



DEBRA BOWEN | SECRETARY OF STATE
STATE OF CALIFORNIA | ELECTIONS

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February 17, 2012

County Clerk/Registrar of Voters (CC/ROV) Memorandum #12068

TO: All County Clerks/Registrars of Voters and Proponent

FROM:

A handwritten signature in blue ink, appearing to read "Rhonda L. Pascual", written over a horizontal line.

Rhonda L. Pascual
Program Manager

RE: Initiative: 1572, Related to Taxes

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 HIGHER EDUCATION AND GENERAL FUND. INITIATIVE STATUTE.**

The proponent of the above-named measure is:

John L. Burton
465 California Street, #400
San Francisco, CA 94104

(916) 476-4989

**TAX ON CALIFORNIA OIL AND NATURAL GAS. REVENUES
TO HIGHER EDUCATION AND GENERAL FUND. 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: Thursday, 02/16/12

3. Petitions Sections:
 - a. First day Proponent can circulate Sections for
signatures (Elections Code § 336) Thursday, 02/16/12

 - 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 Code §§ 9014, 9030(a))..... Monday, 07/16/12*

 - 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, 07/26/12

(If the Proponent files the petition with the county on a date prior to
07/16/12, 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, 08/04/12**

 - 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)).....Tuesday, 09/18/12

* Date adjusted for official deadline, which falls on a weekend (Elec. Code § 15).

** Date varies based on the date of county receipt.

INITIATIVE #1572
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 08/04/12, 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 (Elections Code §§ 9030(f) & (g); 9031(a)).....Friday, 09/28/12*

- 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, 11/13/12

(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 09/28/12, 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, 11/17/12*

*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



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February 16, 2012

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

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

FEB 16 2012 Via Email

Debra Bowen, Secretary of State
By 
Deputy Secretary of State

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:

- 11-0096, A1S "The Higher Education, Schools, Public Safety and Health Care Preservation Act."

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

Sincerely,



ASHLEY JOHANSSON
Initiative Coordinator

For KAMALA D. HARRIS
Attorney General

cc: John L. Burton

February 16, 2012
Initiative 11-0096 (Amdt. #1S)

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 HIGHER EDUCATION AND GENERAL FUND. INITIATIVE STATUTE. Imposes 12.5 percent tax on value of oil and natural gas extracted in California. Allocates revenues one-third to higher education (half to California State University, half split between University of California and community colleges) and two-thirds to general fund. Provides new education funds shall augment, not count toward, existing education funding requirements. Dedicates 10 percent of new education funds to student grants. Requires California State University to use portion of funding for nursing programs. Prohibits passing tax on to consumers through higher fuel prices. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **Increased state revenues of about \$3 billion per year initially, with two-thirds (about \$2 billion) going to the state General Fund and one-third (about \$1 billion) allocated to specific higher education purposes. Of the General Fund revenue increase, roughly half would likely go to higher funding for schools and community college districts, with the remainder available for any state purpose.** (11-0096)

11-0096

Amdt. # S

RECEIVED

DEC 22 2011

INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

December 21, 2011

VIA MESSENGER

Office of the Attorney General
1300 "I" Street
Sacramento, CA 95814

Attention: Dawn McFarland

Re: *The Higher Education, Schools, Public Safety and
Health Care Preservation Act*, Proposed Initiative 11-0096,
Amendment #1

Dear Ms. McFarland:

Please accept the enclosed amended version of "The Higher Education, Schools, Public Safety and Health Care Preservation Act," which we filed on December 13, 2011. The certifications required by Elections Code sections 9001(b) and 9608 were submitted on December 13, 2011.

Please continue to direct all correspondence and inquiries regarding this measure to:

John L. Burton
465 California Street, #400
San Francisco, CA 94104
Phone: (916) 476-4989

Sincerely,


John L. Burton

Enclosures
(00160128.2)

**THE HIGHER EDUCATION, SCHOOLS, PUBLIC SAFETY
AND HEALTH CARE PRESERVATION ACT**

SECTION 1. Title.

This act shall be known and may be cited as "The Higher Education, Schools, Public Safety and Health Care Preservation Act."

SECTION 2. Findings and Declaration of Purpose.

The People hereby find and declare all of the following:

(a) A recent study by the Public Policy Institute of California stated that California's need for college-educated workers is outpacing the state's ability to produce them, and that gap is expected to widen in the future.

(b) Forty-one percent of California workers will need a bachelor's degree to meet the state's projected economic demand in the year 2025 if current trends continue, yet changes in the California workforce make it unlikely that this demand will be met.

(c) The percentage of college-educated workers has increased significantly in recent years, from 28 percent in 1990 to 34 percent in 2006, but the rate of increase is expected to slow because people between 50 years of age and 64 years of age currently have the highest levels of education, and that group will reach retirement age by 2025.

(d) Groups such as Latinos will make up 40 percent of the state's labor force by 2020, but only 12 percent of Latinos are on pace to hold a bachelor's degree by that date.

(e) As the growth in the number of college-educated workers slows, the supply of workers with a high school diploma or less education is projected to exceed economic demand, resulting in lower wages and fewer job opportunities for those workers, and resulting in higher wages for college-educated workers as demand for their skills increases.

(f) The lack of an educated workforce will deny the state the ability to draw upon the critical resources that are necessary to assist with the state's current economic crisis and to support future economic growth.

(g) The current budget proposals will jeopardize the enrollment of 10,000 students into the California State University system.

SECTION 3. Purpose and Intent.

It is the intent of the People that this act provide additional sources of higher education funding in order to keep up with the growing demand for a skilled labor force as well as provide additional revenues to the State's General Fund.

