

August 29, 2011

Office of the Attorney General

1300 I Street

P.O. Box 944255

Sacramento, California 94244-2550

RECEIVED

AUG 31 2011

INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

RE: Respectfully request Amendment to the "Fair Share for Fair Tuition Act"

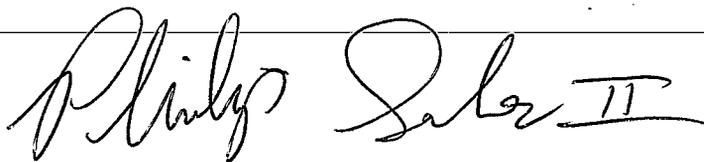
To Dawn L. McFarland:

I must thank you for your time and consideration. Secondly, I would like to apologize and ask that you please bare with any mistakes I may make during this process. I have little to no legislative experience and that brings me to my next point.

I respectfully request to make an amendment for a title change. As discussed in our previous correspondences, I would like the name to be "The Save California's Education Act." I had hoped that this name change would be considered non-substantiative so that I wouldn't have to resubmit the Initiative. Unfortunately, I've been told that I must resubmit this in order to change the Initiative's name. The sole purpose of this amendment is to do that.

Please make my contact information below public. If you have any questions or concerns please contact me at (909) 549-3318, and again, thank you very much.

With all sincerity and goodwill,



Philip D. Sales II

SaveCaliforniasEducation@gmail.com

Amdt. # | S

INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

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The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

(Here set forth the title and summary prepared by the Attorney General. This title and summary must also be printed across the top of each page of the petition whereon signatures are to appear.)

TO THE HONORABLE SECRETARY OF STATE OF CALIFORNIA

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We, the undersigned, registered, qualified voters of California, residents of _____ County (or City and County), hereby propose amendments to the Revenue and Taxation Code, relating to fair tuition, and petition the Secretary of State to submit the same to the voters of California for their adoption or rejection at the next succeeding general election or at any special statewide election held prior to that general election or otherwise provided by law. The proposed statutory amendments (full title and text of measure) read as follows:

SECTION 1. Part 21 (commencing with Section 42001) is added to Chapter 1 of Division 2 of the Revenue and Taxation Code, to read:

PART 21: SAVE CALIFORNIA'S EDUCATION ACT

CHAPTER 1. OIL SEVERANCE TAX

42001. This part shall be known, and may be cited, as the Save California's Education Act.

42002. For purposes of this part, the following definitions shall apply:

(a) "Barrel of oil or gas" means 42 United States gallons of 231 cubic inches per gallon oil computed at a temperature of 60 degrees Fahrenheit or gas, as measured per 1,000 cubic feet (mcf) at a base pressure of 15.025 pounds per square inch absolute and at a temperature base of 60 degrees Fahrenheit.

(b) "California Higher Education Fund" or "CHEF" means the fund that is created by Section 42100.

(c) "Gas" means all natural gas, including casing head gas, and all other hydrocarbons not defined as oil in subdivision (g).

(d) "Gross value" means the sale price at the mouth of the well, including any bonus, premium, or other thing of value, paid for the oil or gas, as determined by a rolling 30-day average daily value, as established by the market price of the product. The board shall determine the base indexes from which the average shall be calculated. If the oil or gas is exchanged for something other than cash, if there is no sale at the time of severance, or if the relation between the buyer and the seller is such that the consideration paid, if any, is not indicative of the true value or market price, then the

board shall determine the value of the oil or gas subject to the tax based on the cash price paid to the producer for like quality oil or gas in the vicinity of the well.

(e) "Higher education" means the California Community Colleges, the California State University, and the University of California.

(f) "In this state" means within the exterior limits of the State of California and includes all territory within these limits owned by or ceded to the United States of America. "In this state" includes the mean high tide line to three nautical miles off shore.

(g) "Oil" means petroleum, or other crude oil, condensate, casing head gasoline, or other mineral oil that is mined, produced, or withdrawn from below the surface of the soil or water in this state.

(h) "Operator" means a person that, by virtue of ownership, or under the authority of a lease or any other agreement, has the right to drill, operate, maintain, or control an oil or gas well in the earth or water in this state, including any person that takes oil or gas from the earth or water in this state in any manner, any person that owns, controls, manages, or leases any oil or gas well in the earth or water of this state, and any person that produces or extracts in any manner any oil or gas by taking it from the earth or water in this state; and includes the first person that acquires either the legal title or beneficial title to oil or gas taken from the earth or water in this state by the federal government or a federal instrumentality.

(i) "Political subdivision of the state" includes any local public entity, as defined in Section 900.4 of the Government Code.

(j) "Production" means the total gross amount of oil or gas produced, including the gross amount attributable to a royalty or other interest.

(k) "Severed" or "severing" means the extraction or withdrawing from below the surface of the earth or water of any oil or gas, regardless of whether the extraction or withdrawal shall be by natural flow, mechanical flow, forced flow, pumping, or any other means employed to get the oil or gas from below the surface of the earth or water, and shall include the extraction or withdrawal by any means whatsoever of oil or gas upon which the tax has not been paid, from any surface reservoir, natural or artificial, or from a water surface.

