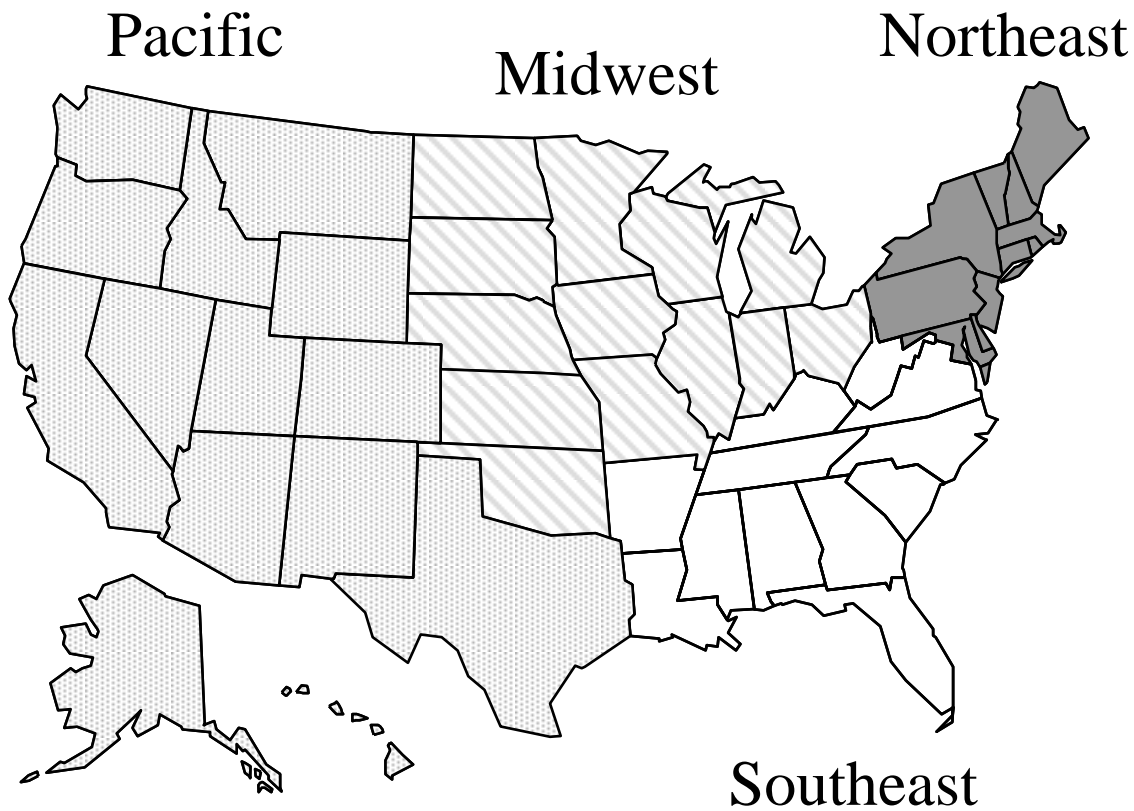


# FTA Motor Fuel Tax Section



## Uniformity Guide

Version: September 2013

## Federation of Tax Administrators Regions

### **MIDWESTERN**

Illinois  
Indiana  
Iowa  
Kansas  
Michigan  
Minnesota  
Missouri  
Nebraska  
North Dakota  
Ohio  
Oklahoma  
South Dakota  
Wisconsin

### **PACIFIC**

Alaska  
Arizona  
California  
Colorado  
Hawaii  
Idaho  
Montana  
Nevada  
New Mexico  
Oregon  
Texas  
Utah  
Washington  
Wyoming

### **OTHER MEMBERS:**

Alberta Canada  
British Columbia Canada

### **NORTHEASTERN**

Connecticut  
Delaware  
Maine  
Maryland  
Massachusetts  
New Hampshire  
New Jersey  
New York State  
Pennsylvania  
Rhode Island  
Vermont

### **OTHER MEMBERS:**

Washington, D.C.  
Ontario Canada  
Quebec Canada  
New Brunswick Canada

### **SOUTHEASTERN**

Alabama  
Arkansas  
Florida  
Georgia  
Kentucky  
Louisiana  
Mississippi  
North Carolina  
South Carolina  
Tennessee  
Virginia  
West Virginia

## **Benefits of the Motor Fuel Tax Section Activities**

The section, through the FTA staff and the Uniformity Committee, has developed and continues to foster a very unique and very effective partnership among the States, Industry, Federal and Foreign Governments regarding motor fuel tax administration. As a result of this partnership, there is an international network of information established that covers almost everything related to motor fuel taxes. This information is available to the States through tax exchange, the list serve, motor fuel tax section meetings (regional, national and Uniformity Committee) and the Motor Fuel Tax Associate, all very reliable and accurate resources. The information available contains current and historical fuel tax data that facilitates statistical analysis and research on legal, enforcement and technology issues.