SECTION 4. Part 21 (commencing with Section 42001) is added to Division 2 of the Revenue and Taxation Code, to read:

PART 21. FAIR SHARE FOR FAIR TUITION ACT

42001. *This part shall be known, and may be cited, as the Fair Share for Fair Tuition Act.*

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

(a) *“Board” means the California State Board of Equalization.*

(b) *“California Higher Education Fund” or “CHEF” means the account that is created by Section 42016.*

(c) *“Direct classroom instruction and access” means reducing university and college tuition fees, providing additional funds for student grants, restoring cut class sections and hiring needed professors.*

(d) *“Gas” means all natural gas, including casing head gas, and all other hydrocarbons not defined as oil in subdivision (g).*

(e) *“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.*

(f) *“Higher education” means the California Community Colleges, the California State University, and the University of California.*

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

(i) *“Producer” means 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; any person that produces or extracts in any manner any oil or gas by taking it from the earth or water in this state; any person that*

acquires the severed oil or gas from a person or agency exempt from property taxation under the United States Constitution or other laws of the United States or under the California Constitution or other laws of the State of California; and any person that owns an interest, including a royalty interest, in oil or gas or its value, whether the oil or gas is produced by the person owning the interest or by another on the person's behalf by lease, contract, or other arrangement.

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

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

(l) "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.

(m) "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 per day during an entire taxable month.

42003. There is hereby imposed an oil and gas severance tax upon any producer for the privilege of severing oil or gas from the earth or water in this state for sale, transport, consumption, storage, profit, or use, at the rate of 12.5 percent of the gross value of the product, and the tax shall be applied equally to all portions of the gross value of the product.

42004. 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.

42005. 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 as a 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 gross severance tax pursuant to this part.

42006. (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, such as propane and heating oil. The California State Auditor shall monitor and, if necessary, investigate any instance where producers or purchasers of the oil or gas have attempted to gouge consumers by using the tax as a pretext to materially raise the price of oil, natural gas, gasoline, diesel, or other oil or gas consumable byproducts, such as propane and heating oil. The California Superintendent of Public Instruction may, at any time, instruct the State Auditor to undertake an investigation under this section.

(b) This section applies when not superseded by federal law.

42007. Two or more producers 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 producer for purposes of application of the tax prescribed in this part.

42008. There shall be exempted from the imposition of the oil and gas severance tax imposed pursuant to this part, oil or gas produced by a stripper well in which the average value of oil or gas is less than three-quarters of the average gross value of the product as of the first day of the previous calendar quarter.

42009. There shall be exempted from the imposition of the oil and gas severance tax imposed pursuant to this part, all oil or gas owned or produced by any political subdivision of this state, including that political subdivision's proprietary share of oil or gas produced under any unit, cooperative, or other pooling agreement.

42010. The tax imposed by this part is due and payable to the board quarterly on or before the last day of the month next succeeding each calendar quarter.

42011. (a) Any producer that fails to pay any tax within the time required shall pay, in addition to the amount of tax owed, interest at the rate of 11/2 percent per month, or fraction thereof, from the date on which the tax became due and payable to and including the date of payment.

(b) Every payment on a delinquent tax owed pursuant to this part shall be applied as follows:

(1) First, to any interest due on the tax.

(2) Second, to any penalty imposed by this part.

(3) Third, the balance, if any, to the tax due.

42012. Each producer 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

42013. The board may prescribe those forms and reporting requirements as are necessary to implement the tax, including, but not limited to, information regarding the location of the well by county, the gross amount of oil or gas produced, the price paid therefor, the prevailing market price of oil or gas, and the amount of tax due.

42014. 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.

42015. The board shall, upon appropriation, be reimbursed for expenses incurred in the administration and collection of the tax imposed by this part. The California State Auditor shall, upon appropriation, be reimbursed for expenses incurred in carrying out the duties set forth in section 42006.

42016. (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 year, for the purpose of funding direct classroom instruction and access as follows:

- (1) Fifty percent to the California State University;
- (2) Twenty-five percent to the University of California; and
- (3) Twenty-five percent to the California Community Colleges.

(b) Each entity listed in subdivision (a)(1) must use at least ten percent of the moneys allocated to it under that subdivision to increase grants, such as Cal Grants, available to California students attending their campuses.

(c) The Board of Trustees of the California State University shall ensure that a portion of the money allocated pursuant to subdivision (a)(1) is directed to campuses with nursing programs located in counties it determines to have the most need. Need in a county shall be established based on consideration of all of the following factors:

(1) Counties with a registered nurse to population ratio equal to or less than 500 registered nurses per 100,000 individuals.

(2) County unemployment rate.

(3) County level of poverty.

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

42017. With the exception of payments of refunds and reimbursement to the board for expenses incurred in the administration and collection of the tax imposed by this part, one-third of all taxes, interest, penalties, and other amounts collected pursuant to this part shall be deposited into the California Higher Education Fund. The remaining two-thirds shall be deposited into the General Fund.

42018. Notwithstanding Section 19602.5 of the Revenue and Taxation Code and any other provisions of law, the one-third of taxes, interest, penalties, and other amounts collected pursuant to Section 42017 of this part deposited into the California Higher Education Fund shall be considered trust funds to be expended solely for the purposes set forth in section 42016 and shall not be considered to be part of the General Fund, as that term is used in Chapter 1 of Part 2 of Division 4 of the Government Code (commencing with Section 16300) and shall not be considered General Fund revenue for purposes of Section 8 of Article XVI of the California Constitution, and its implementing statutes.

42019. 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.

SECTION 5. Effective Date.

Section 5 of this act shall become operative on the first day of the first calendar quarter commencing more than six months after this act is enacted.

SECTION 6. Amendments.

The provisions of this measure may be amended to further the purposes of the initiative by a statute passed in each house by rollcall vote entered in the journal, two-thirds of the membership concurring, and signed by the Governor.