

Second Regular Session  
Sixty-eighth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 12-0315.01 Ed DeCecco x4216

HOUSE BILL 12-1167

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HOUSE SPONSORSHIP

Fischer,

SENATE SPONSORSHIP

(None),

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House Committees

Agriculture, Livestock, & Natural Resources

Senate Committees

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A BILL FOR AN ACT

101 CONCERNING SPECIAL FUEL.

Bill Summary

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)*

The bill modifies the regulation of the fuel products by the division of oil and public safety (division) in the department of labor and employment as follows:

- ! **Section 1** of the bill broadens the duties of the director of the division (director) to include the regulation of fuel products other than liquids.
- ! **Section 2** includes "natural gas" in the definition of "fuel

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
Capital letters indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.

products".

- ! **Section 3** specifies that natural gas is subject to inspection.
- ! **Section 4** requires liquefied natural gas and compressed natural gas to comply with certain national standards.
- ! **Section 5** requires a person who ships natural gas into the state to notify the director.
- ! **Section 6** requires natural gas to be subject to the same environmental response surcharge as liquefied petroleum gas and modifies how the surcharge is levied on liquefied petroleum gas. Section 6 also permits the fees to be used for inspections related to natural gas.
- ! **Sections 7, 8, 10, 11, 12, and 13** make conforming amendments related to the fact that natural gas is not a liquid measured in gallons.
- ! **Section 9** establishes labeling standards for natural gas.

The bill also modifies the collection of the tax on special fuel as follows:

- ! **Section 14** modifies the definition of "special fuel" to include "electricity". As a result, "electricity" used to propel a motor vehicle on a highway will be subject to the tax on special fuel. Section 14 also modifies the definition of "distributor" to include certain persons who sell or use natural gas and electricity, but exclude a person who sells to a home user.
- ! **Section 15** repeals the annual license tax fee that is charged in lieu of the special fuel tax and the related decal system, so that liquefied petroleum gas and natural gas will be subject to the special fuel tax.
- ! **Section 16** makes a conforming amendment to accommodate the elimination of the decal system.
- ! **Section 17** requires a person who is not a licensed distributor to pay the special fuel tax, based on a metered reading, and file a return related to liquefied petroleum gas, natural gas, or electricity if such tax has not been paid by a distributor. This requirement will apply to a person who receives the special fuel in his or her home. Section 17 also requires the division to establish minimum standards for the meters.
- ! **Section 18** clarifies how a person who pays sales tax on special fuel that is subject to the special fuel tax may apply for a refund.

1           **SECTION 1.** In Colorado Revised Statutes, 8-20-102, **amend** (1)  
2 as follows:

3           **8-20-102. Duties of director of division of oil and public safety.**

4           (1) The director of the division of oil and public safety shall make,  
5 promulgate, and enforce rules setting forth minimum and general  
6 standards covering the design, construction, location, installation, and  
7 operation of equipment for storing, handling, and utilizing ~~liquid~~ fuel  
8 products. Said rules shall be such as are reasonably necessary for the  
9 protection of the health, welfare, and safety of the public and persons  
10 using such materials, and shall be in substantial conformity with the  
11 generally accepted standards of safety concerning the same subject  
12 matter. Such rules shall be adopted by the director of the division of oil  
13 and public safety in compliance with section 24-4-103, C.R.S.

14           **SECTION 2.** In Colorado Revised Statutes, 8-20-201, **amend** (2)  
15 as follows:

16           **8-20-201. Definitions.** As used in this part 2, unless the context  
17 otherwise requires:

18           (2) "Fuel products" means all gasoline, aviation gasoline, aviation  
19 turbine fuel, diesel, jet fuel, fuel oil, biodiesel, biodiesel blends, kerosene,  
20 all alcohol blended fuels, ~~liquified~~ LIQUEFIED petroleum gas, gas or  
21 gaseous compounds, NATURAL GAS, INCLUDING COMPRESSED NATURAL  
22 GAS AND LIQUEFIED NATURAL GAS, and all other volatile, flammable, or  
23 combustible liquids, produced, compounded, and offered for sale or used  
24 for the purpose of generating heat, light, or power in internal combustion  
25 engines or fuel cells, for cleaning, or for any other similar usage.

