CITY OF BEVERLY HILLS
STAFF REPORT

Meeting Date:	July 8, 2008
To:	Honorable Mayor & City Council
From:	Dr. Scott G. Miller, Director of Administrative Services/CFO Laurence Wiener, City Attorney Mark Brower, Management Analyst
Subject:	Voter or Owner Approved Taxes, Assessments and Indebtedness Options

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At the request of the City Council, the City Attorney and the Chief Financial Officer have put together a list of Voter or Owner Approved Taxes, Assessments and Indebtedness Options for your information. Staff's list is comprehensive and includes a number of options that have been mentioned by Council or presented by Staff as options for various projects during the past several months. These options include:

1. Revisions to our Business Tax Ordinance that includes an oil extraction tax increase, a reconfiguration of the professionals' business tax formula from a flat fee to a fee based on gross revenues, and adding a 10% private parking garage/lot tax, as well as some administrative procedures clean-up.
2. Utility Users Tax
3. Parking Assessment District
4. Parks and Recreation District
5. Property Transfer Tax as part of a Charter City creation
6. Storm-water Enterprise Fee increase since the fund is in the red forcing the City to use General Fund dollars

There are other options listed as well. Information about each option is listed in the next few pages including type of vote required, spending restrictions per option and estimated revenues for the City.

Once staff receives specific direction from Council on which of these options Council would like us to proceed with, a detailed operational and legal analysis will be conducted and brought back to Council for further direction.

Taxes

The descriptions of the options below assume the revenues are used for the general purposes of the City and are not subject to the two-thirds vote requirements imposed on taxes that are used for special purposes.

Sales (Transaction and Use) Tax

Estimated Potential Revenue to City
$6,250,000 annually with a 0.25% increase

Voter Approval Needed
50% + 1 of the votes cast

When Vote Can Take Place
Upon approval by a two-thirds vote of the City Council, the proposed measure may be submitted to the voters in an election consolidated with a regularly scheduled general election for the members of the City Council, except in cases of emergency declared by a unanimous vote of the City Council. (Cal. Const. art XIIIC, §2(b))

Summary
California sales tax is generally imposed upon a retailer for the privilege of selling tangible personal property in California at retail (Revenue and Tax Code Section 6051). The retailer may be a California retailer or an out-of-state retailer engaged in business in California. The retailer may pass the liability for the sales tax on to the consumer pursuant to an agreement of sale between the retailer and consumer (e.g., via contract, purchase order, invoice terms and conditions) (Civil Code Section 1656.1).

Revenue Calculation: $2,500,000,000 in sales X 0.25% = **$6,250,000** in additional revenue

Utility Users Tax

Estimated Potential Revenue to City
$1.9 million - $19.4 million annually

Voter Approval Needed
50% + 1 of the votes cast

When Vote Can Take Place
Upon approval by a two-thirds vote of the City Council, the proposed measure may be submitted to the voters in an election consolidated with a regularly scheduled general election for the members of the City Council, except in cases of emergency declared by a unanimous vote of the City Council. (Cal. Const. art XIIIC, §2(b))

Summary

Most cities which we tend to view as "comparable" currently assess a utility users tax (UUT). The UUT may be imposed on the consumption of utility services, including (but not limited to) electricity, gas, water, sewer, telephone (including cell phone and long distance), sanitation and cable television. The tax is collected by the utility as a part of its regular billing procedure, and then remitted to the city.

In most cases, revenue derived from UUT's constitute a significant portion of a city's General Fund Revenue. Among cities that impose a UTT, UUT's are the third largest source of revenue behind Sales and Property Tax.

UUT rates vary significantly from one city to another. In addition, cities differ as to which utilities are subject to the taxes. Exhibit 2 (attached) provides a summary of our survey of six cities which we frequently use in such comparisons. It indicates the affected utility services, the applicable tax rate and the revenue derived.

Exhibit 3 (attached) provides an analysis of potential revenue that might be derived if UUT taxes were to be approved in the City of Beverly Hills. It is clear that the total dollars involved could significantly increase the City's operating budget.

