

The Uniformer

MESSAGE FROM THE NATIONAL CHAIR DAWN LIETZ

Greetings! Happy New Year and welcome to 2012. What an honor to write my first article for the Uniformer as the Motor Fuel Tax Section National Chair. It is an honor to serve you and I look forward with excitement to the year ahead.

There is a saying that "time fly's as you get older". Whether it is the busyness of our lives or that time really does fly, one thing is certain, life is short. Take advantage of every opportunity to enjoy it with those you love while you still can.

Times continue to be uncertain for government and industry. While the economy seems to be showing signs of recovery, often-complete recovery doesn't return to government until things are booming in the private sector again. This means many of you, like Nevada will continue to see restrictions on travel.

Fortunately, one of the things that make the Motor Fuel Tax Section so unique is the camaraderie and the "can-do" attitude of the people who participate. Together we can (and often do) accomplish the seemingly impossible, even overcoming travel restrictions, budget cuts, and technical disparities to make it happen. This is due largely to the role played by the partnership fostered between industry and states through the Uniformity Committee. For years, this committee has worked to provide

forms, communication, technical support and compliance across industry and jurisdictional lines through its 11-point plan. This support benefits us all and provides a simplistic approach to complex Fuel tax issues. Sharon Gostovich (WY) stepped down in September due to other obligations and responsibilities. However, I would like to take this opportunity to "thank" Sharon and all of those who served, and continue to serve, on this committee. Bob Donnellan is the Industry Co-Chair and Jeremy Neeck (MN) replaced Sharon as the State Co-Chair. Their leadership and commitment to Uniformity will certainly allow the Motor Fuel Tax Section to grow and take on the ever-changing challenges facing the Motor Fuel Industry. I look forward to working closely with the talented and knowledgeable people leading Uniformity Committee and Sub-Committees.

As we continue to move into an electronic age, we have a lot of work to do to move into a realm that has never been charted before. Just a year ago, if someone told you to look at the clouds, you would look up at the sky. Today, you just might logon to your computer. Times are changing, technology is changing, but transportation still relies on roads. Therefore, we must use the resources available to find the most efficient way of collecting and protecting the revenues that keep them functional. To shift from paper auditing to virtual auditing takes a great deal of planning. The Compliance Subcommittee has taken on this task and will be

developing a white paper with the standards necessary for a successful transition.

Together we can make 2012 one of the most memorable years for the Motor Fuel Tax Section. If you have any ideas or recommendations for the Uniformity Committee to consider, they would love to hear from you.

Please feel free to contact me at any time if there is anything you would like the Motor Fuel Tax Section to consider as we move into the future. I can be reached at dlietz@dmv.nv.gov or (775) 684-4626. Thank you and I hope to see you at one of the FTA events during 2012.

MESSAGE FROM THE UNIFORMITY COMMITTEE STATE CO-CHAIR JEREMY NEECK

New Beginnings.... As we ring in the New Year and welcome 2012, we also bring with us new beginnings in FTA Motor Fuel Tax Uniformity. We have elected Dawn Lietz from Nevada as our FTA National Chair and Eddie Martin from Kansas as our Vice-Chair. I have been selected as the State Uniformity Chair and really look forward to working with Bob Donnellan as the Industry Uniformity Chair.

We were also very fortunate to have other great advocates with FTA to step up and fill vacancies as committee chairs that have been opened up by movement within our organization. I would like to personally thank Cindy

Mongold from Kansas for accepting the State Co-chair for the Compliance Subcommittee and Hal Lovell from California for accepting the State Co-chair for the Electronic Commerce Subcommittee.

I also want to extend a big THANK YOU to those who agreed to be Co-chairs for another year! Without your hard work and dedication to Uniformity, we would not be as successful as we are as a team of States and Industries working for a common goal!

As with all new beginnings, we must say good-bye to old friends and colleagues that have either retired or moved on from motor fuel. With the loss of these people from Uniformity we lose years of knowledge and expertise and we need to find new and innovative ways to bring new people and ideas to our committees.

To accomplish this, we plan on offering an educational presentation during the group session at the three Uniformity meetings to help states and industry see the additional benefits of attending and participating in Uniformity.

Combining this education with the valuable networking that takes place among states and industry we feel we can grow our attendance at Uniformity meetings and achieve even greater success!

I am looking forward to a very productive and fruitful year working with the Uniformity

Committee and I hope I can live up to the high standards that have been placed before me by the great work of previous State Chairs.

We are always looking for topics, suggestions, input and constructive feedback on what we are doing in this committee, if you have anything that you would like to offer, please feel free to contact me.

Thank you all for all your hard work and dedication to the FTA Motor Fuel Uniformity Project.

**MESSAGE FROM THE
UNIFORMITY COMMITTEE
INDUSTRY CO-CHAIR
ROBERT DONNELLAN**

As we approach another year we find ourselves again faced with more issues that need to be addressed in 2012. Not only Renewable fuels and Bio Diesel entering the market place but a more pressing issue is Product Codes and the fact that we are starting to find ourselves running out of them.

I feel that this is going to be the biggest challenge that Uniformity will face this year and I know with all the capable and dedicated individuals both on the State side as well as the Industry side we will make this happen.