26           **SECTION 3.** In Colorado Revised Statutes, 8-20-203, **add** (2.5)  
27 as follows:

1           **8-20-203. Inspection.** (2.5) FUEL PRODUCTS THAT ARE NATURAL  
2 GAS ARE SUBJECT TO INSPECTION.

3           **SECTION 4.** In Colorado Revised Statutes, 8-20-204, **amend** (1)  
4 as follows:

5           **8-20-204. Specifications - classes I, II, and III - natural gas.**

6 (1) All products in classes I, II, and III shall comply with the most  
7 current applicable specifications of ASTM, which are found in section 5  
8 of that organization's publication "Petroleum Products, Lubricants, and  
9 Fossil Fuels" and supplements thereto or revisions thereof as may be  
10 designated by ASTM, except as modified or rejected by this article or any  
11 rule promulgated pursuant to this article. If gasoline is blended with  
12 ethanol, the ASTM D 4814 specifications shall apply to the base gasoline  
13 prior to blending. Blends of gasoline and ethanol shall not exceed the  
14 ASTM D 4814 vapor pressure standard; except that, if the ethanol is  
15 blended at nine percent or higher but not exceeding ten percent, the blend  
16 may exceed the ASTM D 4814 vapor pressure standard by no more than  
17 1.0 PSI. Class I products shall not be blended at a retail location with  
18 products commonly and commercially known as casinghead gasoline,  
19 absorption gasoline, condensation gasoline, drip gasoline, or natural  
20 gasoline. LIQUEFIED NATURAL GAS SHALL COMPLY WITH THE MOST  
21 CURRENT APPLICABLE SPECIFICATIONS OF ASTM. COMPRESSED NATURAL  
22 GAS SHALL MEET THE SAE J1616 STATIONARY SOUND TEST OR ANY  
23 SUCCESSOR TEST PUBLISHED BY SAE INTERNATIONAL OR ANY SUCCESSOR  
24 ORGANIZATION.

25           **SECTION 5.** In Colorado Revised Statutes, **amend** 8-20-206 as  
26 follows:

27           **8-20-206. Shipper notify director.** (1) Any person who ships

1 fuel products included in classes I and II OR NATURAL GAS into the state,  
2 or who ships such fuel products from any refinery or pipeline terminal  
3 within the state to another point within the state, shall notify the director  
4 of the division of oil and public safety of the shipment within twenty-four  
5 hours after the shipment has been billed for departure in the case of tank  
6 cars, or after the shipment has been loaded for departure in the case of  
7 barrels, trucks, or tank wagons. At the same time, such person shall  
8 forward to the director of the division of oil and public safety a true  
9 sample of the contents of the shipment weighing at least eight ounces,  
10 with the specifications thereof and the number and initial of the tank car,  
11 or if some other method of transportation is used, an adequate description  
12 of the means of conveyance or container, so as to enable identification of  
13 the shipment. Any person who diverts a shipment of such fuel products  
14 into the state of Colorado from outside the state shall give the same notice  
15 and forward the same type of sample to the director of the division of oil  
16 and public safety within twenty-four hours after the billing of the  
17 shipment is changed to a Colorado destination.

18 (2) If more than one car of fuel products included in classes I and  
19 II OR NATURAL GAS is shipped at the same time from the same source and  
20 refinery run, the director of the division of oil and public safety may  
21 accept one sample for all or any part of such shipment.

22 (3) NOTWITHSTANDING ANY PROVISION OF THIS SECTION TO THE  
23 CONTRARY, THE DIRECTOR OF THE DIVISION OF OIL AND PUBLIC SAFETY  
24 MAY ESTABLISH A DIFFERENT SAMPLE SIZE FOR NATURAL GAS.

