THE BUSINESS PERSPECTIVE:

Don’t Pay More For Less With Prop. 87

by Gary Toebben, President & CEO, Los Angeles Area Chamber of Commerce

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If you like paying more money for gasoline you will love Proposition 87. If you want to keep prices down and encourage more production, increase jobs, and grow the economy, please join us and a growing coalition in opposing Proposition 87.

Proposition 87 is a $4 billion tax on oil production in California. It is not a tax on oil company profits, but an increase in the cost of production that will eventually be passed on to California consumers in the form of higher gas prices.

Unfortunately, proponents of Proposition 87 are saying some outlandish things about their measure:

1. Proposition 87 is not a tax. The Legislative Analyst has stated that it is a tax.
2. The tax cannot be passed along to consumers. Eventually every cost of doing business is passed on to the consumer.
3. Proposition 87 will reduce our dependence on foreign oil. The fact is that increasing the cost of production in California will cause oil companies to buy more offshore oil.
4. Proposition 87 will benefit the schools. The Legislative Analyst’s Office has said that the measure will reduce property and other tax revenues. This will reduce funds available for education.
5. Proposition 87 will create jobs in the alternative technology sector. There is no requirement that the new tax revenues be spent in California. As production declines in California, good paying jobs will be lost.

Some other things you need to know:

1. Proposition 87 creates a new state bureaucracy with 50 new political appointees and unlimited staff.
2. It gives the agency the power to spend $4 billion outside of the state budget review process.
3. It grants this new agency the power to sell billions of dollars in bonds it may not be able to repay, which could force a state bailout at taxpayer expense.
4. It provides a special exemption from state’s competitive bidding requirements.
5. It gives an exemption from the state’s education funding guarantee, robbing schools of their fair share of new revenues.

Some of the goals touted by proponents, like developing alternative energy technologies, have strong business support. But Proposition 87 is not the way to do it. Funding for these technologies should come through the state budget process, not by charging consumers $4 billion in higher gas prices.

Proposition 87 is a dangerous attack on California businesses, jobs and our economy.

Please join us and many other organizations throughout the state in voting NO on Proposition 87.

And that’s The Business Perspective.

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The Business Perspective is a weekly opinion piece by Gary Toebben, President & CEO of the Los Angeles Area Chamber of Commerce, produced with the input of Senior Policy Advisor Rusty Hammer.