

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 14-0318	Date: February 7, 2014
Prime Sponsor(s): Rep. Mitsch Bush Sen. Todd	Bill Status: House Transportation and Energy Fiscal Analyst: Kristen Koehler (303-866-4918)

SHORT TITLE: TAX EXEMPT GAS SALES BETWEEN GOV ENTITIES

Fiscal Impact Summary	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures	Potential decrease. See State and Local Government section.	
FTE Position Change		
Appropriation Required: None		

Summary of Legislation

Current law exempts governmental entities from paying the state gasoline and special fuel tax to retailers when purchasing fuel that will be used exclusively by the governmental entity in performing its official duties. Tax exempt entities must receive an exemption certificate from the Department of Revenue (DOR).

The bill authorizes a governmental entity that holds a fuel tax exemption certificate to sell or purchase gasoline or special fuel from another governmental entity that also holds a fuel tax exemption certificate. The bill also clarifies that a governmental entity that sells gasoline or special fuel to another governmental entity is not required to be licensed under the provisions of current law.

Background

A tax of \$0.22 per gallon is currently imposed on gasoline and a tax of \$0.21 cents per gallon is imposed on special fuels including kerosene and diesel. Liquified petroleum and natural gas are taxed at \$0.03 per gallon. Taxes are paid by the distributor and the user, except for sales from retailers to governmental entities which are exempt from the tax under current law, if the fuel is used exclusively by the governmental entity for official business.

State and Local Government Impact

The bill codifies current practice and may result in time and cost savings to state and local governments who desire to share a fuel pump with other governmental entities, rather than installing their own pump. For example, a Morgan County fuel pump is accessed by the Colorado State Patrol, Fort Morgan Police, and by county vehicles.

Governmental entities are already exempt from paying gasoline and special fuel tax under current law, and as such, the bill provides a method for tax exempt fuel to be exchanged between tax exempt governmental entities. The bill is not expected to impact local or state revenue from the collection of the gasoline and special fuel tax.

Effective Date

The bill takes effect August 6, 2014, if the General Assembly adjourns on May 7, 2014, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Local Affairs

Cities and Counties

Revenue

Transportation