

**SUMMARY**  
**2011 MOTOR FUEL TAX SECTION ANNUAL CONFERENCE**

The 2011 Annual Federation of Tax Administrators (FTA) Motor Fuel Tax Section Meeting was held September 19-21, 2011 in Charleston, West Virginia.

Presiding over the conference was Rosemary Cleary, Tax Division Chief, CT Dept. of Revenue Service and the FTA Motor Fuel Tax Section National Chair.

**General Session – Monday, September 19, 2011**

The conference began with the presentation of the colors by the West Virginia State Police. The Star Spangled Banner and O Canada were performed by the First Presbyterian Church of Nitro Bell Choir led by Carmen Kostleansky. The Bell Choir also performed an additional song “Let There Be Peace”.

Rosemary Cleary, Tax Division Chief, CT Dept. of Revenue Service and the FTA Motor Fuel Tax Section National Chair, welcomed all attendees to the Annual Motor Fuel Tax Section Meeting. Roll call for all the states was held and there was an introduction of all attendees. There were 30 States represented as well as the District of Columbia and the Province of Alberta, Canada. She also introduced the chairmen for the following committees: Time and Place Committee – Sharon Gostovich (WY); Resolutions – Donna Alderman (NC); Nominations – Chuck Ulm (MD).

Dana Angell, Director of Auditing, WV Dept. of Tax and Revenue, introduced the WV Tax Commissioner, Craig Griffith. Mr. Griffith welcomed everyone to the great state of WV and expressed his appreciation for everyone involved in the administration of fuel taxes.

Joung H. Lee, Associate Director for Finance and Business Development, Deputy Director – AASHTO Center for Excellence in Project Finance, gave the AASHTO update. The title of his presentation was: Transportation at a Crossroads – Life after SAFETEA-U. The discussion topics included: the current method for transportation funding is in critical conditions and how will the federal government guarantee the required investment for transportation? His presentation was very concise and informative.

Jan Vineyard, President of the West Virginia Oil Marketers Association gave the update for OMEGA. She discussed how tax at the rack had helped her members and how the WV Tax Department has met with them to get their input prior to enacting the legislative changes that resulted in tax at the rack.

Brenda Hansen, Past President of the API Excise Tax Section (Conoco-Phillips) gave the American Petroleum Institute update. She covered topics including the Aviation Trust Fund Reauthorization, The Highway Trust Fund, IRS Technical Advice Memorandums (gasoline blendstocks, two party exchange ethanol mixtures, oil spill on tar sands), Mechanical Dye Injection, and the Expiration of Tax Credits.

Tracy Woodard, Director of Government Affairs, Nissan North America Inc., spoke about electric cars and their place in the alternative energy scheme. She discussed the benefits of the Nissan Leaf car.

William Freeman, Coordinator NGV Market Development, Chesapeake Energy, discussed the role of natural gas as an alternative fuel. He also drove a natural gas vehicle that he allowed participants to look at so they could get an idea of how the fuel is stored in the vehicle.

The following two concurrent break-out sessions were repeated in the afternoon.

### **Motor Fuels “101”**

This session was moderated by Robert Donnellan, Director of Excise Tax Compliance, Global Companies LLC and Uniformity Industry Chair. The topic, “Understand the Movement of Motor Fuels” was presented by Robert Donnellan and Wilda Ice, Auditor, WV Dept. of Tax and Revenue and Past National Chair. The purpose of the session was to follow the movement of fuel from terminal to end user.

### **Alternative Fuel “101”**

This session was moderated by Dawn Lietz, Supervising Auditor II, Nevada DMV Motor Carrier Division and National Vice Chair. The topic “Understand What Are Alternative Fuels” was presented by Amy Drewry, Transactional Tax Manager, Louis Dreyfus Commodities, and Jeremy Neck, Sr. Revenue Tax Specialist, State of Minnesota. The purpose of this session was to discuss the different alternative fuels and their tax status.

The regional breakout meetings were held immediately following these sessions.

