



TLRC - Fuel Testing Lab Spending Authority

7/23/2024

2025 Legislative session

CWPMA - Fuel testing lab

CWPMA - The Environmental Response Surcharge that licensed fuel distributors pay fund the nations best petroleum storage tank program

- **The fund is one of the original enterprises and has been that way for over 23 years.**
- **The Legislature in 2023 extended the program for a decade and allowed the Storage tank fund to start repaying the immensely successful Brownfields program which was swept during the pandemic.**
- **Fuel testing and meter calibration is already a qualified use of the fund monies per statute: However the request involves capital construction and expenditures So as fuel policy is generally the purview of the Transportation committee we thought to bring this request to TLRC this interim after beginning the discussion last session.**

The fund historically maintains a balance of less then 3 million or so per month

(b) In the event the available fund balance in the petroleum storage tank fund is greater than twelve million dollars, no surcharge shall be imposed, but if the available fund balance in the fund is less than:

(I) Twelve million dollars, the fee imposed by paragraph (a) of this subsection (1) shall be fifty dollars per tank truckload;

(II) Six million dollars, the fee imposed shall be seventy-five dollars per tank truckload;

(III) Three million dollars, the fee imposed shall be one hundred dollars per tank truckload.**

****CWPMA NOTE: A TRUCKLOAD IS DEFINED AS 8,000 GALLONS SO THE PROGRAM IS MAINLY FUNDED BY A 1.25 CENT PER GALLON SURCHARGE ON FUEL DISTRIBUTORS.**

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CWPMA support for amending statute to fund or provide matching funds for a state fuel testing lab.

CDC discussion relative to funding and safety improvements for a new fuel testing lab.

https://leg.colorado.gov/sites/default/files/images/department_of_labor_and_employment_fy_2024-25_capital_budget_request.pdf

Salient Points:

- This project was first conceived in 2015 and has project plan approval. (see link above)
- These state employees deal in hazardous materials testing and deserve a safe working environment
- With the imposition of RFG – fuel specification testing is a priority for the industry as the delta between 9.0 R.V.P. and wholesale rack fuel with a 7.4 maximum R.V.P. rating is 30-40 cent per gallon per retail which equates to almost 600 million dollars for the ozone season.
- Along with consumer protection the industry relies on this agency to maintain a fair regulatory environment. Compliance with RFG is a market priority for CWPMA and the fuel testing lab is an important compliance mechanism.

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It seems clear that that these state employees are not high enough on the priority list to secure funding, so because of the EPA mandate the board of CWPMA which is the primary source of the E.R.S. will support a 2-year limited diversion of our enterprise cash fund for these purposes and in concert with the already allowable expenditure under 8-20.5-10(3)(f)(1).

CWPMA is willing to back this because of the decades long partnership we have with this agency and the fact that work has led to:

- Less frequency of releases
- Diminished severity of releases
- And increased community investment and support by the liquid fuels industry in our communities

Our trade group and industry is lucky to have great regulatory partners who we work with collaboratively and who truly look at our ideas and where we mutually support the shared goal of a balanced competitive marketplace and environmental protection.

While we are looking at other factors relative to the statute to help RCG reimbursement levels and timelines and making sure that that state contractors remain accountable. For today we are committed to the safety of these state employees and market integrity for Colorado fuel users.

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Essentially:

A new paragraph in 8-20.5-103 that creates the set aside of \$3.2M each year for two years:

Beginning July 1, 2025, and ending June 30, 2027, \$270,000 (of the fund's balance will be set aside each month in order to support the capital needs associated with the relocation of the division of oil and public safety's fuel laboratory. This set aside amount will not be considered as part of the fund's balance as described in 8-20-206.5.

And a new section in 8-20.5-103(3) that gives OPS the authority to use the funds for the lab relocation: 8-20.5-103(3)(h)(I) Costs related to relocation or redevelopment of the division of oil and public safety's fuel laboratory.

And 8-20.5-103(3)(h)(II) This subsection (3)(h) is repealed, effective July 1, 2029.

Summary

- Understanding the dynamics around the budgetary impacts that are potentially possible in November we would hope that the committee and the state would help us by providing some matching support but our policy idea is designed to fund it entirely through the money we provide...but we hope you share our desire to elevate the facility and ultimately safety of these state employees.
- In our view ultimately this idea is simply a reallocation of existing dollars with no increase in fees on fuel distributors. We are not asking to divert anyone else's money.. there is no negative environmental impact and its consumer protection forward.
- Ultimately we would hope TLRC would move this idea forward as an interim bill