

The Uniformer

MESSAGE FROM THE NATIONAL CHAIR EDIE MARTIN

My time as the FTA Motor Fuel Tax Section National Chair is coming to a close. I have enjoyed the opportunity to serve! It has been a challenging and rewarding experience!

I have been an active member of Uniformity for many years. I am amazed by all the hard working individuals involved to make Uniformity successful! I would like to thank Cindy Anders-Robb, the Uniformity Co-Chairs, Sub-Committee Co-Chairs and everyone else who assists! Your efforts are greatly appreciated!

I enjoyed attending each of the Regional meetings and learning the commonalities and differences. The importance of Stakeholders was the topic of my address at the Regional meetings. Stakeholder relationships, collaboration and cooperation are key aspects needed to accomplish tasks and resolve issues, regardless of Regional boundaries. Different perspectives make Uniformity a more achievable goal!

Many challenges are coming our way as technology continues to advance with the use and dispensing methods of alternative fuels. I assume some States and Industry may also be facing Legislative changes effective with the New Year. Although we continue to face challenges, you should be very proud of all that continues to be accomplished as well.

As a reminder, you do not need to attend a Uniformity meeting to participate! Conference calling is available during the meetings. You can assist via telephone and e-mail. Just let me know if you would like to provide assistance!

Again, thank you for the opportunity to serve as National Chair! If you have initiatives for the Uniformity Committee to discuss, my contact information is as follows:
edie.martin@kdor.ks.gov or (785)296-5327. I look forward to seeing everyone at the Annual meeting in Fargo!

MESSAGE FROM THE UNIFORMITY COMMITTEE STATE CO-CHAIR JEREMY NEECK

Greetings,

As I write my final article as the Uniformity Committee State Co-Chair, I want to take some time to thank all the subcommittee chairs and all of their hard work that they do. Without their time and dedication to the Uniformity Project we would not be as successful as we are. Thank you to Hal Lovell, Gene Holland, Cindy Mongold, Rae Taki, Christy Dixon, Anne Nicholson, Lee Gonzalez and Scott Louie for all you have done these last two years. Next I need to extend a thank you to my counterpart from Industry, Bob Donnellan, he has been very great to work with and have as a mentor during my time as co-chair. Next I need to recognize 4 people that have been a pleasure to be affiliated

with during my term, Dawn Lietz for her willingness to go with the flow and makeshift plans during Hurricane Sandy to make our annual meeting in Providence memorable and successful. Eddie Martin, our current FTA Motor Fuel National Chair, for her positive attitude and her willingness to always go above and beyond to promote the FTA Motor Fuel Tax Section and the benefits of Uniformity. Jim Oliver, our current vice-chair for being actively involved with both motor fuel and also working to bring uniformity to the tobacco section of FTA. Lastly, I need to recognize the hard work and dedication Cindy Anders-Robb brings to the Motor Fuel Tax section. Without her I do not feel we would be where we are today with states and industry working so closely together and collaboratively to find efficient and effective ways to report, pay and audit motor fuel taxes in the United States. In the past two years I was able to see what we have done with motor fuels be used as a platform to create a uniformity project for the tobacco section and without Cindy's knowledge and expertise they would not be where they are today.

I also want to take a moment to thank all the people that attend our meetings and volunteer to participate in workgroups created by our subcommittees. Without you the stakeholders in the uniformity project we could not accomplish everything that we do. I have really enjoyed meeting people from other states and industry and creating positive working relationships with you all.

Although this may be the end to my term as Uniformity Co-Chair I hope to continue being involved with FTA Motor Fuel Tax Uniformity Project, and building and strengthening my relationships with both states and industry.

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

A flash title transaction is where a Supplier at a terminal makes a sale at the rack to a customer who immediately sells that product to his customer. The biggest issue revolving around this is what State tax should be charged? The Supplier at the terminal wants to charge the destination state tax however the 1st receiver that bought the product actually made the sale in the origin State and his customer was the exporter.

Questions that arise are the State of origin in some cases state the sale on a transactional basis is origin tax. The receiving State looks at the manifest and states it is a destination state tax.

What about a diversion, who reports it, to whom is it reported. These are all valid questions. We need to come together as a group and try and get some administrative ruling on how to handle the transaction or if need be have statutes changed to allow us to conduct business.

That being said I know we can as a group can get this

accomplished so we can and will do business in this fashion. This is one area where I think Uniformity is going to play a large role.