If a UUT were applied to all available utilities (electricity, gas, cable television, and water) the following estimated additional revenue could be generated.

1% = $1,900,000
5% = $9,700,000
10% = $19,400,000

Exhibit 3 (attached) provides a detailed explanation of this calculation.

We will not attempt to provide a complete discussion of pros and cons herein. However, there are several factors that merit more in-depth consideration, including:

1. Impact upon residents and businesses
2. The "competitive advantage" of not having such taxes
3. The compounded impact of taxes in conjunction with recent increase in utility costs, most notably for electricity

Further discussion is also warranted relative to the use of funds derived from a utility users tax. Such funds could be used to expand certain services, to reduce the need to scale back existing service delivery in a tight budget environment and/or to establish/expand the so called "endowment" (financial reserve) discussed in prior years.

Clearly, the impact upon ratepayers must also be considered. Application of a 10% rate, while within the range of taxes in other cities in the area, could certainly add $100 or more to the monthly costs of many households in Beverly Hills.

Commercial Parking Tax

Estimated Potential Revenue to City
$1 million annually with a 10% commercial parking tax

Voter Approval Needed
50% + 1 of the votes cast

When Vote Can Take Place
Upon approval by a two-thirds vote of the City Council, the proposed measure may be submitted to the voters in an election consolidated with a regularly scheduled general election for the members of the City Council, except in cases of emergency declared by a unanimous vote of the City Council. (Cal. Const. art XIIIC, §2(b))

Summary
A general parking tax is imposed on all parkers who use "commercial parking." These taxes are collected by the commercial operator from the parker and then distributed to the city. The city would impose a tax on all off-street commercial parking spaces. For example, if the parking rate were $8 and the commercial parking tax rate were 12.5%, the total parking charges inclusive of the tax would be $9.00. Typically, parking rates are quoted inclusive of the parking tax.

Commercial parking tax rates for nearby cities average 8%-11%. San Francisco charges 25%.

Oil Extraction Tax

Estimated Potential Revenue to City
$525,150 per year (based on $100 per barrel)
$769,440 per year (based on $130 per barrel)

Voter Approval Needed
50% + 1 of the votes cast

When Vote Can Take Place
Upon approval by a two-thirds vote of the City Council, the proposed measure may be submitted to the voters in an election consolidated with a regularly scheduled general election for the members of the City Council, except in cases of emergency declared by a unanimous vote of the City Council. (Cal. Const. art XIIIC, §2(b))

Summary
The current oil extraction tax has two classifications, outside city and inside city.

Outside City of Beverly Hills
$1818.55 for the first 10,000 barrels ($0.18 per barrel)
$0.13 per each additional barrel

Inside City of Beverly Hills
$3650.75 for the first 10,000 barrels ($0.365 per barrel)
$0.34 per each additional barrel

At the time this tax was implemented, a barrel of oil was selling for roughly $26 per barrel. The tax rate at this point amounted to:

Outside City of Beverly Hills
0.69% of the price of a barrel of oil per barrel for the first 10,000 barrels
0.50% of the price of a barrel of oil per each additional barrel

Inside City of Beverly Hills
1.4% of the price of a barrel of oil per barrel for the first 10,000 barrels
1.3% of the price of a barrel of oil per each additional barrel

As the price of oil has increased, the City's oil extraction tax has remained static. It is suggested that the tax rate be changed to a percentage of the market cost of a barrel of oil. The tax rate would be updated annually at the same time the schedule of fees and charges are updated. The cost of a barrel of "Light Sweet Crude Oil" will be taken from the New York Mercantile Exchange website http://www.nymex.com.

If this change were implemented, the tax collected based on oil selling for $100 per barrel would be:

Outside City of Beverly Hills
$6,900 for the first 10,000 barrels ($0.69 per barrel)
$0.50 per each additional barrel

Inside City of Beverly Hills
$14,000 for the first 10,000 barrels ($1.40 per barrel)
$1.30 per each additional barrel

Exhibit 5 (attached) provides a detailed explanation of the revenue calculation.