25 **SECTION 6.** In Colorado Revised Statutes, 8-20-206.5, **amend**  
26 (1) (a), (1) (d), (1) (e), (3), and (4) (b) as follows:

27 **8-20-206.5. Environmental response surcharge - liquefied**

1 **petroleum gas and natural gas inspection fund - definitions.**

2 (1) (a) Every first purchaser of odorized liquefied petroleum gas, every  
3 manufacturer of fuel products who manufactures such products for sale  
4 within Colorado or who ships such products from any point outside of  
5 Colorado to a distributor within Colorado, and every distributor who ships  
6 such products from any point outside of Colorado to a point within  
7 Colorado shall pay to the executive director of the department of revenue,  
8 each calendar month, either twenty-five dollars per tank truckload of fuel  
9 products delivered during the previous calendar month for sale or use in  
10 Colorado or the fee for odorized liquefied petroleum gas AND NATURAL  
11 GAS as specified in paragraph (d) of this subsection (1), whichever is  
12 applicable. Such payment shall be made on forms prescribed and  
13 furnished by the executive director. The provisions of this section shall  
14 not apply to fuel that is especially prepared and sold for use in aircraft or  
15 railroad equipment or locomotives.

16 (d) Notwithstanding paragraph (b) of this subsection (1), the  
17 executive director of the department of revenue shall have the authority  
18 to determine and adjust a fee for odorized liquefied petroleum gas AND  
19 NATURAL GAS, not to exceed ten dollars per ~~tank truckload~~ ONE  
20 THOUSAND GALLONS OR THE GALLON GASOLINE EQUIVALENT.

21 (e) (I) There is hereby created the liquefied petroleum gas AND  
22 NATURAL GAS inspection fund within the state treasury. Neither this  
23 section nor section 8-20.5-103 shall be construed to make the liquefied  
24 petroleum gas AND NATURAL GAS inspection fund an enterprise fund.  
25 Such fund shall consist of:

26 (A) Liquefied petroleum gas AND NATURAL GAS inspection  
27 moneys collected pursuant to this article;

1 (B) Civil penalties collected as a result of court actions pursuant  
2 to section 8-20-104;

3 (C) Any moneys appropriated to the fund by the general assembly;  
4 and

5 (D) Any moneys granted to the department from a federal agency  
6 or trade association for administration of the department's liquefied  
7 petroleum gas AND NATURAL GAS inspection program.

8 (II) The executive director of the department of revenue shall  
9 adjust the fees collected pursuant to this article so that the balance of  
10 unexpended and unencumbered moneys in the liquefied petroleum gas  
11 AND NATURAL GAS inspection fund does not exceed the amount necessary  
12 to accumulate and maintain in the liquefied petroleum gas AND NATURAL  
13 GAS inspection fund a reserve sufficient to defray administrative expenses  
14 of the division of oil and public safety for a period of two months.

15 (III) The moneys in the fund shall be subject to annual  
16 appropriation by the general assembly. Moneys in the fund shall only be  
17 used for costs related to:

18 (A) Initial and subsequent inspections of liquefied petroleum gas  
19 AND NATURAL GAS installations;

20 (B) Proving, including calibrating and adjusting, liquefied  
21 petroleum gas AND NATURAL GAS meters and dispensers;

22 (C) Abatement of fire and safety hazards at liquefied petroleum  
23 gas AND NATURAL GAS installations;

24 (D) Investigation of reported liquefied petroleum gas AND  
25 NATURAL GAS that requires state matching dollars;

26 (E) Any federal program pertaining to liquefied petroleum gas  
27 AND NATURAL GAS that requires state matching dollars;

1 (F) Liquefied petroleum gas AND NATURAL GAS product quality  
2 testing;

3 (G) Administrative costs, including costs for contract services;  
4 and

5 (H) Defraying the salaries and operating expenses incurred by the  
6 department of labor and employment in the administration of this article  
7 as it pertains to liquefied petroleum gas AND NATURAL GAS installations,  
8 meters, and dispensers. Such moneys shall be appropriated for such  
9 purposes by the general assembly.

10 (IV) The moneys in the liquefied petroleum gas AND NATURAL  
11 GAS inspection fund and all interest earned on the moneys in the fund  
12 shall remain in such fund and shall not be credited or transferred to the  
13 general fund or any other fund at the end of any fiscal year.

14 (3) It is the duty of every manufacturer or distributor as described  
15 in subsection (1) of this section to compute the amount of the surcharge  
16 payable on all tank truckloads, GALLONS, OR GALLON GASOLINE  
17 EQUIVALENTS sold by ~~him~~ THE MANUFACTURER OR DISTRIBUTOR and  
18 separately state the surcharge due on statements issued with each  
19 purchase of fuel. In the event that the manufacturer or distributor sells  
20 such fuel to a retailer or consumer or consumes such fuel, ~~he~~ THE  
21 MANUFACTURER OR DISTRIBUTOR shall pay to the department of revenue  
22 the surcharge imposed in subsection (1) of this section.

