



FYI Excise 11

Environmental Response Surcharge and the Liquefied Petroleum Gas Inspection Fee

GENERAL INFORMATION

- Every Colorado licensed fuel manufacturer or distributor who reports acquisitions of fuel in Colorado must pay the Environmental Response Surcharge (ERS) unless the fuel is sold to another licensed distributor or is exported out of Colorado.
- Every distributor who first purchases or imports Liquefied Petroleum Gas (LPG) in Colorado must pay the LPG Inspection Fee unless the LPG is exported out of Colorado.
- The ERS fee is based on a per tank truckload. Any partial truckload is computed at the current rate divided by 8,000. The current rate may be found at www.colorado.gov/cdle/ops under the Petroleum Storage Tank Fund Section
- The current LPG Inspection Fee is a flat \$10 per tank truckload regardless of how many gallons are in the tank.
- The ERS and LPG Inspection Fee are meant to be passed through to the customer as a higher cost of product.
- Reference §8-20-206.5 C.R.S.

The ERS monies are deposited in the Colorado Petroleum Storage Tank Fund (PSTF), which is used to clean up petroleum contamination and satisfies federal Environmental Protection Agency Financial Assurance requirements. The PSTF reimburses owners and operators of aboveground and underground petroleum storage tanks for many of the costs incurred in cleaning up petroleum contamination and for third-party liability expenses. Tank owners and operators are responsible for the first \$10,000 of assessment and remediation costs and the first \$25,000 of third-party liability expenses. Remediation of contamination caused by railroad or aircraft fuel is not eligible for reimbursement.

The LPG Inspection fees are deposited in the LPG Inspection Fund. These monies are used to pay salaries and administrative expenses related to LPG inspections of new installations and existing facilities, calibrating and adjusting meters and dispensers, abatement of fire and safety hazards and accident investigations.

APPLICATION PROCEDURES

The ERS and LPG Inspection Fee is collected, administered and enforced in the same manner as gasoline and special fuel taxes. If you are a Colorado licensed gasoline and/or special fuel distributor, you are also responsible for collecting, reporting and paying the ERS. If you are the distributor who first receives or imports liquefied petroleum gas, you are responsible for collecting, reporting and paying the LPG Inspection Fee.

To become a licensed distributor, download the Fuel Distributors License Application Checklist (DR 0214) and submit a completed Fuel Distributors License application (DR 7064). For more information, see publication FYI Excise 5, Colorado Motor and Aviation Fuel Application, Licensing, and Reporting Requirements. Forms and FYIs are located on the Web site at www.TaxColorado.com

Submit all applications to the Colorado Department of Revenue.

FILING REQUIREMENTS

All licensed fuel distributors are required to file a monthly report electronically. The electronic returns must be submitted by the 26th of each month. If the 26th falls on a weekend or legal holiday, the due date is the next business day.

Licensed fuel distributors are also required to remit any payment due by Electronic Funds Transfer (EFT). To register for EFT complete the Authorization for Electronic Funds Transfer (EFT) for Tax Payments (DR 5785).

EXEMPTIONS

- The ERS is charged on all fuel products. The only exemptions are fuel exported outside Colorado, fuel used by aircraft and railroad cars, and liquefied petroleum gas or natural gas. It does not apply to liquefied petroleum gas or natural gas because they are not regulated substances as defined by the federal "Comprehensive Environmental Response, Compensation, and Liability Act of 1980" (CERCLA). [§8-20-206.5 C.R.S.]
- The LPG Inspection Fee is charged on all liquefied petroleum gasoline. The fee does not apply to LPG exported outside of Colorado.

PENALTIES

If the ERS or LPG Inspection Fee is not paid by the due date, a penalty of 10% of tax due plus 1/2 of 1 percent per month must be added. The penalty is not to exceed 18% (minimum: \$30). Interest is also due at the rate indicated on the monthly report.

PETROLEUM STORAGE TANK REGULATIONS

Information concerning petroleum storage tank requirements, surcharge rates, and regulations may be obtained from the Colorado Department of Labor and Employment, Division of Oil and Public Safety, 633 17th Street, Ste. 500, Denver, CO 80202-3610. This information can also be obtained from the Division of Oil and Public Safety Web site www.colorado.gov/cdle/ops

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed, and/or approved these FYIs.