

Denver Business Journal

Energy-tax initiative filed for Colorado's November ballot

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A proposed initiative for Colorado's November ballot was filed Wednesday and proponents say it would raise \$200 million per year for local communities and colleges by cutting tax credits and exemptions for the state's energy industry.

Under the proposal, 60 percent of the additional revenue would go toward constructing and maintaining buildings for the state's public colleges and universities, backers say.

The remaining 40 percent would go to local communities to help them deal with the impact of gas and oil development.

It is one of several competing measures filed or under discussion that are aimed at increasing revenue from state "severance" taxes paid by gas and oil companies operating in Colorado. Four such initiatives were filed in mid-February.

Some measures would raise severance-tax rates, which are lower than in some other energy-producing states, while others -- like the initiative filed Wednesday -- would remove or reduce credits and exemptions that excuse oil producers from paying the full severance-tax rate.

Backers of such measures want to tap revenue from the state's energy boom for a variety of causes, from lessening community impact to education to road improvements to the environment.

Meg Collins, president of the Colorado Oil & Gas Association, said last month that such measures would harm an industry that is "one of the primary drivers keeping Colorado from entering a recession," and would be "bad for Colorado business, bad for Colorado residents, and bad for Colorado communities."

Wednesday's initiative was filed by Tony Lewis of the Donnell-Kay Foundation, a private group that supports public education, and Randy Udall of the Community Office for Resource Efficiency, an Aspen-based group that promotes renewable energy.

A statement by the Donnell-Kay Foundation says the initiative would eliminate a tax credit "that currently allows natural gas and oil producers to deduct 87.5 percent of their [severance] tax owed to the state of Colorado."

It would also remove an exemption "that currently allows 95 percent of all oil wells and 73 percent of all natural gas wells in Colorado ... to avoid paying their tax," the statement said.

The initiative also would decrease the basic severance tax rate to 4.85 percent from 5 percent.

Lewis told the Daily Sentinel newspaper of Grand Junction on Tuesday that his foundation would back off if Gov. Bill Ritter and state legislators enact their own severance-tax hike to benefit colleges.

"If they get after a decent amount of revenue, and if a portion of that goes toward higher ed, we'd be very supportive of what they do," he told the newspaper.

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