

FISCAL IMPACT STATEMENT BY COUNTY AUDITOR  
MEASURE Z

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MONTEREY COUNTY

Ballot Measure Z, if approved, would prospectively impact Monterey County revenues and expenditures as many oil extraction methods currently employed and some not currently employed in the County would be banned. Impacts would occur in property tax and sales tax revenues, with potential additional expenditures incurred due to possible litigation.

Because the prevailing price of oil is an important factor in calculating property taxes paid by the oil industry, collections fluctuate accordingly. Assessments are conducted annually by the elected Monterey County Assessor in conjunction with all of the oil producing Counties in California.

- In Fiscal Year 2015-16 (most current year available), the oil industry paid \$7,988,969 in property taxes, apportioned as follows:
  - Schools - \$5,476,862
  - County General Fund - \$2,157,427
  - Special Districts - \$328,835
  - Cities - \$7,159
  - Fire Districts - \$14,814
  - RDA Successor Agencies - \$3,872
- In Fiscal Year 2006-07 (lowest in 10 years), the oil industry paid \$2,242,423 in property taxes, apportioned as follows:
  - Schools - \$1,537,300
  - County General Fund - \$605,568
  - Special Districts - \$92,301
  - Cities - \$2,009
  - Fire Districts - \$4,158
  - RDA Successor Agencies - \$1,087
- In Fiscal Year 2014-15 (highest in 10 years), the oil industry paid \$8,689,512 in property taxes, apportioned as follows:
  - Schools - \$5,957,121
  - County General Fund - \$2,346,609
  - Special Districts - \$357,670
  - Cities - \$7,787
  - Fire Districts - \$16,113
  - RDA Successor Agencies - \$4,212
- While a cost cannot be estimated, a decrease in oil extraction will benefit the County by lowering the risk of potential costs related to environmental damage from the oil extraction process
- Similarly, while a cost cannot be estimated, a decrease in oil extraction will have a negative impact on financial activity. This is due to fewer jobs (approximately 730) and wages in the oil services industry and related consumer spending, resulting in decreases in sales and other taxes related to the industry

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- The County would incur costs in processing applications for exemptions that Measure Z provides for. These exemptions, if secured, are intended to help avoid liability for an unconstitutional “takings” by exempting applicants from some or all of the provisions of Measure Z.
  
- If exemptions are secured, the County could face litigation challenging their validity, thus incurring litigation costs. These costs cannot be estimated.
  
- If exemptions are not secured, the County would be exposed to litigation for unconstitutional “takings” of property and/or any existing “vested rights”. The estimate of the cost of litigation is, of course, dependent on the outcome. As such, the cost, excluding legal fees, would be between \$0 if no “takings” were deemed by the court, up to the value of the potential profits of current and any future oil extraction if a court finds that an illegal “takings” had occurred. In the last three years, the Monterey County Assessor valued oil reserves in Monterey County between \$980 million and \$511 million, in sync with fluctuating worldwide oil prices.
  
- The County is not insured against court judgments for “takings” damages.



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