

City and County of Denver, Colorado

TAX GUIDE

Topic No. 35

FUEL AND ENERGY

MOTOR FUEL AND SPECIAL FUEL

Motor fuel includes gasoline, casing head or natural gasoline, benzol, benzene, naphtha, gasohol, and any liquid prepared, advertised, offered for sale, sold for use or used or commercially usable in internal combustion engines for the generation of power or for the propulsion of motor vehicles on public highways.

Special fuel includes kerosene oil, kerosene distillate, diesel fuel, all liquefied petroleum gases, and all combustible gases and liquids for use in the generation of power for propulsion of motor vehicles on public highways.

Motor fuel and special fuel, as defined above, are exempt from Denver sales and use taxes. However, fuel which would otherwise qualify as special fuel is subject to taxation if not purchased for the propulsion of motor vehicles on public highways. For example, diesel fuel used in off-road construction equipment is subject to sales/use tax because it is not used to propel the equipment over public highways. Gasoline used in off-road construction equipment, on the other hand, is exempt because gasoline and other motor fuels that meet the definition above are exempt whether actually used to propel motor vehicles on the public highways or not.

Motor fuel and special fuel exclude any fuel used for the propulsion of aircraft. Such fuel for aircraft is taxed at a special rate as described below.

SPECIAL RATE FOR AVIATION FUEL

Any fuel, liquid or gas, which is available for sale and/or use in generating power for the propulsion or drawing of aircraft, when sold at retail is taxed at four cents (\$.04) per gallon.

OTHER FUELS AND USES

Electricity, natural gas, steam, coal, petroleum, liquefied petroleum, gases, and other products used for energy-producing purposes are taxable at the same rate as other personal property.

Any fuel or liquefied petroleum product (e.g. propane, firewood, kerosene, coal) which is not a motor, special, aviation or railway fuel is taxable under the general provision of the ordinances as personal property, when sold at retail. This includes fuel used for heating purposes.

The State of Colorado exempts fuel and energy used in processing, manufacturing, mining, refining, irrigation, building construction, telegraph, telephone and radio communication, street and railroad transportation and for all industrial uses. The State also exempts residential fuels and energy, and the portion of the gas and electricity used for food processing in restaurant operations. Denver does not exempt these fuels.

EXAMPLE

XYZ Airline has its operations at the Denver airport. The jet fuel or aviation gasoline used to propel the aircraft is taxed at 4 cents per gallon. XYZ Airline also has tractors that pull luggage carts to and from the aircraft. The diesel fuel used in the tractors is taxed on the purchase price at Denver's general rate because the tractors are not used on public highways.

RELATED TAX GUIDE TOPIC

Gas, Electric and Heating Services

- * DRMC Section 53-53 (14), (18), (21), (33). Definitions.
- * DRMC Section 53-54(4). Imposition of tax.
- * DRMC Section 53-55(4). Exemptions.
- * DRMC Section 53-56(b)(1). Retailers to collect tax.
- * DRMC Section 53-103(15), (20), (23), (36). Definitions.
- * DRMC Section 53-104(4). Imposition of tax.
- * DRMC Section 53-105(4). Exemptions.
- * DRMC Section 53-106(b)(1). Retailers to collect tax.
- * CRS 39-26-102(21). Sales of energy exemption.
- * CRS 39-26-715.1(a)(II). Residential energy exemption.

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT DENVER TAX LAW FOR THIS INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE DRMC AND APPLICABLE RULES AND REGULATIONS.

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