STATE OF COLO

TALKING POINTS FOR:
SB09-098 "TAX EXEMPT BLENDED DIESEL PRODUCTS" (SCHWARTZ--VIGIL)

WHAT THE BILL DOES:

Permits dyed diesel fuel to be blended by a licensed distributor with biodiesel fuel after withdrawal at a terminal or refinery rack up to the maximum federally allowable blend and still retain its exemption from the special fuels tax.

REASONS TO SUPPORT:

o   Allows for further usage of biodiesel by non-taxing entities, such as the agricultural community, off-road contractors, utilizes and a host of other potential off-road users that currently can not utilize the fuel because of the old law.

o   Promotes biodiesel blending in Colorado, thereby allowing for more supply to enter the Colorado market.

o   Stimulates additional biodiesel production, job creation and rural development in Colorado by increasing the potential demand by additional industries.

o   Provides for lower costs options to end-users who wish to utilize biodiesel but are being penalized through administrative, time and "cost of money" barriers.

o   Promotes the usage of a domestically produced, agricultural based, cleaner-burning transportation fuel that decreases our dependency on foreign oil, stimulates economic development and decreases air pollution.

o   Allows for additional fueling options for non-taxing paying entities when diesel prices return to normal costs per gallon and biodiesel is available at a lesser cost per gallon.

SOLUTION:

Revise CRS 39-27-102.5(1) that provides that tax-exempt special fuel must have dye added "before or upon withdrawal" at a terminal or rack. Language needs to be added that simply states that dyed petrol-diesel may be blended with biodiesel after withdrawal at a terminal or the refinery rack in a blend up to the federally allowable limit (20%) and still maintain its tax-exempt status.