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Bill would pipe oil tax to schools INDUSTRY IS IN ON IDEA

By Chris Frates, Denver Post Staff Writer

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Voters may have the chance to increase school funding this November by raising oil and gas taxes under a measure filed at the legislature on Thursday.

The proposal would increase by 1 percent the taxes oil and gas producers pay and would divert some federal mineral lease funding largely for school-building and renovations.

"It is our intention in this measure to make sure that we address the immediate health and safety needs in the poorest districts first," said Mary Wickersham, a leading supporter of the proposal and who works for the Donald Kay Foundation.

Because oil and gas prices are set by national and international markets, Wickersham said, the severance tax hike would not increase what Colorado consumers pay for gasoline or natural gas.

"The hope is that we arrive at a measure that would be a responsible way for the oil and gas industry to invest in Colorado in a way that is not overly onerous," Wickersham said.

In fact, Greg Schnacke, executive vice president of the Colorado Oil and Gas Association, said he has been working with Wickersham and other education groups to craft a reasonable proposal.

"Nobody's excited about new taxes - that's just the bottom line," he said. "There's a recognition that the increasing revenue that the oil and gas industry is bringing into the state ... there's an increasing desire by a number of folks in the industry to do more for the betterment of the state."

Chris Romer, president of Great Education Colorado, said when he approached industry officials nine months ago they were "a valuable corporate citizen, but they have no friends and we thought we were the appropriate way to help them solve a problem and have some friends."

The state brought in \$32.6 million in severance taxes in fiscal year 2002-03 and \$152 million in 2004-05, according to a legislative budget committee memo.

The windfall has a number of people eyeing oil and gas taxes as a way to pay for their favorite projects. Currently, there are at least 11 different legislative proposals on how to divert the money to causes such as water projects to clean energy.

Jon Caldara, president of the Independence Institute, has filed a proposed ballot measure that would limit the oil and gas taxes the state could keep. The difference would be refunded to taxpayers to help offset higher energy costs.

Republican Rep. Josh Penry of Grand Junction, who has criticized Caldara's proposal, said he's not convinced that Colorado needs new taxes to fund education.

"At some point the question has to be asked, 'When is enough enough?'" he said. "Amendment 23 already requires enormous increases in school funding each year, and local school districts are approving new capital expansions by the droves."

The state still owes about \$150 million from a 1998 lawsuit the state settled for \$190 million. The suit said there was inadequate funding for school construction, especially in the state's poorest districts.

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