



FTA bulletin

Federation of Tax Administrators
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October 29, 2007

Summary of Proceedings 2007 FTA Motor Fuel Tax Section Annual Meeting

To State Tax Administrators:

Summary

The 2007 Annual FTA Motor Fuel Tax Section Meeting was held September 30 – October 3, 2007, in Baton Rouge, Louisiana. This bulletin summarizes the presentations from the conference. It also summarizes the Motor Fuel Section Annual Business Meeting. Copies of the Resolutions approved at the Business Meeting are attached.

Presiding over the conference was Michael Harrell, from the State of Delaware and the Motor Fuel Tax Section National Chair.

GENERAL SESSION –MONDAY

The conference started with the presentation of colors by the **Honor Guard, Constable's Office, City of Baton Rouge**. Then, **Brandon Hendrickson** performed the United States Anthem and **Cat Thomson** performed the Canadian Anthem.

Michael Harrell, from the State of Delaware and National Chair of the FTA Motor Fuel Tax Section, welcomed everyone to Louisiana. He also performed roll call of the states.

Shirley Bonaccorso, Assistant Director of Tax Administration for Louisiana Department of Revenue introduced **Cynthia Bridges**, Secretary of Louisiana Department of Revenue. **Cynthia Bridges** welcomed everyone to Louisiana and gave a brief overview of interesting things to see and do in Baton Rouge. She thanked all the participants for attending the conference.

David Retz, Senior Tax Counsel – Excise, Chevron, gave an update for the American Petroleum Institute (API). He addressed Federal and State Legislation, API activities, and refinery operations.

Scott Fisher, Vice President of Policy and Public Affairs, Texas Petroleum Marketers and Convenience Store Association, gave an update for the Petroleum Marketers Association of American (PMAA). He addressed retail agreements with credit card companies, renewable fuels, refinery capacity and the turnover rate of convenience store employees.

Donna Alderman, Revenue Administration Officer III, North Carolina Department of Revenue and Uniformity Committee State Co-Chair gave an update on uniformity, introduced the Uniformity Committees and gave the 2008 meeting locations. **Robert Donnellan**, Senior Tax Manager, Global Companies, LLC, and Uniformity Committee Industry Co-Chair gave awards to the following:

State of Texas for their continued efforts in improvements to Uniform Reporting, combating Tax Evasion and the 11 point plan accepted by **Jimmy Archer**, Chief, Texas Comptroller of Public Accounts and National Vice Chair; **State of Florida** for their continued efforts in improvements to Uniform Reporting, combating Tax Evasion and the 11 point plan as well as providing the Uniformity Books and CDs accepted by **Edward Gonzalez**, Revenue Program Administrator, Florida Department of Revenue; **State of Massachusetts** for their continued efforts in improvements to Uniform Reporting, combating Tax Evasion and the 11 point plan accepted by **Allan Ferullo**, Tax Auditor II; **Kathryn McKee**, Marathon Oil was given the Industry Award for her continued efforts in improvements to Uniform Electronic Filing, Combating Tax Evasion and the 11 point plan; **Cindy Anders – Robb**, Motor Fuel Tax Associate, Federation of Tax Administrators and Past National Chair was given a award for her continue support of the Motor Fuel Tax Section.

Charles Greenough, Manager, Canadian Fuel Tax Council, gave an update on uniformity from the Canadian Fuel Tax Council. He discussed the Vision Update, By-laws, revised and E-Filing.

Rich Little, Senior Program Analyst of the Internal Revenue Service, introduced the panel for the Internal Revenue Update. The panel included **Michael Rhea**, Policy; **Darren Lefebvre**, JOC; **John Calabrese**, ExStars Update; **Larry Porter**, National Fuel Territory; and **Jennifer Butcher**, FCO's. **Michael Rhea**, explained that Policy provides technical assistance to the IRS Counsel and Field Agents as well as to States and Industry; **Darren Lefebvre**, explained that the JOC is a collaboration between the IRS, FHWA and States to improve information sharing and decision analysis; **John Calabrese**, provided an ExStars Update; **Larry Porter**, National Fuel Territory discussed compliance and enforcement actions; and **Jennifer Butcher**, FCO's discussed Federal/State Agreements.

