

# Taxing districts on hook for big Encana payback

March 4, 2018

Garfield County, along with Colorado Mountain College and several school, fire and special taxing districts, will have to return \$5.7 million in overpaid property taxes to oil and gas producer Encana, as a result of an error in the company's own reporting.

The county itself will have to refund \$1.9 million, while local districts, including the Garfield Re-2 and Garfield 16 school districts, CMC and others owe a combined \$3.8 million, according to the settlement reached last week by the Board of County Commissioners.

In addition, the entities must refund approximately \$858,000 in interest, calculated at 1 percent per month, due to Encana. Commissioner Tom Jankovsky agreed the county should cover that amount from its special Oil and Gas Mitigation Fund.

"The Oil and Gas Mitigation Fund was established for situations such as this. I think it is prudent for Garfield County to pick up the interest amount for all the taxing districts," Jankovsky said at a special Feb. 26 BOCC meeting when the deal was approved unanimously by the commissioners.

The agreement ends a legal process that began in January 2017. Commissioners signed an agreement with Encana, resolving a long-running abatement process with the energy company.

According to the county, due to Encana's own error in reporting the value of natural gas it produced in 2014, the company overpaid \$5.7 million in property taxes to Garfield County and local taxing districts.

Encana is one of two energy companies (<https://www.postindependent.com/news/local/energy-companies-seek-7-2-million-in-refunds-from-garfield-county/>) that say Garfield County owes them a combined \$7.2 million in overpaid property taxes, and commissioners have been weighing their options after a Colorado Supreme Court decision forced their hand.

Caerus, which also operates in the Piceance Basin, says the county owes it \$1.2 million, after that company also erred and overpaid its property taxes.

Last year, the commissioners denied the companies' request for refunds and abatements, pending the Colorado Supreme Court decision. Both companies then appealed that denial to the state Board of Assessment Appeals, and their appeals still stand.

Last November, the Colorado Supreme Court ruled in a Mesa County case, OXY USA Inc. v. Mesa County Board of Commissioners, that companies can request abatements on their own reporting errors, setting a precedent for the Garfield County cases.

After multiple negotiations requesting Encana reduce or drop the interest amounts with no resolution, Jankovsky recommended county cover the entire amount of interest owed by the local taxing districts.

In addition to the two west-Garfield school districts, De Beque JT-49 also owes part of the refund.

"We are very grateful to the county for that," Re-2's public information officer, Theresa Hamilton, said of the county's offer to cover the interest costs.

But the district is still on the hook for a little over \$1 million in refunds to Encana that is not in this year's budget, she said. The money will either need to come out of the district's reserve funds, or the school board could decide whether a one-time special abatement mill levy is necessary to recoup the loss, Hamilton said.

Other local government entities that are impacted include Grand Valley Fire District, Colorado River Fire and Rescue, Grand River Hospital District, Colorado River Water Conservation District, CMC, Parachute Parks and Recreation District, Bluestone Water District, West Divide Water District, Grand Valley Cemetery District, De Beque Fire District, and the Garfield County Public Library District.

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Great investment if I can intentionally or mistakenly overpay my taxes and collect one percent per month interest on the over payment!

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Julia Minugh · MSU-Northern

What were these companies doing in 2014 where they needed to bribe the state with huge payments?

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