Measure O: Not What It Appears To Be

Instead of controlling costs and balancing its budget, the Beverly Hills City Council wants to raise taxes, again. On the advice of its staff, the City Council has placed a massive energy tax increase on the March 8 ballot, similar to another tax overwhelmingly defeated by the voters in 2009. Measure O would NOT tax “Big Oil Companies,” because none of them operate in Beverly Hills. So, who would be impacted by Measure O?

Reduced Income for Residents, Churches and Schools -- Reduced Property Values
In a rush to place it on the ballot, the city staff proposed Measure O without understanding its impact on residents’ income or on local property values. The fact is thousands of individuals, churches and schools in Beverly Hills will be directly impacted by this enormous tax increase. These are local residents whose property is above local mineral reserves and who depend on payments from local energy producers. Measure O would reduce those payments by more than 10% and reduce property values in Beverly Hills.

500% Energy Tax Increase, Higher Energy Costs for Consumers
The city currently collects a tax on all oil production in Beverly Hills, comparable to what other cities in Los Angeles County charge. Measure O would place a new tax on natural gas and increase the city’s existing energy tax by nearly 500%. In addition to reduced income for thousands of residents, Measure O would hit small and moderate sized local companies that produce natural gas and oil for domestic use. Measure O’s tax would fall hardest on smaller vendors and contractors who carry out the production work. And higher energy costs could mean higher natural gas costs and higher prices at the pump.

More Jobs Lost, Less Money for Schools and Local Services
This is the worst time to increase taxes on already struggling local businesses. California is in the midst of the toughest economic downturn since the Great Depression. Los Angeles County’s unemployment rate is at a record high of 12.5%. One out of every eight people is out of work, and businesses are struggling to stay afloat. A 500% energy tax increase will lead to more job losses. That means less tax revenue from the local economy. A recent economic study found that Measure O would reduce local economic activity in Beverly Hills by about $1.2 billion over the next 10 years and lower the property values of oil production land, which will reduce the annual property taxes paid by oil companies to the city, county and the school district.

More Inefficient Spending, No Requirement New Taxes Be Spent on Essential Services
Despite its misleading language, there is no requirement in Measure O that these funds be used on essential public services like police and fire protection. In fact, Measure O was written specifically to allow the City Council to spend the money on anything it wants, including higher salaries for city employees, with no real oversight or accountability to taxpayers. Instead of increasing taxes, the City Council should reign in unnecessary spending. The City’s budget is $157 million this year and past independent reviews have been critical of the city’s overspending of millions on outside contractors and overtime salaries.

Measure O is opposed by the Beverly Hills Unified School District, California Taxpayers’ Association, California Small Business Alliance and a huge coalition of Beverly Hills residents.

Official Title: A Resolution of the Council of the City of Beverly Hills Submitting to the Voters of the City of Beverly Hills a Measure to Increase the Tax on Oil Extracted from the City, to Establish a Tax on Natural Gas Extracted from the City and to Amend the Definition of Gross Receipts in the Business Tax Regulations of the Beverly Hills Municipal Code

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