I would also like to take this opportunity to inform all colleagues both in Industry and in Government that I have left Global Companies LLC after 26½ years and I am now working for an Interrelated Financial Services (IFS) and I look forward to my

continued role as your Industry Uniformity Co-Chair.

**MESSAGE FROM
CANADIAN FUEL TAX
COUNCIL (FTC)
RICK CALLAWAY**

Happy New Year to everyone and hope the best for 2012. The Fuel Tax Council (FTC) held its last semi-annual meetings in Ottawa, Ontario on September 28 and 29, 2011. The next meeting will be Quebec City, Quebec on May 15 and 16, 2012.

The FTC's recent accomplishments and current priorities are in four main areas. These areas and the current priorities are:

1. Audits and Enforcement

A project team continues to work on a framework for drafting and maintaining a System's Information Binder to be developed for each fuel tax collector. The binder will document a collector's systems and will be used by any jurisdictions' auditors to reduce effort and increase accuracy during the course of a fuel tax audit. The project team has developed a number of key components of the framework including the scope, contents and format of the binder, as well as, the governance process to ensure approvals and controls are in place. The project team is currently expanding its consultation process and planning for preparation of the first binder.

Other priorities in the area of audit and enforcement include the development of Best

Practices for fuel tax audits providing a framework of objectives, procedures, documentation standards and context for jurisdictions evaluating or enhancing their audit programs. An Enforcement Binder to identify and document the various types of “below the rack” evasion with proven practices to detect, audit and enforce compliance. The FTA is working with the federal government to improve information sharing concerning fuel imports and exports, as well as, with industry on analyzing unverified inventory losses allowed with the goal of ensuring the losses and methods of delivering them are as fair and equitable as possible.

2. Communications

The FTC continues to convert and update its Fuel Tax Guide from paper to electronic form. The Guide provides a catalogue of current tax rates, exemptions, refunds, licensing requirements and other elements of Canadian tax programs by jurisdiction in a comparative table format.

The FTC website is being updated and re-formatted to offer public and secured communication to more devices. Expanding industry participation at the semi-annual meetings is being explored to respond to greater demand for involvement while effectively maintaining and achieving the objectives and mandate of the FTC. The By-Laws are being reviewed to introduce a number of important changes to the operation of the FTC including the extension of terms for its officers and changes to the meeting format to increase

participation and provide effective leadership.

3. Uniform Reporting

The FTC continues to enhance fuel tax reporting through examination of its generic fuel tax return for handling emerging accountable products and changing jurisdictional requirements. An initiative between governments and industry is underway to ensure that data elements and the level of detail being reported are appropriate given legislative requirements and collectors’ systems. Electronic reporting standards are also being updated as jurisdictions implement or plan for electronic filing or information exchanges.

4. Training

The last training session was in November 2011 in Vancouver, B.C. and offered a combination of two courses for the first time. This was intended to provide customized training to a more targeted group. The next training will be in May 2012 in Halifax, Nova Scotia and offer the Fuel Tax Audit program. All of the training materials and exercises for the three traditional courses are being reviewed and updated with a longer-term training plan under development for approval at the next semi-annual meeting.

I have been in the role of FTC Manager now for four months and have experienced a number of interesting and challenging situations and have had the opportunity to meet and work alongside many knowledgeable and energetic people. The opportunity to meet with and exchange ideas and

accomplishments with the FTA is one of these valuable and unique experiences.

If you have any questions or need more information, please feel free to contact me at rick.callaway@fueltaxcouncil.com or call (403) 471-7022

UNIFORMITY COMMITTEE **Minutes**

The FTA Motor Fuel Tax Section Uniformity Committee met at the Embassy Suites, Charleston, West Virginia on September 17, 2011. Sharon Gostovich (WY) Uniformity State Chair called the meeting to order. Thirty-four (34) were in attendance.

Minutes

The minutes of the April 2011 Uniformity Committee in Oklahoma City, Oklahoma was approved.

Presentation

Rick Evans with Intellifuel gave a presentation on Electronic Fuel Movement System.

Scott Louie with Chevron gave a presentation on prior period transactions.

SUBCOMMITTEE REPORTS

The **Compliance Subcommittee** Jeremy Neeck (MN) reported there were twenty-four (24) in attendance. The Committee discussed:

Training Schedule for 2012 – FTA is starting the planning on training for 2012.

Dyed Diesel Stats – The dyed fuel final statistics for 2010 along with first quarter and second

quarter for 2011 were reviewed. The committee wants everyone to review their results for their State.

IRS Update – It was reported that ethanol credits will probably expire at the end of the year and Congress is trying to extend the biodiesel blenders credit and offer a credit for blender pumps at the retail stations.

Old Projects

Expanding the dyed fuel states report – the committee will be looking at adding type of vehicle and industry to this report

Scanned documents v original and their laws – States didn't want to commit to one way or another, the committee decided to let each state handle this situation independently.

Airport “stale” fuel issued and taxation – it was suggested that the committee look at a case that happened at Miami Airport and find the results of that case and share it with the group at the next meeting.

