



**DEBRA BOWEN | SECRETARY OF STATE**  
**STATE OF CALIFORNIA | ELECTIONS**

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June 21, 2012

County Clerk/Registrar of Voters (CC/ROV) Memorandum #12203

TO: All County Clerks/Registrars of Voters and Proponent

FROM:

  
Katherine Montgomery  
Initiative Program Manager

RE: Initiative: 1586, 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 CALIFORNIA TAXPAYERS. INITIATIVE STATUTE.**

The proponent of the above-named measure is:

Robert T. Nast  
Camp Nast Associates, LLC  
3600 S. Harbor Boulevard, #148  
Oxnard, CA 93035

(805) 984-5147

campnastone@gmail.com

#1586

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

**CIRCULATING AND FILING SCHEDULE**

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1. Minimum number of signatures required: ..... 504,760  
California Constitution, Article II, Section 8(b)
2. Official Summary Date: ..... Thursday, 06/21/12
3. Petitions Sections:
  - a. First day Proponent can circulate Sections for  
signatures (Elections Code § 336) ..... Thursday, 06/21/12
  - 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, 11/19/12\*
  - 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))..... Monday, 12/03/12  
  
(If the Proponent files the petition with the county on a date prior to  
11/19/12, 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..... Wednesday, 12/12/12\*\*
  - 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))..... Monday, 01/28/13

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

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

**INITIATIVE #1586**  
**Circulating and Filing Schedule continued**

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(If the Secretary of State notifies the county to determine the number of qualified voters who signed the petition on a date other than 12/12/12, 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)) .....Thursday, 02/07/13\*
  
- 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))..... Friday, 03/22/13

(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 02/07/13, 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) ...Tuesday, 03/26/13\*

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

## IMPORTANT POINTS

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- 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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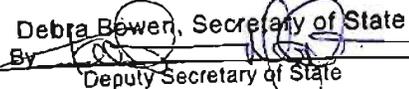
June 21, 2012

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

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

VIA  
JUN 21 2012 EMAIL

Debra Bowen, Secretary of State  
By  Deputy Secretary of State

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:

- 12-0014, "Robin Hood Tax"

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: Robert Nast

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 CALIFORNIA**

**TAXPAYERS. INITIATIVE STATUTE.** Imposes 25% tax on value of oil and natural gas extracted in California. Distributes \$380 annually to California taxpayers earning \$95,000 or less. Distributes additional \$50 to California residents over 65 who are U.S. citizens and registered to vote. Specifies record-keeping, monitoring, and reporting requirements for hydraulic fracturing, an extraction technique involving pressurized injection of water and chemicals underground. Increases criminal and civil penalties for violations of laws governing oil and gas well operations, inspections, and reports. 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: **Annual state revenue of \$3 billion to \$7 billion (depending on oil prices) from new severance tax to fund approximately \$5 billion of payments to individuals. The measure does not specify what would happen if available severance tax funds are insufficient to make the required payments. Decreased collections of various other state and local revenues totaling tens of millions or a few hundred million dollars per year due to financial changes related to the severance tax. This potentially could be offset by increases in some other revenues. Increased state administrative costs of several million dollars annually to administer this measure. These costs would be paid from the revenues of the oil severance tax and the increased fines in this measure. (12-0014.)**

**Robert T. Nast**  
Camp Nast Associates, LLC  
3600 S. Harbor Blvd. #148  
Oxnard, CA 93035  
(805) 984-5147  
[campnastone@gmail.com](mailto:campnastone@gmail.com)

**RECEIVED**

APR 27 2012

INITIATIVE COORDINATOR  
ATTORNEY GENERAL'S OFFICE

April 16, 2012

Office of the Attorney General  
ATTN: Initiative Coordinator  
1300 I Street  
Sacramento, CA 95814

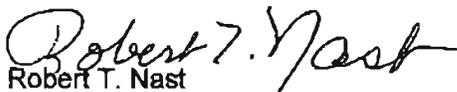
Dear Sir,

Enclosed for your review and your addition of a title and summary, please find my proposed initiative measure to be submitted to the electors, relating to taxation.