### **General Session – Tuesday, September 20, 2011**

Rosemary Cleary, Tax Division Chief, CT Dept. of Revenue Service and the FTA Motor Fuel Tax Section National Chair brought the meeting to order and introduced the speakers.

The first speaker of the day was Michael Dougherty, Program Analyst, Federal Highway Administration. He discussed the following topics: the status of the Surface Transportation Authorization, the federal fuel tax, the Highway Use Tax Evasion Program Grants, continuing evasion topics, the University of Iowa Road User Study and explained why OHPI collects motor fuel use data.

Richard Little, Fuel Policy Manager, Internal Revenue Service, gave a presentation that included the following topics: ExStars updates; JOC updates; the names and phone numbers of who to call with IRS questions, IRS Technical advice memorandums, and information concerning chief council advice.

Chris Wade, Advanced Refining Concepts, LLC (Reno, NV) gave an informative presentation on G Diesel. This product is the result of a process which passes ULSD and natural gas through a reactor vessel at a low temperature and low pressure in the presence of a proprietary catalyst.

The resultant product claims to have increased vehicle mileage efficiency, cleaner fuel filters, better cold weather performance and has a nearly smokeless and odorless exhaust.

Rick Callaway (AB), Project Manager from the Canadian Fuel Tax Council gave the update on the Fuel Tax Council. He discussed the re-write of their manual, various projects and the status of their committees.

Robert Donnellan, Global companies, LLC and Sharon Gostovich, State of Wyoming, gave the Uniformity Update. They presented two awards from the Uniformity Committee. The state award was presented to the State of Connecticut for their continued efforts in improvements to uniform reporting, combating tax evasion and the 11 point plan. The Industry award was presented to Scott Louie, Chevron, for his continued efforts in improvements to the Motor Fuel Tax Section Uniformity Committee.

The invitation to the 2012 Annual Meeting was given by Marc Levasseur, Principal Revenue Agent, State of Rhode Island. The meeting will be October 28-31, at the Renaissance Inn, Providence, Rhode Island.

Carol Player, State of South Carolina, Past National Chair presented the Robert Beck Award. This award was presented to George Higdon, Mississippi. George has been an active member of the FTA Uniformity Committee since 1969. He served as State Co-Chair of the Uniformity Committee during 2007-2008. George has been an informative speaker at many FTA Uniformity functions. Under George's leadership, MS implemented electronic filing for all petroleum taxes including IFTA and IRP. Not only was George an active participant in Uniformity, he was also very active in IFTA. He served on the Agreement Procedures Committee 1996-1997; a member of the Board of Directors 1998-2003; the Board Liaison to the IFTA audit committee and the IFTA Dispute Committee until his retirement. In 2006, he was presented the Charles M Mills award for his outstanding contributions to the IFTA Committee. George has made himself available for any project the Uniformity Committee has undertaken. No matter what the circumstance, George was always a gentleman. He represented MS well during his career.

Rosemary Cleary gave the National Chairs report. She discussed how vitally important it is to take back what we learn at these meetings to those in our respective states. She stressed the importance of transferring knowledge to our staff and the challenges that we face due to budget constraints, smaller staffs, and the changes in the motor fuel industry. She presented National Chair Awards to the following individuals: Wilda Ice, WV; Scott Louie, Chevron; Sharon Gostovich, WY and Traci Bullock, SC.

The following two concurrent break-out sessions were repeated in the afternoon:

### **Movement of Fuel**

This session was moderated by Jeremy Neeck, Sr. Revenue Tax Specialist, Minnesota Department of Revenue. The topic, Rail and Barge Movement of Fuel was presented by Tim Turgeon, Excise Tax Manager, CHS, Inc. and Dean Reinauer, Manager, Reinauer Transportation Companies LLC.