Sale of “off spec” military fuel – the committee discussed how the DMRS handles this for the military and it was suggested we table this until next meeting so we could get more information.

New Projects

Open discussion on:

- MT request if any state is using a canned system for Dyed Fuel Enforcement tracking.

Approved by the Full Committee

Best Practices for “Virtual Audits” – white paper has been completed and approved by the full committee.

The Forms Management Subcommittee

Lee Gonzalez (Florida) reported that this committee met with Electronic Commerce. There were thirty-four (34) in attendance with three (3) by phone. The subcommittee discussed:

Crosswalk (FTA and STCC Codes) – The team had a difficult time identifying reportable products from the STCC code list. The committee wants to talk with the National Railroad Association and ask for their assistance.

Renewable Fuels – The team reviewed existing schedule and product code structures and determined that the existing structures may not be robust enough to capture the number and diversity of future codes. The Tier system was introduced for discussion.

New Jersey Forms Review –

The team reviewed SMF-10, including schedules and has identified areas that are not uniform and will contact NJ with their recommendations.

Terminal Operator (Gross Gallons) – It appears fuel arriving by rail and truck to a terminal may be in gross gallons. It was suggested to survey the terminal operators to identify scenarios where gross gallons might be used.

Product Codes Request – A request was made for additional

product codes. The purpose of the request was two fold, first it was felt it would benefit taxing jurisdictions if they captured product codes at a more granular level and second, concern was expressed that product codes that are being used by industry but not recognized as a uniform product code of FTA.

The Electronic Commerce Subcommittee

Hal Lovell (California) reported there were ten (10) in attendance with one (1) by phone. The subcommittee discussed the following:

Impact of product code issues on EDI – Expansion of the product code may mean a new EDI version. The committee will continue to monitor this item.

Import/Export Data Exchange –

It was discussed instead of using the standard flat file format many States are provided Excel filing. Excel provide sample files and a standard format be developed and encourage. The committee needs to start discussing an XML version.

The Communication and Coordination Subcommittee

Christy Dixon (OK) reported that twenty-four (24) were in attendance. The subcommittee discussed the following and the September Uniformer was passed out.

The Taxation-Diversions-Alternative Fuels Booklet – Has been completed and published.

Native American Survey Update Booklet – has been completed and published.

MOU update – The draft MOU was approved and will be sent back to FTA for approval.

Buy/Sell Agreement – The committee is working on a section for the Model Legislation section of the Uniformity booklet.

Approved by the Full Committee

Definitions

Document/Bill of lading number – the identifying number from the manifest issued at the terminal or other storage facility when product is removed. In the case of pipeline, railcar, or vessel movements, enter the pipeline, railcar, or vessel (voyage) number.

Manifest number – See document/bill of lading number – also see shipping or transport document.

Bill of Lading – See document/bill of lading number – also see shipping or transport document.

New Business

Rick Callaway was introduced as the new manager of the Fuel Tax Council. Rick replaces Mal Bruce who retired.

Everyone **THANKED** Sharon Gostovich (WY) for the great job she did as the Uniformity State Co-Chair. Jeremy Neeck (MN) was appointed the new Uniformity State Co-Chair for the next two years and Cindy Mongold (KS) was appointed the State Co-Chair of the Compliance subcommittee.

Next Meeting

The next Uniformity Committee meetings are scheduled as follows:

January 27-28, 2012
Portsmouth, VA

The meeting was adjourned.

RETIREMENTS

Sharon Gostovich, State of Wyoming retired the end of December. Sharon was the Uniformity Chair for 2011 and did a great job. We are going to miss her!!!!!!

THANKS SHARON FOR YOUR SUPPORT FOR ALL THESE YEARS!!!!

FTA Motor Fuel Tax Training Courses

FTA is currently scheduling the Basic and Advanced classes for 2012. If a State or Industry would like to sponsor a class, please contact Cindy Anders-Robb at cindy.anders-robb@taxadmin.org

UPCOMING MEETINGS 2012

Pacific Region

April 29-May 1, 2012
Helena, Montana

Northeastern Region

May 20-22, 2012
Annapolis, Maryland
Uniformity Meetings
June 1 & 2, 2012
San Antonio, Texas

Southern Region

June 10-12, 2012
New Orleans, Louisiana

Midwestern Region

August 7-9, 2012
Grand Rapids, Michigan

Uniformity Meeting

October 26-27, 2012
Providence, Rhode Island

Motor Fuel Annual Meeting

October 28-31, 2012
Providence, Rhode Island

MOTOR FUEL STEERING COMMITTEE

National Chair

Dawn Lietz, Nevada

National Vice Chair

Edie Martin, Kansas

Past Chairs

Rosemary Cleary, Connecticut
Wilda Ice, West Virginia

State Uniformity Chair

Cindy Mongold, Kansas

Industry Uniformity Chair

Robert Donnellan

MOTOR FUEL REGIONAL GOVERNORS

Midwestern Region

Scott Horton, Michigan

Northeastern Region

Chuck Ulm, Maryland

Pacific Region

Barry Grafel, Alaska

Southern Region

Shirley Bonaccorso, Louisiana

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