I, Robert T. Nast, acknowledge that it is a misdemeanor under state law (Section 18650 of the Elections Code) to knowingly or willfully allow the signatures on an initiative petition to be used for any purpose other than qualification of the proposed measure for the ballot. I certify that I will not knowingly or willfully allow the signatures for this initiative to be used for any purpose other than qualification of the measure for the ballot.

Thank you for your time and attention.

Sincerely,

  
Robert T. Nast  
Camp Nast Associates, LLC

## 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 Public Resources Code and the Revenue and Taxation Code, relating to taxpayers, 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. Section 3017 is added to the Public Resources Code, to read:

3017. "GPS/GIS data" means information derived from a global positioning system represented on a geographic information system.

SEC. 2. Section 3018 is added to the Public Resources Code, to read:

3018. "Hydraulic fracturing" means a technique used in preparing a well that typically involves the pressurized injection of water and a mix of chemicals, compounds, and materials into an underground geologic formation in order to fracture the formation, thereby causing or enhancing, for the purposes of this division, the production of oil or gas from a well.

SEC. 3. Section 3210 of the Public Resources Code is amended to read:

3210. (a) The owner or operator of any well shall keep, or cause to be kept, a careful and accurate log, core record, and history of the drilling of the well.

(b) A person carrying out hydraulic fracturing on behalf of an owner or operator at a well shall provide to that owner or operator a complete list of the chemical constituents used in the hydraulic fracturing fluid and each chemical's associated Chemical Abstracts Service (CAS) numbers, for the purposes of accurately and completely maintaining the well's log, history, and core record, and ensuring compliance with the disclosure requirements of this article.

(c) A person carrying out hydraulic fracturing on behalf of an owner or operator at a well shall provide to that owner or operator the amount and disposition of water and hydraulic fracturing fluid recovered from each well prior to the reporting of the water produced pursuant to Section 3227, for the purposes of accurately and completely maintaining the well's log, history, and core record, and ensuring compliance with the disclosure requirements of this article.

SEC. 4. Section 3213 of the Public Resources Code is amended to read:

~~3213. The history shall show the~~

3213. (a) The history of the drilling of the well shall show all of the following:

(1) The location and amount of sidetracked casings, tools, or other material, the depth and quantity of cement in cement plugs, the shots of dynamite or other explosives, and the results of production and other tests during drilling operations.

(2) The amount and source of water used in the exploration of or production from the well, which shall be updated annually.

(3) Any radiological components or tracers injected into the well and a description of the recovery method, if any, for those components or tracers, the recovery rate, and the disposal method for recovered components or tracers.

(b) If hydraulic fracturing was used at the well, the history of the drilling of the well shall also include both of the following:

(1) A complete list of the chemicals used in the hydraulic fracturing. This list shall include the names of all of the chemicals used and their Chemical Abstracts Service (CAS) numbers.

(2) The amount and disposition of water and hydraulic fracturing fluid recovered from each well prior to the reporting of the water produced pursuant to Section 3227.

SEC. 5. Section 3215 of the Public Resources Code is amended to read:

3215. (a) Within 60 days after the date of cessation of drilling, rework, hydraulic fracturing, or abandonment operations, or the date of suspension of operations, the owner or operator shall file with the district deputy, in a form approved by the supervisor, true copies of the log, core record, and history of work performed, and, if

made, true and reproducible copies of all electrical, physical, or chemical logs, tests, or surveys ~~in such form as the supervisor may approve shall be filed with the district deputy.~~ Upon a showing of hardship, the supervisor may extend the time within which to comply with ~~the provisions of this section~~ for a period not to exceed 60 additional days.

(b) The owner or operator shall also submit to the supervisor information provided in the history pursuant to subdivision (b) of Section 3213, and the supervisor shall add this information to existing Internet maps on the division's Internet Web site, and make the information available to the public in such a way that the list of chemicals is associated with each specific well where those chemicals were injected.

