

**ACADEMIC SENATE
OF
THE CALIFORNIA STATE UNIVERSITY**

AS-3128-13/FGA
May 16-17, 2013

In Support of SB 241 (Evans): *Oil Severance Tax Law*

RESOLVED: That the Academic Senate of the California State University (ASCSU) support SB 241 (Evans): *Oil Severance Tax Law*, which would impose a California oil and gas severance tax, from which the majority of revenues are to be allocated to the California State University (CSU), the University of California (UC), and the California Community Colleges (CCC); and be it further

RESOLVED: That this resolution be distributed to the Chancellor and Board of Trustees of the CSU; Senator Evans, Chairs of the following committees: Senate Appropriation and Budget Committees; Assembly Appropriation and Budget Committees, Senate Education Committee, Assembly Higher Education Committee, Assembly Budget Sub-Committee on Education Finance; and the Legislative Leadership.

RATIONALE: California higher education has received a declining share of general fund appropriations over the past several decades. This underfunding has created a decline in California funding for higher education from one of the highest per student in the nation to one of the lowest. In addition, the cuts in general fund support in recent years have impaired CSU's ability to meet the growth in enrollment demand. Moreover, citizen-initiated legislation has obligated an increasing percentage of state revenues to specific areas of the budget. The remaining small discretionary portion the budget, which includes allocations to higher education, must be spread across many critical state services.

SB 241 (Evans) would impose a severance tax on all oil and natural gas extracted in the state of California, the revenues from which (after mandated Proposition 98 allocations are made) would be deposited into a California Higher Education Fund. Monies in the Fund would then be regularly distributed as follows: UC: 30%, CSU: 30%, CCC: 30%. Remaining funds are directed to the Department of Parks and Recreation (5%) and a disaster reserve account (5%).

A number of states across the United States (e.g. Texas) have created dedicated endowments funded from severance tax revenues. This legislation would provide the three segments of California higher education with a designated revenue stream to buffer against potential fluctuations in the general fund allocation. In addition, it would enable California to leverage its natural resources to provide a lasting benefit to its citizens through higher education. The ASCSU has previously supported legislation to this end in resolution AS-2899-09/FGA

(<http://www.calstate.edu/Acadsen/Records/Resolutions/2008-2009/2899.shtml>)

Approved Without Dissent – May 17, 2013