Oil Money Could Fund Cabrillo and UCSC

The proposed legislation would charge a severance tax on crude produced in California and its coastal waters.

By JB Davis  Email the author  February 14, 2013

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Senator Noreen Evans of Santa Rosa this week introduced legislation that, if passed, would generate an estimated $2 billion in annual revenue for state schools and parks. Evans co-authored the bill, SB 241, with the Chairman of the Senate Budget Committee, Mark Leno.

The measure would send 93 percent of the money raised to the University of California, Cal State and the community college system with the remaining 7 percent going to fund state parks.

“California is the largest—and only—oil producing state in the nation that does not tax its vast oil resources,” wrote Evans in a press release. “Those are unrealized revenues we can, and should, use to endow our core services of government by fulfilling our commitment to higher education and similarly, preserve our natural resources in State Parks by funding them.”

According to a CNN Money, California’s Monterey Shale is estimated to hold 400 billion barrels of oil, but only about 15 billion barrels are recoverable using today’s technology including hydraulic fracturing.

The amount raised by the proposed severance tax would depend on the world price of oil, according to Teala Schaff, a spokesperson for Senator Evans. According to Schaff, the State Board of Equalization estimates that at current prices and production levels the tax will raise about $2 billion a year.

This isn’t the first time an oil tax has been proposed. In 2006, California voters rejected an oil severance tax that would have funded alternative energy programs throughout the state. The fight over Proposition 87 was a costly one, with proponents spending $62 million, while opponents, including California-based oil companies Chevron and Occidental Petroleum, spent $94 million.

North Dakota, site of the country’s latest oil production boom charges an 11.5 percent oil severance tax for oil produced from the Bakken Shale in the western part of the state.

What do you think? Should Cabrillo College and UCSC be funded using oil severance taxes especially when the oil is recovered using hydraulic fracturing?

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