Business Tax Ordinance Modifications

Estimated Potential Revenue to City
$2.0 - $2.5 million annually (see summary section for recommended modifications)

Voter Approval Needed
50% + 1 of the votes cast

When Vote Can Take Place
Upon approval by a two-thirds vote of the City Council, the proposed measure may be submitted to the voters in an election consolidated with a regularly scheduled general election for the members of the City Council, except in cases of emergency declared by a unanimous vote of the City Council. (Cal. Const. art XIIIC, §2(b))

Summary
There are opportunities to increase revenues by modifying the current business tax ordinance, bringing Beverly Hills' business tax rates in line with the City of Los Angeles.

Specifically, class C, professional services, could change to a percentage of gross receipts and class A could be changed to a percentage of gross payroll. A special category could also be added for surgery centers and real estate offices.

Development Excise Tax

Estimated Potential Revenue to City
$25,000 with a proposed increase to $1,200 per unit and $250 for each bedroom

Voter Approval Needed
50% + 1 of the votes cast

When Vote Can Take Place
Upon approval by a two-thirds vote of the City Council, the proposed measure may be submitted to the voters in an election consolidated with a regularly scheduled general election for the members of the City Council, except in cases of emergency declared by a unanimous vote of the City Council. (Cal. Const. art XIIIC, §2(b))

Summary
The City currently has a Dwelling Unit Tax of $979.70 for each unit and $195.00 for each bedroom. It should be noted that, as a general tax, the revenues from this tax are deposited in the general fund and may be used for any of the City's usual and current expenses, not simply expenses related to development.

Exhibit 6 (attached) provides a detailed explanation of the revenue calculation.

Property Tax to Fund Bonds for Construction of New Public Facilities (Parking Structure, Library, etc.)

Estimated Potential Revenue to City
Amount authorized in the vote.

Voter Approval Needed
Two-thirds of the votes cast

When Vote Can Take Place
Upon approval by a two-thirds vote of the City Council, the proposed measure may be submitted to the voters in an election on the following established election dates: (i) second Tuesday of April in each even numbered year, (ii) first Tuesday after the first Monday in March of each odd-numbered year, (iii) first Tuesday after the first Monday in June of each year, (iv) first Tuesday after the first Monday in November of each year, and (v) first Tuesday in February of each year evenly divisible by the number four.

Summary
Increase property tax to fund a General Obligation Bond for the acquisition or improvement of real property. This is the same financing method previously used to build many of the city's current parking structures.

Increase Transient Occupancy Tax (Bed Tax)

Estimated Potential Revenue to City
$3.3 million annually (based upon an increase from 14% to 16%)

Voter Approval Needed
50% + 1 of the votes cast

When Vote Can Take Place
Upon approval by a two-thirds vote of the City Council, the proposed measure may be submitted to the voters in an election consolidated with a regularly scheduled general election for the members of the City Council, except in cases of emergency declared by a unanimous vote of the City Council. (Cal. Const. art XIIIC, §2(b))

Summary
Increase our TOT (Bed Tax) from 14% to 16%. This would cause Beverly Hills to have the highest TOT in California.

The City's current TOT rate has been in effect since 1994. Prior to 1994, TOT was 12%.

City	*Tax Rate*	*Other Fees*
Beverly Hills	**14%**	
London (VAT)	17.50%	

City	*Tax Rate*	*Other Fees*
Acapulco	17%	
Seattle	15.6%	
Chicago	15.4%	
San Francisco	14%	
New York City	13.375%	$3.50 per room per night
Los Angeles	14%	
Santa Monica	14%	
San Diego	12.565%	
Miami	12.5%	
Las Vegas	9%	

Mello-Roos

Estimated Potential Revenue to City
Amount necessary to fund the project or maintenance of a district.

