



EXCISE TAX FOR COMPRESSED NATURAL GAS AND LIQUEFIED NATURAL GAS

Retail Natural Gas Regulations

The Colorado Retail Natural Gas Regulations (7 CCR 1101-16) set forth the method of sale for both compressed natural gas (CNG) and liquefied natural gas (LNG) and allow both products to be sold at retail in terms of either units of mass or units of volume per the following language.

“All CNG kept, offered exposed for sale or sold at retail as a vehicle fuel shall be in units of mass (pounds or kilograms) or in units of volume (gallons or gallon equivalents)” (Section 3-3(b)).

“All LNG kept, offered, exposed for sale or sold at retail as a vehicle fuel shall be in units of mass (pounds or kilograms) or in units of volume (gallons or diesel gallon equivalents [DGE’s])” (Section 3-4(b)).

However, per the Colorado Statutes (CRS 39-27-101 (11) and 8-20-201 (3)), with the exception of CNG, a gallon is defined as a “gross gallon,” which is 231 cubic inches (in³) measured at storage or metered temperature. Therefore, with the exception of CNG, all “special fuels” are taxed on a per-gallon (i.e., 231 in³) basis. In addition, there is a difference between a CNG gasoline gallon equivalent (GGE) and a CNG diesel gallon equivalent (DGE).

Because of these differences, there is a need for standard factors to use when determining the excise tax to be paid by a special fuels distributor. The following gallon equivalents and weights will be helpful in understanding these factors.

- 1 CNG GGE = 5.66 lbs of CNG or 126.67 ft³ of natural gas
- 1 CNG DGE = 6.38 lbs of CNG or 142.78 ft³ of natural gas
- 1 LNG DGE = 6.06 lbs or 1.73 liquid gallons (400 in³) of LNG
- LNG weighs 3.5 lbs per liquid gallon (231 in³)

Factors to Use for Determining Excise Tax for Retail Natural Gas

Effective January 1, 2014, the following factors need to be applied.

Retail Natural Gas Type	Factor	Excise Tax Amount (Remitted to the Colorado Department of Revenue)
CNG sold in GGEs	-	# of CNG GGEs sold x 0.03
CNG sold in DGEs	1.13 $\left(\frac{6.38 \text{ lbs}}{\text{DGE}} \right)$ $\left(\frac{5.66 \text{ lbs}}{\text{GGE}} \right)$	$(\# \text{ of CNG DGEs sold} \times 1.13) \times 0.03$ <p style="text-align: center;">OR</p> $\# \text{ of CNG DGEs sold} \times 0.034$ $\left(\frac{0.03}{\text{GGE}} \times 1.13 = \frac{0.034}{\text{DGE}} \right)$
LNG sold in DGEs	1.73 $\left(\frac{6.06 \text{ lbs}}{\text{DGE}} \right)$ $\left(\frac{3.5 \text{ lbs}}{\text{gal}} \right)$	$(\# \text{ of LNG DGEs sold} \times 1.73) \times 0.03$ <p style="text-align: center;">OR</p> $\# \text{ of LNG DGEs sold} \times 0.052$ $\left(\frac{0.03}{\text{GGE}} \times 1.73 = \frac{0.052}{\text{DGE}} \right)$

Contact Us

Any questions regarding this issue may be directed to:

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