

The Uniformer

MESSAGE FROM THE NATIONAL CHAIR CHUCK ULM

Greetings FTA Peeps! As I pen this article, I think about my snowy drive into work today, and how I can hardly wait for spring to arrive. I trust that everyone has stayed safe and warm during this record setting winter, and that some of you share my anticipation for warmer times ahead.

In the January 2019 Uniformer article, I wrote about many of the new technological advances in the motor fuel world, and the need for all of us to recognize and accommodate these new platforms. It seems that there is always the next new, yet undiscovered, fuel development just over the horizon, and upon its introduction, comes the challenge of accurate and equitable regulation.

But I also want to remind my fellow administrators to not lose sight of the traditional tax evasion schemes and activities that are still operating today. Just recently, Maryland received information that a possible unlicensed, out-of-state supplier was engaging in the business of a Special Fuel Seller in our state.

Field personnel were able to identify this vehicle entering our jurisdiction, and observe the driver during a delivery of a suspected taxable motor fuel. They initiated a vehicle stop, and conducted a Petroleum Transporter Inspection, where they confirmed that this company was unlicensed to sell motor fuel in Maryland. During the inspection, multiple delivery documents and checks were discovered and seized, with some indicating taxable sales.

And in addition to the discovery of the unlicensed supplier, further inspection of the fuel delivery vehicle revealed that the truck was operating

with untaxed dyed diesel fuel in the propulsion tank. I continue to be amazed by the number of dyed fuel violations that are still occurring today as compiled by Jeremy Neeck (thanks Jeremy!), and here is another example.

We seized the vehicle and the remaining fuel on-board, and transported it to our impound lot pending an administrative hearing. At the time of writing this article, the investigation is ongoing. So, again, just a reminder to my fellow regulators not to become complacent with your current operations, but to remain vigilant with open eyes and ears as you conduct your business.

As prior FTA Motor Fuel Tax Section Chairs have noted, I, too, am anxious to attend and participate in the various regional meetings with hopes of gaining a better understanding of geographical and logistical differences that might be unique to particular areas. I also hope to expand my contacts in the motor fuel tax world, and perhaps finally put a face with a current contact name.

But for now, it's back to my daily responsibilities and this very busy legislative season that we are experiencing this year in Maryland (wish me luck please). I hope that everyone is well, and that we are able to connect at a future FTA event.

Should you wish to contact me directly, I can be reached at (410) 260-7278 or culm@comp.state.md.us.

MESSAGE FROM THE UNIFORMITY COMMITTEE STATE CO-CHAIR STEVE NUTTER

Last month I was asked to attend a meeting with the I95 Corridor Coalition. They are conducting a MBUF study to define plausibility of charging a mileage based user fee to ultimately replace fuels tax as a structure to fund road maintenance. They were kicking off a pilot to electronically collect travel information for heavy trucks {over 26,001LB gross vehicle weight}. They are exploring the possibility of using a clearinghouse to distribute fees collected to the states that the travel occurred.

While Vehicle Mileage Tax or road user fees are not new this is the first to embrace interstate travel in the pilot operation. Pilots in the west occurred using state specific travel. They recognized interstate travel existed but chose to exclude it. RUC(Road User Charge) West is a consortium of western states that are looking past the individual states pilots to address the interstate travel aspect. They are in their infancy in formulating methodology to move forward.

I95 Corridor Coalition is leading the development of an interstate model as Interstate 95 covers the eastern seaboard from Florida up through Maine. This was the first meeting to start the program. Those in attendance will attest that there are many questions and issues to be answered for this idea to move forward. I have been asked to speak to their Coalition this summer to further develop parameters of the project. Stay tuned as it moves forward.

**MESSAGE FROM THE
UNIFORMITY COMMITTEE
INDUSTRY CO-CHAIR
SCOTT LOUIE**

‘Greetings everyone from Oklahoma City! It’s hard to believe we are already at our mid-year 2019 Uniformity meeting. It really seemed like just yesterday we were gathered in Montgomery chowing down on Randy’s BBQ rib eyes and Jessica’s field to table venison loin. Tax people do have fun sometimes and we always eat well! On the industry front, many of us are mired neck deep in ERP and peripheral systems upgrades or installations. This will be going on for several years throughout the industry and will certainly be a work driver for our staffs. On the near horizon, I would like to reiterate that the industry would appreciate our state counterparts that have marine ports to give thought to administering low sulfur diesel fuel being the new bunker standard. There could be and probably will be distribution chains that span every level of the supply chain.’

