



## **Excise 11**

# **Environmental Response Surcharge and the Liquefied Petroleum Gas and Natural Gas Inspection Fee**

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### **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 reports acquisitions of Liquefied Petroleum Gas (LPG), liquefied natural gas (LNG) or compressed natural gas (CNG) in Colorado must pay the Liquefied Petroleum Gas and Natural Gas Inspection Fee unless the LPG or NG is sold to another licensed distributor or is exported from Colorado.
- The ERS surcharge is calculated and remitted on a per gallon basis. The overall surcharge rate ranges from \$25 to \$100 per tank truckload. A tank truckload is defined in statute as 8,000 gallons. The current rate may be found at [www.colorado.gov/cdle/ops](http://www.colorado.gov/cdle/ops) under the Petroleum Storage Tank Fund Section.
- The current Liquefied Petroleum Gas and Natural Gas Inspection Fee is \$10 per tank truckload. A tank truckload is defined by statute as 8,000 gallons or gallon equivalents. Currently the Liquefied Petroleum Gas and Natural Gas Inspection Fee is \$.00125 per gallon.
- The Environmental Response Surcharge and Liquefied Petroleum Gas and Natural Gas 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 Liquefied Petroleum Gas and Natural Gas Inspection Fees are deposited in the Liquefied Petroleum Gas and Natural Gas 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 Environmental Response Surcharge and Liquefied Petroleum Gas and Natural Gas 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 purchases LPG or manufactures, ships into Colorado or otherwise acquires liquefied petroleum gas, LNG or CNG, you are responsible for collecting, reporting and paying the Liquefied Petroleum Gas and Natural Gas 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](http://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.
- The LPG and natural gas Inspection Fee is charged on all liquefied petroleum, LNG and CNG products. The fee does not apply to LPG, LNG or CNG exported outside of Colorado or used by aircraft or railroad equipment.

## **PENALTIES**

If the ERS or Liquefied Petroleum Gas and Natural Gas 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 17<sup>th</sup> 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](http://www.colorado.gov/cdle/ops)

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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.