Voter Approval Needed
Election is by registered voters if for each of the 90 days preceding close of protest hearing at least 12 persons were registered to vote in the district; otherwise, vote is by landowners in proposed district with each landowner having one vote per acre or portion of an acre owned that is subject to the tax. The measure requires a two-thirds vote of the appropriate voters.

When Vote Can Take Place
At next general election or in a special election held at least 90 days, but not more than 180 days, following adoption of Resolution of Formation of District.

Summary
Any county, city, special district, school district or joint powers authority is allowed to establish a Mello-Roos Community Facilities District (a "CFD"). A CFD allows for financing of public improvements and services. The services and improvements that Mello-Roos CFDs can finance include streets, sewer systems and other basic infrastructure, police protection, fire protection, ambulance services, schools, parks, libraries, museums and other cultural facilities. By law, the CFD is also entitled to recover expenses needed to form the CFD and administer the annual special taxes and bonded debt.

Possible uses of a Mello-Roos tax would be to fund:

- Construction of a parking structure
- Police operations
- Library construction

Taxes Available to Charter Cities

Property Transfer Tax – Charter City Required

Estimated Potential Revenue to City
$5.9 million per year with property transfer tax (Exhibit 4)

Voter Approval Needed
50% +1 of those voting to convert to a charter City

When Vote Can Take Place
The charter may be submitted to the voters in an election on the following established election dates: (i) second Tuesday of April in each even numbered year, (ii) first Tuesday after the first Monday in March of each odd-numbered year, (iii) first Tuesday after the first Monday in June of each year, (iv) first Tuesday after the first Monday in November of each year, and (v) first Tuesday in February of each year evenly divisible by the number four.

This tax may only be submitted to voters in an election consolidated with a regularly scheduled general election for members of the City Council, except in cases of emergency declared by a unanimous vote of the City Council. (California Constitution Article XIIIC, Section 2(b)).

Summary
There is currently a tax upon property sales in Beverly Hills which is assessed at escrow closing. That tax is $1.10 per $1,000 (.11%). The proceeds are split evenly between the City of Beverly Hills and Los Angeles County.

Charter cities may legally impose an additional tax called a Property Transfer Tax. In the case of the City of Los Angeles, this rate is $4.50 per $1,000 (.45%). It has been suggested that a rate equal to that in Los Angeles would be reasonable. We estimate that the incremental revenue would be $5.9 million per year (Exhibit 4).

For perspective, the current tax equates to $1,000 on a house selling for $1 million. The incremental cost impact upon that transaction would be $4,500 if the $4.50 rate were applied. The impact would tend to be felt only when a person sold their home.
Under current law, a simple majority (50% +1 of the votes cast) is generally required to approve a new general tax.

However, in the case of the property transfer tax, the City would have to convert from a "general law city" to a "charter city". This would require the city to draft a charter containing rules for governing the city that may be different than general California law, and then submit the charter to voters for approval.

It is not the intent of this report to address the issues associated with becoming a charter city.

Fees

Storm Drain Fee (Clean Water Fee)

Estimated Potential Revenue to City
Amount necessary to fund the project or maintenance of a district. This amount is currently estimated at $6 million per year. This amount includes current operating expenses and CIP projects of $3.5 million per year. In addition, $2.5 million per year may be required to comply with the Clean Water Act. The $2.5 million consists of both CIP and operation and maintenance costs.

Voter Approval Needed
A simple majority of property owners subject to the fee. A vote of property owners is conducted by mail. One vote would be allowed per parcel, regardless of whether the land contains an apartment building, business or home. Alternatively, the election may be of the registered voters, in which case, a two-thirds vote is required. This election may be conducted by mail or at the polls.

When Vote Can Take Place
The election must be conducted at least 45 days after the public hearing on the proposed fee and on the following established dates for an election at the polls: (i) second Tuesday of April in each even numbered year, (ii) first Tuesday after the first Monday in March of each odd-numbered year, (iii) first Tuesday after the first Monday in June of each year, (iv) first Tuesday after the first Monday in November of each year, and (v) first Tuesday in February of each year evenly divisible by the number four. If the City conducts a mailed ballot election, the election could be held on one of the following dates: (i) the first Tuesday after the first Monday in May of each year, (ii) the first Tuesday after the first Monday in March of each even numbered year, or (iii) the last Tuesday in August of each year.

