

The Uniformer

MESSAGE FROM THE NATIONAL CHAIR CHUCK ULM

Happy 2019 to everyone and I hope that all of you were able to spend some quality time with family and friends over the recent holiday season. I am truly humbled to serve as your Motor Fuel Tax Section National Chair along with my Vice Chair Tracy Halubka, and we look forward to a challenging year of service.

I have the utmost respect for all of you in this great arena, as most of us have worked in tandem for many years, and our relationships are a testament that both industry and government can not only exist in a common environment, but share in ideas and formulate solutions that garner success.

What we all thought we knew as motor fuel has now taken on multiple forms as new technologies emerge, and with that development, both government and industry must continue to forge ahead in an effort to identify whether or not products are in fact fuels, and if so, how to effectively and fairly regulate and adjust to these new fuels.

Uniformity is paramount in making these types of decisions to accommodate changes in the motor fuel tax world, and I would strongly encourage participation in the FTA Uniformity Committees. I have recently attended these committee meetings, and it's always of great educational value to work with the most experienced and

knowledgeable people in our industry.

Some of the topics that the committees review involve routine items, such as form adjustments, and yes, formulating/updating new definitions too, yikes! There is also time for Q & A that allows members to query their counterparts, or, bring a new topic to the group that could soon be of interest to all.

More timely topics include updates to the former ASTM definition of aviation gasoline that was solely codified in some statutes, as well as the federal changes in bunker fuel sulfur thresholds, which could now mean greater volumes and new uses for motor fuel as a marine fuel. The tracking of railroad activities has seen an even greater interest as both stationary transload facilities and portable, mobile off-loading is becoming more common.

And then what about electricity? Is it a fuel? There are different answers to that question, but that surely does not impact the forward movement by OEMs in regards to new vehicle platforms (including commercial motor vehicles) and efficient, long-life batteries and infrastructure.

We've all heard about fracking, but there is a relatively new process in the natural gas field that has one facility now operating in my home state of Maryland. In the past, this particular storage facility received LNG product, which was either held for future export, or directed

into the natural gas pipeline network. Now, with the increased international demand for LNG/CNG product, this facility receives natural gas from the pipeline, and converts it to LNG for export. Will the potential tariffs that may be imposed on this product negatively affect the viability of this operation? We will be keeping an eye on what happens.

As I mentioned in the opening paragraph, there never seems to be an end to new challenges, but with that, there are additional opportunities for this group to work together and solve problems as we have done for many years.

Please feel free to contact me with your thoughts and suggestions, or if you need my assistance at any time.

I can be reached at (410) 260-7278 or culm@comp.state.md.us

Let's make 2019 a fun and productive year, and I hope to see each of you at a future FTA meeting soon!

MESSAGE FROM THE UNIFORMITY COMMITTEE STATE CO-CHAIR STEVE NUTTER

The 2018 annual business meeting in Portland, Oregon was an impactful event. The effort and collaboration of many folks to put the program together was impressive.

As notable as the program schedule and events were, the

most important impressions from the meeting were the changes occurring in our industry and government. We see the traditional fuels tax of Cents per gallon in a current and projected state of decline. The Northwest states are aggressively positioning themselves to charge a fee for vehicle movement. It appears Miles traveled will be the new denominator for collecting money to fund transportation costs.

RUC(Road Usage Charge)West is operating as a coalition of fourteen western states that are led by Oregon and are studying the feasibility road usage fees for interstate movement. We have activity on the east coast from the I95 Coalition. This organization covers Interstate 95, which runs through twelve states from Maine to Florida and encompasses 1,917 miles.

The I95 coalition is developing a pilot program to study the feasibility of charging a MBUF (Mileage Based User Fee). The hallmark of this organization and its pilot is that it transcends state boundaries and covers the entire route of the Interstate 95 corridor. My research indicates this to be the first program covering multiple states and tracking movement through them. Interstate travel will be addressed which will be a critical component of success for any program hoping for national relevance.

The pilot group begins officially meeting in February 2019 to start work and remove any challenges to obtain relevant results. I am fortunate to be a part of this

group. I was able to attend an initial meeting to discuss parameters of the pilot last week. We have already identified initial challenges and members are working to address them in preparation for the meetings in 2019. Stay tuned as the group solidifies and moves forward. It will be interesting to see the impact on fuels tax that MBUF could have.

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

Happy New Year everyone and welcome to 2019 FTA motor fuel uniformity. I look forward to working with everyone this coming year. Regardless of what we already know about, each year tends to bring out many interesting new challenges. It will be inevitable with the state of transportation funding and the interesting political climate we find ourselves in these days. It was very exciting to see so many new faces getting involved with FTA throughout 2018. On that note, I would like to take this moment to congratulate Gavin Atkinson on his recent retirement from BP. Gavin has one of the longest tenures in motor fuel excise tax that I know. He was truly a pillar in the industry. Although he is retiring from BP, I understand we may still see Gavin from time to time participating in a different capacity. We all wish him and his family well in his future endeavors.

