



Compliance Note: Tax Free Alcohol (190 & 200 proof ethanol) Rules and Regulations

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This information is for your use and as a way of providing consistent information. This information is based on current UCHSC Policy, and/or Federal, State or local regulatory requirements.

Tax Free Alcohol (190 & 200 proof ethanol) Rules & Regulations

INTRODUCTION

The UCHSC Health & Safety Division (HSD) has obtained an alcohol permit from the United States Alcohol Tobacco & Firearm (ATF) Division in order to distribute tax free ethanol to researchers located at the Fitzsimons campus. All tax free ethanol obtained at the UCHSC campuses may be used only for legitimate research purposes only. Under no circumstances may tax-free ethanol be used for beverage purposes or in food products. In addition, the conditions of the alcohol permit prohibit anyone from transporting tax free ethanol obtained at one campus and delivering it to another offsite location.

There is \$27 dollars of federal taxes levied on every gallon of 200 proof ethanol. All tax-free alcohol which is removed, sold, transported, or used in violation of law or regulations is subject to all the provisions including the requirement for payment of the tax on the ethanol. Researchers who do not follow the tax free ethanol rules may become liable to pay the Federal taxes.

The United States ATF Division requires all researchers using tax free ethanol to secure and inventory this product. The ATF also requires accurate tax free ethanol inventory records to be maintained for a period of three years.

The ATF alcohol regulations exempt completely denatured alcohol which is unfit for human consumption from the taxes and inventory requirements. Tax free ethanol should not be purchased for research purposes whenever completely denatured ethanol would be sufficient. Completely denatured ethanol may be purchased directly from Fisher Scientific at approximately the same price as tax free ethanol.

Researchers who obtain tax free ethanol at any of the UCHSC campuses are required to follow all the requirements provided in this compliance note.

SECURITY REQUIREMENTS FOR TAX FREE ALCOHOL

Every container of tax free ethanol must be secured inside a locked flammable storage at all times except when dispensing the product. In most cases a flammable rated storage cabinet will be required to secure the tax free alcohol in order to comply with the applicable fire codes. Plastic "squeeze" bottles holding tax free alcohol and other containers holding aqueous dilutions of the ethanol (95%,90%,70%, etc.) must also be secured inside a locked storage cabinet.



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Once tax free ethanol has been mixed with another chemical (xylene, methanol, etc.) so that it is no longer fit to drink, the mixture no longer needs to be stored inside a locked cabinet.

FLAMMABLE RATED STORAGE CABINETS REQUIRED FOR TAX FREE ALCOHOL

Ethanol (including 200 proof, 190 proof, 70%, etc.) is a flammable liquid. Only limited amounts of flammable liquids (including ethanol) may be stored outside of a fire rated storage cabinet in order to comply with building fire codes.

At the Fitzsimons Research Complex 1 building (RC1) no more than a total of two gallons of flammable solvents (including ethanol) may be stored outside of a flammable rated storage cabinet in each laboratory module due to the "open laboratory" design. In the RC1 research building, any five gallon can of ethanol must always be stored inside a flammable rated storage cabinet. The HSD is requesting that researchers minimize the total quantity of tax free ethanol stored in their laboratories. Researchers should not order 5 gallon drums of ethanol unless the container will be completely consumed within six months (order 1 gallon containers instead).

At the UCHSC Campus located at 4200 E. 9th avenue, no more than 10 gallons of flammable liquids may be stored outside of a flammable rated storage cabinet per room. All tax free ethanol containers must be secured inside a locked cabinet at all times except when it is being dispensed.

LABELING REQUIREMENTS FOR TAX FREE ALCOHOL CONTAINERS

Every container of tax free ethanol must be stored inside a properly labeled container. The original container the tax free ethanol has been supplied is acceptable as long as the original label is intact (200 proof, 190 proof). Whenever you make aqueous dilutions or formulations of tax free ethanol you must properly label the outside of the storage container with the concentration of the ethanol (i.e. 70% Tax Free Ethanol, 190 proof) and the type of tax free alcohol it was diluted from (200 proof or 190 proof).

Do not label containers holding tax free alcohol as described above once it has been mixed with chemicals other than water (i.e. xylene, methanol, formaldehyde, etc.) Once the tax free ethanol has been mixed with other chemicals so that it is no longer fit for human consumption, the container longer has to be labeled according to the standards found in this compliance note.

REQUIREMENT TO DEFACE/DESTROY LABELS ON EMPTY TAX FREE ALCOHOL CONTAINERS

Whenever a container of tax free alcohol becomes empty, the researchers are responsible for immediately destroying or obliterating the tax free alcohol markings (200 proof or 190 proof) on the container. Use a black magic mark to obliterate either the 200 proof or 190 proof markings on the empty container. All empty chemical containers at the UCHSC campus (including tax free alcohol) will be collected inside the laboratory and picked up by the UCHSC Health & Safety's Hazardous Chemical Waste Section. Submit a properly completed UCHSC Chemical Waste Disposal Form through the campus mail to Health & Safety to request empty chemical containers to be removed from the laboratory.