Summary
Revenue is used to address urban runoff, maintenance of the storm drains, and the repair of gutters and curbs. The City currently has this fee. Any change in the fee amount would require voter approval.

Benefit Assessments

Special assessment districts are defined geographic areas within a jurisdiction created to provide tax-exempt financing for public improvements or services within the district. The jurisdiction would issue special assessment bonds to finance infrastructure or improvements. In the absence of a majority protest, assessments are imposed to pay the debt service on the bonds. A majority protest exists if ballots submitted in

opposition exceed ballots submitted in favor, with ballots weighted according to the assessment against each parcel.

The assessments are not levied on any other property in the jurisdiction outside of the assessment district; assessments directly allocate the district's costs to the benefited properties in proportion to the special benefit each property receives from the improvements.

Significantly, assessment bonds are payable only from the assessments. Bondholders understand that the debt is "non-recourse" to the issuer, and doesn't represent a general obligation of the jurisdiction, so property taxpayers outside the district never have to worry about being saddled with the district's debt.

Due to the complex nature of assessment districts, options that are of interest to City Council will be further reviewed with the City Council based on the project specifications and specific desired outcomes.

Parks & Recreation District (Landscaping & Lighting Act of 1972)

Estimated Potential Revenue to City
Amount necessary to fund the project or maintenance of a district.

Voter Approval Needed
Approval is obtained through an assessment ballot proceeding of the property owners. Voting is weighted in accordance with the amount of the assessment. Ballots submitted in opposition to the assessments must not exceed the ballots submitted in favor.

When Vote Can Take Place
Majority protest proceeding occurs at public hearing that is at least 45 days after mailing to property owners notice of such hearing and assessment ballot.

Summary
Under the Landscaping and Lighting Act of 1972, the city can levy assessments for land purchase and the construction, operation and maintenance of parks, landscaping, lighting, traffic signals, and graffiti abatement.

Landscape & Lighting District

Estimated Potential Revenue to City
Amount necessary to fund the project or maintenance of a district.

Voter Approval Needed
Approval is obtained through an assessment ballot proceeding of the property owners. Voting is weighted in accordance with the amount of the assessment. Ballots submitted in opposition to the assessments must not exceed the ballots submitted in favor.

When Vote Can Take Place
Majority protest proceeding occurs at public hearing that is at least 45 days after mailing to property owners notice of such hearing and assessment ballot.

Summary
This district would most likely fall under the Landscaping and Lighting Act of 1972. There are multiple options to fund a district that solely maintains street lighting.

Parking Assessment District

Estimated Potential Revenue to City
Amount necessary to fund the project or maintenance of a district.

Voter Approval Needed
Approval is obtained through an assessment ballot proceeding of the property owners. Voting is weighted in accordance with the amount of the assessment. Ballots submitted in opposition to the assessments must not exceed the ballots submitted in favor.

When Vote Can Take Place
Majority protest proceeding occurs at public hearing that is at least 45 days after mailing to property owners notice of such hearing and assessment ballot.

Summary
The construction of a parking structure can be funded using a Mello-Roos special tax and may be able to be funded through an assessment district.

Fire Suppression District

Estimated Potential Revenue to City
Amount necessary to fund the project or maintenance of a district.

Voter Approval Needed
Approval is obtained through an assessment ballot proceeding of the property owners. Voting is weighted in accordance with the amount of the assessment. Ballots submitted in opposition to the assessments must not exceed the ballots submitted in favor.

When Vote Can Take Place
Majority protest proceeding occurs at public hearing that is at least 45 days after mailing to property owners notice of such hearing and assessment ballot.

Summary
It is possible to fund a portion of the Fire Department's operational expenses through an assessment district.

