Questions & Answers
Measure O

What is Measure O?
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. The tax would be paid by local energy production firms and thousands of Beverly Hills residents, local churches, synagogues and schools. 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.

A massive energy tax?
The City of Beverly Hills already taxes local oil at a comparable rate to other cities in Los Angeles County. Measure O would increase local oil taxes by $1 million a year -- a 500% increase in the existing tax. It would also add a new tax on natural gas -- a growing source of clean energy. Higher energy costs could mean higher natural gas costs and higher prices at the pump.

Doesn’t the city staff say Measure O is just a tax on Big Oil companies?
That’s what they claim, but the fact is Measure O is NOT a tax on “Big Oil Companies” because none of the big oil companies operate in Beverly Hills. In a rush to place it on the ballot, the city staff proposed Measure O without understanding its true impact. Measure O would hit small and moderate sized local companies that produce natural gas and oil for domestic use, small vendors and contractors who carry out the production work and Beverly Hills residents, churches and schools.

How would Measure O impact Beverly Hills residents, churches, synagogues and schools?
Local energy producers are not the only ones who would be directly impacted by Measure O’s energy taxes. Thousands of local residents and many Beverly Hills churches, synagogues and schools own property above local mineral reserves and rely on regular payments from the local energy producers who utilize those reserves. Measure O’s tax increase would reduce those payments to residents, schools and others, and reduce the value of thousands of properties in Beverly Hills.

How would local property values be harmed?
Measure O places a new tax on production of natural gas and increases the city’s existing tax on local oil by 500%. The existence of these minerals beneath the land surface increases the value of the property. A 500% tax increase on the extraction of these local energy sources would lower the value of the property.
Would foreign oil companies and outside natural gas producers be impacted?
No. Measure O taxes oil and natural gas in the City of Beverly Hills, while oil imported from foreign countries and outside natural gas sources would be exempt. That’s a concern because a tax increase of this magnitude makes domestic energy production more expensive and encourages even more reliance on foreign oil.

Would Measure O impact small businesses and local jobs?
Yes. Thousands of jobs are connected with local energy production work, which is performed by hundreds of companies, subcontractors, and small businesses. California is in the midst of the toughest economic downturn since the Great Depression. The unemployment rate in L.A. County is higher than the national, statewide and county averages. Businesses are struggling to stay afloat. This is the worst time for the city to increase taxes on employers. A 500% energy tax increase will lead to more job losses. That means less tax revenue from the local economy.

Would Measure O impact consumers?
Higher energy production costs mean higher fuel costs. And California gas is already the highest taxed in the nation and nearly 50% higher than the national average. Californians already pay 66.1 cents in city, county, state and federal taxes added onto every gallon of gas.

Doesn’t the city need the money?
On January 25, 2011, the city’s Chief Financial Officer told the City Council, “We are very well funded and in an excellent financial position.” Of course, cities always like to have more money; however, any new taxes from Measure O would be offset by the loss of tax revenue to the city caused by negative impact on the economy. Fewer property taxes generated by oil production property, and less money in the pockets of thousands of Beverly Hills residents to spend in local stores. And, Measure O doesn’t require any of the taxes be spent on essential services. In fact, the city council can spend it on whatever they want.

So the City can spend it however they want?
That’s right. None of the new taxes have to be spent on essential services, like public safety. If the city really needs more money, before increasing taxes on Beverly Hills residents, businesses and nonprofits, perhaps they should control expenses. For instance, the City just completed a project to redecorate the offices at City Hall at a cost of more than $8 million – all at taxpayer expense.

So, how would the new taxes be spent?
No one knows. Measure O was specifically written to allow the City to spend the money on anything it wants, including higher salaries and pensions for city employees, with no real oversight or accountability to taxpayers. Not one penny is dedicated to essential services.

How can I sign up to oppose Measure O?
You can join the effort to stop a 500% increase in Beverly Hills energy taxes by logging onto the No on Measure O website at: www.NoMeasureO.com.