Scott Louie
Specialist, State Tax Compliance

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UNIFORMITY COMMITTEE

The FTA Motor Fuel Tax Section Uniformity Committee met at the Montgomery Marriott Prattville,

Montgomery, Alabama. Steve Nutter (VA) Uniformity State-Chair called the meeting to order. 46 were in attendance.

Minutes

The minutes of the September 15, 2018 Uniformity Committee meeting in Portland, Oregon were approved with the correction to the spelling of Raquel Gutano’s last name.

Presentation

Steve Nutter provided a video, “Blockchain-Video-Bookkeeping”. The video stated that all transactions are logged, Bitcon and cash property is shared and transparent, will eliminate the middle man, brokers, etc. and it will slowly transform the way business is done.

******Notice******

Sharing Export Information

When a state is sending export information to other states, please use the excel format. That way the receiving state can easily sort, etc. the information.

Subcommittee Reports

The **Compliance Subcommittee** Cindy Mongold (Kansas) and Rae Takai (Motiva) reported there were **34** in attendance. The committee discussed:

Training Schedule Update

The 2019 Basic Training class is scheduled July 28 – August 1 2019 in Kansas City, KS

The 2019 Advanced Training class is TBD

Dyed Diesel Stats/Issues

Expect 1Q 2019 data to be skewed due to the government

shutdown. (The shutdown would impact the IRS testing lab.)

**Roundtable Discussion –
“Electric Vehicles” – Cindy
Mongold (KS)**

- Keep EV on the agenda as a reminder to states to share developments
- Various states continue to explore options; flat fees, fair share

Discussion Items:

States in attendance (15): AL, FL, GA, KS, KY, MD, MT, NV, NC, OK, SC, SD, TX, UT,VA and WI reported upcoming new and/or potential legislation and other updates of interest/ significance.

Article of Interest

CFO of biodiesel company and California businessman charged in 500 million fuel tax credit scheme.

Fuel execs accused of \$511 million scheme detained in U.S. as they headed for Turkey

Kingstons' co-defendant in \$511M fraud case jailed in Davis County

New Business

Discussion of billing finished product versus components raised by Emilda Santiesteban of Holly Frontier Corporation.

The Forms Management Subcommittee

Jessica McInerny (Cargill) reported that this committee met with Electronic Commerce. There were 46 in attendance. The subcommittee discussed the following:

Product Code Matrix.

Bob Donnellan discussed the product code matrix and whether we want to further compartmentalize the groups. It was decided that we will keep the grouping as it is, but we will remove the “Percentage of” at the beginning of each of the descriptions that currently use it for ease of sorting by product descriptions.

Railroad Schedule.

Discussion was had on whether or not we need a new field or schedule for carriers and/or transloading facilities by the subcommittee that was formed in Portland last Fall. They worked diligently to decide the best course of action. It was determined that a new schedule will be created rather than a new field. A new subcommittee was formed to further develop the schedules and members are Wendy Thompson, Debi Anderson, Vanessa Olson, Scott Fitzgerald, Wilda Ice, and Doug Kleeb.

Industry Issues

Scott Louie brought to the attention the potential need for a product code for renewable diesel. As the market for renewable diesel expands Industry wants States to be aware in case they would like to track these products separately. Scott also provided a bunker fuel standards update for those who missed our discussion in Portland. Shipping companies are now installing scrubbers on their older vessels, rather than going through expensive modifications in order to use ultra-low sulfur diesel. Again, Industry just wants States to be

aware, as this may impact how much on/off-road fuel is being reported within their States. Jessica McInerny will follow-up to see if PIDX has assigned a new code for renewable diesel. David Hernandez inquired about the new Florida Jet Fuel law changes. Lee Gonzalez stated that there were slight changes for an allowed exemption that will expire on July 1, 2019. Lee will discuss Industry’s specific concerns once he receives them from David and discusses with the appropriate Sales Tax Group. He will then report back to Industry on their response. Discussion on third-party terminal operators and whether anyone was having issues with accounting for additives with their product, and then a discussion was had on Mexico fuel stations. Now, hijacking of fuel is the 2nd largest business for the cartels. David Hernandez brought up a concern that some customers that are licensed in States are now asking suppliers to charge/remit the tax on their behalf stating that they don’t have the back office to do it and they just don’t want to deal with it. This leads to concerns that auditors will go to the customers that they are the taxpayer and should have remitted the tax, and additionally this may impact the bond amounts that are required.