(c) On or before January 1, 2013, and annually thereafter, the supervisor shall prepare and transmit to the Legislature a comprehensive report on hydraulic fracturing in the exploration and production of oil and gas resources in California using the data provided pursuant to subdivision (b) of Section 3213. The report shall include relevant additional information, including, but not limited to, the disposition of water used in the process.

(d) A report to be submitted pursuant to subdivision (c) shall be submitted in compliance with Section 9795 of the Government Code.

SEC. 6. Section 3234.5 is added to the Public Resources Code, to read:

3234.5. (a) The supervisor may award, to a person who provides evidence to the supervisor showing that a violation of law has occurred in the course of the operation of a well, including, but not limited to, the improper acquisition of clean water, the submission of a false oil or gas production report, the improper disposal of wastewater

or other waste generated by the operation of the well, or unsafe work practices, an amount of not less than five thousand five hundred dollars (\$5,500) from the collection of penalties assessed for the violation.

(b) A person specified in subdivision (a) has immunity from prosecution for a violation for which he or she has provided evidence to the supervisor that led to the initiation of an action seeking the assessment of penalties for that violation.

SEC. 7. Section 3236 of the Public Resources Code is amended to read:

3236. ~~Any An~~ owner or operator, or employee ~~thereof of an owner or operator~~, who refuses to permit the supervisor or the district deputy, or his or her inspector, to inspect a well, or who willfully hinders or delays the enforcement of ~~the provisions of~~ this chapter, and every person, whether as principal, agent, servant, employee, or otherwise, who violates, fails, neglects, or refuses to comply with any of the provisions of this chapter, or who fails or neglects or refuses to furnish any report or record ~~which that~~ may be required pursuant to ~~the provisions of~~ this chapter, or who willfully renders a false or fraudulent report, is guilty of a misdemeanor, punishable by a fine of not less than ~~one hundred dollars (\$100)~~ ten thousand dollars (\$10,000), nor more than ~~one thousand dollars (\$1,000)~~ fifty thousand dollars (\$50,000), or by imprisonment for not exceeding six months, or by both ~~such the~~ fine and imprisonment, for each ~~such~~ offense.

SEC. 8. Section 3236.5 of the Public Resources Code is amended to read:

3236.5. (a) A person who violates this chapter or a regulation implementing this chapter is subject to a civil penalty not to exceed ~~twenty-five thousand dollars (\$25,000)~~ one hundred fifty thousand dollars (\$150,000) for each violation. An act of God and an act of vandalism beyond the reasonable control of the operator shall not

be considered a violation. The civil penalty shall be imposed by an order of the supervisor pursuant to Section 3225 upon a determination that a violation has been committed by the person charged. The imposition of a civil penalty under this section shall be in addition to any other penalty provided by law for the violation. When establishing the amount of the civil penalty pursuant to this section, the supervisor shall consider, in addition to other relevant circumstances, all of the following:

- (1) The extent of harm caused by the violation.
- (2) The persistence of the violation.
- (3) The pervasiveness of the violation.
- (4) The number of prior violations by the same violator.

(b) An order of the supervisor imposing a civil penalty shall be reviewable pursuant to Article 6 (commencing with Section 3350). When the order of the supervisor has become final and the penalty has not been paid, the supervisor may apply to the appropriate superior court for an order directing payment of the civil penalty. The supervisor may also seek from the court an order directing that production from the well or use of the production facility that is the subject of the civil penalty order be discontinued until the violation has been remedied to the satisfaction of the supervisor and the civil penalty has been paid.

(c) Any amount collected under this section shall be deposited in the Oil, Gas, and Geothermal Administrative Fund.

