

Energy Extraction Fee

MTC Policy Advisory Council
Fuel Extraction Fee Subcommittee



What's Wrong With This Picture?

- Six states — Texas, Louisiana, Alaska, California, Oklahoma, and Wyoming — account for 80% of all oil produced in the U.S.
- California is the 3rd leading oil-producing state and the 10th natural gas-producing state in the U.S.
- California is the only major mineral-rich state lacking any form of state extraction fee.

Severance Fees

- Extraction, or severance, fees are designed to ensure the public receives a lasting benefit from the depletion of non-renewable resources.
- By maximizing collection of fossil fuel revenue and ensuring it is adequately distributed, California will increase the benefits of energy development.

Alaska Severance Fee Facts

- Oil-related revenue from fees and taxes fund 72% of Alaska's treasury, including an annual oil revenue share check for every Alaskan citizen.
- Alaska sets aside approximately 11% of the proceeds it receives from oil and gas companies into the Alaska Permanent Fund. As of 2007, the fund had grown to more than \$40 billion.
- California receives 30% of its oil from Alaska.

MTC Should Lead the Call
for Extraction Fees to
Focus the Funds on
Transportation and Housing

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Here's Our Plan To Get a Seat at the Table

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Leadership Role

1. MTC should build a coalition to seek legislation or a ballot measure.

Some constituency examples:

- Transit agencies
- Housing advocates
- Community colleges
- Environmental activists
- Energy producing communities
- Senior groups

Leadership Role (continued)

2. MTC should design a simplified distribution formula for a severance fee, with revenues flowing into permanent trust funds (not the general fund).

Trust Fund Distribution Options