23 (4) For the purposes of this section:

24 (b) "Fuel product" means gasoline, blended gasoline, gasoline sold  
25 for gasohol production, gasohol, diesel, biodiesel blends, NATURAL GAS,  
26 and special fuels, and special fuel mixes with alcohol.

27 **SECTION 7.** In Colorado Revised Statutes, 8-20-208, **amend** (1)

1 (c) as follows:

2 **8-20-208. Director to keep record.** (1) The director of the  
3 division of oil and public safety shall keep a record of all inspections  
4 made, showing:

5 (c) Number of gallons OR GALLON GASOLINE EQUIVALENTS  
6 contained therein;

7 **SECTION 8.** In Colorado Revised Statutes, 8-20-209, **amend** (2)  
8 as follows:

9 **8-20-209. Access to premises - records.** (2) Every distributor  
10 shall keep a complete and accurate record of the number of gallons, as  
11 covered in classes I and II, AND GALLON GASOLINE EQUIVALENTS OF  
12 NATURAL GAS, sold by such distributor and of the number of gallons OR  
13 GALLON GASOLINE EQUIVALENTS of fuel used by such distributor, the date  
14 of such sales and of such use, and, except in the case of retail sales  
15 through filling stations operated by such distributor, the names and  
16 addresses of the purchasers.

17 **SECTION 9.** In Colorado Revised Statutes, **amend** 8-20-211.5  
18 as follows:

19 **8-20-211.5. Labeling of containers.** Throughout the state of  
20 Colorado, all visible containers and all devices for drawing motor fuel  
21 blends containing class I fuel products and at least two percent by volume  
22 of alcohol from underground containers at filling stations, garages, or  
23 other places where such products are sold or offered for sale shall be  
24 stamped or labeled in a visible place with information indicating the  
25 presence of alcohol in the motor fuel blend. If the volume of ethanol  
26 exceeds ten percent, or if the volume of methanol exceeds two percent,  
27 the stamp or label shall state the exact percentage. Such information shall

1 appear on the front of the pump in a position clear and conspicuous to the  
2 driver's position, in at least one-half inch block letters, with information  
3 that identifies the maximum percentage by volume to the nearest whole  
4 percent of ethanol or of methanol or methanol with cosolvents. NATURAL  
5 GAS STORAGE, TRANSFER, AND DISPENSING EQUIPMENT SHALL BE STAMPED  
6 OR LABELED IN ACCORDANCE WITH NIST HANDBOOK 44,  
7 "SPECIFICATIONS, TOLERANCES, AND OTHER TECHNICAL REQUIREMENTS  
8 FOR WEIGHING AND MEASURING DEVICES", NIST HANDBOOK 130,  
9 "UNIFORM LAWS AND REGULATIONS IN THE AREAS OF LEGAL METROLOGY  
10 AND ENGINE FUEL QUALITY", AND SUPPLEMENTS THERETO OR REVISIONS  
11 THEREOF. IN ADDITION, COMPRESSED NATURAL GAS STORAGE, TRANSFER,  
12 AND DISPENSING EQUIPMENT SHALL BE STAMPED OR LABELED IN  
13 ACCORDANCE WITH NFPA 52, "VEHICULAR GASEOUS FUEL SYSTEMS  
14 CODE", AND SUPPLEMENTS THERETO OR REVISIONS THEREOF, AND  
15 LIQUEFIED NATURAL GAS STORAGE, TRANSFER, AND DISPENSING  
16 EQUIPMENT SHALL BE STAMPED OR LABELED IN ACCORDANCE WITH NFPA  
17 57, "LIQUEFIED NATURAL GAS (LNG) VEHICULAR FUEL SYSTEMS CODE",  
18 AND SUPPLEMENTS THERETO OR REVISIONS THEREOF.

