

# The Uniformer

## MESSAGE FROM THE NATIONAL CHAIR JIM OLIVER

Finally, winter has been beaten back! The aroma of heating oil fumes give way to smell of gasoline and fresh cut grass. I have always enjoyed the changing of the seasons. But then there is always some needed spring cleaning...dealing with those issues that built up over the past year.

You can likely see where I am headed... Several motor fuels tax issues have accumulated and the time has come to address them. Many are well on the way to addressing. CNG and LNG are making their way into mainstream use and the tax administration needs are ahead of the game thanks to everyone's involvement. The FTA Motor Fuel Tax Section and the Uniformity Committee have again proven a viable arena to vent taxation and industry issues with alternative fuels.

One thing is certain we owe a debt of gratitude to our Uniformity Co-Chairs, Sub-Committee Co-Chairs, and membership past and present for their tireless commitment and efforts. Their accomplishments are considerable and material.

Help with the spring cleaning! Whether industry or government, if you aren't involved, get involved! Your input could be the crucial piece of the puzzle that forges a remedy for flash title reporting and taxation. For those of you involved, I again offer my appreciation.

As National Chair, I have one regional meeting under my belt and look forward to those remaining. If you have questions or if I can assist you please contact me!

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## MESSAGE FROM THE UNIFORMITY COMMITTEE STATE CO-CHAIR LEE GONZALEZ

As I look back on recent legislative sessions, I can't help but notice the debate over fuel tax revenue and the amount of money that is available to fund an aging infrastructure. On one hand, you have those who believe taxing jurisdictions are collecting more than enough money and that lawmakers need to do a better job allocating existing funds. On the other hand, you have a group that believe most state fuel tax laws are antiquated and fall short of keeping up with the rising costs associated with materials and labor.

As a result of this debate, there has been much discussion on multiple levels as to how funds should be collected to maintain our roads and bridges. Specifically, how do you deal with inflation, more efficient vehicles, and alternative fuels? These discussions have led to numerous law changes such as mileage based fees, indexed tax rates, carbon based emission taxes, and toll roads. All of these law changes are unique and require model legislation, uniform reporting guidelines (paper and

electronic), and procedures to ensure compliance.

As members of the Uniformity Committee, I believe it is our responsibility to identify new laws that are not unique to one state, but could impact any state or Canadian province. Once identified, each sub-committee should determine how it will impact their process and design uniform policies and procedures that could be implemented by any taxing jurisdiction.

For example, some states have considered changing where and how fuel taxes are currently collected. Instead of collecting tax based on gallons removed from a terminal or sale by a distributor, drivers will pay a fluctuating tax rate at the pump that goes up or down based on inflation or the price of fuel. In this case, every effort should be made to define model legislation, design a uniform filing process that incorporates a fluctuating tax rate, and provide guidance to states on how to identify filing errors or fraud.

As state chair of the uniformity committee, I look forward to working with industry and tax administrators to identify areas in new fuel tax law that could benefit from uniformity.

## MESSAGE FROM THE UNIFORMITY COMMITTEE INDUSTRY CO-CHAIR BOB DONNELLAN

As the energy industry keeps evolving our jobs as tax professionals are constantly

changing. One day we are talking gasoline and diesel, the next year we are talking bio fuels and ethanol, and now we hear some chatter about electric cars and the use of Propane, LNG, CNG. With these new products emerging within our industry we face new challenges. Some of these challenges deal with the conversion to dge's or gge's for taxation purposes, others are determining its use in order to properly tax it. As we move forward into the next phase of this industry what other products and or energy sources will we deal with? That is the unknown however this group of individuals is very special for the simple reason "WE CARE" and with that comes the determination to face all the new challenges and more importantly we work together as a cohesive group and find ways to make it work. I feel blessed to be part of such a group of talented individuals.

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

It is finally Spring and the FTC is heading into meetings on May 13 and 14 in Calgary. These meetings are held once a year and provide both Government and Industry members with the opportunity to work on priorities and adjust the strategic plan to include new and emerging priorities.

