

40. PENDING FEDERAL LEGISLATION - HR 14462 (CONGRESSMAN WILBUR D. MILLS).

Mr. E. N. Gladish, Executive Officer, State Lands Commission, stated that the primary thrust of H.R. 14462, as introduced April 30, 1974, by Congressman Wilbur D. Mills, deals with a "windfall profits tax" and modifications of depletion allowance for oil development, oil preserves, and oil production. This legislation contains sections that appear to place a tax on California-owned oil production. This tax could range from a low \$5 million to a high of \$150 million in the first year. The amount would depend on the outcome of the State of California's exemption litigation now in the Appellate Court in the Federal judicial system. Mr. Gladish reported that the bill's language appears to be somewhat contradictory. It appears to exempt the State on the one hand, and on the other hand it contains specific language that would appear to subject the State to some sort of a "windfall profits tax". As previously indicated, Mr. Gladish stated the difficulty in arriving at a definite figure was because of the wide variation in the State's anticipated revenues. Mr. Gladish reported that the bill is on the floor of the House. It is his understanding that there is companion legislation in the Senate and it has not progressed.

Mr. Gladish requested from the Commission authorization to oppose that portion of H.R. 14462 that would purport to place a tax on, in effect, State income. Additionally, he indicated that the City of Long Beach has actively opposed the legislation.

Acting Chairman Kirk West deferred taking formal action. He directed the staff to prepare a written communication expressing opposition to the legislation to be signed by members of the Commission. He said that by signing the communication, the Commissioners would be formally approving the recommended action.

Upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION DIRECTS THE EXECUTIVE OFFICER OR HIS DESIGNEE TO PREPARE A WRITTEN COMMUNICATION FOR SIGNATURE BY MEMBERS OF THE COMMISSION. THIS COMMUNICATION WILL EXPRESS OPPOSITION TO CERTAIN PORTIONS OF H.R. 14462, AS INTRODUCED APRIL 30, 1974, BY CONGRESSMAN WILBUR D. MILLS, DEALING WITH THE "WINDFALL PROFITS TAX".