

CITY COUNCIL MEETING
April 21, 1993

RESOLUTION APPROVED OPPOSING PRESIDENT
CLINTON'S PROPOSED ENERGY TASK PLAN

RESOLUTION NO. 93-54

CC-51(d)
CC-109
CC-300

In February of this year, President Clinton outlined as part of his proposed budget an energy tax or "BTU" tax on various energy sources. As described, the tax would apply (among other things) to gas, coal, oil, and nuclear energy generation, as well as hydro facilities. Solar, geothermal, and biomass generation would be exempt. The proceeds would be earmarked for earned income tax credits, food stamps, low income home energy assistance programs, and to reduce the deficit.

Because of the speed with which the proposal is being handled, and the continual changes that have occurred, the most current information the City Attorney could obtain is now approximately 6 weeks old. While the accuracy cannot be guaranteed, presented to Council was an estimate prepared by the American Public Power Association on the measure and its likely impacts on retail price of electricity. Some of the estimates (nuclear, hydro) have not been completed as yet, but Mr. McNatt was informed that there will be regional adjustments included to even out the effect of the tax on various parts of the United States. For example, a higher tax on hydroelectric generation would be imposed in the Northwest where it is most common, and coal-fired plants in the East and Midwest would be subject to a higher tax.

In addition, the measure would also impose various taxes on gasoline, home heating oil, etc., but the City Attorney was unable to obtain further information on those points.

It has been proposed that the City Council adopt a Resolution in opposition to this measure.

On motion of Council Member Mann, Snider second, the City Council unanimously adopted Resolution No. 93-54 entitled, "A Resolution of the Lodi City Council In Opposition to President Clinton's Proposed Energy Tax Plan".



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Proposed Federal Energy Tax

MEETING DATE: April 21, 1993

PREPARED BY: City Attorney

RECOMMENDED ACTION: Council discussion and staff direction (possible adoption of attached Resolution).

BACKGROUND: In February of this year, President Clinton outlined as part of his proposed budget an energy tax or "BTU" tax on various energy sources. As described, the tax would apply (among other things) to gas, coal, oil, and nuclear energy generation, as well as hydro facilities. Solar, geothermal, and biomass generation would be exempt. The proceeds would be earmarked for earned income tax credits, food stamps, low income home energy assistance programs, and to reduce the deficit.

Because of the speed with which the proposal is being handled, and the continual changes that have occurred, the most current information I could obtain is now approximately 6 weeks old. While the accuracy cannot be guaranteed, attached is an estimate prepared by the American Public Power Association on the measure and its likely impacts on retail price of electricity. Some of the estimates (nuclear, hydro) have not been completed as yet, but I am informed that there will be regional adjustments included to even out the effect of the tax on various parts of the United States. For example, a higher tax on hydroelectric generation would be imposed in the Northwest where it is most common, and coal-fired plants in the East and Midwest would be subject to a higher tax.

In addition, the measure would also impose various taxes on gasoline, home heating oil, etc., but I was unable to obtain further information on those points. I hope to have more current information via APPA prior to the April 21 Council meeting.

APPROVED: _____


THOMAS A. PETERSON
City Manager

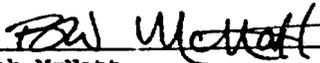


Proposed Federal Energy Tax
April 21, 1993
Page Two

It has been proposed that the City Council adopt a Resolution in opposition to this measure. That Resolution is attached for Council consideration.

FUNDING: None.

Respectfully submitted,



Bob McNatt
City Attorney

attachments

cc: Henry Rice
Dixon Flynn

CLINTON ADMINISTRATION'S PROPOSED ENERGY TAX
AND ITS ESTIMATED IMPACT ON THE RETAIL PRICE OF ELECTRICITY
phased introduction over three years, fully phased in 7/1/96

ENERGY SOURCE	Ave. Price Per Million BTUs <hr/> (\$)	Proposed Tax Per Million BTUs <hr/> (\$)	Tax As % of Ave. Price (collection point) <hr/> (%)	Energy Source as % of Total Electric Utility Use <hr/> (%)
Oil	2.50	0.599	23.9 (refinery)	4
Gas	2.00	0.257	12.9 (pipeline)	10
Coal	1.50	0.257	17.1 (minemouth)	55
Nuclear	imputed*	0.257	-- (utility)	22
Hydro	imputed*	0.257	-- (utility)	10
Solar/Wind/ Geothermal/Biomass	E X E M P T			
Imported Electricity	imputed*	0.257**	-- (point of importation)	
Imported Petroleum	--	0.599**	-- (point of importation)	

- NOTES:
1. Numbers in this table are current estimates based on incomplete information, and are subject to revision. Calculations assume fully phased in tax.
 2. Based on this preliminary information, the average tax per million BTUs used in electric utility generation would be 27.1 cents.
 3. Based on this preliminary information, upon full implementation of the proposed tax (following a three-year phase in) electric rates will increase by 3.7%. DOE estimates electric rates in year 2000 will be 3% higher than they would have been without tax.
- * Assumes nuclear generation at 10,600 BTU per kWh, and hydro generation at 10,300 BTU per kWh.
- ** Methodology not disclosed in preliminary DOE documents. This rate is APPA estimate of what is intended.

RESOLUTION NO. 93-54

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A RESOLUTION OF THE LODI CITY COUNCIL
IN OPPOSITION TO PRESIDENT CLINTON'S PROPOSED ENERGY TAX

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WHEREAS, the City of Lodi, as owner and operator of a municipal electric utility, is committed to provide electric power to its citizens at a reasonable price; and

WHEREAS, it has been estimated that the proposed energy tax could add to the bills of Lodi ratepayers up to \$1 million per year; and

WHEREAS, there are presently no guarantees that the money raised by this tax would actually be used for deficit reduction, but rather could be channelled into additional spending programs;

NOW, THEREFORE, BE IT RESOLVED, by the Lodi City Council that the City of Lodi strongly opposes the Clinton Administration's energy tax.

Dated: April 21, 1993

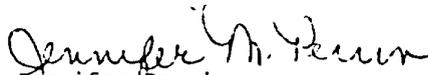
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I hereby certify that Resolution No. 93-54 was passed and adopted by the Lodi City Council in a regular meeting held April 21, 1993 by the following vote:

Ayes: Council Members - Davenport, Mann, Sieglock, Snider,
and Pennino (Mayor)

Noes: Council Members - None

Absent: Council Members - None


Jennifer Perrin
City Clerk

93-54

CITY COUNCIL

PHILLIP A. PENNINO, Mayor
JACK A. SIEGLOCK
Mayor Pro Tempore
RAY C. DAVENPORT
STEPHEN J. MANN
JOHN R. (Randy) SNIDER

CITY OF LODI

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THOMAS A. PETERSON
City Manager

JENNIFER M. PERRIN
City Clerk

BOB McNATT
City Attorney

April 27, 1993

The President
The White House
1600 Pennsylvania Avenue
Washington, D. C.

Dear Mr. President:

Enclosed herewith please find Resolution No. 93-54 entitled, "A Resolution of the Lodi City Council in Opposition to President Clinton's Proposed Energy Tax", which was adopted by the Lodi City Council at its meeting of April 21, 1993.

The City of Lodi strongly urges you to consider our position on this matter before you take steps to implement this plan. Thank you in advance for your cooperation in this matter.

Very truly yours,


Jennifer M. Perrin
City Clerk

JMP

Attachment