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

Hope everyone enjoyed a great summer!

A new FTC executive team is in place starting May 2013. The Chair is Daniel Young from Nunavut and the Vice Chair is Daryl Rusk from Manitoba. We also have a new industry Co-Chair, Azim Rajan from the Canadian Fuels Association.

The FTC completed a number of projects over the last year including:

- Audit Best Practices – used to evaluate and upgrade audit programs
- Joint Audit Protocols – used by jurisdictions to standardize joint audits
- Enforcement Binder – identifies below the rack evasion with best practices for compliance
- Updated Fuel Tax Guide – lists jurisdictions' taxable products, rates, etc.
- New Funding Model – addresses current needs and participation

We also have a number of key priorities in progress under our new planning and performance management processes. These include:

- Improving the exchange of import information between levels of government using a common template and framework approved by all participants
- Evaluating common risk management processes successfully employed by jurisdictions
- Developing standard detailed information reporting requirements used to support returns
- Developing best practices for the administration of fuel taxes on alternative fuels starting with LNG, CNG and LPG
- Reviewing licensing across Canada to identify and compare licensing, registration and surety requirements to report to members and to develop best practices
- Improving current training programs offered by updating and combining courses, as well as, developing web-based presentations
- Improving the website
- Implementing a systems information binder by having audit teams use

the format to document a collector's systems and then make the binder available to subsequent audit teams

- Reviewing the generic fuel tax return to update the format for items such as new reportable products and to evaluate compliance with the framework

The FTC continues to benefit from understanding the priorities and sharing common approaches and strategies with the FTA on projects including alternative fuels and maintaining standards such as electronic reporting. We also appreciate the on-going ability to have the experience and insights of Cindy in matters concerning participation and Council operations and management.

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 DoubleTree by the Galleria, Houston, Texas, May 4, 2013. Jeremy Neeck (MN) Uniformity State Chair called the meeting to order. Thirty-seven (37) were in attendance.

Minutes

The minutes of the January 2013 Uniformity Committee in Long Beach, California were approved.

Presentations:

Jeff Clark, General Council and Director of Regulatory Affairs gave a presentation on "What is Driving the Market". Some of the items that were included in the presentation were:

- Mobile fueling can go to a sight and fill CNG and LNG vehicles.

- Clean Energy Company is putting 150 LNG stations nationwide. They are putting in LNG fueling station wherever there is a Pilot/Flying J Station. 85 stations have been completed to date.

- Shell drilling rigs, trucks and ships are using LNG.

- UPS now has 700 new LNG tractors.

- Waste Management has 2,000 vehicles running on CNG and they are going to open 20 fueling stations that will be open to the public.

At this time, LNG will probably not be for passenger vehicles/trucks.

SUBCOMMITTEE REPORTS

The **Compliance Subcommittee** Cindy Mongold (KS) reported there were twenty-six (26) in attendance. The Committee discussed:

Training Schedule update – FTA is currently working on the

scheduling of the Basic Training Class for October 2013. A notice will be out when it is finalized.

Dyed Diesel Stats – The dyed fuel stats spreadsheet for 2012 and 2011 were provided. The group asked questions and discussed the comparison between the two years. During 2012 there were fewer samples taken and fewer violations; however there was a significant increase in dollars assessed. The category with the most violations continues to be personal vehicles.

IRS Update – There was no representative from the IRS.

Compliance Tools – A draft of the compliance tools document were presented. The subcommittee members reviewed and discussed the document. Feedback was recorded so that updates can be made. It was suggested to add a section on Motor Fuel Tracking. The subcommittee will review the updated document at the next meeting in September.

New Business – the committee continues to solicit project/topic suggestions for the Compliance Subcommittee to work on in 2013 and 2014.

The following articles were distributed as an example of continual growth in the CNG and LNG market. States should consider current and future taxation of these fuels.

- Federal Bulletin No 1855 (CNG)
- The Peugeot Air Powered Hybrid Car

- BNSF explores liquefied natural gas alternative for locomotives
- Berkshire's Oil Hauling Railroad Tests Switch to Natural Gas
- BNSF to test natural gas powered locomotives
- Honda CNG touted in Wisconsin
- LNG for YRC in California
- Love's Loves CNG, eight stops in Texas
- Ryder NGV's for Shreveport's Eagle
- UQM extends Proterra Supply Pact (electric bus)
- Apache CNG for Houston Galleria
- Carbon Black -- EAF

The **Forms Management Subcommittee**

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

Crosswalk (FTA and STCC Codes) – the document that provided the crosswalk between FTA and STCC product codes was presented. The crosswalk team asked State and Industry to review the document to identify deleted product codes that were removed in error or to identify missing codes that should have been included. All feedback will be reviewed at the September meeting.

