
SPECIAL FUELS, GASOLINE AND ENERGY USAGE

GASOLINE AND SPECIAL FUELS

The *Arvada Municipal Code* provides an exemption from sales and use tax for motor fuel upon which there has been accrued or paid either the gasoline tax or special fuel tax, required by Article 27 of Title 39, C.R.S., and which is not subject to refund. This article imposes a tax upon “all gasoline or special fuel acquired, sold, offered for sale, or used in this state for any purpose whatsoever, but only one tax shall be paid upon the same gasoline or special fuel in this state.”

Definitions:

“Gasoline” is any flammable liquid *used primarily* as a fuel for the propulsion of motor vehicles, motorboats, or aircrafts.

“Special Fuel” is fuel other than gasoline – such as diesel engine fuel or kerosene (sometimes referred to as fuel oil), liquefied petroleum gas (propane) or natural gas – used to propel a motor vehicle on Colorado Highways.

Special fuels such as diesel engine fuel, kerosene, liquefied petroleum gas (propane), and natural gas that are **not** used to propel motor vehicles upon public highways are subject to Arvada sales and use tax. Fuels in this form will often have an indelible dye added to identify their exemption from the gasoline and special fuel excise tax.

EXAMPLES

1. Joe decides to host a barbeque. In preparation, he purchases 20 gallons of propane for his barbeque grill and one gallon of unleaded gasoline for his lawn mower from a licensed Arvada retailer. Joe must pay Arvada sales tax on the propane, because it will not be used in a motor vehicle. Although the gasoline will not be used in a motor vehicle, it is not subject to Arvada sales tax because it is “gasoline” and not a special fuel as defined by State statute and is subject to the gasoline and fuel excise tax.
2. ABC Construction, a construction contractor with a yard in unincorporated Jefferson County, is building a structure in Arvada and using construction equipment. ABC uses 100 gallons of dyed diesel fuel in their construction equipment. This fuel is subject to Arvada use tax because it is exempt from the gasoline and special fuel excise tax. Because their yard is in unincorporated Jefferson County, ABC has not previously paid a municipal sales or use tax on this fuel.

Energy Usage

Natural gas, electricity, steam, coal, fuel oil, and other energy sources (firewood, pellets, butane, and propane) sold for residential use or industrial use (manufacturing, construction, or retail food establishments) and not for resale are subject to sales or use tax by the City of Arvada. Even though some taxing jurisdictions provide exemptions for energy or fuels such as natural gas for domestic or commercial consumption, Arvada provides for no such exemption.

EXAMPLES

1. The Corner Buffet is a fast food restaurant chain located in Arvada. The restaurant consumes \$10,000 of electricity. The State of Colorado will allow a credit for the tax paid on the electricity used to prepare meals; however, the electricity used to light the restaurant is taxable. Arvada provides **no** such credit or exemption for energy producing fuels, electricity, etc.; thus, this transaction is fully subject to Arvada tax.

ARVADA MUNICIPAL CODE – Chapter 98 – Taxation

Sec. 98-66. Property and service taxed.

There is hereby levied and there shall be collected and paid a tax in the amount stated in section 98-76 as follows:

(1) On all sales and services taxable, including, but not limited to the following:

- c. Upon the charge within the city for electrical energy and natural or manufactured gas sold for domestic or commercial consumption and not for resale.*

Sec. 98-70. Exempt sales.

There shall be exempt from taxation under the provisions of this article the items of sales and services including, but not limited to the following:

- (6) All sales of commodities, which are taxed under the provisions of the Colorado Motor Fuel Tax of 1933.*

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT ARVADA TAX LAW FOR THIS SUBJECT, INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE ARVADA MUNICIPAL CODE. HOWEVER, THE TAX GUIDE SHALL BE USED IN CONJUNCTION WITH THE ARVADA MUNICIPAL CODE (CHAPTER 98) IN DETERMINING TAX LIABILITY.