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## Voters could be asked to hike severance tax to pay for schools

By THE ASSOCIATED PRESS

February 18, 2006

DENVER — While the oil and gas industry continues to boom in Colorado, a group of parents and school groups says the state should hike the taxes paid by energy companies and use the money to pay for an estimated \$4.7 billion in backlogged construction and repairs.

The proposal, which would have to be approved by voters, would impose a new one percent tax on oil and gas producers and would bring in an estimated \$100 million next year.

“We just think that at this point when you have a commodity that goes through such cyclical changes, that when it’s on a high slope, it makes sense to try to carve off a little bit of the profit,” ballot supporter Liane Morrison of Denver said Friday.

“Once those high prices are gone, or those commodities are exhausted, there’s no more left,” she said.

Morrison is one the founders of Colorado Protectors of Public Schools, a group which endorses candidates that support public schools. Others include the Colorado Association of School Executives, the Donnell-Kay Foundation, the Colorado Association of School Boards, the Colorado Children’s Campaign and the Colorado Education Association.

A 2003 state auditor’s report found that school districts reported \$4.7 billion in repairs and renovations like new heating and ventilation, roof repairs and improved classroom technology.

The severance taxes that oil and gas producers currently pay are divided between the state and the communities where drilling occurs to pay for projects that help them deal with the additional people and traffic that development brings. The proposal would not change that distribution because it is an extra tax paid by all producers on top of existing severance tax payments, which vary across the state because of local taxes.

So far, there is some support for the idea from the industry, which sees it as a way to show residents throughout the state the benefits of having oil and gas development here.

The Colorado Oil and Gas Association is “generally supportive” of the proposal even though some members are unhappy about it, the group’s senior vice president Ken Wonstolen said. Producers already support schools by paying local property taxes but the proposed tax would make people across the state aware of the industry and it’s benefits.

“We liked the way they’ve designed this (tax) so that it works evenly across the state,” Wonstolen said.

Meanwhile, the Colorado Petroleum Association hasn’t taken a position on the idea but plans to monitor the proposal as state officials review the proposed language.

“Any increase or changes in the severance taxes should be looked at with extreme caution given its potential impact on oil and gas production, jobs, local communities and the state’s economy,” said president Stan Dempsey Jr.

Another proposed ballot measure from Independence Institute president Jon Caldara would also affect severance taxes. Under his proposal, any amount collected above the money brought in 2005 would be refunded to taxpayers across the state to help pay their heating bills.

Caldara said Friday that Great Education Colorado’s proposed increase in oil and gas taxes would have to be refunded if his measure gets on the ballot and is passed.

However, Morrison said she believes her group’s measure creates a new tax which would be separate from the current stream of severance tax and wouldn’t be subject to the refund.

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