

The Daily Sentinel

Senators plan to ask for severance tax rise

http://www.gjsentinel.com/news/content/news/stories/2008/03/21/032208_1b_severance_tax.html

By Mike Saccone

March 21, 2008

A group of Front Range senators are planning to place a severance tax increase on the 2008 ballot to funnel more money to higher education, according to a letter obtained by The Daily Sentinel.

The letter, sent Thursday to Colorado State University President Larry Penley, lays out a proposal to increase the state's severance tax rate while simultaneously phasing out a large tax credit for oil and gas producers.

"We must provide the essential financial nourishment that our higher education system needs to thrive," Sen. Abel Tapia, D-Pueblo, said in the letter. "We must ensure that the increased tax burden on the industry is geographically equitable and financially sustainable."

Tapia's letter proposes increasing the state's severance tax rate from 5 percent to 6 percent. His proposal would slowly phase out a tax credit for oil and gas producers, which allows them to subtract 87.5 percent of their property tax bills from their severance tax bills.

Sen. Chris Romer, D-Denver, signed Tapia's letter and said he and his colleagues have contacted a number of college presidents, including University of Colorado President Bruce Benson, about the proposal.

Tapia's measure is one of numerous severance tax hikes being considered this year for the 2008 ballot.

The Donnell-Kay Foundation and a group of conservation organizations have drafted ballot questions as citizen initiatives. And Rep. Kathleen Curry, D-Gunnison, is mulling her own severance tax increase the Legislature could consider later this year.

Sen. Josh Penry, R-Grand Junction, said there seems to be a fad this year with running severance tax increases.

"People just can't help themselves," Penry said. "It's the in thing to do, like going to a Hannah Montana concert."

Penry said a severance tax increase probably will be the last major issue the Legislature debates this year.

"I do think the severance tax issue will probably dominate our last month and a half this session," Penry said. "There is so much chatter about it this session, but I have not seen anything yet."

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