19 **SECTION 10.** In Colorado Revised Statutes, **amend 8-20-221** as  
20 follows:

21 **8-20-221. Assisting in violations.** It is unlawful for any person to  
22 aid or assist any other person in the violation of the provisions of this part  
23 2, by depositing or delivering into any tank, receptacle, or other container,  
24 any ~~liquid~~ fuels, lubricating oils, or like products than those intended to  
25 be stored therein and distributed therefrom, as indicated by the name of  
26 the manufacturer or distributor or the trade name or trademark of the  
27 product displayed on the container itself, or on the pump, or on any other

1 distributing device in connection therewith.

2 **SECTION 11.** In Colorado Revised Statutes, 8-20-225, **amend**  
3 (1) as follows:

4 **8-20-225. Measuring device - sealing - approval of prover and**  
5 **procedure.** (1) No person, or agent or employee of any person, shall use  
6 any meter or mechanical device for the measurement of oil, gasoline, or  
7 ~~liquid~~ fuels unless the same has been proved in a manner acceptable to  
8 the director of the division of oil and public safety and sealed as correct  
9 by the director or one of the director's deputies. The director and the  
10 director's deputies are further authorized, if any such meter or mechanical  
11 device fails to comply with any of the provisions of this part 2, to seal the  
12 meter or mechanical device in a manner that prohibits its use until such  
13 meter or mechanical device complies with all of the provisions of this part  
14 2, at which time the seal shall be removed by the director or the director's  
15 deputies.

16 **SECTION 12.** In Colorado Revised Statutes, 8-20-230, **amend**  
17 (1) and (2) (b) as follows:

18 **8-20-230. Submittal of plans.** (1) Plans for all installations  
19 utilizing ~~liquid~~ fuel products, except for those ~~liquid~~ fuel products ~~which~~  
20 THAT are defined as regulated substances and regulated pursuant to article  
21 20.5 of this title, in storage containers of an aggregate of over fifteen  
22 hundred gallons water capacity, including gasoline stations, garages,  
23 stores, and all other places where said products are dispensed, shall be  
24 submitted to the director of the division of oil and public safety for  
25 approval before construction begins.

26 (2) Plans for the preceding installations shall include:

27 (b) Provisions for a containment of ~~liquid~~ fuels in the event of

1 damage to fuel dispensers and attendant piping;

2 **SECTION 13.** In Colorado Revised Statutes, **amend** 8-20-231 as  
3 follows:

4 **8-20-231. Minimum standards.** The design, construction,  
5 location, installation, and operation of ~~liquid~~ fuel PRODUCT systems and  
6 equipment and the handling of ~~liquid fuels~~ FUEL PRODUCTS shall conform  
7 to the minimum standards as prescribed by the applicable sections of the  
8 current edition of the national fire code published by the national fire  
9 protection association, as revised by the association from time to time.  
10 The minimum standards as prescribed shall also apply to marine and  
11 pipeline terminals, natural gasoline plants, refineries, tank farms,  
12 underground storage facilities, aboveground storage facilities, and  
13 chemical plants utilizing ~~liquid fuels~~ FUEL PRODUCTS; except that the  
14 gallon limitations in such minimum standards shall not apply to  
15 aboveground storage facilities associated with mining, oil and gas  
16 production facilities, asphalt or concrete production, construction  
17 projects, and activities related thereto. Copies of the codes shall be kept  
18 and maintained in the office of the director of the division of oil and  
19 public safety at all times for examination by any interested person.

20 **SECTION 14.** In Colorado Revised Statutes, 39-27-101, **amend**  
21 (7) (a), (11), (27), and (29); and **add** (7) (c) and (8.5) as follows:

22 **39-27-101. Definitions - construction.** As used in this part 1,  
23 unless the context otherwise requires:

24 (7) (a) "Distributor" means:

25 (I) A gasoline or special fuel broker and any person who sells  
26 special fuel to another distributor, broker, or vendor, and any vendor of  
27 ~~liquified~~ LIQUEFIED petroleum gases OR NATURAL GAS;

1 (II) Any person who acquires gasoline or special fuel from a  
2 supplier, importer, blender, or another distributor for the subsequent sale  
3 and distribution by tank cars, tank trucks, or both; or

4 (III) Any person who refines, manufactures, produces,  
5 compounds, blends, or imports special fuel or gasoline;

6 (IV) ANY RETAILER WHO SELLS ELECTRICITY TO A USER; OR

7 (V) ANY PERSON WHO OPERATES A PRIVATE COMMERCIAL FLEET  
8 THAT USES ELECTRICITY.