Concurrent Sessions--Monday

Two concurrent sessions were repeated in the afternoon.

International Movement of Fuel

Guy Ste Marie, Analyst, Revenue Quebec, was the moderator for this session. The panel included: **Darren Weiner**, Senior Rulings Officer, Canada Revenue Agency, **Robert Crawford**, Retired Assistant Director, Maryland Comptroller-Motor Fuel, and **Dar Walters**, Fuels Tax Manager, Idaho Tax Commission. **Darren Weiner** discussed Fuel Movement between Canada & US by marine barges, pipeline, rail and truck and Information Sharing Agreements. **Robert Crawford**, discussed the methods used by Maryland to acquire fuel after Hurricane Katrina and Hurricane Rita. **Dar Walters**, discussed Railroad reporting.

National Diversion Registry

Carol Player, Auditor, South Carolina and Past National Chair, was moderator and panelist for this session. The panel also included **Dan Farish, Manager**, Excise Tax, Murphy Oil, **Cory Martin**, FuelTrac Developer, Trac III Systems, LLC, **Robert Martin**, FuelTrac Help Coordinator, Trac III Systems, LLC and **Scott Martin**, FuelTrac Security, Trac III Systems, LLC. **Carol Player** and **Dan Farish** provided a view on how diversions work from state perspective and industry perspective. , **Cory Martin**, **Robert Martin**, and **Scott Martin**, provided a hands on demonstration of the National Diversion Registry.

Regional Meetings—Monday

The four regions (Midwestern, Northeastern, Pacific, and Southern) conducted their separate meetings to review the 2007 activities and plan for the 2008 activities.

GENERAL SESSION –TUESDAY

John Penacho, Tax Manager, Sprague Energy Corporation presented on Ethanol.

Ralph Erickson, Division Chief, Federal Highway Funding & Motor Fuel Division, Federal Highway Administration presented on Federal Highway Form 551.

Robert Turner, FTMA Bureau Chief, Montana Department of Transportation gave an update on a National Study Research Project and the Montana Study on Motor Fuel Tax Evasion.

David Nemchik, Fuels Tax Operations Manager, Oregon Department of Transportation, provided an update on Oregon's VMT—The Oregon Road User Fee Concept & Pilot Program.

Marc Papandrea, Tax Unit Manager, Connecticut Department of Revenue and Services, extended an invitation to the 2008 FTA Motor Fuel Tax Section Annual Meeting. The meeting will be held on September 21-24 in Hartford, Connecticut.

Peter Staffens, Revenue Program Administrator, Florida Department of Revenue and Past National Chair of the FTA Motor Fuel Tax Section, presented the Robert Beck Award to Robert (Bob) Crawford from the State of Maryland.

The National Chairs Report was given by **Michael Harrell**, from the State of Delaware and National Chair of the FTA Motor Fuel Tax Section. He gave out the following awards:

Julian Fitzgerald, State of North Carolina for his dedication and contributions to the Motor Fuel Tax Section; **Carol Player**, State of South Carolina for her continued leadership and participation in all areas of the Motor Fuel Tax Section; **Guy Ste-Marie**, Province of Quebec for his dedication and contributions to the Motor Fuel Tax Section and for fostering strong International Relations; **Donna Alderman**, State of North Carolina for her dedication and contributions to the Motor Fuel Tax Section and Uniformity Committee; **Dar Walters**, State of Idaho for his dedication and contributions to the Motor Fuel Tax Section; **Sherri Alston**, Federal

Highway Administration for her dedication and support to the Motor Fuel Tax Section; **Herman Wisenski**, State of Minnesota for his dedication and contributions to the Motor Fuel Tax Section Uniformity Committee and the Motor Fuel Tax Section Training Courses; **Robert Donnellan**, Global LLC for his dedication and contributions to the Motor Fuel Tax Section Training Courses; **William Gray**, Sinclair Oil for his dedication and contributions to the Motor Fuel Tax Section Training Courses; **SGT. Dickie Hass**, State of Texas for his dedication and contributions to the Motor Fuel Tax Training Courses; **William McInerney**, State of Wyoming for his dedication and contributions to the Motor Fuel Tax Training Courses.

