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Senator seeks severance tax committee

Lawmakers should review how Department of Local Affairs divvies up grants, Schwartz says

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By Mike Saccone, The Daily Sentinel

DELTA — Sen. Gail Schwartz, D-Snowmass Village, said Monday that she hopes to convene a special committee, after the legislative session, to look at possible reforms to how mineral severance tax dollars are collected, distributed and spent.

“I support looking at how we’re using our current severance taxes, and if we have the right flows happening,” Schwartz said.

Schwartz said because of the millions of dollars in severance taxes and federal mineral royalties flowing in Colorado, it was time for lawmakers to examine if those funds are being properly collected and spent.

“These revenues are going to grow,” Schwartz said. “We need to have a comprehensive look, where we take a summer interim committee and look at how these flows are structured.”

Schwartz said as part of this re-examination, lawmakers should review how the Department of Local Affairs divvies up grants derived from severance tax revenues.

These grants, which must be used for construction or infrastructure projects, might have too narrowly tailored goals, Schwartz said.

She said, for instance, it was worth studying the diversion of severance tax funds or federal mineral royalties to directly fund K-12 education.

Though a handful of other Western Slope lawmakers said Schwartz’s idea of an interim committee might be a good idea, it is too soon to tell.

Rep. Bernie Buescher, D-Grand Junction, said Gov. Bill Ritter might want to partake in a severance-tax reform discussion.

The interim committee process, Buescher said, could exclude Ritter’s voice and those of other groups.

“There is some interest in the governor’s office in leading a discussion,” Buescher said. “I don’t know if they have decided a format for that.”

Evan Dreyer, spokesman for the governor, said he was unsure of Ritter's position on an interim committee or other severance tax reforms.

Ritter, however, said shortly after his inauguration he was not opposed to severance tax reform.

"I will listen to ideas about the severance tax and additional revenue flow that could come from changing the severance tax," Ritter said, "but I want to ensure that we do it in a fashion that is reasonable and is fair to everyone concerned and that dedicates it to the right resource."

Beyond the governor's involvement, Buescher said groups like the Donnell-Kay Foundation, an education advocacy nonprofit group, also might want a place at the table to discuss new uses for severance tax revenues.

Buescher said the Denver-based Donnell-Kay Foundation might push a ballot initiative to divert severance tax revenues into school funding.

"They may be filing an initiative this year to put something on the ballot this year," Buescher said. "That would change the utility of either an interim committee or something led by the governor."

Sen. Josh Penry, R-Fruita, said a looming interim committee could spark a withdrawal of support for his bill, which would direct federal mineral royalty funds into the state's permanent education fund, or Rep. Kathleen Curry's bill, which would double the proportion of severance tax dollars flowing into local communities.

"There are a few things that need to be done yesterday like the Curry bill that I am sponsoring in the Senate," Penry said. "And my fear is if you create an interim committee, you give the opponents of those types of measure an excuse to drag their heels for one more year."

Nonetheless, Penry said so long as the Western Slope voting bloc can work together, they should be able to keep Front Range lawmakers from raiding western Colorado's booming energy revenues.

Until then, Penry said, he would withhold judgment on Schwartz's proposed interim committee.

"I don't know that an interim committee is a bad idea," Penry said, "but it's too soon to say if it's a good idea."

Mike Saccone can be reached via e-mail at msaccone@gjds.com.

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