SEC. 9. Article 6.5 (commencing with Section 3380) is added to Chapter 1 of Division 3 of the Public Resources Code, to read:

Article 6.5. Tracking and Manifest Requirements

3380. (a) An owner or operator of a well developed for the purpose of extracting oil or gas shall submit or cause to be submitted to the supervisor real-time tracking information, consisting of global positioning system data represented on a geographic information system (GPS/GIS data), for vehicles transporting clean water used for well operation, wastewater and treated wastewater generated by the well operation, or oil or gas generated by the operation of the well.

(b) An operator of a vehicle transporting clean water used for well operation, wastewater and treated wastewater generated by the well operation, or oil or gas generated by the operation of the well shall maintain and submit to the supervisor a manifest containing information regarding the transported materials, such as the amount and characteristics of the material transported, the origin of the transported material, the destination of the transported material, the disposition of the transported material, and other information required by the supervisor for the purposes of this article.

(c) The supervisor shall make available to the public the GPS/GIS data submitted pursuant to subdivision (a) and the manifest information submitted pursuant to subdivision (b).

(d) The supervisor may conduct random inspections at an oil or gas well to ensure compliance with the requirements of this section.

SEC. 10. Chapter 8 (commencing with Section 3880) is added to Division 3 of the Public Resources Code, to read:

CHAPTER 8. COMPLAINTS OF VIOLATION

3880. For the purposes of this chapter, "division" means the Division of Labor Standards Enforcement.

3880.1. (a) An owner or operator of a well operated for the purposes of extracting oil or gas shall not discharge or otherwise discriminate against an employee because the employee does or is anticipated to do any of the following:

(1) Provides, or causes to be provided, to the employer or to a public official, information relating to a violation, or an act or omission the employee reasonably believes to be a violation, of this division.

(2) Testifies in a proceeding concerning a violation of this division.

(3) Assists or participates in those proceedings.

(4) Testifies before the Legislature on a matter within the scope of this division.

(5) Reports an illness, injury, or unsafe condition related to the owner's or operator's activities to the owner or operator or a public official.

(6) Refuses to perform his or her duties, or exercises stop work authority, related to the owner's or operator's activities regulated pursuant to this division, if the employee has a good faith belief that performing those duties could result in injury to or impairment of the health of the employee or other employees, or cause an oil spill to the environment.

(7) Objects to, or refuses to participate in, an activity, policy, practice, or assigned task that the employee reasonably believes to be in violation of this division.

(b) For the purposes of this section, "good faith belief" means a belief actually held by a person that a reasonable person under the same circumstances would also hold.

3880.5. (a) An aggrieved employee who believes that he or she has been discharged or otherwise discriminated against by an owner or operator in violation of Section 3880.1 may, not later than 180 days after the date on which the alleged violation occurs or the date on which the aggrieved employee knows or should reasonably have known that the alleged violation occurred, file a complaint with the division alleging a violation of Section 3880.1 and identifying the owner or operator responsible for the violation.

(b) Upon receipt of a complaint, the division shall notify, in writing, the owner or operator named in the complaint of the allegations contained in the complaint, the substance of the evidence supporting the complaint, and the procedures set forth in subdivision (c).

(c) (1) Not later than 90 days after the date of receipt of a complaint filed pursuant to subdivision (a), the division shall initiate an investigation and determine whether there is reasonable cause to believe that an aggrieved employee's complaint has merit and shall notify, in writing, the aggrieved employee and the owner or operator of its findings.

(2) The division shall, during the investigation, afford the owner or operator named an opportunity to submit to the division a written response to the complaint and

an opportunity to meet with a representative of the division to present statements from witnesses.

(3) The division shall provide an opportunity for the aggrieved employee to review the information and evidence provided by the owner or operator and to review and respond to, or rebut the complaint.

(d) (1) If the division concludes that there is a reasonable cause to believe that a violation of Section 3880.1 has occurred, the division shall issue a preliminary order providing relief specified in Section 3881 along with its findings.

(2) (A) Not later than 30 days after the notification of a preliminary order and findings, the owner or operator named may file an appeal of the findings and preliminary order with, and request a hearing before, the Office of Administrative Hearings. The filing of the appeal shall not operate to stay a reinstatement remedy contained in a preliminary order.