We continue to work on a number of projects that have been reported on in previous updates that include:

- Taxation of Natural Gas – developing a set of best practices that include points of collection, registration requirements, conversion factors, shrinkage allowances, reporting and lessons learned for approval.
- Licensing Review – preparing a schedule of all jurisdictions' registration and licensing requirements with a set of best practices.
- Fuel Tax Guide and Generic Fuel tax Return Update – updating the guide providing current tax program details for Jurisdictions (including tax rates, exemptions and registration requirements) and the generic return used by all Jurisdictions for fuel tax reporting to include the latest requirements as a result of legislative changes and the introduction of new programs (such as natural gas taxation).
- Training – rolling out the on-line training program and offering updated classroom style courses commencing in the fall of 2014.
- By-laws and MOU – updating for new funding, operating, membership and performance management processes.
- Exchange of Information – finalizing the template and data requirements for exchanging information on imports and fuel movement between

Jurisdictions. Projects identified over the last several months for FTC to work on include:

- Inventory Losses – ensuring unverifiable loss provisions provided by the Jurisdictions are well-communicated and reasonable given the practices and technologies employed by Industry in the distribution and marketing of fuel.
- Uniformity Binder – introducing a binder, much like the one managed by the FTA, consolidating the standards, best practices, forms, etc. developed and maintained by the FTC as a single source of information on current and past work and decisions.
- Risk Management Model – introducing a model of best practices for managing major areas of risk when administering a fuel tax program.
- Electronic Reporting – focusing standards and expectations for electronic reporting on programs such as exchanging information on tax-exempt sales based on members' expectations and experiences. If you have any questions or need more information, please feel free to contact me at [rick.callaway@fueltaxcouncil.com](mailto:rick.callaway@fueltaxcouncil.com) or call (403) 471-7022.

**UNIFORMITY COMMITTEE****Minutes**

The FTA Motor Fuel Tax Section Uniformity Committee met at the Myrtle Beach Marriott, Myrtle Beach, South Carolina. Lee Gonzalez (FL) Uniformity State Chair called the meeting to order. Thirty-four (34) were in attendance

**Minutes**

The minutes of the September 2013 Uniformity Committee meeting in Fargo, North Dakota were approved.

**Presentations:****Natural Gas Association**

- Dale Calhoun gave a presentation concerning Compressed Natural Gas and Liquefied Natural Gas. Some of the items that were included in the presentation were:
  - Who should be registered or licensed.
  - Best point of taxation-retailer and end user when delivered through the pipeline to station and then compressed when dispensed and put into supply tanks of vehicles.
  - Report form design should include total fuel dispensed to motor vehicles (retailers and end users)
  - There is currently a standard gge for CNG; however, there is no standard for LNG or LPG.
  - By 2019 expecting 3.2 million vehicles will be running on CNG.
  - By 2035 expecting half of heavy duty trucks and two-

thirds of school buses will be running on CNG.

- What recommendation for dge? No recommendation at this time, Industry is working on this right now.

**EDI vs XML**

Stan Whaley (FL) gave a presentation titled "Comparing X12 EDI to XML". Some of the items that were included in the presentation were:

- Brief overview of X12 EDI and XML
- Key Terminology and Definitions
- Sample EDI and XML formats
- Advantages and Disadvantages of each

**SUBCOMMITTEE REPORTS****The Compliance Subcommittee**

Rae Takai (Shell Oil) reported there were twenty-seven (27) in attendance. The Committee discussed:

**Training Schedule Update-**

Motor Fuel Basic Training was held on October 24-27 in Sacramento, California with 52 students. (26 state and 26 industry students)

**Dyed Diesel Stats** – at the time of this meeting, the dyed fuel stats were partially complied.

**IRS Update-**There was no representative from the IRS and this item will be removed on future agendas.

**White Paper Document "Audit Checklist"**-the subcommittee discussed this at length and mutually agreed not to pursue this further due to this could be considered sensitive information.

**New Business-**The committee continues to solicit project/topic suggestions for the Compliance Subcommittee to work on in 2014.

**The Forms Management Subcommittee**

Cindy Mongold (KS) reported that this committee met with Electronic Commerce. There were thirty-eight (38) participated in the meeting. (33 present & 5 called in) The subcommittee discussed:

**Crosswalk (FTA and STCC Codes)-**

there was no new information to be reported on at this time. A concern was raised regarding STCC Codes varying between railroads on the east coast and west coast. The team will have an update at the May 2014 meeting.

**Oregon Forms Review-**The forms review team reviewed Oregon's Motor Vehicle Fuel and Aircraft Fuel License Tax Return for uniformity and found the following need to be resolved before the form will be considered uniform:

- Line 3 of the face of the return instructions; "Form line 7" needs to be changed to "From line 12".
- Parenthesis on line 4, Column A should be removed.
- Instructions need to include definition of inventory, gasohol and TCN

After further discussion by the committee, once the corrections are made and the instructions are provided the forms review team will review the documents and

setup a conference call to discuss conditional approval prior to the May 2014 meeting.

