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Campaign 2006: Oil tax bid hatched by unlikely advocate

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Anthony Rubenstein describes himself as a "low-rent screenwriter" who came up with a big idea -- forcing oil companies pumping crude from California fields to pay an extraction tax that will fund alternative energy research and development. Despite support from environmentalists and well-heeled backers, Proposition 87 is facing heavy opposition from the oil industry that has donated more than \$30 million to defeat it. Sacramento Bee/Brian Baer

LOS ANGELES -- The gifts had been opened, the roast duck consumed and Dan Kammen was watching a football game when the telephone interrupted his Christmas Day ritual.

Anthony Rubenstein, a former screenwriter unknown to Kammen and most Californians, was on the line describing his dream -- a statewide initiative to pay for alternative energy research and development.

Almost anyone else would have hung up the phone. But Kammen is a longtime alternative energy advocate, so he listened and signed up to help.

"The renewable energy area is not one with huge sugar daddies, so we tend to listen to good ideas," said the University of California, Berkeley, energy professor. "And Christmas Day may have been a good day because I think I was pretty bloated on roast duck and willing to listen."

The Christmas Day phone call is a classic "cold calling" technique for telephone solicitors -- and one of many Rubenstein admits using as he turned his dream into Proposition 87, the oil tax initiative on the November ballot.

At 42, Rubenstein has never before been involved in a political campaign. He's never been active in environmental causes and claimed little energy expertise before speaking to Kammen.

Yet this self-described "low-rent screenwriter" is the instigator of one of the biggest environmental initiatives in

years and one of the most expensive ballot measure campaigns this year.

"I'm just a regular guy with a big idea," Rubenstein said. "It's something I started with a cell phone and a laptop."

The youngest of three sons of a prominent Beverly Hills physician and an art historian, Rubenstein took a circuitous route on the way to Proposition 87.

He moved to San Francisco in 1986 to study history at the University of San Francisco, then returned to Los Angeles to pursue his idea of putting ads inside movie popcorn containers.

He worked for a movie executive, became a screenwriter and produced a flop, "The Last Big Thing," in 1998.

In 2003, he went to work as head of corporate affairs at L.A. Works, where he helped organize cleanup and painting days at various facilities, including La Plaza de la Raza Cultural Arts Center.

"It's just been a wonderful relationship," said Rose Marie Cano, the cultural arts center's executive director. "I just think he's a great guy."

He lacks the polish or the political acumen of others who work on initiatives -- but not the chutzpah.

Rubenstein said he became interested in alternative energy after the Sept. 11, 2001, terrorist attacks on the East Coast renewed the debate over America's dependence on foreign oil.

He studied the topic but didn't know how to address the issue. So he began calling experts, like Kammen, during his 2004 Christmas vacation.

"There were a lot of people in this whole process who blew me off," Rubenstein said. "I don't have any hard feelings about it because I was a guy out of nowhere."

Kammen became his first contact among the alternative energy field's leading scientists. The energy professor referred Rubenstein to others, including Nathan S. Lewis, a California Institute of Technology chemistry professor.

Soon Rubenstein was hosting weekly conference calls with Kammen, Lewis and about a dozen other scientists, policy specialists and environmentalists.

"What he was good at was bringing together input from a whole lot of people," Lewis said. "He was very good at getting people aligned into his vision and getting input from them."

Rubenstein said he didn't develop the policy in Proposition 87 -- the committee of experts did. But he said he insisted the panel come up with a way to pay for the alternative energy program Proposition 87 would create.

He said the breakthrough came when the group realized California was the only major oil-producing state without a severance tax on oil extraction. California imposes 6.2-cent-per-barrel regulatory fee that produces about \$14 million in revenues.

Proposition 87 proposes a new tax on producers of 1.5 percent to 6 percent of the value of the oil they extract in California. The size of the tax would increase as the per-barrel price of oil rises.

"That made this more than just a good idea," Rubenstein said. "It made it viable."

Opponents claimed California, with its corporate income and property taxes, already has the fifth-highest taxes on oil producers of any of the top 10 oil-producing states.

"You add this tax, and California becomes far and away the state with the highest tax on oil," said "No on 87" spokesman Scott Macdonald.

He called the initiative a flawed measure that would have benefited from legislative review. Rubenstein said they decided against legislation because every other oil severance tax proposal died in the Legislature, and Sacramento legislative staff warned this one would, too.

Instead, Rubenstein went in search of an "angel" who could bankroll an initiative campaign.

He called a high school friend, Stephen L. Bing, the wealthy television producer and contributor to Democratic and environmental causes.

Rubenstein said they had spoken only occasionally since their 1982 graduation from what is now known as

Harvard-Westlake School. But Bing agreed to a meeting, and Rubenstein outlined his idea as the two tossed a football across Bing's office.

Bing sent Rubenstein to talk to environmental experts and eventually to a lawyer to write the initiative. He also became the campaign co-chairman and has donated more than \$11 million.

Rubenstein continued his phone calling in search of other wealthy donors and had a brief flirtation with Texas oilman T. Boone Pickens. But he said that fell by the wayside in disagreements over changes Pickens wanted in the initiative.

Rubenstein then turned to Vinod Khosla, a Republican venture capitalist who invests in alternative energy. Khosla agreed to be the campaign's co-chairman and has donated more than \$1 million.

Khosla opened the door to other venture capitalists and Silicon Valley entrepreneurs, including investor John Doerr and Lawrence Page, Google president of products.

Even with these wealthy contributors, the "Yes on 87" campaign is far behind in fundraising. Supporters have collected more than \$15.5 million, much of it from investors in the alternative energy.

The oil industry, which would pay the \$4 billion in taxes Proposition 87 would impose, has donated more than \$30 million to defeat the measure.

"I regret that I picked a fight with a guy who is so big and strong," Rubenstein said.

He's become the chief executive for the campaign, earning \$142,800 so far.

But he said he expects to be unemployed the day after the election -- even if Proposition 87 is approved. No matter the outcome, Rubenstein said he expects to stay in the alternative energy field.

"I feel this to the depth of my heart that we need to use less oil in this world," he said. "It's an intrinsic good for us to use cleaner alternatives to oil as much as we possibly can."

Proposition 87

What it would do: Establish a 1.5 percent to 6 percent tax on oil extracted from California fields, depending on the price per barrel. Prohibits oil companies from passing the tax onto consumers. Revenues would be used to fund alternative energy programs aimed at cutting California oil consumption by 25 percent.

Supporters: Film producer Stephen Bing, venture capitalist Vinod Khosla, California Sierra Club, American Lung Association of California, various environmental and consumer rights groups.

Opponents: Chevron Corp., Aera Energy LLP, California Chamber of Commerce, Howard Jarvis Taxpayers Association and other oil companies, business groups and taxpayer organizations.

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