(B) If the owner or operator fails to file an appeal within 30 days, the preliminary order and finding shall be deemed a final order that is not subject to judicial review. The division may enforce the reinstatement order by seeking an injunction against the owner or operator from a court of competent jurisdiction.

(3) (A) The division shall dismiss a complaint filed pursuant to subdivision (a) and shall not conduct an investigation pursuant to subdivision (c) unless the complaint makes a prima facie showing that at least one activity specified in subdivision (a) of Section 3880.1 was a contributing factor in the decision to take the adverse action alleged in the complaint.

(B) An investigation pursuant to subdivision (c) shall not be conducted if an owner or operator demonstrates, by clear and convincing evidence, that the owner or operator would have taken the same adverse action in the absence of the alleged violation of Section 3880.1.

(4) (A) The division may determine that a violation of Section 3880.1 has occurred if an aggrieved employee demonstrates the aggrieved employee's activity specified in subdivision (a) of Section 3880.1 is a contributing factor in the decision to take the adverse action alleged.

(B) The division shall not grant relief to an aggrieved employee if the employer demonstrates, by clear and convincing evidence, that the employer would have taken the same adverse action in the absence of an activity specified in subdivision (a) of Section 3880.1.

(5) (A) Within 90 days after the filing of an appeal pursuant to paragraph (2), the Office of Administrative Hearings shall conduct a hearing and issue findings of fact and order or deny the relief specified in Section 3881.

(B) The appeal shall be dismissed if the division, the aggrieved employee, and the person alleged to have committed the violation enter into a settlement agreement. The settlement agreement shall not contain conditions that conflict with the rights protected pursuant to this chapter, are contrary to public policy, or include a restriction on the aggrieved employee's rights to future employment with owners or operators of wells other than those specifically named in the complaint.

3881. (a) If the division determines that a violation of Section 3880.1 has occurred, the division shall order the owner or operator to do all of the following:

(1) Take affirmative action to abate the violation.

(2) Reinstate the aggrieved employee to his or her former position together with compensation, including backpay and prejudgment interest, and restore the terms, conditions, and privileges associated with his or her employment.

(3) Provide compensatory and consequential damages, and, as appropriate, exemplary damages to the aggrieved employee.

(b) The division shall, at the request of the aggrieved employee, award costs, including attorney's and expert witness fees reasonably incurred by the aggrieved employee for, or in connection with, the prosecution of the complaint.

(c) If the division finds that a complaint is frivolous or has been brought in bad faith, the division may award to the prevailing owner or operator reasonable attorney's fees, not exceeding one thousand dollars (\$1,000) to be paid by the aggrieved employee.

3881.5. (a) (1) If, within 300 days after the filing of a complaint, the division fails to issue a preliminary order pursuant to subdivision (d) of Section 3880.5 or if the Office of Administrative Hearings fails to issue an order, the aggrieved employee may bring an action against the owner or operator alleging a violation of this chapter.

(2) If the court determines that a violation has occurred, the court shall grant all appropriate relief, including injunctive relief, and compensatory and consequential damages, including all of the following:

(A) Reinstatement with the same seniority status that the aggrieved employee would have had, but for the violation.

(B) The amount of backpay sufficient to make the aggrieved employee whole, with prejudgment interest.

(C) Exemplary damages, as appropriate.

(D) Reasonable attorney's fees, litigation costs, and expert witness fees.

(b) Within 60 days after the date of issuance of an order by the Office of Administrative Hearings, the owner or operator may file a petition for writ of administrative mandamus pursuant to Section 1094.5 of the Code of Civil Procedure. The commencing of an action under this subdivision shall not, unless ordered by the court, operate as a stay of the order.

3882. (a) An aggrieved employee on whose behalf an order was issued by the division or the Office of Administrative Hearings may bring an action against the owner or operator against whom the order was issued to require compliance with the order.

