

Western Slope lawmakers still eyeing oil and gas money to fix I-70

Transportation funding shortfalls likely on the front burner for new state legislature

By David O. Williams

November 23, 2008 — Should Colorado lawmakers convince oil and gas executives to voluntarily pay more severance taxes, that money needs to be a big part of fixing the state's critical transportation-funding shortfall, according to some.

Gov. Bill Ritter's transportation panel late last week recommended finding another \$1.5 billion a year to maintain and upgrade Colorado's rapidly deteriorating network of roads and bridges, and suggested a menu of increased taxes and fees to generate the funds.

But such increases, with the exception of vehicle registration fees, would require public approval. And given the state of the economy and the fact that voters just rejected upping the oil and gas severance tax (Amendment 58) by a 58-42 margin and devoting severance taxes to fixing Interstate 70 (Amendment 52) by 64-36 margin, lawmakers may have a tough time selling such plans.

Still, there seems to be a newfound urgency to get something done on the transportation front, especially in the areas where oil and gas companies are active. State Senate Minority Leader Josh Penry (R-Grand Junction), who sponsored Amendment 52, recently signaled his willingness to work with Democrats on transportation funding.

Other Republican lawmakers say the energy industry may be more open to increasing the severance tax rate if the money isn't so heavily weighted toward higher-education scholarships, as was the case with Amendment 58.

"I truly believe industry will be amenable to some increase if they can have dollars going back into their areas of local impact," said newly elected state Sen. Al White (R-Hayden). "If it makes the roads that they drive on better, if it makes the water and sanitation systems better ... I think industry will be interested in it."

Amendment 58 would have eliminated a property tax credit for the oil and gas industry and garnered the state an estimated \$321 million more a year in severance tax funds. Amendment 52 would have kept the rate the same but shifted the money to Interstate 70 improvements.

White opposed both and said even the amount generated by 58 would be inadequate to address transportation shortfalls.

"What I understand from [the Colorado Department of Transportation and director] Russ George is that it's a half a billion dollar number just to tread water and stay where we are with adequate maintenance of our current [road and bridge] system, so I don't think if you got \$300 million and the whole thing allocated to transportation that would quite get us there," White said.

He added that the Legislature will have to weigh everything from raising registration fees to increasing gasoline sales taxes to getting the industry to pay more severance taxes. The only thing he said he won't consider is tolling on I-70.

The biggest energy-producing counties are along the I-70 corridor on Colorado's Western Slope, and many local politicians along the key east-west route between Denver and Grand Junction didn't



Despite the Nov. 4 defeat of Amendment 52, which would have directed oil and gas severance taxes toward fixing Interstate 70, some Western Slope lawmakers haven't given up on the concept.

object to raising severance taxes but wanted more of the money to stay in the impacted communities, especially for road repairs.

“I would like to see a restructuring of that tax credit. We can see that it’s hurting our economy by those guys not paying their fair share of a valuable resource and using up our roadways, which need to be treated as a utility,” said New Castle Mayor Frank Breslin. “I would like to see our highways be treated like just like a utility like water — pay by the gross ton mile like commercial trucks pay.”

Garfield County Commissioner John Martin said the intent was good with Penry’s Amendment 52 but it failed because the rest of the state didn’t benefit. He agreed with White that the oil and gas industry should voluntarily step up to deal with the impacts their industry is having on the state’s roads.

“We have to address those issues somehow because the state of Colorado doesn’t have the money for the infrastructure improvements needed. The highway user tax fund is tapped out, over-earmarked, so that was not help,” Martin said. “[Amendment 52] was only a chance to take care of the I-70 corridor, then again it maybe wasn’t well enough thought through, and like 58 there were problems.”

In an MSNBC survey of America’s mayors, Grand Junction Mayor Gregg Palmer said the incoming Obama administration needs to step up with more federal transportation funding.

“Increase transportation dollars to areas with strong energy industry activity, to help lessen the impact to infrastructure,” Palmer wrote. “Grand Junction and surrounding counties in western Colorado are in the midst of a massive energy-related boom. We need to repair roads damaged by trucks and expand capacity on major roadways.”



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Bill — November 24, 2008

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