Georgia Forms Review – The forms review team reviewed Georgia's Distributor Report for uniformity and found the following

need to be resolved before the form will be considered uniform:

- Instructions – convert the term debits and credits to receipts and disbursements
- Instructions – identify how products will be segregated between lines 13 and 15 for schedule type 5X.
- Instructions – separate beginning inventory from the category of debits (receipts) and ending inventory from the category of credits (disbursements)
- Page 3 to 6 – change header information for consistency purposes (Georgia or State of Georgia)
- Pages 5 and 6 and general instructions – eliminate city from point of origin and destination.
- Pages 5 and 6 – correct the spelling of multiple
- Pages 5 and 6 – define B00 in the instructions
- General Instructions – add document number
- General Instructions – remove O (other) as possible mode code
- General Instructions – define "you may combine several product codes"

Mode Codes – it was identified problems (invalid mode code, consolidated list of mode codes is not available in the guide, etc) in the Uniformity Guide regarding mode codes. The following suggestions were made:

- Remove mode GS from Carrier Report. This is not a valid mode of transport.
- Amend "Mode of Transport" to "Transaction Type Mode Code" within form instructions.
- Add a list of all mode codes with definitions to the Uniformity Guide.

The Committee voted to incorporate all three suggestions into the Uniformity Guide.

Comparison (Electronic Implementation Guides to Uniformity Guide)

– the committee is rewriting the implementation guide for electronic filing. The subcommittee identified inconsistencies between the Uniformity Guide and the Electronic Commerce Implementation Guide. The EC Committee recommended the following:

- Add Uniformity Guide to the title page
- Add subcommittee contact list to the Uniformity Guide
- Replace "Indian" with the word "Native American" on schedule descriptions (schedule 5R and 10T)
- Move gasohol ethanol blends (E01-E99) and gasohol methanol blends (M01-M99) under a separate category called gasoline fuel group under FTA product code list
- Add product code request form to electronic commerce implementation guide

Industry Issues

- Texas – still require a point of destination (state) for barge movements of fuel. This is difficult for industry to track.
- Buy/Sell Agreements – referred to Communications Subcommittee
- Michigan – States need know if butane is taxable in their jurisdiction. If taxable, at what point should it be taxed.
- Texas – labeling requirements for bio-diesel. Difficult to adjust rates based on % of biodiesel.

State ExSTARS Update

Kansas gave an update on tracking ExSTARS data.

Approved by the Full Committee

- Remove mode GS from Carrier Report. This is not a valid mode of transport
- Amend “mode of transport” to “transaction type mode code” within the form instructions
- Add a list of all mode codes with definitions to the Uniformity Guide

The Electronic Commerce Subcommittee

Hal Lovell (California) reported there were thirteen (13) in attendance. The subcommittee discussed the following:

EDI REF Segment – Group discussed the fact that the IRS might not need this segment anymore. The committee reviewed a release on the IRS

website related to this segment and believe the best solution is to update the segment with a note in the FTA guide that the IRS no longer requires this field to be used as this time. The committee will leave the segment in the guide with this notation.

IRS Project to transition to XML – still waiting for this project to get started. The IRS is trying to determine with their e-file system if XML might be a better platform for ExSTARS moving forward. The IRS point of contact for this project is Larry Porter. The committee will follow up with the IRS and report at the next meetings in September.

Utah’s question on the XML schema

– The committee discussed the State of Utah’s request to “add” a check box to the XML schema to declare the intent of the taxpayer related to a specific line of their tax return. The committee came up with some suggestions, which included revising the trading partner agreement form instead of an XML schema change. The committee asked the Utah representative some questions and asked that they research and bring back to the committee the XML concern with more details on the need related to this request.

X12/EDI guide update for the State of North Carolina update

– The State of North Carolina had some high level questions related to an update that North Carolina is currently undertaking on their guide.