Conclusion

The City of Beverly Hills has significant potential opportunities for increasing tax revenues, assessments or fees. However, these options could have a significant impact upon property owners, residents, businesses and City Staff. Notwithstanding the legal requirement of voter approval, it is incumbent upon the City to evaluate these options as a part of a plan to address its long term financial planning.

The City must consider how to maximize its fiscal balance and independence. Creation of expanded financial reserves, whether deemed an "endowment" or otherwise, could be an extremely valuable "insurance policy" for maintenance of the uniqueness of Beverly Hills.

Scott G. Miller
CFO / Director of Administrative Services

Revenue Options - Beverly Hills - Exhibit 1

Revenue Source	Voter Approval Required? And who votes?	Estimated Potential Annual Dollars Raised
Sales Transaction and Use Tax	Yes - 50% + 1 of the votes cast	$6.25 Million Annually
Utility Users Tax	Yes - 50% + 1 of the votes cast	$1.9 - $19.4 Million Annually (See Exhibit 3)
Commercial Parking Tax	Yes - 50% + 1 of the votes cast	$1.0 Million Annually
Oil Extraction Tax	Yes - 50% + 1 of the votes cast	$0.525 - $0.769 Million Annually (See Exhibit 5)
Business Tax Ordinance	Yes - 50% + 1 of the votes cast	$2.0 - $2.5 Million Annually
Development Excise Tax	Yes - 50% + 1 of the votes cast	$25,000 Annually
Parcel Tax	2/3 of the votes cast	TBD
TOT (Bed Tax)	Yes - 50% + 1 of the votes cast	$3.3 Million Annually
MelloRoos	Election is by registered voters if for each of the 90 days preceding the protest hearing at least 12 persons were registered to vote in the district; otherwise, vote is by landowners (with one vote per acre or portion of an acre) in proposed district. The measure requires a two-thirds vote of the appropriate voters.	TBD
Property Transfer Tax	Yes (for Charter and Tax) - 50% + 1 of the votes cast	$5.9 Million Annually
Storm Drain Fee	Yes - 50% + 1 of the votes cast of property owners or 2/3 of registered voters	$6 Million Annually
Parks & Recreation District	Approval of a majority of the property owners who return mailed ballots through an assessment ballot proceeding. Voting is weighted in accordance with the amount of the assessment.	TBD
Landscape & Lighting District	Approval of a majority of the property owners who return mailed ballots through an assessment ballot proceeding. Voting is weighted in accordance with the amount of the assessment.	TBD
Parking Assessment District	Approval of a majority of the property owners who return mailed ballots through an assessment ballot proceeding. Voting is weighted in accordance with the amount of the assessment.	TBD
Fire Suppression District	Approval of a majority of the property owners who return mailed ballots through an assessment ballot proceeding. Voting is weighted in accordance with the amount of the assessment.	TBD

Municipal Utility Users Tax Rate Comparisons
Exhibit 2

	Cable TV	Telephone	Electricity	Gas	Water	Wastewater	Total Revenue
Beverly Hills							
Rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**$ -**
Exemptions	N/A - The City doesn't currently have a Utility Users Tax						
Los Angeles							
Rate	0%	10%	10%	10%	0%	0%	**$ 510,339,321**
Exemptions	Elderly, disabled and low income who meet the HUD low income requirements.						
	Note: The telephone and gas users tax rate for non-profit educational institutions is 5%						
Burbank							
Rate	0%	7%	7%	7%	0%	0%	**$ 17,862,401**
Exemptions	Note: Elderly, disabled and low income who meet the City's low income requirements.						
Pasadena							
Rate	9.4%	8.28%	7.67%	7.9%	7.67%	0%	**$ 26,470,811**
Exemptions	Note: Elderly, disabled and low income who meet the City's low income requirements.						
Glendale							
Rate	7%	7%	7%	7%	7%	0%	**$ 25,462,000**
Exemptions	Note: Elderly, disabled and low income who meet the City's low income requirements.						
Santa Monica							
Rate	10%	10%	10%	10%	10%	0%	**$ 31,928,000**
Exemptions	Note: Elderly, disabled and low income who meet the City's low income requirements.						
Culver City							
Rate	11%	11%	11%	11%	11%	0%	**$ 14,036,664**
Exemptions	Note: Elderly, disabled and low income who meet the City's low income requirements.						