Concurrent Sessions—Tuesday

Two concurrent sessions were repeated in the afternoon.

Internal Revenue Class

Herman Wisneski, Tax Specialist, Minnesota Department of Revenue, introduced **Rich Little**, Senior Program Analyst of the Internal Revenue Service. Rich Little presented “All you want to know about IRS Bio Fuels”. He reviewed the notices relating to Bio Fuels, terminology and registration.

Old/New Schemes

Jimmy Archer, Chief, Texas Comptroller of Public Accounts and National Vice Chair was the moderator for this session. The panel included **Charles Greenough**, Manager, Canadian Fuel Tax Council, **SGT. James Harris**, Southeast Texas Supervisor, Texas Comptroller., **David Paldy**, Assistant Deputy Attorney General, New York State Organized Crime Task Force and **Alec Zef**, Senior Investigator, New York State Department of Taxation and Finance. **Charles Greenough** discussed some tax evasion schemes that he encountered such as diverting aviation fuel for diesel fuel, import/export involving milk trucks or crossing international borders and bleaching, dyeing and masking operations. **James Harris** discussed a short loading scheme and a case involving following trucks from Louisiana and a Texas Refinery. The 6 companies received a total of 30 indictments. **David Paldy**, and **Alec Zef**, discussed 4 schemes by La Cosa Nostra (Mafia) and prosecution of the cases in New York.

Annual Business Meeting—Tuesday

The business meeting started with the roll call of states. Presiding over the meeting was Michael Harrell, from the State of Delaware and the Motor Fuel Tax Section National Chair.

The four regional meeting updates were given as follows:

Sharon Gostovich- Pacific Regional Meeting was held April 29 - May 2, 2007 in Tucson, AZ

Marc Papandrea- Northeastern Regional Meeting was held May 20-22, 2007 in Cherry Hill, NJ

Wilda Ice-Southern Regional Meeting was held June 17-19, 2007 in Wilmington, NC

Mark Ratliff-Midwestern Regional was held June 25-27, 2007 in Indianapolis, IN

Time and Place Committee, Julian Fitzgerald, Sr., State of North Carolina announced the locations for the upcoming annual meetings:

Hartford, CT
Oklahoma City, OK
Montana (tentatively)

Resolutions Committee, Roland Marr, State of Illinois sought approval to the ten (10) resolutions. All resolutions were approved.

Nominations Committee, Lou Felto, State of California announced the nominations for 2008. **Jimmy Archer**, Texas, was nominated and approved for the 2008 Motor Fuel Tax Section Chair and **Herman Wisneski**, was nominated and approved as the 2008 Motor Fuel Tax Section Vice Chair.

GENERAL SESSION –WEDNESDAY

Scott Fisher, Vice President of Policy & Public Affairs, Texas Petroleum Marketers & Convenience Store Association presented on the effects National Disasters have on fuel supply. He discussed the lessons learned from Hurricane Katrina and Hurricane Rita as well as Texas' plans on how to react next time there is a disaster.

Alan Weber, gave an update for the National Bio Diesel Board. He spoke about the industry and future legislation on biodiesel.

Bill Kron, Tax Specialist, Mississippi Tax Commission gave a presentation on ExSTARS/ExTOLE RESOLUTIONS OF THE MOTOR FUEL TAX SECTION.

**Adopted at the Annual Business Meeting
October 2, 2007 – Baton Rouge, Louisiana**

43 States plus the Province of Quebec were present

Resolution One

(Adopted by all members present)

WHEREAS, this the 81st annual meeting of the Federation of Tax Administrators, Motor Fuel Tax Section held at the Hyatt Regency Hotel, Baton Rouge, Louisiana will be remembered as informative and enjoyable, and

WHEREAS, the success of the meeting has been due in large part to the excellent arrangements made, informative program presented, and the generous hospitality provided,

NOW, THEREFORE, BE IT RESOLVED, that the delegates and guests at the 81st annual meeting of the Federation of Tax Administrators, Motor Fuel Tax Section, express their thanks and appreciation to their hosts, Ellen Rhorer, Shirley Bonaccorso, Kelli Jumper, Leonore Heavey, Carolyn Holcombe, Shanda McClain of the Louisiana Department of Revenue.

