

Rocky Mountain News - editorial

A better severance plan In hiking tax, senators try to reassure industry, too

By Rocky Mountain News

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For the first time, a plan to hike taxes on oil and gas producers in Colorado acknowledges that industry has a stake in the matter, too.

Previous proposals, which remain alive and may compete with the latest one, treat the industry as a mere cash cow. But the plan by Democratic Sens. Abel Tapia, Chris Romer, John Morse and Sue Windels tries a different tack. It attempts to provide some degree of certainty that the industry will continue to prosper while offering its representatives a voice in what their taxes help support.

Yes, there is a practical motive for the senators' solicitude: They want to avoid provoking the industry into a no-holds-barred campaign to defeat a ballot measure raising the severance tax and phasing out a property tax credit. But bringing industry to the table also happens to be the right thing to do.

The oil and gas industry understandably fears the effect of raising taxes *and* revamping the regulatory process in the same year. So the Tapia/Romer plan conditions the phase-out of the tax credit on the annual approval of at least 5,000 drilling permits, a total easily surpassing what was being issued so not long ago.

Moreover, the senators explained in a letter to Colorado State University president Larry Penley, "Our intention is that representatives of the oil and gas industry sit on a joint board of directors, in partnership with higher education representatives, to direct the strategic investments" in programs "to advance math, science, technology and engineering."

By no means would all of the money raised by this measure fund such programs; some would aid communities impacted by drilling, for example. But the general target of higher ed is the proper one given how poorly it has fared over the years in the state budget.

As recently as a month ago, the only ballot proposals hiking energy taxes had been written by environmentalists - to fund renewable energy projects and to acquire more open space. Yet if any such measure were to monopolize an energy tax hike, it would represent a missed opportunity of gigantic proportions.

Colorado already boasts some of the nation's most generous programs to preserve open space, from Great Outdoors Colorado to the state's conservation easement subsidies. Meanwhile, state support of higher ed ranks among the nation's lowest on a per-capita basis.

Two weeks ago, the Donnell-Kay Foundation filed a ballot initiative to direct revenue from a hike in energy taxes to impacted communities and to higher ed. Now with the Tapia/Romer plan, there are two such measures on the table.

We would have preferred that the Tapia/Romer measure divert a portion of the new revenues into a permanent trust fund, but perhaps that can be fixed later. In any event, we hope other lawmakers get behind it - or some revision of it that becomes the basis for a measure supported by a broad coalition in the fall.

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