

Education group wants mining tax hiked

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By Charles Ashby, Chieftain Denver Bureau

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DENVER - An education group filed for a proposed ballot question Wednesday that would increase the amount of money the state receives from oil and gas development.

The Donnell-Kay Foundation, a Denver-based group for educational causes, wants to use the projected \$200 million a year increase mostly for higher education. It plans to do that by getting rid of a tax credit the oil and gas industry gets on some of its wells.

Under the proposed ballot question, the money would be split 60/40 percent between capital construction projects at the state's colleges and universities, and for state and local communities impacted by oil and gas development.

"Our state's severance tax is unreasonably low," said Tony Lewis, foundation executive director. "Local communities are being hit hard by the rapid growth of the oil and gas industry. They need resources to be able to mitigate the impact of this growth. And by directing some of the increased revenue to colleges and universities, the whole state will benefit for decades to come by investing in its future."

The ballot question proposes getting rid of a tax credit that the industry is given on low-producing wells.

Democratic leaders in the Colorado Legislature have long talked about proposing a similar referendum, but have yet to do so.

The idea is similar to one proposed by an interim committee last summer looking at ways to help the state better use the oil and gas severance tax.

Rep. Cory Gardner, R-Yuma, said he has long anticipated that someone in the Legislature would propose such an idea, so he wasn't surprised to see the proposed citizen's initiative.

He said it isn't a good idea to raise the amount of taxes the oil and gas industry must pay the state at a time when it is considering some of the biggest regulatory changes of the industry in years, changes that he said could come with expensive price tags.

Currently, the Colorado Oil & Gas Conservation Commission is considering several rule changes, which were mandated by the Legislature last year, designed to protect the surface environment from sub-surface drilling.

"During a period of complete regulatory uncertainty, I think changing how the tax structure works on the largest industry in the state of Colorado is not the right thing to do," Gardner said. "There are at least three other severance tax proposals that are still out there, that we're expecting to get introduced. This is jeopardizing the largest economic industry in the state."