E-File Implementation Guide

Update – The Committee will be continuing our weekly WebEx meetings to complete the update to the guide. The committee went over the current layout of the new guide and the progress that we have made to date. The committees agreed as a group to finish the Guide and are asking for final review by e-mail.

The Communication and Coordination Subcommittee

Christy Dixon (OK) reported that twenty-five (25) were in attendance.

The subcommittee discussed the following and the May 2013 Uniformer was distributed.

2013 Taxation, Diversion and Alternative Fuels Booklet

– The committee discussed the Taxation, Diversion and Alternative Fuels Booklet that is to be updated for 2013 FTA Motor Fuel Annual Meeting. The subcommittee discussed and approved the new Section 11 to be added to the booklet.

Section 11 – Taxability & Conversion Rates for Compressed Natural Gas (CNG), E85, Electric Vehicles/Electricity, Gasoline Hybrid Vehicles, Hydrogen, Liquefied Natural Gas (LNG), Liquefied Petroleum Gas (LPG), Methanol or “M85” and other.

Native American Booklet – The Native American Booklet will be updated for the 2013 FTA Motor Fuel Annual Meeting.

Buy/Sell Agreements and Flash Title Agreements – the following question was sent out on the listserv:

For Rack States, how do you tax or handle buy/sell (flash title) agreements? This fuel is being exported by someone other than the supplier/position holder.

If you would expect destination state tax to be charged (collected), what documentation would be required in order for the cross matching?

After a very lengthy discussion, the subcommittee agreed upon the following:

- Another question will be put out on the Motor Fuel Listserv with the four scenarios that were provided.
- A committee will look at each States statutes to see what states have definitions for buy/sell agreements and flash title agreements and compile them and submit it to the working group before the next meeting.
- The working group will continue to work on a section for the Model Legislation, definitions, etc based on the responses from the listserv and the compiled information that is submitted to them concerning definitions.
- The committee will get copies of different bill of ladings and provide them to working group before the next meeting.

Alternative Fuels Section of Model Legislation – the revisions to be made to the current Alternative Section of the Model Legislation is currently being worked on. This will be discussed at our next meeting in September.

White Paper Document on “Motor Fuel Tax Issues with Natural Gas and Other Alternative Fuels 2009” – the subcommittee discussed the revised document and a few more revisions need to be made.

White Paper Document on Inventory Gains and Losses – this was tabled until the September meeting.

Canadian Update –

Rick Calloway reported that they are looking at the Fuel Tax Council Mission Statement for any edit, revisions. The Canadian project is changing from Semi Annual meetings to an Annual meeting.

The following is what the Council is currently working on:

- Clearing House where information can be shared
- Uniform Reporting
- Best Practice Model for licensing, registration etc
- Alternative Fuels – Natural Gas, etc
- Web based training

New Business

The printing the Uniformity Guide and Alternative Fuels booklet was discussed.

The Steering Committee is looking for a panel for the “Question and Answer Breakout” for the Annual Motor Fuel meeting in September.

Next Meeting

The next Uniformity Committee meeting is scheduled for September 20 and 21 in Fargo, North Dakota.

FTA Motor Fuel Tax Training Courses

The Motor Fuel Tax Basic training course is scheduled for October 20-24, 2013 in Sacramento, CA. For more information on this class visit FTA’s website site at www.taxadmin.org

UPCOMING MEETINGS 2014

Uniformity Meeting

*January 24-25, 2014
Myrtle Beach, South Carolina*

Pacific Region

*April 13-15, 2014
Albuquerque, New Mexico*

Northeastern Region

*May 18-21, 2014
Pittsburgh, Pennsylvania*

Uniformity meeting

Currently scheduling for May or June, 2014

Southern Region

*Currently scheduling for June
Richmond, Virginia*

Uniformity Meeting

*(Tentatively)
September 26-27, 2014*

Jackson, Wyoming

Motor Fuel Annual Meeting

(Tentatively)

September 28-October 1, 2014

Jackson, Wyoming

**MOTOR FUEL STEERING
COMMITTEE MEMBERS**

National Chair

Edie Martin, Kansas

National Vice Chair

Jim Oliver, Kentucky

Past Chairs

Dawn Lietz, Nevada

Rosemary Cleary, Connecticut

State Uniformity Chair

Jeremy Neeck, Minnesota

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

Editor

Cindy Anders-Robb, FTA
(307) 632-4144

cindy.anders-robb@taxadmin.org