

PICK THE LOW HANGING FRUIT TO BALANCE THE BUDGET

By STPEHEN PEPE, PRESIDENT ECONALLIANCE

The County and cities such as Santa Barbara and Lompoc are facing significant budget deficits. So far, the politicians' and staffs' response has been to cut spending, increase taxes and raise other fees and charges. This is the "glass half empty" approach. The "glass half full" approach is to pick the low hanging fruit by expanding the tax base.

California needs oil and gas supplies. Today California imports 64% of its oil from foreign countries including Saudi Arabia, Ecuador, Columbia, Venezuela, Kuwait, and Iraq. According to our Governor, Californians drive almost 1 billion miles a day. This comes out to roughly 40 million gallons of gas consumed per day. In Santa Barbara County, the number is 40,000 gallons per day. So, there's no doubt we have a high demand for oil, the question is where is the best, safest, and cleanest place to produce it. We believe the answer is right here in California where our regulatory agencies have established a regulatory regime that is second to none in terms of environmental and operational safety.

Local oil and gas producers pay the highest salaries of any other economic sector, and generate a substantial amount of local property taxes. Those who attended the Board of Supervisors meetings regarding PCEC's proposal to drill additional wells in the Orcutt oil field, which has been in operation for over a century, heard scores of young North County high school graduates state they were paid over \$100,000 a year and had excellent benefits. This enabled them to buy their first homes. Meanwhile, \$35,000 per year is the average for all Santa Barbara workers across all sectors.

Property taxes from the oil industry amount to nearly \$20 million per year to the County general fund. These taxes help fund our Sheriff's department, our fire protection district, as well as our local roads, parks, water agencies, and sanitation districts. The PCEC project would have added \$2-\$4 million dollars in property taxes. Plus, additional sales tax revenue from materials and equipment sales. Despite this obvious and direct benefit to the County tax rolls and its citizens who need high paying jobs with the benefits, the Board of Supervisors denied the PCEC project 3-2.

By not extracting our existing oil resources we are losing high paying jobs and eight figure property taxes. This is contributing to the County's budget deficit resulting in the reduction or elimination of existing county services. We should be picking the low hanging fruit.