**Oregon Schedule Code**

**Request** – The subcommittee reviewed and approved the following schedule codes:

- 5AD gallons sold to licensed retailers.

**Ohio Schedule Code Request**

– The forms review team reviewed Ohio’s Terminal Operator Report, Transporter Report, Fuel Dealer’s Report and Exporter Report for uniformity and found the following needs to be resolve before the forms will be considered uniform:

- Remove “Location” field from the header of all forms and make it part of the TIN (Taxpayer Identification Number), which includes the FEIN.
- Schedule column title change from BOL, Date & BOL number to document date & document number.
- Instructions need to be included.

After further discussion by the committee, once the corrections are made and the instructions are provided the forms review team will review the documents and setup a conference call to discuss conditional approval prior to the May 2014 meeting.

**State ExSTARS Update**-Kansas gave an update on tracking ExSTARS data.

**Uniform Motor Fuel Sales Tax Form**-the team presented their thoughts on a uniform motor fuel sales tax form which included discussion regarding leaving out

an average cost per gallon, since sales tax is on total receipts there is no need for an average cost per gallon. The team will present a sample form at the meeting in May.

**Industry Issues**

- Arizona turned on system edits that required the electronic filing to have an originating TCN number for pipeline receipts into the state. We have never provided that before or do we necessarily know the original terminal. This prevented the file to be submitted. Resolved the issue with the state and they have lifted those edit requirements.
- California, the Department of Fish and Game is pushing to expand the Oil Spill Prevention fee to incorporate overland receipts into CA refineries. The draft language of the bill was poorly written and would cause a number of administrative issues. First, over the water receipts could have a different point of taxation from the overland receipts into the refineries. Also, the language states that this fee will be borne by the consumer of fuel. Currently the state does not allow the oil spill fee to be line itemed on invoices to the consumer. Will there be separate treatment for the two? Lots of issues that will be forthcoming.
- Industry is monitoring Federal proposal to double the motor fuel tax. Suppliers would see a doubling of their IRS remittances and consumers

would see an instant \$0.18 -- \$0.10 per gallon increase.

**Approved by the Full Committee**

Sub schedule Codes:

- 1H Gallons Received- Originating County and City Tax Paid
- 5AD Gallons sold to licensed retailers
- 7E Gallons Sold for Export- Originating City and/or County Tax Paid.
- 10AC Tax Exempt Sales in City Jurisdiction
- 10AD Tax Exempt Sales In County Jurisdiction

The **Electronic Commerce Subcommittee**

Hal Lovell (California) reported there were ten (10) in attendance. The subcommittee discussed the following:

**Definition for “Electronic Filing”**-Group came up with some preliminary language. A handout version will be presented at the next meeting in May so that the Uniformity Committee can discuss the definition.

**Georgia Implementation Guide-**a conference call was held in July and the IRS lead person wanted to get some input from the FTA. The project is in the infant stages and the IRS is on a fact finding stage for this project. The committee will follow up with the IRS and report at the next meeting in May.

**Creation of Form on Obtaining FTA Approval for Efile System**

–The committee continued to work on a simple handout that

will summarize the steps that a state should follow to get FTS's approval for their Efiling systems. (forms, Efile Guide, XML schema, etc)

**XML Guide for the State of Georgia** –The committee approved the State of Georgia's EDI Implementation Guide.

**Approved by the Full Committee**

Georgia's EDI Implementation Guide

**The Communication and Coordination Subcommittee**

Christy Dixon (OK) reported that twenty-seven (27) were in attendance.

The subcommittee discussed the following and the January, 2014 *Uniformer* was distributed

**2014 Taxation, Diversion and Alternative Fuels Booklet** – the subcommittee discussed, adding and approved the following:

Blendstock	Tax Rate	Reportable

**Definitions** – the subcommittee has been asked to do a definition for Fuel Grade Ethanol. The subcommittee will work on the definition next meeting once they have compiled various definitions from States to review.

**ExSTARS example letter to Terminals regarding confidentiality** – the approved letter from the IRS was reviewed for States to use.