9 (c) NOTWITHSTANDING ANY PROVISION OF THIS SUBSECTION (7) TO  
10 THE CONTRARY, A PERSON WHO SELLS TO A CONSUMER NATURAL GAS OR  
11 ELECTRICITY THAT IS SUPPLIED TO A RESIDENTIAL HOME THROUGH A  
12 METER IS NOT A DISTRIBUTOR WITH RESPECT TO SUCH SALE OR USE.

13 (8.5) "ELECTRICITY" MEANS AN ELECTRIC CHARGE THAT IS USED  
14 PRIMARILY FOR THE PROPULSION OF MOTOR VEHICLES.

15 (11) (a) "Gallons" means gallons as measured on a gross gallons  
16 basis, as defined in section 8-20-201 (3), C.R.S.

17 (b) "GALLONS" ALSO INCLUDES THE "GALLON GASOLINE  
18 EQUIVALENT" AS DEFINED IN SECTION 8-20-201 (2.7) (a), C.R.S., FOR THE  
19 PURPOSE OF MEASURING LIQUEFIED PETROLEUM GAS, NATURAL GAS, OR  
20 ELECTRICITY.

21 (27) "Retailer" means every person selling gasoline OR SPECIAL  
22 FUEL in this state at the retail level of trade.

23 (29) "Special fuel" means diesel engine fuel, kerosene, liquefied  
24 petroleum gas, ELECTRICITY, and natural gas used for the generation of  
25 power to propel a motor vehicle on the highways of this state. "Special  
26 fuel" does not include gasoline as defined in subsection (12) of this  
27 section.

1           **SECTION 15.** In Colorado Revised Statutes, 39-27-102.5,  
2 **amend** (7); and **repeal** (5), (6), and (8) as follows:

3           **39-27-102.5. Exemptions on tax imposed - ex-tax purchases.**

4           ~~(5) (a) The tax imposed by section 39-27-102 (1) (a) (H) (B) shall not~~  
5 ~~apply to any motor vehicle that has been registered in this state, that is~~  
6 ~~powered by liquefied petroleum gas or natural gas, and for which a valid~~  
7 ~~decal has been acquired as provided in this subsection (5). The owners or~~  
8 ~~operators of such motor vehicles shall, in lieu of the tax imposed under~~  
9 ~~section 39-27-102 (1) (a) (H) (B), pay an annual license tax fee on each~~  
10 ~~such vehicle in accordance with the following schedule of motor vehicle~~  
11 ~~gross weights:~~

<b>Gross Weight in Pounds</b>	<b>Annual License Tax Fee</b>
<del>(I) 1-10,000</del>	<del>\$ 70.00</del>
<del>(H) 10,001-16,000</del>	<del>100.00</del>
<del>(HH) Over 16,000</del>	<del>125.00</del>

16           ~~(b) The executive director of the department of revenue shall~~  
17 ~~annually, starting January 1 of each year commencing in 1984, collect or~~  
18 ~~cause to be collected from owners or operators of the motor vehicles~~  
19 ~~specified in paragraph (a) of this subsection (5) the annual license tax fee.~~  
20 ~~Applications for such licenses shall be supplied by the department of~~  
21 ~~revenue. In the case of a motor vehicle that is purchased or converted to~~  
22 ~~liquefied petroleum gas or natural gas by January 1 of any year, a license~~  
23 ~~shall be purchased for a fractional period of such year, and the amount of~~  
24 ~~the license tax shall be reduced by one-twelfth for each complete month~~  
25 ~~that shall have elapsed since the beginning of such year.~~

26           ~~(c) Upon payment of the tax required by this subsection (5), the~~  
27 ~~executive director of the department of revenue shall issue a decal, which~~

1 shall be valid for the current calendar year and shall be attached to the  
2 upper right-hand corner of the front windshield on the motor vehicle for  
3 which it was issued.

4 (d) The identifying decal and license tax fee paid for each motor  
5 vehicle shall be transferable upon a change of ownership of the motor  
6 vehicle. Such transfer shall be accomplished in accordance with rules  
7 promulgated by the executive director of the department of revenue.