Resolution Two

(Adopted by all members present)

WHEREAS, the proceedings of the formal sessions of this 81st annual meeting of the Federation of Tax Administrators, Motor Fuel Tax Section, have featured the presentation of timely, interesting and well prepared papers, and

WHEREAS, the exchange of technical and administrative information that has been accomplished in our breakout sessions is one of the principal functions of the meeting,

NOW, THEREFORE, BE IT RESOLVED, that the members of the Federation of Tax Administrators, Motor Fuel Tax Section, express their thanks and appreciation to Michael Harrell, Motor Fuel Tax Administrator, Delaware Department of Transportation, Chair of the Motor Fuel Tax Section, who presided at the sessions, and to the speakers and moderators at the 81st annual meeting of the Federation of Tax Administrators, Motor Fuel Tax Section for their contributions to the success of the program.

Resolution Three

(Adopted by all members present)

WHEREAS, the petroleum industry and state tax agencies desire to operate in the most effective and efficient manner, and

WHEREAS, the states employ different requirements for the reporting of motor fuel tax information, and

WHEREAS, the Motor Fuel Tax Uniformity Committee, FTA Motor Fuel Tax Section has met and adopted the changes to the FTA Electronic Combined Reporting Methods Implementation Guide for 2007, and

NOW, THEREFORE BE IT RESOLVED, that the delegates of the 81st annual meeting of the Federation of Tax Administrators, Motor Fuel Tax Section held in Baton Rouge, Louisiana adopt the changes to the FTA Electronic Combined Reporting Methods Implementation Guide for 2007.

Resolution Four

(Adopted by all members present)

WHEREAS, the petroleum industry and state tax agencies desire to operate in the most effective and efficient manner, and

WHEREAS, the states employ different requirements for the reporting of motor fuel tax information, and

WHEREAS, the Motor Fuel Tax Uniformity Committee, FTA Motor Fuel Tax Section has met and renamed schedule 10-J to read “Gallons delivered to consumers or filling stations tax free”.

NOW, THEREFORE BE IT RESOLVED, that the delegates of the 81st annual meeting of the Federation of Tax Administrators, Motor Fuel Tax Section held in Baton Rouge, Louisiana adopt the renamed schedule 10-J.

Resolution Five

(Adopted by all members present)

WHEREAS, the petroleum industry and state tax agencies desire to operate in the most effective and efficient manner, and

WHEREAS, the states employ different definitions for various terms that are used consistently throughout the motor fuel industry and in state motor fuel tax administration and,

WHEREAS, the Motor Fuel Tax Uniformity Committee, Federation of Tax Administrators, has met and adopted uniform definitions which the Committee recommends to assist states in the exchange of information and to relieve the burden on industry of dealing with multiple definitions for similar terms,

NOW, THEREFORE, BE IT RESOLVED, that the delegates of the 81st annual meeting of the Federation of Tax Administrators, Motor Fuel Tax Section held in Baton Rouge, Louisiana adopt the following definitions for state fuel tax purposes:

Diversion

Product shipped from a terminal to a state or jurisdiction other than the destination state or jurisdiction indicated on the original bill of lading.

Resolution Six

(Adopted by all members present)

WHEREAS, the petroleum industry and state tax agencies desire to operate in the most effective and efficient manner, and

WHEREAS, the states employ different requirements for the reporting of motor fuel tax information, and

WHEREAS, the Motor Fuel Tax Uniformity Committee, FTA Motor Fuel Tax Section has met and adopted the checklist below for “Reduce Tax Rates” be added to the Model Legislation Checklist under the Alternative Fuels Section in the Motor Fuel Tax Section Uniformity Project booklet for 2007:

I. Reduce Tax Rates

When considering reduced tax rate provisions for specific alternative fuel blends or fuel uses, the following are some items to be addressed:

1. There is an increased potential for evasion if: (a) fuel may be purchased at a specific blend to receive a reduced tax rate. The reduce tax rate is remitted, then the fuel may be further blended and sold as the higher rate, or (b) fuel may be purchased at a reduced tax rate based on a specified use, then later used for a different purpose, which should be taxed at a higher rate.
2. Consider a credit or refund to allow for ease in fuel taxation. This will further ensure accuracy of reduced tax rates/credits situations for specific fuel blends and uses.