## **State/Industry Roundtable Discussions on Alternative Fuels**

This session was moderated by Wilda Ice, Auditor, WV Tax and Revenue and Past National Chair. The topic, “How Do We Handle the Reporting of Alternative Fuels?” was discussed by the panel of Sharon Gostovich, Fuel Tax Program Manager, WY Department of Transportation and the Uniformity State Chair; Dawn Lietz, Supervising Auditor II, Nevada DMV Motor Carrier Division and National Vice Chair and Amy Drewry, Transactional Tax Manager, Louis Dreyfus Commodities.

The annual business meeting was held immediately following the breakout sessions.

### **Annual Business Meeting**

Rosemary Cleary, State of Connecticut and the Motor Fuel Tax Section National Chair, presided over the meeting, which began with a roll call of states. 27 States were present.

The four ***regional updates*** were given as follows:

Scott Horton (MI) – Midwest Regional Meeting was held July 13-15, 2011 in Kansas City, MO.

Steve Holbrook (ID) – Pacific Regional Meeting was held April 10-12, 2011 in Boise, Idaho.

Shirley Bonaccorso (LA) – Southern Regional Meeting was held June 19-21, 2011 in Nashville, Tennessee.

Chuck Ulm (MD) – Northeast Regional Meeting was held May 22-24, 2011 in Hartford, Connecticut.

***Time and Place Committee*** – Sharon Gostovich (WY), announced the following locations for the upcoming annual meetings:

October 28-31, 2012 in Providence, Rhode Island

2013 to be determined from the Midwestern Region.

***Resolutions Committee*** – Jeremy Neeck (MN) sought approval of the eight (8) resolutions presented. All resolutions were approved.

***Nominations Committee*** – Chuck Ulm (MD) announced the nominations for 2011.

**Dawn Lietz (NV)** was nominated and approved as the 2010-2011 Motor Fuel Tax Section Chair and **Edie Martin (KS)** was nominated and approved as the 2011-2011 Motor Fuel Tax Section Vice Chair.

### **General Session – Wednesday, September 21, 2011**

Rosemary Cleary, Tax Division Chief, CT Dept. of Revenue Service and the FTA Motor Fuel Tax Section National Chair brought the meeting to order and introduced the speakers.

The first speaker of the day was Michael Oser, Senior Program Analyst, Internal Revenue Service. His presentation explained the responsibilities of a governmental liaison.

The subject presented by Oscar L. Garza, Director, Deloitte Tax LLP was “IRS Gasoline Blendstocks Update, Trading in the Bulk System, Oil Spill Tax”. His presentation focused primarily on federal tax implications for those areas.

Bruce Johnson, Tax and Revenue Supervisor II, Excise Tax Unit, WV Tax and Revenue and Jim Harris, Deputy Chief, Criminal Investigation Division – HG, discussed Current Evasion Schemes

for motor fuels. Bruce Johnson also discussed some areas of investigation in WV that brought focus to audit candidates and resulted in large tax assessments.

The final presentation of the day was given by Ben Pierce, Battelle. He discussed the Minnesota VMT Study. His presentation resulted in several minutes of questions and answers.

Rosemary Cleary, FTA Motor Fuel Tax Section National Chair passed the gavel to the FTA Motor Fuel Tax Section National Vice-Chair, Dawn Leitz (NV). Dawn Leitz accepted the gavels and the new title of National Chair, announced that Jeremy Neeck (MN) was elected the new National Vice-Chair and adjourned the 85<sup>th</sup> FTA Motor Fuels Annual Meeting.

**RESOLUTIONS OF THE MOTOR FUEL TAX SECTION**  
**Adopted at the Annual Business Meeting**  
**September 20, 2011 – Charleston, West Virginia**

**27 States plus the Province of Quebec were present**

**Resolution One**  
***(Adopted by all members present)***

**WHEREAS**, this the 85<sup>th</sup> annual meeting of the Federation of Tax Administrators, Motor Fuel Tax Section held at the Embassy Suites-Charleston, Charleston, West Virginia 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 85<sup>th</sup> annual meeting of the Federation of Tax Administrators, Motor Fuel Tax Section, express their thanks and appreciation to their hosts, Dana Angell, Pat Bryant, Bruce Johnson, Wilda Ice, Dawn Brisendine, Thomas Guertin and the West Virginia Department of Tax and Revenue.

