

Business tax tip #40

What You Need to Know about Fuel Inspections

The **Field Enforcement Division** of the Comptroller of Maryland's Office is responsible for checking the quality of petroleum products sold in Maryland. Motor fuel inspectors cover every region of the state. They enforce provisions regulating containers and vehicles used to transport and store all motor fuels, signs advertising prices for gasoline and special fuels, and waterborne movements of motor fuels - interstate, intrastate and/or all points of the supply chain, from terminal or ship to bulk plant to distributor to retail service station.

What do the inspectors look for?

Retail service stations: The inspector will look for the price posted, brand identification, pump price display, pump decals that show octane ratings, color coded fills, the four most recent delivery tickets, registration certificate and any appropriate special fuel tax exemption certificate. The inspector will draw a fuel sample and pay for each grade of product to be tested at the Comptroller's motor fuel testing lab in Jessup, although some tests are conducted on site.

The inspector will want to see the trader's license and retail sales tax license for the business, and will inspect cigarette inventory for proper stamps as well as reviewing delivery invoices for cigarettes, other tobacco products and alcoholic beverages.

Bulk locations: The inspectors will check the vehicles for **U.S. Department of Transportation** markers, compartment markings, loading documents, transfer documents, name on tanks and color coding.

On the spot test: On-site testing includes tests for water and sediment in storage tanks, and a screening for octane and color of road diesel.

Testing at the lab: Once initial tests are done, samples are taken to the Comptroller's motor fuel testing lab. Samples are chilled before testing to preserve the integrity of the testing process. The testing lab conducts quality control tests to make sure petroleum products meet Maryland specifications. Routine tests include vapor pressure, distillation, octane ratings, water and sediment, oxygen content and percentage and type of oxygenate, if any, in gasoline.

Special fuels: Fuel oils, diesel fuels and kerosene are tested for flash point, distillation, sulfur content, API gravity, dye concentration and, if applicable, viscosity, color and cetane index or cetane number.

Sample locations are randomly selected for analysis. The laboratory participates in national and regional exchange groups as part of its quality assurance program.

What happens if the inspector detects a problem at my service station?

The inspector will leave a warning, noting the problem discovered and the time permitted to correct the problem. The inspector could issue a "stop sale" notice on affected problems.

What happens if a fuel sample does not meet specifications in one of the lab tests?

The lab targets for a 24-hour turnaround. If a sample fails a test, a field inspector is immediately dispatched to issue a "stop sale" order for the fuel that does not meet specifications. The "stop sale" will be removed when the problem is corrected. Inspectors work with the distributor to discover the source and correct the problem.

How can the "stop sale" order be lifted?

We will tell you the problem with the fuel. You must contact the supplier to find out if the problem is correctable on site or if the product must be removed. You must contact the Field Enforcement Division at 410-260-7388 to discuss the proposed remedy. Once you receive authorization and the remedy is performed, contact us and we will re-sample the product promptly.

Can I sell the product on which a "stop sale" has been issued?

No. It's illegal to sell motor fuel that fails to meet quality standards. Penalties for not complying with the motor fuel inspection law and the stop sale order include a fine of up to \$5,000 and/or one year in jail, a court ordered injunction prohibiting sale of the product and suspension of your registration.

What about the federal requirements for gasoline, diesel and kerosene?

Motor fuel inspectors check for compliance with these specifications as required by the federal government.

What can I do to protect myself against fuel quality problems?

Service stations should be certain color codes are correct and that product is dropped into the proper storage tanks. Bulk plants should follow the color code system from point of origin to storage to final delivery and should document the proper delivery. Trucks should be properly drained before carrying a different kind of product.

What if the owner or lessee is not present when the inspector arrives?

If the owner or lessee is not present at the service station during normal business hours, the four most recent transfer documents and other necessary information should be kept in a convenient place so that an employee can provide them to the inspector.

What about pump calibrations and leaking underground tanks?

The Comptroller's Office cooperates with the Maryland **Department of Agriculture** and the **Maryland Department of the Environment** to coordinate inspections. However, specific violations are handled by the responsible agency.

Department of Agriculture
Weights and Measures
410-841-5790
1-800-943-6396

Department of the Environment
410-537-3000
1-800-633-6100