8 (e) It is unlawful for any person to operate a motor vehicle  
9 required to have a liquefied petroleum gas or natural gas decal upon the  
10 highways of this state without such decal unless such motor vehicle is  
11 titled outside Colorado and all Colorado purchases are taxed pursuant to  
12 section 39-27-102 (1) (a) (II) (B) or such vehicle is otherwise exempt  
13 from the provisions of this part 1.

14 (f) No person shall put, or cause to be put, liquefied petroleum gas  
15 or natural gas into the fuel tank of a motor vehicle required to have a  
16 liquefied petroleum gas or natural gas decal unless the motor vehicle has  
17 such decal attached to it or written or electronic evidence that a valid  
18 decal has been acquired for the motor vehicle and such evidence has been  
19 provided to such person or such person's employer. Sales of fuel placed  
20 in the fuel tank of a motor vehicle not displaying such decal or otherwise  
21 evidencing acquisition of a valid decal and for which the distributor is  
22 obligated to collect the tax specified by section 39-27-102 (1) (a) (II) (B)  
23 shall be recorded upon an invoice, which invoice shall include the date,  
24 the motor vehicle license number, the number of gallons or, in the case  
25 of natural gas, the energy equivalent in gallons placed in such fuel tank,  
26 and the tax due thereon.

27 (g) Any person violating any provision of this subsection (5) is

1 subject to the penalty provisions of sections 39-27-114 and 39-27-120.

2 (h) ~~Motor vehicles displaying a liquefied petroleum gas or natural~~  
3 ~~gas decal are exempt from the licensing and reporting requirements stated~~  
4 ~~in the remainder of this part 1.~~

5 (6) (a) ~~The department of revenue shall promulgate rules allowing~~  
6 ~~for payment of the annual license tax fee, if applicable, and acquisition of~~  
7 ~~the decal as set forth in subsection (5) of this section by a user directly~~  
8 ~~from a vendor or distributor of liquefied petroleum gas or natural gas.~~

9 (b) ~~Such rules shall permit each vendor or distributor who~~  
10 ~~participates in the program to return decals that are not issued by the~~  
11 ~~vendor or distributor and remit the applicable annual license tax fees~~  
12 ~~collected by the vendor or distributor not earlier than one hundred twenty~~  
13 ~~days from the time decals are supplied to the vendor or distributor by the~~  
14 ~~department of revenue.~~

15 (7) Motor vehicles that are owned or operated by a nonprofit  
16 transit agency that receives public funds and that are used exclusively in  
17 performing the agency's nonprofit functions and activities shall be exempt  
18 from the provisions of subsection (5) of this section and from the special  
19 fuel tax imposed by section 39-27-102 (1) (a) (II) (B) upon liquefied  
20 petroleum gas, ELECTRICITY, and natural gas. A person who purchases  
21 special fuel for the purposes set forth in this subsection (7) may, in  
22 accordance with section 39-27-103, apply to the department of revenue  
23 for a refund of the excise tax paid thereon.

24 (8) ~~The department of revenue is authorized to promulgate~~  
25 ~~reasonable rules, consistent with this part 1, concerning annual license tax~~  
26 ~~fees collected and decals issued pursuant to subsections (5) and (6) of this~~  
27 ~~section, including, but not limited to, reporting procedures, reporting~~

1 forms, and the penalties described in sections 39-27-114 and 39-27-120.

2 **SECTION 16.** In Colorado Revised Statutes, 39-27-105, **amend**  
3 (1.3) (d) as follows:

4 **39-27-105. Collection of tax on gasoline and special fuel.**

5 (1.3) (d) Distributors may aggregate figures stated in the reports required  
6 by this part 1 for liquefied petroleum gas and natural gas for sales of such  
7 fuels to a particular class or type of individual user. ~~or holder of the~~  
8 ~~decals authorized by section 39-27-102.5 (5).~~ Distributors of liquefied  
9 petroleum gas and natural gas shall not be required to separately report  
10 the amount of sales to individual users.

