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Oil, gas tax aimed at fixing schools

Proceeds would be used to repair state's crumbling facilities

By Bianca Prieto, Rocky Mountain News

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A tax on oil and gas extraction would pay for repairs on Colorado's crumbling school buildings under a proposal that may go to voters in the fall.

Under the plan, oil and gas companies would put 1 percent of the proceeds from their sales into a trust fund. In addition to fixing buildings, interest on the money could be used for a variety of school programs ranging from dropout prevention to buying textbooks.

A group headed by Chris Romer, son of former Gov. Roy Romer, filed the proposal Thursday with the Legislative Council, the nonpartisan staff arm of the legislature that reviews ballot proposals for legal issues.

Romer's group, Great Education Colorado, will need 110,000 signatures to place the proposal on November's general election ballot.

In addition to Great Education Colorado, the proposal is backed by the League of Charter Schools, the Donnell-Kay Foundation, the Colorado Association of School Boards and the Jared Polis Foundation.

The state auditor's office in 2003 estimated that Colorado's public school buildings need more than \$4 billion in repairs. Romer hopes that over 20 years, the trust fund will cover half that amount.

"It's bad public policy to have children educated in decrepit and rundown school buildings," Romer said. "There's a clear, direct correlation between adequate facilities and student achievement."

The proposed 1 percent tax increase would raise the overall tax on Colorado oil and gas companies to roughly 3 percent, said Romer.

"That's about half of what surrounding states collect," he said. For example, producers in New Mexico and Wyoming pay about 6 percent, and in Oklahoma, they pay 7 percent, he said.

Wyoming, which has fewer students than Denver alone, has about \$1 billion in its trust fund for schools, while Colorado has \$300 million, he said.

Romer believes the state is not meeting the Colorado Constitution's guarantee of "a thorough and uniform system of free public schools."

Colorado's oil and gas industry has been in talks with Romer's group about the proposal.

Ken Wonstolen, executive vice president of the Colorado Oil and Gas Association, said the proposal "is not something my members are immediately jumping up and down about."

But, Wonstolen added, "We're not likely to be in opposition to it. We've made very good progress on what looks like a fair and equitable proposal."

Voters approved Amendment 23 in 2000, calling for mandatory annual increases in public school funding to cover operating costs such as textbooks, utilities and salaries. The amendment does not pay for upkeep and construction of buildings, however, which Romer's proposal would help finance.

Most states already levy a tax on mineral extraction, called a severance tax.

The tax in Colorado ranges from 2 percent on gross income from mineral extraction of less than \$25,000 to a flat fee of \$10,750 plus 5 percent of gross income above \$300,000.

However, under current law, companies may deduct their property taxes from severance tax payments. As a result, the effective severance tax rate is 1.8 percent, the lowest among surrounding states.

Proposed tax

Great Education Colorado, a group headed by Chris Romer, the son of former Gov. Roy Romer, has filed a proposal with the Legislative Council that would place a tax on oil and gas extraction to pay for repairs on Colorado's school buildings.

110,000 signatures are needed to place the proposal on the November general election ballot.

1 percent of proceeds from oil and gas sales would be placed in a trust fund. The interest on the money could be used for school programs ranging from dropout prevention to textbooks.

3 percent, roughly, would be the overall tax on Colorado oil and gas companies should the proposed 1 percent tax increase take place, according to Romer.

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