
Tax Compliance Guide

Special Fuels Topic 365

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The *Westminster 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."

"Gasoline" means any flammable liquid *used primarily* as a fuel for the propulsion of motor vehicles, motor boats, or aircraft. "Gasoline" does not include diesel engine fuel, kerosene, liquefied petroleum gas, or natural gas. "Special fuel" means diesel engine fuel, kerosene, liquefied petroleum gas, and natural gas *used* for the generation of power to propel a motor vehicle on the highways of this state.

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 Westminster 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. Some taxing jurisdictions provide exemptions for fuels such as natural gas for domestic consumption or other uses such as commercial restaurant or manufacturing consumption. The *Westminster Municipal Code* provides no such exemption.

Examples

1. Resident decides to host a barbecue. In preparation, he purchases 15 gallons of propane for his grill and one gallon of unleaded gasoline for his lawn mower from a licensed Westminster retailer. Resident must pay Westminster 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 Westminster sales tax because it is "gasoline" as defined by State statute and is subject to the gasoline and fuel excise tax.
2. Contractor, a construction contractor with a yard in unincorporated Adams County, is building a structure in Westminster and using construction equipment. Contractor uses 100 gallons of dyed diesel fuel in their equipment. This fuel is subject to Westminster use tax because it is exempt from the gasoline and special fuel excise tax. Because their yard is in unincorporated Adams County, Contractor has not previously paid a municipal sales or use tax on this fuel.

Related Topics

Construction - Equipment
Gas, Electricity, and Steam

Citations

Colorado Revised Statutes
§ 39-27-101. Definitions - construction
§ 39-27-102. Tax imposed on gasoline and special fuel

Westminster Municipal Code
§ 4-2-6. Exemptions from Sales Tax

THIS GUIDANCE IS A SUMMARY IN LAYMEN'S TERMS OF THE RELEVANT WESTMINSTER TAX LAW FOR THIS TOPIC, INDUSTRY, OR BUSINESS SEGMENT. IT IS PROVIDED FOR THE CONVENIENCE OF TAXPAYERS AND IS NOT BINDING UPON THE CITY. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE WESTMINSTER MUNICIPAL CODE AND APPLICABLE RULES AND REGULATIONS. THIS GUIDE DOES NOT CONSTITUTE A CITY TAX POLICY.

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