Scott Louie

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UNIFORMITY COMMITTEE

The FTA Motor Fuel Tax Section Uniformity Committee met at the Red Lion Hotel on the River-Portland, Oregon. Steve Nutter (VA) Uniformity State-Chair called the meeting to order. 69 were in attendance.

Minutes

The minutes of the April 21, 2018 Uniformity Committee meeting in Portsmouth, Virginia were approved.

Presentations

Lorena Maqueira and Daniela LaFargue gave a presentation on "Excise Tax Department Overview". The presentation gave us an overview of the tax department that is located in Buenos Aires, Argentina for Chevron. This is the 10th year since moving the tax department to Argentina. It was started in 2009 and the employees had many challenges, such as, tax return preparation, customer set-up, laws and rules to review and answer government inquiries. The currently have 30 employees in Argentina and they work with the 36 employees in San Ramon, CA. The U.S. contact is Scott Louie. They currently prepare around 500 tax returns, which includes returns for the U.S., IRS and Canada and includes motor fuels and sales and use tax.

Raquel Grybos gave a presentation on “Finance & Data Operations Tax”. This is the Shell Oil Company Tax Organization that is located in Manila, Philippines. Their main duties are tax compliance and filing of the tax returns. It was started in 2005-Sales and Use Tax and they currently have 192 employees. The U.S. contact is Ron Travis. This operation strives for Tax Process Excellence. The key drivers to tax reporting and filing process is: Tax Administration, Feeder Process and System/Business Changes. They currently file around 800 returns a month for motor fuel and sales/use tax for the U.S. and Philippines.

John Beaty with Avalara gave a presentation called “Environment Reporting and Interaction with Fuel Tax System”. This presentation touched on the following: Cap and Trade Overview. This included Low Carbon Taxes (California), Low Carbon Fuel Standards-Production Facilities, EPA will want date (motor fuel), Green House Gas Initiative (RGGI) (New England), what are the challenges moving forward, the biggest focus-National Level, HB6463-Carbon Tax Law. All of the Canadian Provinces have low carbon taxes.

Subcommittee Reports

The **Compliance Subcommittee** Cindy Mongold (Kansas) and Rae Takai (Motiva) reported there were **62** in attendance. The committee discussed:

Training Schedule Update

The 2018 Basic Training course scheduled July 29 – Aug 2, was held in Kansas City, MO. Of the 76 attendees; 44 or 58% were from the state, and industry with 32 or 42% in attendance

Dyed Diesel Stats/Issues

Jeremy Neeck (MN) provided handouts which segregated violations between vehicle type and industry. Jeremy expressed his thanks to all for sending their stats to him in a timely manner, the thanks was reciprocated back to Jeremy for his time and effort in collecting and reporting this data.

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

- Keep EV on the agenda as a reminder to states to share developments
- 21 states have a flat fee per year, UT has extra fees on vehicle registrations, based on vehicle weight
- Walmart shared he was asked to review proposed IRS legislation, the IRS is considering a manufacturers tax on electric batteries

Discussion Items:

States in attendance (20): AL, FL, GA, ID, KS, KY, LA, MD, MN, NH, NC, OK, OR, SC, TX, UT, VA and WV reported upcoming new and/or potential legislation and other updates of interest/significance.

Article of Interest

Comptroller.Texas.Gov Criminal Investigations Division July 2018

Credit Card Skimmers

Old Business

Chuck Ulm (MD) will coordinate obtaining a railroad contact listing during each of the regional meetings.

New Business

For your awareness, a new mobile on demand app “YOSHI”, which proudly pumps Synergy fuel from Exxon and Mobil.

The Forms Management Subcommittee

Doug Kleeb (Oregon) and Jessica McInerny (Cargill) reported that this committee met with Electronic Commerce. There were 66 in attendance. The subcommittee discussed the following:

Disruption in the Movement of Petroleum Products during Natural Disasters

Lee Gonzalez and Randy Winkler gave a compelling presentation on the disruption in the movement of petroleum of products during a natural disaster. The presentation clearly displayed the need for FTA to develop model legislation in a white paper document to assist State Legislators when a natural disaster occurs in order to limit disruptions in the fuel supply. Further discussion was to be held during the Communication Subcommittee meeting.

Uniform Forms – State Review

Jessica McInerney contacted the 7 States that forms were not uniform outlining the benefits of uniformity and offer help in becoming uniform. Of the 7 States contacted 4 have now responded. Rhode Island and Texas have no plans to change their forms. Vermont is in the process of securing a new system and will reach out to the committee once that decision is made, and finally Arizona is now considered uniform. We received no responses from Alaska, Hawaii, and New Jersey. Decision was made to consider this project complete.

