

**Conference Revenue Package
June 16, 2009**

New Revenues	Fiscal Effect (millions of dollars)	
	2009-10	2010-11 and Subsequent years
1) <u>Imposes oil severance tax</u> . Imposes a 9.9% tax on the gross value of each barrel extracted from California. Stripper wells are exempt from the tax whenever the average price of the oil they produce falls below \$30 per barrel. Effective October 1, 2009. Annual cost to Department of Conservation of about \$10 million to administer program. Revenue estimates assume current price of about \$60 per barrel for California crude oil.	\$830	About \$1,100 million increase in 2010-11 and future years assuming current oil prices. Action: Adopted Assembly 3-2 Senate 3-2
2) <u>Repeals recent corporate tax breaks</u> . Rolls back provisions enacted with the 2008-09 budget which (a) expand the net operating loss (NOL) carry forward period from 10 years to 20 years; (b) permit NOLs incurred on or after January 1, 2011 to be carried back to offset earnings during the two prior years; and (c) allow corporations to assign all or a portion of their unused tax credits earned on or after January 1, 2008 to an affiliated corporation that is a member of the same combined reporting group.	80	Revenue increase of \$290 million in 2010-11 rising to \$850 million annually by 2014-15. Action: Adopted minus (a) – the NOL carry-forward change. Assembly 3-2 Senate 3-2
3) <u>Increases cigarette taxes</u> . Raises state cigarette excise taxes (currently \$.87 per pack) by an additional \$1.50, and imposes an equivalent increase for other tobacco products, effective October 1, 2009.	1,000	Annual revenues of about \$1,200 in 2010-11, decreasing about 3% per year. Action: Adopted Assembly 3-2 Senate 3-2