**Buy/Sell Agreements and Flash Title Agreements** – a draft document was discussed and after much discussion, the working group is going to put some scenarios together that shows what reporting problems are caused with the Buy/Sell Agreements and Flash Title Agreements for the next meeting in May.

**White Paper Document on "Inventory Gains and Losses"** – the draft document was discussed and revisions need to be made. A revised document will be presented at the next meeting in May

**Open Discussions**  
None

**Approved by the Full Committee**

**Revision to the 2014 Taxation, Diversion and Alternative Fuels Booklet**

Blendstock	Tax Rate	Reportable

**Canadian Update** – Canadian Fuel Tax Council meets once a year now. The following is what the Council is working on:

- Completing a paper on taxation of natural gas, including recommendations for point of taxation (utility companies or third party providers), conversion factors, shrinkage allowances, reporting requirements, registration

requirements and lessons learned.

- Completing the first systems audit binders
- Improving the exchange of information between governments on the movement of fuel
- Improving transactional detail reporting
- Addressing training issues
- Improving website
- Conducting a licensing review
- Improving/updating the generic tax return and fuel tax guide

For training, they have combined their Basic and Audit courses to provide them electronically on a pilot basis in February.

**New Business**

A thank you letter from the Canadian Fuel Tax Council was received thanking the Uniformity Committee for recognizing them with the "Uniformity Recognition Award".

Next meeting in May we will have a tour of an Ethanol plant.

**Next Meeting** – the next Uniformity Committee meeting is scheduled for May 2-3, 2014 in Portland, Oregon

The meeting was adjourned.

**SUBCOMMITTEE CHAIRS**

**Compliance Subcommittee**

**State Co-Chair**

Vacant

**Industry Co-Chair**

Rae Taki – Shell Oil

**Communication and  
Coordination Subcommittee**

**State Co-Chair**

Christy Dixon – State of  
Oklahoma

**Industry Co-Chair**

Anne Nicholson, Exxon Mobil

**Electronic Commerce  
Subcommittee**

**State Co-Chair**

Hal Lovell – State of California

**Industry Co-Chair**

Gene Holland, P66

**Forms Management  
Subcommittee**

**State Co-Chair**

Cindy Mongold – State of Kansas

**Industry Co-Chair**

Scott Louie – Chevron

**FTA MOTOR FUEL TRAINING  
SCHEDULE**

Currently being scheduled for  
2014.

**UPCOMING MEETINGS 2014**

**Pacific Region**

April 13-15, 2014

Albuquerque, New Mexico

**Uniformity Meeting**

May 2-3, 2014

Portland, Oregon

**Northeastern Region**

May 18-21, 2014

Pittsburgh, Pennsylvania

**Southern Region**

June 16-18, 2014

Richmond, Virginia

**Midwestern Region**

July 8-10, 2014

Oklahoma City, Oklahoma

**Uniformity Meeting**

September 26-27, 2014

Jackson, Wyoming

**Motor Fuel Annual Meeting**

September 28-October 1, 2014

Jackson, Wyoming

**MOTOR FUEL STEERING  
COMMITTEE MEMBERS**

**National Chair**

Jim Oliver, Kentucky

**National Vice Chair**

Scott Bryer, New Hampshire

**Past Chairs**

Edie Martin, Kansas

Dawn Lietz, Nevada

**State Uniformity Chair**

Lee Gonzalez, Florida

**Industry Uniformity Chair**

Robert Donnellan, Global  
Companies LLC

**MOTOR FUEL REGIONAL  
GOVERNORS**

**Midwestern Region**

Christy Dixon, Oklahoma

**Northeastern Region**

James Dehnert, Pennsylvania

**Pacific Region**

Tracy Halubka, Montana

**Southern Region**

Tammy West, Virginia

**RETIREMENTS**

**Lou Feletto**, State of California retired the end of December 2013. Lou has been involved with the Uniformity Committee and the training classes for 20 plus years and was the Pacific Region Governor. We are going to miss him and his knowledge.

**THANKS LOU FOR YOUR  
SUPPORT FOR ALL THESE  
YEARS!!!!**

**Doug Burdick**, FuelQuest has retired this month. Doug has been involved with the Uniformity Committee and the training classes for over 30 plus years. Doug has served as Industry Co-chair on several committees while he worked for Chevron and TransMontaigne. We are going to miss him.

**THANKS DOUG FOR YOUR  
SUPPORT FOR ALL THESE  
YEARS!!!!**

**Editor**

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