NOW, THEREFORE BE IT RESOLVED, that the delegates of the 81st annual meeting of the Federation of Tax Administrators, Motor Fuel Tax Section held in Baton Rouge, Louisiana adopt the checklist for “Reduce Tax Rates” be added to the Model Legislation Checklist under Alternative Fuels Section in the Motor Fuel Tax Section Uniformity Project booklet for 2007.

Resolution Seven

(Adopted by all members present)

WHEREAS, the success of the Federation of Tax Administrators, Motor Fuel Tax Section depends on the dedication of many State, Federal and Industry participants, and

WHEREAS, this 81st annual meeting of the Motor Fuel Tax Section recognizes several of these individuals, who have contributed to the success of the Federation of Tax Administrators, Motor Fuel Tax Section, during the previous years, have recently retired or moved on,

NOW, THEREFORE, BE IT RESOLVED, that the members of the Federation of Tax Administrators, Motor Fuel Tax Section express their thanks and appreciation to **Janet Lake**, State of Nebraska, **Greg Mazzucco**, Internal Revenue Service, **Stanley Kuny**, Internal Revenue Service, **Shirley Riden**, State of Pennsylvania, **Anne Cote**, State of New Hampshire, **Jack Ranby**, State of Arizona, **Cinde Crump** (Fontenot) State of Louisiana, **Robert Crawford**, State of Maryland, **Joe Craigwell**, State of Pennsylvania, **Walter Roberts**, State of Massachusetts and **Timothy Lee**, State of Arizona. We wish them luck in their future endeavors, and

BE IT FURTHER RESOLVED, that a copy of this resolution be forwarded to these individuals.

Resolution Eight

(Adopted by all members present)

WHEREAS, the members of the Federation of Tax Administrators, Motor Fuel Tax Section recognize the success of the Federation of Tax Administrators, Motor Fuel Tax Section depends on the dedicated work of many State, Federal, and Industry participants, and

WHEREAS, an individual who contributed to the success of the Federation of Tax Administrators, Motor Fuel Tax Section during the previous years, has passed away,

NOW, THEREFORE, BE IT RESOLVED, that the members of the Federation of Tax Administrators, Motor Fuel Tax Section express their deepest sympathy to the family and friends of **Donald Paswater** from the State of Maryland and Past National Chair of the Motor Fuel Tax Section.

Resolution Nine

(Adopted by all members present)

WHEREAS, the members of the Federation of Tax Administrators, Motor Fuel Tax Section recognize the success of the Federation of Tax Administrators, Motor Fuel Tax Section depends on the dedicated work of many State, Federal, and Industry participants, and

WHEREAS, an individual who contributed to the success of the Federation of Tax Administrators, Motor Fuel Tax Section during the previous years, has passed away,

NOW, THEREFORE, BE IT RESOLVED, that the members of the Federation of Tax Administrators, Motor Fuel Tax Section express their deepest sympathy to the family and friends of **Donald Miller** from ExxonMobil.

Resolution Ten

(Adopted by all members present)

WHEREAS, the members of the Federation of Tax Administrators, Motor Fuel Tax Section recognize the success of the Federation of Tax Administrators, Motor Fuel Tax Section depends on the dedicated work of many State, Federal, and Industry participants, and

WHEREAS, an individual who contributed to the success of the Federation of Tax Administrators, Motor Fuel Tax Section during the previous years, has passed away,

NOW, THEREFORE, BE IT RESOLVED, that the members of the Federation of Tax Administrators, Motor Fuel Tax Section express their deepest sympathy to the family and friends of **Kay Burkhalter** from the State of Oklahoma.