E-Commerce Survey

Scott Fitzgerald provided an update on the ecommerce survey. There are several updates that need to be made before the document is finalized.

The Electronic Commerce Subcommittee

In the absence of Mike Hanson (CA) and Gene Holland (P66). Scott Fitzgerald reported there were 12 in attendance. The subcommittee discussed the following:

X12 EDI Guide Evaluation for North Carolina

The State of North Carolina X12 EDI guide version 2.0 submitted for evaluation was found to be substantially compliant to the FTA uniformity reporting standards by a unanimous vote. The guide was originally approved in 2013, but it was never implemented. There were minor revisions that included the removal of the payment segment and reference to the 997 error file. The committee was interested in how returns with errors were handled without the 997 file. The Uniformity Book and the Motor Fuel Electronic Filing Guide will be updated to reflect the January 2019 FTA approved date.

XML Schema and XPath Evaluation for Florida

The State of Florida XML schema and Xpath document submitted for evaluation were found to be substantially compliant to the FTA uniformity reporting standards by a unanimous vote.

IRS Move to XML

No action taken – The group will continue to monitor and be ready to provide support to IRS on this pending project. The proposed project is to move from IRS 4030 X12 map to XML for ExSTARS reporting.

Emerging Technologies

Monitoring of emerging technologies will continue. Will monitor and report to the Uniformity Committee on emerging technologies that could be utilized in motor fuel filings.

Best Practices Document-XML Implementation

A best practices document for amending eFiled returns was submitted for review and discussion. Definitions for AmendedReasons element enumerations resubmission, supplemental, and corrected in the SupplierReport xsd will be added to the document. Examples of requirement documentation will also be included.

XPath Document

The XPath document will be created between meetings and emailed to all attendees for review.

XML Schema Export Data

The subcommittee discussed the need for a uniform export sharing format. The subcommittee members will gather data regarding current practices between meetings, and the topic will be discussed in more detail at the next meeting. The schema development was discussed and will continue between meetings.

Will create XML schema and related documentation for the exchange of export data between states.

Electronic Commerce Survey

The 2019 Electronic Commerce Survey was reviewed by the subcommittee as well as the

Uniformity Committee. The Uniformity Committee approved the survey with revisions to data for Texas, Maryland, and South Carolina. The data was inaccurate due to outdated contact information. The subcommittee did not recommend changes to the questions or format for the 2020 Electronic Commerce Survey.

New Business

It was suggested that XML elements for TCN and document numbers be made more restrictive. Currently, the two elements have no restrictions in the base schema. The suggestion was discussed, and it was decided to not change the elements. The base schema allows individual states to restrict the elements and continue to be substantially compliant to the FTA uniformity reporting standards.

The subcommittee discussed whether the XML schema SupplierReport xsd would be substantially compliant to the FTA uniformity reporting standards if the SupplierReport xsd was copied and added to the schema under a different name. This would be relevant if a state need to add a “Blender” return (BlenderReport xsd) to the schema that exactly duplicated the SupplierReport xsd. The subcommittee concluded that this practice would be substantially compliant to the FTA uniformity reporting standards.

Discussed the handling of document numbers for train loads in a diversion schema. Further discussion is needed to determine if bill of lading, railcar

number or both should be used to identify a diversion of fuel.

Approved by the Full Committee

The State of North Carolina X12 EDI guide version 2.0 was approved.

The State of Florida XML schema and Xpath was approved

The Communication and Coordination Subcommittee

Christy Dixon (OK) and Lauren Branch (ExxonMobil) reported there were 46 in attendance.

The subcommittee discussed the following and the January, 2019 *Uniformer* was distributed.

2019 Motor Fuel Tax Information by State Book

Revisions to the 2019 Motor Fuel Information by State Book were discussed and the following question was voted on and approved to be added to the book:

- What data elements are required on BOL/Shipping Document/Invoice by your state, and please provide the statutory reference?

