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Rip off oil's Band-Aid to help schools

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By Diane Carman, Staff Columnist

The stories from around Colorado sound like something straight out of Charles Dickens' "Bleak House."

Children going to school in buildings where rickety old furnaces belch carbon monoxide into the classrooms; chair legs breaking through rotted floors; snowmelt pouring through roofs by the bucket.

After a tornado touched down last week in Holly, people across the state galvanized around concern for a community in crisis. Meanwhile, the 1918 school building there is so decrepit that a few years ago, the district considered using steel cables to keep the walls from collapsing.

In this state, a school with walls falling down is not a crisis.

It's normal.

In 40 percent of the districts in Colorado, even if voters approve the maximum allowed property-tax rates, they can't raise enough money from a bond issue to build a school. Just maintaining existing buildings is beyond the bonding capacity in many communities.

"It's ironic," said Tony Lewis, executive director of the Donnell-Kay Foundation, a Denver education-research group. "When it comes to schools, there are disasters like Holly all over the state."

Nobody even notices.

On Thursday, a group led by Lewis took the first step toward putting an initiative on November's ballot that would address the failure of the state to provide a mechanism to fund capital construction for schools.

Lewis filed the papers, then he braced for the inevitable blowback from some of the state's most entrenched lobbyists.

With support from education organizations and children's advocates, Lewis is daring to suggest that oil and gas drillers in Colorado pay tax rates comparable to what they pay in neighboring states and that some of the revenue generated go to repair or replace dilapidated schools.

It's an audacious plan, I know, taxing enormously profitable industries to pay for schools. What will they think of next?

In Wyoming, where the effective tax rate on oil and gas drillers is 11.2 percent, the economy is rocking, and more than \$1.4 billion in state money has been spent on school construction since 2002.

Taxes haven't hampered growth of the booming industry there.

They haven't in Oklahoma, either, where the tax rate is 9.4 percent.

In Colorado, the effective tax rate is 5.7 percent, and any talk of increasing it is met with dire warnings of soaring fuel prices and a looming economic disaster.

Yet prices for gasoline are lower in Farmington, N.M., where the effective tax rate is 9.4 percent, than they are across the border in La Plata County, Lewis said. And industry profits here and around the world have been nothing short of breathtaking.

Four versions of the initiative are under consideration.

Lewis said the group plans to work with the staff of legislative services to refine the measure, but the goals are straightforward: Roll back the tax credits that were designed to prop up the industry during the oil bust of the 1980s, eliminate the small-well tax-exemption loophole and bring severance-tax rates in line with those in other states.

He estimates that the changes could produce \$160 million to \$250 million in revenue the first year.

It's a nice chunk of change, especially considering that the state only has been able to scrape together around \$5 million annually to help poor districts recently.

"Even with new income, we can't even touch all that we need to do," Lewis said.

The state auditor's office estimated the backlog for capital construction in school districts was \$4.7 billion in 2003.

Last year, a Donnell-Kay survey put it at between \$5.7 billion and \$10 billion.

During the past two decades, 60 of the 178 school districts in the state have not passed a single bond issue for school construction or maintenance. Not one.

That's 20 years of delayed maintenance on schools for the kids, and all the while, the extraction industry was enjoying billions in special tax credits given to them ... just because.

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