**Resolution Two**  
***(Adopted by all members present)***

**WHEREAS**, the proceedings of the formal sessions of this 85<sup>th</sup> 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 Rosemary Cleary, Connecticut Department of Revenue Services and Chair of the Motor Fuel Tax Section, who presided at the sessions, and to the speakers and moderators at the 85<sup>th</sup> 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 DLR for the jet fuel dealers in the FTA Electronic Combined Reporting Methods Implementation Guide, and

**NOW, THEREFORE BE IT RESOLVED**, that the delegates of the 85<sup>th</sup> annual meeting of the Federation of Tax Administrators, Motor Fuel Tax Section held in Charleston, West Virginia adopted DLR for the jet fuel dealers in the FTA Electronic Combined Reporting Methods Implementation Guide.

**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 adopted or renamed the following schedules:

- 12A Gallons of tax-paid product sold or used below the terminal rack
- 12B Gallons of ex-tax product sold or used below the terminal rack
- 12C Gallons of ending physical inventory of product below the terminal rack

**NOW, THEREFORE BE IT RESOLVED**, that the delegates of the 85<sup>th</sup> annual meeting of the Federation of Tax Administrators, Motor Fuel Tax Section held in Charleston, West Virginia adopt subschedules 12A, 12B, 12C.

**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 forms 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 85<sup>th</sup> annual meeting of the Federation of Tax Administrators, Motor Fuel Tax Section held in Charleston, West Virginia will add “e-mail address” to all returns in the Uniformity Guide.

**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 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 forms 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 85<sup>th</sup> annual meeting of the Federation of Tax Administrators, Motor Fuel Tax Section held in Charleston, West Virginia adopt the changes to the instruction to all Uniform Reports to read:

“Each state should require a taxpayer to provide net, gross, and billed gallons on their schedule of receipts and disbursements to facilitate the sharing of tax information among states”

**Resolution Seven**  
*(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 85<sup>th</sup> annual meeting of the Federation of Tax Administrators, Motor Fuel Tax Section held in Charleston, West Virginia adopt the following definitions for state fuel tax purposes:

### **Definitions**

**Buy-Sell Agreement** – An agreement between two terminal suppliers whereby a terminal supplier agrees to deliver fuel to the other party or the other party’s customer at the loading rack. The transaction is reconciled and financially settled by cash and is recorded by the terminal operator as a terminal removal by the receiving supplier. This type of transaction may also be known as a “Supplier Product Authorization”.

**Exchange Agreement** – An agreement between two terminal suppliers whereby a terminal supplier agrees to deliver fuel to the other party or the other party’s customer at the loading rack. The transaction is reconciled and financially settled by trading for a product at another location and is recorded by the terminal operator as a terminal removal by the receiving supplier.

**Racing Fuel** – An accountable product, generally leaded gasoline of one hundred and five octane or more, for off-highway use in competition vehicles, e.g., race cars, snowmobiles and motorcycles (excludes aircraft).

**Voyage Number** – is a manifest number or document number in the mariner time industry.

### **Resolution Eight**

*(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 85th 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 **George Higdon** State of Mississippi, **Dar Walters**, State of Idaho, **Edgar Roberts**, State of Nevada, **Kurt Davenport**, State of Texas, **Dianna McCollum**, State of Wyoming, **Bob Turner**, State of Montana, **Alan Ferullo**, State of Massachusetts **Jim Breen**, State of New York, **Charles (Chuck) Zwettler**, State of Wisconsin, **Mary Ann Vicini**, State of Michigan, **Gary Burnsteadt**, IRS, **Mal Bruce**, Canadian Fuel Tax Counsel and **Jerry McGill**, Magellan Midstream . We wish them luck in their future endeavors.