In addition, it was recommended and approved by the subcommittee members to have this question also put out on the FTA Motor Fuel Listserv so that Industry can get some responses before the 2019 Motor Fuel Information by State Book is published and distributed in September, 2019.

2019 Native American Survey

Survey will be sent out to update the Survey of Native American Issues for 2019. Michelle Corbett,

Tracy Halubka, Edie Martin and Scott Bryer will send out the survey to their respective regions to gather the updated information.

Discussion was had around *Model Legislation for Waiving Licensing Requirements During a Declared State of Emergency* document submitted by Lee Gonzalez - State of Florida. Minor revisions were made to the document.

- Introduction on page 1 - change "wild fires" to read "wildfires" in the following sentence: "Examples of natural disasters include, but are not limited to, earthquakes, *wildfires*, and hurricanes."
- Note on page 4 - last sentence of Destination State Tax paragraph will be updated to read "Distributor states should avoid allowing unlicensed distributors *and* distributors with a temporary license from receiving and selling tax-free fuel."
- Note on page 4 - Chuck Ulm to provide information regarding Gasoline Waivers to add to this section.
- Note on page 5 - change "rail cars" to read "railcars" in the following sentence: "This includes temporary storage and dispensing facilities such as *railcars* or tanker trucks."

Final draft will be reviewed at the April 2019 meeting. Once approved this document will be

added to the Model Legislation section of the Uniformity Book.

Wilda Ice brought forward a discussion regarding Model Legislation to require transload locations to become licensed and report their transactions. Committee was formed (Wilda Ice and Chuck Ulm) to discuss things to consider for model legislation. This discussion will be revisited at the April 2019 meeting.

Wilda Ice brought forward a concern with some states providing export information in PDF format. It is ideal to have export information in excel format as the data is much easier to sort in this format. A note will be added to the April 2019 Uniformer to request states, that are currently not doing so, to use excel format when sending export information between states.

Approved by the Full Committee

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2019 Uniformity Chairs

State Uniformity Co-Chair
Steve Nutter, State of Virginia
Industry Uniformity Co-Chair
Scott Louie, Chevron

SUBCOMMITTEE CHAIRS

Compliance Subcommittee

State Co-Chair
Cindy Mongold , State of Kansas
Industry Co-Chair
Rae Taki – Motiva

Communication and Coordination Subcommittee

State Co-Chair
Christy Dixon, State of Oklahoma
Industry Co-Chair
Lauren Branch, ExxonMobil

Electronic Commerce Subcommittee

State Co-Chair
Michael Hanson, State of California
Industry Co-Chair
Gene Holland, P66

Forms Management Subcommittee

State Co-Chair
Doug Kleeb, State of Oregon
Industry Co-Chair
Jessica McInerney – Cargill, Inc

**2019 MOTOR FUEL STEERING
COMMITTEE MEMBERS**

National Officers

Chuck Ulm, State of Maryland
Tracy Halubka, State of Montana

Past Chairs

Scott Fitzgerald, State of Iowa
Randy Winkler, State of Alabama

Uniformity Chairs

Steve Nutter, State of Virginia
Scott Louie, Chevron

**MOTOR FUEL REGIONAL
GOVERNORS for 2019**

Midwestern Region

Betsy Shroyer
State of Indiana

Northeastern Region

Andrea Bayline
State of Delaware

Pacific Region

John Manning
State of Utah

Southern Region

John Panza
State of North Carolina

2019 UPCOMING MEETINGS

Pacific Region

April 28-30, 2019
Spokane, Washington

Northeastern Region

May 19-21, 2019
Wilmington, Delaware

Southern Region

June 2-4, 2019
Raleigh, North Carolina

Uniformity Meeting

September 13-14, 2019
Louisville, Kentucky

Motor Fuel Annual Meeting

September 15-18, 2019
Louisville, Kentucky

**2019 FTA MOTOR FUEL
TRAINING SCHEDULE**

Basic Training

Scheduled for July 28 through
August 1, 2019 in Kansas City,
KS.

Advanced Training

TBD late fall

Editor

Christy Dixon
State of Oklahoma
Lauren Branch
ExxonMobil