



U.S. Department of Transportation
Federal Highway Administration

Federal Highway Administration Update

FTA Motor Fuel Tax Section
2009 Annual Meeting
Oklahoma City, OK
September 21, 2009
Michael J. Dougherty



U.S. Department of Transportation
Federal Highway Administration

FHWA Update

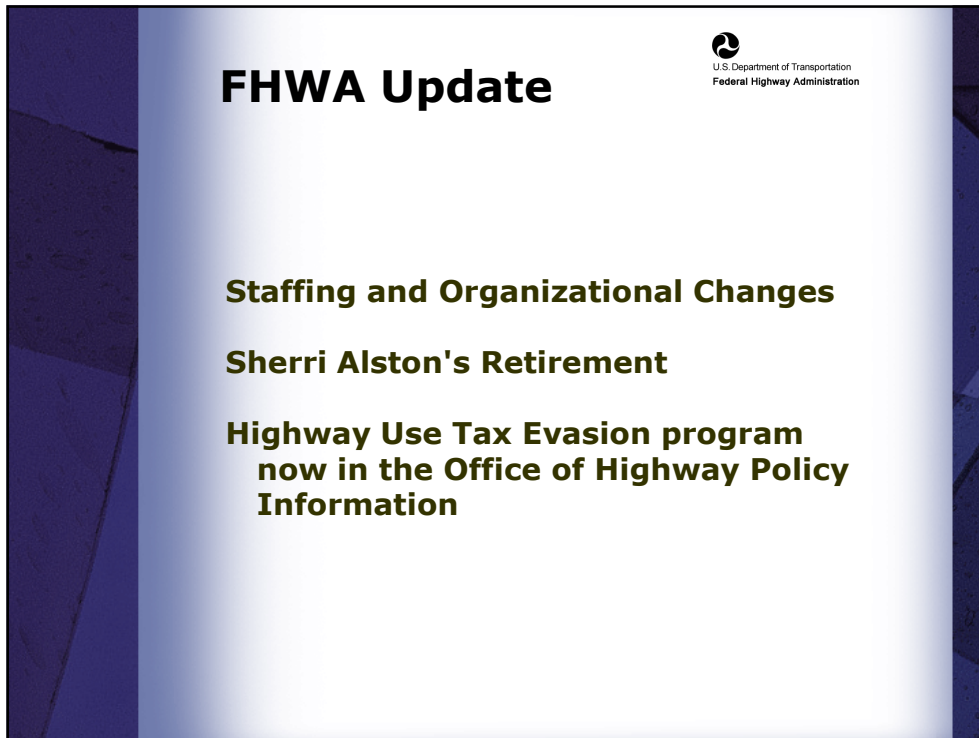
Staffing and Organizational Changes

Authorization: History and Future


Status of Grants

Review Grant Awards

Fuel Tax Evasion Website



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Staffing and Organizational Changes

Sherri Alston's Retirement

**Highway Use Tax Evasion program
now in the Office of Highway Policy
Information**



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Staffing and Organizational Changes

- **New Supervisor**
- **New Director**
- **New Associate Administrator**
- **New FHWA Administrator**
- **New Secretary of Transportation**
- **New President**

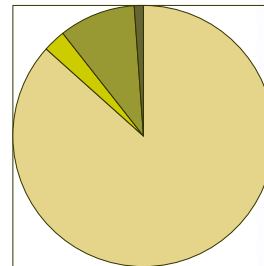
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Highway Trust Fund

- Fuel Taxes
- Heavy Highway Vehicle Use Tax
- Truck and Trailer Sales Tax
- Tire Tax

2007 Highway Trust Fund



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Authorization: Past and Present

- Need for Authorization
- Intermodal Surface Transportation Equity Act (ISTEA)
- Transportation Equity Act for the 21st Century (TEA-21)
- Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU)

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Highway Use Tax Evasion

- Funding for Internal Revenue Service (IRS) initiatives, including;
 - Enforcement programs in the Small Business/Self-Employed Division
 - Support of the Joint Operations Center for National Fuel Tax Compliance (JOC)
 - Information Technology initiatives including ExSTARS support and the creation of various on-line reporting forms for Heavy Highway Vehicle Use Tax (Form 2290), Claim for Refund of Excise Taxes (8849), Quarterly Federal Excise Tax Return (720)