11 **SECTION 17.** In Colorado Revised Statutes, **amend** 39-27-107  
12 as follows:

13 **39-27-107. When users other than distributors must report.**

14 (1) Except as otherwise provided in section 39-27-102 for persons that  
15 export gasoline, every person not a licensed distributor who uses any  
16 gasoline in this state or who has in his or her possession any gasoline,  
17 other than that contained in the ordinary fuel tank attached to a motor  
18 vehicle or aircraft, upon which a licensed distributor has not paid or is not  
19 liable for the tax imposed in this part 1 shall file a sworn statement with  
20 the executive director of the department of revenue on or before the  
21 ~~twenty-fifth~~ TWENTY-SIXTH day of the calendar month on such form as  
22 the executive director prescribes and furnishes, showing the amount of  
23 gasoline so used and held, and shall pay to the executive director the tax  
24 imposed on all such gasoline.

25 (2) (a) EXCEPT AS OTHERWISE PROVIDED IN SECTION 39-27-102  
26 FOR PERSONS THAT EXPORT SPECIAL FUEL, A PERSON THAT IS NOT A  
27 LICENSED DISTRIBUTOR IS LIABLE AND SHALL PAY TO THE EXECUTIVE

1 DIRECTOR OF THE DEPARTMENT OF REVENUE THE TAX IMPOSED IN THIS  
2 PART 1 ON ALL SUCH SPECIAL FUEL IF:

3 (I) THE PERSON USES LIQUEFIED PETROLEUM GAS, NATURAL GAS,  
4 OR ELECTRICITY IN THIS STATE FOR THE PROPULSION OF A MOTOR VEHICLE;  
5 AND

6 (II) A LICENSED DISTRIBUTOR HAS NOT PAID OR IS NOT LIABLE FOR  
7 THE TAX IMPOSED IN THIS PART 1 ON SUCH SPECIAL FUEL.

8 (b) ANY PERSON SUBJECT TO PARAGRAPH (a) OF THIS SUBSECTION  
9 (2) SHALL FILE A RETURN AND REMIT THE TAX ANNUALLY, AT THE TIME  
10 THE COLORADO INCOME TAX OF SUCH PERSON IS DUE AND PAYABLE AS  
11 PROVIDED IN ARTICLE 22 OF THIS TITLE, FOR THE AMOUNT OF SPECIAL FUEL  
12 USED FOR THE PROPULSION OF A MOTOR VEHICLE DURING THE PRECEDING  
13 CALENDAR YEAR. THE RETURN MUST BE ON A FORM PRESCRIBED BY THE  
14 EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REVENUE.

15 (c) A PERSON REQUIRED TO PAY THE TAX PURSUANT TO THIS  
16 SUBSECTION (2) MUST HAVE A PROPERLY INSTALLED METER IN ORDER TO  
17 ACCURATELY MEASURE THE SPECIAL FUEL USED. THE DIVISION OF OIL AND  
18 PUBLIC SAFETY IN THE DEPARTMENT OF LABOR AND EMPLOYMENT SHALL  
19 ESTABLISH MINIMUM STANDARDS FOR METERS THAT ARE CONSISTENT  
20 WITH NATIONAL STANDARDS.

21 **SECTION 18.** In Colorado Revised Statutes, **amend** 39-27-111  
22 as follows:

23 **39-27-111. Tax in lieu of all other taxes imposed.** (1) The tax  
24 imposed by this part 1 shall be in lieu of all other taxes imposed upon  
25 gasoline or special fuel by this state or any political subdivision thereof,  
26 except for the tax on aviation fuel used in turbo-propeller or jet engine  
27 aircraft imposed pursuant to sections 39-26-104 and 39-26-202.

1           (2) A PERSON WHO PAYS THE TAX IMPOSED BY THIS PART 1  
2 PURSUANT TO THE PROVISIONS OF SECTION 39-27-107 (2), C.R.S., ON  
3 SPECIAL FUEL THAT WAS SUBJECT TO THE STATE SALES TAX MAY APPLY  
4 FOR A SALES TAX REFUND IN ACCORDANCE WITH SECTION 39-26-703.

5           **SECTION 19. Act subject to petition - effective date.** This act  
6 takes effect January 1, 2014; except that, if a referendum petition is filed  
7 pursuant to section 1 (3) of article V of the state constitution against this  
8 act or an item, section, or part of this act within the ninety-day period  
9 after final adjournment of the general assembly, then the act, item,  
10 section, or part will not take effect unless approved by the people at the  
11 general election to be held in November 2012 and, in such case, will take  
12 effect on January 1, 2014.