(l) "Stripper well" means a well that has been certified by the Division of Oil, Gas, and Geothermal Resources in the Department of Conservation as an oil well incapable of producing an average of more than 10 barrels of oil per day during the entire taxable month or a gas well that is incapable of producing more than 60,000 cubic feet of gas per day. Once a well has been certified as a stripper well, that stripper well shall remain certified as a stripper well until the well produces an average of more than 10 barrels of oil or 60,000 cubic feet of gas per day during an entire taxable month.

42010. (a) For the privilege of severing oil or gas from the earth or water in this state, a tax is hereby imposed on all operators at the rate of 10 percent of the gross value of the barrel of oil or gas, and the tax shall be applied equally to all portions of the gross value of each barrel of oil or gas.

(b) Any person that owns an interest, including a royalty interest, in oil or gas or its value is liable for the tax until it has been paid to the board.

42011. Except as otherwise provided in this part, the tax shall be upon the entire production in this state, regardless of the place of sale or to whom sold or by whom used, or the fact that the delivery may be made to points outside the state.

42012. The tax imposed by this part shall be in addition to any other taxes imposed by law, including, without limitation, any ad valorem taxes imposed by the state, or any political subdivision of the state, or any local business license taxes that may be incurred for the privilege of severing oil or gas from the earth or water or doing business in that locality. There shall be no exemption from the payment of an ad valorem tax related to equipment, material, or other property by reason of the payment of the tax pursuant to this part.

42013. (a) The tax imposed by this part shall not be passed through to consumers by way of higher prices for oil, natural gas, gasoline, diesel, or other oil or gas consumable byproducts, including propane and heating oil. The board shall monitor and, if necessary, investigate any instance where operators have attempted to gouge consumers by materially raising the price of oil, natural gas, gasoline, diesel, or other oil or gas consumable byproducts, including propane and heating oil.

(b) The board shall prescribe, adopt, and enforce rules and regulations relating to the administration and enforcement of this section.

(c) This section shall apply only to the extent not superseded by federal law.

42014. Two or more operators that are corporations and are owned or controlled directly or indirectly, as defined in Section 25105, by the same interests shall be considered as a single operator for purposes of application of the tax prescribed by this part.

42015. (a) There shall be exempted from the imposition of the tax imposed pursuant to this part the severing of oil or gas produced by a stripper well in which the average gross value of a barrel of oil or gas is fifty dollars (\$50.00) or less as of the first day of the previous calendar quarter.

(b) The Division of Oil, Gas, and Geothermal Resources in the Department of Conservation shall notify the board of all wells that have been certified as stripper wells.

42016. Each operator shall prepare and file with the board a return in the form prescribed by the board containing information as the board deems necessary or appropriate for the proper administration of this part. The return shall be filed on or before the last day of the calendar month following the calendar quarter to which it relates, together with a remittance payable to the board for the amount of tax due for that period.

42017. (a) The board shall administer and collect the tax imposed by this part pursuant to the Fee Collection Procedures Law (Part 30 (commencing with Section 55001)). For purposes of this part, the references in the Fee Collection Procedures Law to "fee" shall include the tax imposed by this part and references to "feepayer" shall include a person required to pay the tax imposed by this part.

(b) The board may prescribe, adopt, and enforce regulations relating to the administration and enforcement of this part, including, but not limited to, provisions governing collections, reporting, refunds, and appeals.

(c) The board may prescribe, adopt, and enforce emergency regulation relating to the administration and enforcement of this part. Any emergency regulation prescribed,

adopted, or enforced pursuant to this section shall be adopted in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and, for purposes of that chapter, including Section 11349.6 of the Government Code, the adoption of the regulation is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, and general welfare.

42018. All taxes, interest, penalties, and other amounts collected pursuant to this part, less refunds and costs of administration, shall be deposited into the California Higher Education Fund.

CHAPTER 2. CALIFORNIA HIGHER EDUCATION FUND

42100. (a) The California Higher Education Fund is hereby created in the State Treasury. Notwithstanding Section 13340 of the Government Code, moneys in the fund are continuously appropriated, without regard to fiscal years, as follows:

(1) Ten percent to the California Student Aid Commission to fund aid to students, of which 50 percent shall fund Cal Grants, and 50 percent shall fund scholarships for students from households with an average annual household income of fifty thousand dollars (\$50,000) or less.

(2) Ten percent to the Regents of the University of California for purposes of funding direct classroom instruction, to be allocated at the discretion of the Regents.

(3) Twenty percent to the Trustees of the California State University for purposes of funding direct classroom instruction, to be allocated at the discretion of the Trustees.

(4) Twenty percent to the Board of Governors of the California Community Colleges for purposes of funding direct classroom instruction, to be allocated at the discretion of the Board of Governors.

(5) Forty percent to the Superintendent of Public Instruction for purposes of funding direct K-12 classroom instruction, to be allocated at the discretion of the Superintendent.

(b) The moneys appropriated pursuant to subdivision (a) shall be used to supplement, not supplant, existing levels of state funding for the California Student Aid Commission, the California State University, the University of California, the California Community Colleges, and the State Department of Education.

42101. Notwithstanding any other law, the California Student Aid Commission, the Regents of the University of California, the Trustees of the California State University, the Board of Governors of the California Community Colleges, and the Superintendent of Public Instruction may transfer, wholly or in part, any moneys received pursuant to this part to the General Fund.

42102. The provisions of this part are severable. If any provision of this part or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.