(b) An action filed pursuant to subdivision (a) is subordinate to an action filed by the division to enforce the order.

(c) The court may award costs, including reasonable attorney's fees and expert witness fees, to a party, as deemed appropriate by the court.

3882.5. This chapter does not limit or supersede any other law that provides relief to an employee against discrimination, demotion, discharge, suspension, threats, harassment, reprimand, retaliation, or any other manner of discrimination.

SEC. 11. Part 21 (commencing with Section 42001) is added to Division 2 of the Revenue and Taxation Code, to read:

PART 21. TAX OIL AND NATURAL GAS TO FUND TAX RELIEF ACT

CHAPTER 1. OIL AND NATURAL GAS SEVERANCE TAX

42001. This part shall be known, and may be cited, as the Tax Oil and Natural Gas to Fund Tax Relief 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) "Gas" means all natural gas, including casing head gas, and all other hydrocarbons not defined as oil in subdivision (e).

(c) "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.

(d) "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.

(e) "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.

(f) "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.

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

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

(i) "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.

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 25 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 pass through to consumers the tax imposed by this part 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) The tax imposed by this part shall not diminish the ability of state regulatory agencies to implement and enforce environmental laws, and it shall not affect the liability provisions in those laws to ensure that environmental polluters are held accountable.

(d) 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. 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.

42016. (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 regulations 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.

42017. All taxes, interest, penalties, and other amounts collected pursuant to this part, less refunds and costs of administration, shall be deposited into the California Tax Relief Fund.

## CHAPTER 2. CALIFORNIA TAX RELIEF FUND

42100. The California Tax Relief Fund is hereby created in the State Treasury. Notwithstanding Section 13340 of the Government Code, all revenues in the fund, less refunds and the costs of administration, are continuously appropriated without regard

to fiscal year to the Franchise Tax Board for the purposes of this chapter, and shall be allocated as follows:

(a) One-fourth of 1 percent to the Division of Oil, Gas, and Geothermal Resources for administrative costs related to the oversight of operators that are producers of oil, including those costs related to the implementation of Division 3 (commencing with Section 3000) of the Public Resources Code.

(b) One-fourth of 1 percent to the Division of Oil, Gas, and Geothermal Resources for administrative costs related to the oversight of operators that are producers of natural gas, including those costs related to Division 3 (commencing with Section 3000) of the Public Resources Code.

(c) The remaining revenues to the Franchise Tax Board for payments required by Section 42101.

42101. (a) Annually on the third Wednesday of March, the Franchise Tax Board shall transmit payments, in amounts specified in subdivision (b), to qualified taxpayers and qualified senior taxpayers in the manner provided in Part 10.2 (commencing with Section 18401) of Division 2.

(b) (1) A qualified taxpayer shall receive three hundred eighty dollars (\$380).

(2) (A) A qualified senior taxpayer shall receive fifty dollars (\$50).

(B) A qualified senior taxpayer who also meets the definition of a qualified taxpayer shall also receive three hundred eighty dollars (\$380).

(c) For purposes of this section:

(1) "Qualified senior taxpayer" means an American citizen who is a California legal resident over 65 years of age and is registered to vote in this state.

(2) "Qualified taxpayer" means a California taxpayer who is not claimed as a dependent and, if an individual, has an adjusted gross income of ninety-five thousand dollars (\$95,000) or less; or, if a married couple filing a joint return, a head of household, or a surviving spouse, has an adjusted gross income of one hundred ninety thousand dollars (\$190,000) or less.

42102. Notwithstanding any other law, moneys in the California Tax Relief Fund shall not, in whole or in part, be commingled with or transferred to, or be loaned to, any other fund.

### CHAPTER 3. SEVERABILITY

42103. 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.

SEC. 12. To further the purposes of this initiative, the Legislature may amend Sections 1 to 10, inclusive, of this initiative by enacting a statute passed by a two-thirds vote of each house of the Legislature.