byproducts, including propane and heating oil. The board shall monitor and, if necessary, investigate any instance where operators have attempted to gouge consumers by materially raising the price of oil, natural gas, gasoline, diesel, or other oil or gas consumable byproducts, including propane and heating oil.

(b) The board shall prescribe, adopt, and enforce rules and regulations relating to the administration and enforcement of this section.

(c) This section shall apply only to the extent not superseded by federal law.

42014. Two or more operators that are corporations and are owned or controlled directly or indirectly, as defined in Section 25105, by the same interests shall be considered as a single operator for purposes of application of the tax prescribed by this part.

42015. (a) There shall be exempted from the imposition of the tax imposed pursuant to this part the severing of oil or gas produced by a stripper well in which the average gross value of a barrel of oil or gas is fifty dollars (\$50.00) or less as of the first day of the previous calendar quarter.

(b) The Division of Oil, Gas, and Geothermal Resources in the Department of Conservation shall notify the board of all wells that have been certified as stripper wells.

42016. Each operator shall prepare and file with the board a return in the form prescribed by the board containing information as the board deems necessary or appropriate for the proper administration of this part. The return shall be filed on or before the last day of the calendar month following the calendar quarter to which it relates, together with a remittance payable to the board for the amount of tax due for that period.

42017. (a) The board shall administer and collect the tax imposed by this part pursuant to the Fee Collection Procedures Law (Part 30 (commencing with Section 55001)). For purposes of this part, the references in the Fee Collection Procedures Law to "fee" shall include the tax imposed by this part and references to "feepayer" shall include a person required to pay the tax imposed by this part.

(b) The board may prescribe, adopt, and enforce regulations relating to the administration and enforcement of this part, including, but not limited to, provisions governing collections, reporting, refunds, and appeals.

(c) The board may prescribe, adopt, and enforce emergency regulation relating to the administration and enforcement of this part. Any emergency regulation prescribed,

adopted, or enforced pursuant to this section shall be adopted in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and, for purposes of that chapter, including Section 11349.6 of the Government Code, the adoption of the regulation is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, and general welfare.

42018. All taxes, interest, penalties, and other amounts collected pursuant to this part, less refunds and costs of administration, shall be deposited into the California Higher Education Fund.

CHAPTER 2. CALIFORNIA HIGHER EDUCATION FUND

42100. (a) The California Higher Education Fund is hereby created in the State Treasury. Notwithstanding Section 13340 of the Government Code, moneys in the fund are continuously appropriated, without regard to fiscal years, as follows:

(1) Ten percent to the California Student Aid Commission to fund aid to students, of which 50 percent shall fund Cal Grants, and 50 percent shall fund scholarships for students from households with an average annual household income of fifty thousand dollars (\$50,000) or less.

(2) Ten percent to the Regents of the University of California for purposes of funding direct classroom instruction, to be allocated at the discretion of the Regents.

(3) Twenty percent to the Trustees of the California State University for purposes of funding direct classroom instruction, to be allocated at the discretion of the Trustees.

(4) Twenty percent to the Board of Governors of the California Community Colleges for purposes of funding direct classroom instruction, to be allocated at the discretion of the Board of Governors.

(5) Forty percent to the Superintendent of Public Instruction for purposes of funding direct K-12 classroom instruction, to be allocated at the discretion of the Superintendent.

(b) The moneys appropriated pursuant to subdivision (a) shall be used to supplement, not supplant, existing levels of state funding for the California Student Aid Commission, the California State University, the University of California, the California Community Colleges, and the State Department of Education.

42101. Notwithstanding any other law, the California Student Aid Commission, the Regents of the University of California, the Trustees of the California State University, the Board of Governors of the California Community Colleges, and the Superintendent of Public Instruction may transfer, wholly or in part, any moneys received pursuant to this part to the General Fund.

42102. The provisions of this part are severable. If any provision of this part or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.