Discussion was had regarding whether the committee needed to further clarify the verbiage on Page 29 of the Uniformity book regarding if additional columns added to a schedule will make them non-uniform. It was determined that as long as the State has all the required fields the additional columns for an electronic filing will not make them be considered non-uniform. The committee then voted unanimously to consider Arizona as Uniform. Page 35 of the Uniformity book will be updated to reflect this.

During discussions regarding whether Arizona was uniform it was brought to our attentions that there are some pages in the Uniformity book that need to be updated. In the 2018 Uniformity Book pages 112-155 need to be updated. A subcommittee was created to review those pages, draft and a send a survey to the States, and to update the book. The subcommittee members are

Pitter Martinez and Catherine Mitchell.

Discussion regarding whether a the committee should create a new schedule for Railcars in order for States to better track fuel especially as it relates to transloading facilities. After a lengthy discussion a committee was formed to research the issue and provide examples of both creating a schedule or creating a new field to add to other schedules. The subcommittee consists of Debi Anderson, Kristin Armstrong, Wendy Thompson, Wilda Ice, Scott Fitzgerald, and Pitter Martinez.

Industry issues

Scott Louie, Chevron, upcoming bunker fuel standards. In 2020, all bunker fuel will be required to be low sulfur diesel. This fuel will run highway vehicles, so States should be aware of this change and begin to make changes to accommodate for this. Bunker fuel has traditionally been No. 5 or 6 diesel – heavy sulfur diesel, but it will be changing to low sulfur diesel.

Ron Travis also explained that the EPA requirement for aviation gasoline in 2024/25. Leaded aviation gasoline is required to become unleaded aviation gasoline. The definition of aviation fuel in some States is tied to an ASTM standard, so essentially States should take a look at their statutory definition to determine if they need to make a change in their statutes.

Scott Louie also mentioned that Colonial Pipeline and Buckeye Pipeline are proposing to have an open system that would allow

industry to input fuel in one location and immediately withdraw fuel from another location – similar to Magellan. Industry feels like this will be a major challenge for us to report in an open system.

The Electronic Commerce Subcommittee

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

XML Schema MFET 3.0

Discussed the release of version 3.0 of the schema. It is noted that states were unlikely to change to the new schema unless they were making other changes to their electronic filing systems or adding XML as a filing format.

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

Block chain is the most likely emerging technology to be used in the fuel industry. Block chain has not been adopted by the fuel industry. 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

The documentation will continue between meetings.

XPath Document

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

XML Schema Export Data

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

Based on the responses from the last survey, it was determined E-checks and bank drafts will continue to be reported as "other," and the question regarding sharing import data will be changed from "sends" to "shares." The current survey will be sent out in the middle of October. Will be looking at change question 12. Does your state send import schedule data to the origin state" to "Does your state share import schedule data to the origin state?"

New Business

Discussed the handling of document numbers for trainloads 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.

The Communication and Coordination Subcommittee

Christy Dixon (OK) and Lauren Branch (ExxonMobil) reported there were 62 in attendance.

The subcommittee discussed the following and the September, 2018 *Uniformer* was distributed.

Revisions and new questions to be added to the 2019 Motor Fuel Information by State Book:

Section 29:

Revised: If your state taxes at the rack, does your state require pre-collection election?

Current: Does your state require pre-collection election?

Section 27:

Activity description column will be removed from the table and numbered descriptions will be listed separately.

Revised: Define the hierarchy of the licenses in each state, who is responsible for remitting taxes to the state and the applicable activity for each license. (**Note:** Please select the activity description from the list below and add any activity descriptions are not listed for your state.)

Activity Descriptions:

1. Import
2. Export
3. Sell at Wholesale
4. Sell at Retail
5. Fuel in Terminal
6. Transport Fuel
7. Operate IRS Terminal
8. Blends Fuel
9. Refine Fuel
10. Stores Fuel at IRS Terminal (ExSTARS Report)

Approved by the Full Committee

Definitions

Demurrage is the result of a failure to abide by the terms of a transportation contract. Specifically, it is when a charge is payable to the owner of a contracted transport on the failure to load or discharge of the transport within an agreed time period.

Transloader is equipment used to transfer product from one mode of transportation to another.

Transloading is the process of transferring product from one mode of transportation to another.

Approved by the Full Committee

Discussion was had around Model Legislation for "Waiving Licensing Requirements During a Declared State of Emergency"

A team was formed to further discuss the revisions to this draft document. Team: Josh Breland, Lee Gonzalez, David Hernandez, Pitter Martinez and Randy Winkler. This topic will be revisited at the January 2019 meeting.

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**

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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

Midwestern Region
March 31-April 2, 2019
Fort Wayne, Indiana

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 2, 2018 in Kansas City,
MO.

Advanced Training

TBD

Editor

Christy Dixon
State of Oklahoma
Lauren Branch
ExxonMobil