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Highway Use Tax Evasion

- Intergovernmental Fuel Tax Evasion Enforcement
 - \$2 Million available each year
 - Selections are made considering inter-agency, innovative projects
 - Some funding is used by JOC member states

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Intergovernmental Grants

- Projects awarded have included participation by:
 - State Revenue Agencies
 - State Transportation Agencies
 - Internal Revenue Service
 - Tribal agencies
 - State and Local law enforcement agencies
 - United States Customs
 - United States Coast Guard
 - Additional Agencies

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Intergovernmental Grants

- Projects awarded have had initiatives that involve :
 - Dyed fuel sampling and testing
 - Retail service station inspections
 - Outreach initiatives
 - Border Issues
 - Movement of watercraft
 - IFTA enforcement
 - Improving audit processes

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Project Examples

- **Arizona** – Promoting Fuel Tax Compliance in Indian Country
 - Arizona Department of Transportation
 - New Mexico Taxation and Revenue Dept.
 - Navajo Tax Commission
 - Retail Inspections/Joint Audits
 - Significant Assessments
 - Fuel Storage Tank Inspections
 - Many Stations Have Off-Spec Fuel
 - On-road Diesel Inspections
 - Violations Found

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Project Examples

- **Arkansas** - PREVENTING INTERSTATE MOTOR FUEL TAX EVASION THROUGH THE USE OF DETAILED DATA, ENFORCEMENT, AND JOINT AUDITS
 - Import/Export Permits
 - Changes made to enhance system and increase compliance
 - Motor Fuel Tracking
 - Enhance system through expansion of data including: Ex-STARs data, border state data, import/export permit system data

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Project Examples

- **Hawaii** – Don't Duck Motor Fuel Taxes Outreach Program
 - Conduct workshop on motor fuels data collection and reporting and establish outreach and training program.
 - Involve all parties including Hawaii Department of Transportation, Hawaii Department of Taxation, City and County of Honolulu and Maui County

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Project Examples

- **Illinois** – Combination of Initiatives
 - Dyed Diesel Fuel Enforcement
 - IFTA Enforcement Details
 - Distributor/Supplier Inspections
 - Motor Fuel Tax Returns

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Project Examples

- **Pennsylvania** – Fuel Composition and Accountability Program (FuelCAP)
 - Began with testing diesel fuel at retail level
 - Expanded into testing for quality of other fuels
 - Development of database which will share information with IRS

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Project Examples

- **Washington** – Emphasis on border issues
 - Involves Washington State Department of Licensing, IRS, Washington State Patrol, Utilities and Transportation Commission, Customs and Border Patrol
 - Focus on rail and maritime transportation of fuel imported into WA, advanced training for investigators, emphasis patrols at border or waterways, awareness campaign, public outreach

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Intergovernmental Fuel Tax Evasion Enforcement Grants

- FY 2010 – IF SAFETEA-LU is extended, it is assumed that the programs will be funded at the FY2009 level, which would mean \$2 Million available for Intergovernmental Grants.
- For SAFETEA-LU grants, each has a performance period. If they need to be extended an amendment can be executed.
- Once funds are obligated they do not have an expiration date, but if no activity occurs over a two-year period, the local FHWA Division Office may recall funds.
- Project reports

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FHWA Fuel Tax Evasion Website

<http://www.fhwa.dot.gov/motorfuel/>


Public part of site is accessible.

Data and tax rate charts will be updated

Motor Fuel Tax Compliance Outreach

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Fuel Sales & Taxes
FAQs




Introduction

Promoting the Enforcement of Motor Fuel Tax Compliance

In order to assist agencies in better managing the fuel tax enforcement challenges facing the Federal Government and States, the Federal Highway Administration has undertaken a motor fuel tax compliance outreach program. Through information and education, and case studies and illustrations of the consequences of non-compliance, the FHWA hopes to promote the effective enforcement of motor fuel tax codes.

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Questions?

Thank you!