HEALTH & SAFETY TAX FREE ETHANOL AGREEMENT

The first time a researcher needs to obtain tax free ethanol at the UCHSC campus they must sign and submit the "Tax Free Ethanol Agreement" with the Health & Safety Division. A copy of the agreement is attached:

<http://www.uchsc.edu/safety/Downloads/TaxFreeEthanolAgreement7-01-04.doc> .



INVENTORY RECORDS REQUIRED FOR TAX FREE ALCOHOL

Researchers must use the inventory sheet provided in this guidance note to track the amount of tax free ethanol delivered to the laboratory and to track the quantity removed from the containers for research activities:

<http://www.uchsc.edu/safety/Downloads/TaxFreeEthanolInvntry7-01-04.doc> .

All containers holding tax free ethanol of different (aqueous) concentrations or formulations must be inventoried on separate inventory sheets. For example, 200 proof, 190 proof and 70% tax free ethanol containers must be inventoried on separate inventory sheets. Once the tax free ethanol has mixed with another toxic chemical (xylene, methanol, formaldehyde, etc.) so that it is no longer fit to drink, the product no longer has to be inventoried (however the quantity of ethanol removed from original tax free container must be inventoried).

Every time tax free ethanol is removed from a container the amount withdrawn must be accounted for on the inventory sheet. You must also account on the inventory sheet whenever tax free alcohol has become spilled or lost. Whenever containers of tax free ethanol become lost or stolen you must notify the UCHSC Health & Safety Division (303 724-0345) immediately.

To facilitate the inventory requirements of the permit, all researchers using tax free ethanol must complete and send the Health & Safety Division electronic copies of their tax free ethanol inventories to Ethanol.HSD@UCHSC.edu on the following dates (March 30th, June 30th, September 30th and December 31st). If you do not have an electronic copy of the inventory form, scan a copy of your inventory sheet as a computer document and email it to the Health & Safety Division. Researchers who do not provide the HSD with timely ethanol inventories may have their ethanol purchasing privileges suspended.

WASTE DISPOSAL REQUIREMENTS FOR TAX FREE ALCOHOL

Spent ethanol is regulated as a hazardous chemical waste because it is an ignitable (flammable) solvent, therefore it must be properly collected and disposed as chemical waste. Collect your spent tax free ethanol in a container labeled with a UCHSC Chemical Waste Label. Submit a properly completed UCHSC Chemical Waste Disposal Form through the campus mail to Health & Safety to request your spent ethanol waste to be removed from the laboratory.

Spent ethanol solutions which were used to dehydrate tissue samples must be collected in a waste container and disposed through UCHSC Health & Safety Division (HSD). Concentrated ethanol solutions (100%, 95%, 90%, 80% 70%, etc.) cannot be diluted down sink drains with running water.

Ethanol which has been used to wipe down surfaces for disinfection purposes cannot be collected for disposal since the ethanol will quickly evaporate.

DISTRIBUTION OF TAX FREE ETHANOL AT THE UCHSC CAMPUSES

The HSD will distribute tax free ethanol at the Fitzsimons campus from room P18 1203 (room adjacent to loading dock at North RC1 building, x43142) every Thursday afternoon from 2:00 p.m. to 3:30 p.m..

At the UCSHC campus located at 4200 E. 9th avenue campus tax free ethanol may be obtained from the School of Pharmacy loading dock (room 111C) every Tuesday and Thursday from 10:00 a.m. through 11:00 a.m..



Employees must comply with the following guidelines in order to obtain tax free ethanol at the UCHSC campuses:

1. Employees obtaining tax free ethanol must have the following: UCHSC Identification Badge, must be at least 21 years of age and have current drivers license or another form of identification (employees may be carded).
2. At the Fitzsimons campus, bring a properly completed IN form with correct account numbers and signature. At the UCHSC campus at 4200 E. 9th avenue bring a properly completed IO form.
3. The first time tax free alcohol is obtained from HSD complete the "UCHSC Tax Free Ethanol Agreement" and provide a copy to the HSD representative distributing the alcohol.
4. After the initial purchase of tax free ethanol from the HSD, for all future purchases of ethanol you must bring along a current copy of ethanol inventory sheet with you.

Pricing for Tax Free Ethanol Obtained at Fitzsimons Campus effective October 1st 2004:

1. 1 pint poly container of 200 proof ethanol, \$1.55 each
2. 1 gallon poly container of 200 proof ethanol, \$9.95 each
3. 1 gallon poly container of 190 proof ethanol, \$9.35 each
4. 5 gallon drum of 200 proof ethanol, \$46.70 each
5. 5 gallon drum of 190 proof ethanol, \$43.70 each

Tax free ethanol obtained at the 4200 E. 9th avenue campus will have a different pricing structure.