CWPMA
Colorado • Wyoming
Petroleum Marketers Association • Convenience Store Association

Please Support HB 13–1110 (Rep. Fischer – Sen. Jones)

CWPMA members are responsible for assessing and remitting the state fuel excise taxes which go to maintain our state roads. As alternative fuels become more prevalent in our market, Colorado should allow companies and consumers to have surety in tax policy, help to remove barriers to entry that retailers currently face, and promote policies that ensure tax equity across all fuels.

1. **The repeal of the state CNG and LPG decal system** - Currently an alternative vehicle can choose to buy a state decal in lieu of paying the state per gallon special fuel rate. This is generally unfair in that once the threshold of the decal is met then the cars are basically driving on the roads for free. Or conversely if a driver doesn't drive enough to meet the price of the decal, they have paid too much.

2. **HB 1110 helps promote alternative station build out**.- Fuel tax distributors are obligated to pay both the state and federal tax for alternative fuels. When decaled vehicles pay no federal tax at a private fill site, and reach the full value of the decal, there is no incentive to come to a retail station. Alternative fuel station operators can be operating at a 35-40 cent disadvantage currently over decaled vehicles. Not good for the operator or our roads.

3. **Removes the "Energy Content Tax Penalty" on natural gas fuels.** – On a volumetric basis, natural gas fuels are penalized under current statute because the BTU content is less per gallon then diesel fuel. Yet currently, in absence of the decal, they are taxed the same. HB-1110 makes equitable taxation a policy in Colorado and pegs the tax for these alternativefuels to a BTU energy content basis per gallon.

4. **Asks Electric Vehicle (E.V.) owners to join with other vehicles and help maintain our infrastructure.** Plug -In (E.V.'s) currently don't buy a decal or pay a gallon equivalent excise tax. As every E.V. purchase generally replaces a HUTF paying traditional fuels vehicle, those dollars to infrastructure as lost as well. There are tax incentives already for E.V. owners at both the state and federal level that far exceed the modest amount that they are asked to pay under HB 1110. Colorado should stop making excise tax and HUTF funding the consequence of an E.V. purchase.

When all fuels are treated equally the legislature can finally have an honest discussion about HUTF funding through an excise tax increase!!

It is better policy to let alternative vehicle potential purchasers know that we all have to pay for our infrastructure. Maintaining the environment that says traditional fuel users are the only people that have an interest in good roads and paying the costs that are required for upkeep is unsustainable and only accelerates the declining funding the HUTF faces.

Changes with Amendments adopted in House Transportation

<u>L006- Combines comments of several stakeholders into one amendment</u>

Issue 1: Comes from *Oil and Public Safety* which is mainly technical...changing positioning of language in statute and clarifying that inspection authority resides over retail stations. This is important as it limits regulatory oversight to current responsibilities - commercial retail station inspection.

Issue 2: *Encana* preferred legislative declaration language noting the taxes applied to natural gas and LPG in this bill only apply to motor fuels. This is important in that a large percentage of CNG/Propane is used for non-road or excise tax exempt purposes such as home heating and equipment operation.

Issue 3: Comes from the *DOR Fuel Tax Section* which conforms and clarifies that the gallons for purposes of fuel distributor reporting will conform to federal reporting standards and calculated on a volumetric basis. (Importantly. this doesn't change the energy content standard of each gallon for purposes of how much Colorado tax is paid that was agreed to and is still in the bill) it also gives the Department a definitive GGE to point to when fuel distributors ask how much CNG equals a gallon.

Issue 4: We also added *Xcel* recommended language that strips out the automatic removal of the exemption for home fueling three years after the implementation. Importantly, the work that CDOT and CEO will jointly do will cover a policy recommendation on how best to capture those gallons is also clarified.

Issue 5: *The Colorado Cleantech Industry* has asked to raise the Decal to 50 dollars and use the money over the current 30 dollar fee (20 dollars per vehicle) to be transferred to the Electric Vehicle Grant Fund

Issue 6: *OPS* modify the effective dates so that the bill does not go into effect before the rules are promulgated.

<u>L005 – L007 – Addressing Fiscal note and qualifying inspection authority</u>

Issue 7: CWPMA – OPS This amendment clarifies that the inspection fee that that LPG currently pays also applies to natural gas (CNG and LNG) and defines that a truckload "means" 8,000 gallons. It renames the fund to which these fees are distributed and allows the state to pay for the inspection of the retail stations for fuel quality and consumer protection purposes. This conforms these duties with those of other fuels. It doesn't change how that fee is remitted for LPG but clarifies that for natural gas that fee is the responsibility of the licensed fuel distributor. It isn't appropriate to charge the Gasoline/Diesel E.R.S. on natural gas as there is no remediation threat to these fuels.

The state petroleum storage tank environmental remediation program currently subsidizes the Liquefied petroleum inspection fund. This bill will encourage full reporting of current LPG gallons and help alleviate the fiscal note.

Importantly, this isn't new regulation *per se* it is existing authority adapted to new alternative fuels.

The Following Organizations and Departments also respectfully ask for your consideration and support for HB13- 1110

COLORADO CONTRACTORS ASSOCIATION

CMCA
COLORADO MOTOR CARRIERS ASSOCIATION

CCIA
Colorado Cleantech Industry Association

DOT

COLORADO petroleum association

Colorado Energy Office

Clean Energy®