Potential Revenue from UUT
Exhibit 3

		Potential Revenue		
	Estimated Annual Billings	**1%**	**5%**	**10%**
Electric	$94,065,368	$940,654	$4,703,268	$9,406,537
Telephone	$25,000,000	$250,000	$1,250,000	$2,500,000
Natural Gas	$17,680,596	$176,806	$884,030	$1,768,060
Cable TV	$12,044,395	$120,444	$602,220	$1,204,439
Water	$23,342,076	$233,421	$1,167,104	$2,334,208
Wastewater	$8,132,726	$81,327	$406,636	$813,273
Solid Waste	$13,514,202	$135,142	$675,710	$1,351,420
Total		**$ 1,937,794**	**$ 9,688,968**	**$ 19,377,936**

Potential Revenue from Property Transfer Tax
Exhibit 4

Fiscal Year	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	**Average**
City Revenues	$ 623,474	$ 534,600	$ 626,928	$ 838,710	$ 1,057,283	$ 1,105,225	$ 1,026,057	**$ 830,325**
Rate per $1,000	$ 0.55	$ 0.55	$ 0.55	$ 0.55	$ 0.55	$ 0.55	$ 0.55	**$ 0.55**
Real Estate Value	$ 1,133,589,091	$ 972,000,000	$ 1,139,869,091	$ 1,524,927,273	$ 1,922,332,727	$ 2,009,500,000	$ 1,865,558,182	**$ 1,509,682,338**
If rate were $4.50	$ 5,101,151	$ 4,374,000	$ 5,129,411	$ 6,862,173	$ 8,650,497	$ 9,042,750	$ 8,395,012	**$ 6,793,571**
Difference	$ 4,477,677	$ 3,839,400	$ 4,502,483	$ 6,023,463	$ 7,593,214	$ 7,937,525	$ 7,368,955	**$ 5,963,245**
Percent Change	718.18%	718.18%	718.18%	718.18%	718.18%	718.18%	718.18%	**718.18%**

Potential Revenue from Oil Extraction Tax
Exhibit 5

	Current Tax For Wells Outside The City	Proposed Tax For Wells Outside The City ($100 per barrel)	Proposed Tax For Wells Outside The City ($130 per barrel)	Current Tax For Wells Inside The City	Proposed Tax For Wells Inside The City ($100 per barrel)	Proposed Tax For Wells Inside The City ($130 per barrel)	**Proposed Revenue Increase ($100 per barrel)**	**Proposed Revenue Increase ($130 per barrel)**
Number of Wells Pumping Oil	58	58	58	14	14	14		
Tax per 1st 10,000 Barrels of Oil	$1,818.55	$6,900	$8,970	$3,651	$14,000	$18,200		
Barrels Currently Pumped over 10,000	124,369	124,369	124,369	41,167	41,167	41,167		
Tax per Barrel over 10,000	$ 0.13	$ 0.50	$ 0.90	$ 0.34	$ 1.30	$ 1.69		
Total Revenue	**$ 121,644**	**$ 462,384**	**$ 631,819**	**$ 65,107**	**$ 249,517**	**$ 324,372**	**$ 525,150**	**$ 769,440**

Potential Revenues from Development Excise Tax - Exhibit 6

Estimated Number of Annually Unit Taxed for FY 2008/09	Estimated Number of Annual Bedrooms Added for FY 2008/09	FY 2006/07 Construction Tax Revenue ($979.70/unit)	FY 2006/07 Dwelling Unit Tax Revenue ($195/bedroom)	Proposed Construction Tax Revenue ($1,200/unit)	Proposed Dwelling Unit Tax ($250/bedroom)	**Proposed Annual Total Increase**
30	300	$ 60,000	$ 26,000	$ 36,000	$ 75,000	**$ 25,000**