The overall benefits for States participating in motor fuel tax section projects and utilizing its resources is reduced evasion, improved compliance, reduced administrative costs, training for audit and enforcement staff and easy access to high quality information. The Motor Fuel Tax Section does not dictate to states, but rather provides guidance for states to use for current and future administrative and legislative actions.

An environment of open communication and cooperation exists among States, Industry, the Federal Government and the Canadian Fuel Tax Project. This reduces costs as much as possible for all partners, minimizes the burden on the motor fuel industry, controls administrative costs and fosters a combined effort to control evasion and level the playing field in the motor fuel arena.

## **The Uniformity Committee**

### **Mission Statement**

**Provide an opportunity for government and industry to partner for the efficient and effective reporting and remittance of fuel taxes, to minimize fuel tax evasion and to act as an information resource to stakeholders.**

### **Goals**

- 1. Implement all aspects of the 11 Point Plan**
- 2. Foster communication between and among levels of government, industry and related associations and interest groups and their representatives.**
- 3. Encourage coordination of efforts among stakeholders in audit and enforcement efforts.**
- 4. Encourage sharing information among enforcement, revenue and transportation agencies in areas related to motor fuels and motor fuels revenue.**
- 5. Educate the motor fuel community in areas of audit and enforcement techniques, reporting requirements, how to identify actual and potential evasion schemes.**
- 6. Encourage active participation by stakeholders in Uniformity meetings. Inform stakeholders on how the goals of Uniformity are designed to work for all members of the motor fuel community.**
- 7. Encourage uniformity in reporting definitions and forms.**
- 8. Prepare for change; by staying informed on emerging topics and trends; by assuring personnel are fully informed to allow for ease of transition; and by being open to new ideas and methods for revenue reporting and remittance.**

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## **Introduction**

### **The Importance of Uniformity**

Motor fuels, primarily gasoline and diesel, are the primary source of power for almost all forms of transportation in this country, as well as the rest of the world. Taxes collected on these fuels are a vital part of every state's revenue base, providing funding for roads, highways, bridges and urban transportation systems, as well as public education and other important programs. Motor fuels taxes make up the financial basis for virtually the nation's entire infrastructure of roads and highways.

### **Evasion and Lack of Uniformity**

Although there are many similarities, each state has its own unique set of tax laws, tax rates, report forms, definitions, exemptions, and compliance methods. These differences create problems in tax administration, regulation of interstate fuel movement, enforcement efforts and exchange of information among state revenue agencies and provide tax cheats with incentives to evade state fuel taxes. Federal Highway Administration (FHWA) studies show that gasoline tax evasion ranges from 3 to 7 percent of gallons consumed, and diesel tax evasion ranges from 15 to 25 percent. This means the states may be losing more than \$2 billion annually to evasion.

Some states have traditionally ignored compliance efforts for motor fuel taxes. Until recently, fuel taxes were considered to be a minor part of the total state revenue pie, and it was commonly thought there were no real evasion problems. However, as state legislatures have struggled to maintain government services with increasingly tighter budgets, fuel taxes are receiving more attention. State and federal motor fuel tax rates have steadily risen over the past 20 years, providing greater incentive for tax cheats to steal vital revenues and, at the same time, increasing the tax burden on legitimate businesses.

### **Uniformity 11 Point Plan and Enhanced Enforcement**

The Fuel Tax Evasion 11 Point Plan was developed by the Uniformity Committee of the Federation of Tax Administrators (FTA) Motor Fuel Tax Section. The Committee is comprised of state members, and all segments of the motor fuel industry are represented. The 11 Point Plan is an effort to help make the administration of fuel taxes more efficient and more consistent from state to state; to improve and increase information exchange among the states; and to encourage and assist the states in cooperative enforcement efforts to fight evasion. The major points of the Plan include: uniform definitions for imports and exports; Federal numbers used as a reference for reporting and information exchange; license all resellers for total accountability of fuel and third party reporting on fuel movement; uniform electronic reporting; and training for auditors and investigators.



## **Why States Consider Adopting the Uniformity Recommendations**

The 11 Point Plan offers the best method for achieving uniformity, reducing inefficiencies in state fuel tax administration, and combating fuel tax evasion. The primary goal of the Uniformity Committee is the implementation of the 11 Point Plan.

In July 1993, the FTA membership approved the amended 11 Point Plan, which included a recommendation that states form motor fuel tax advisory groups. The Uniformity Committee believes that state advisory groups can be of great assistance in creating a working relationship with taxpayers, developing more effective audit and investigation techniques, coordinating implementation of the Plan, and drafting statutory or regulatory changes.

## **Point 1**

### **(Promoted by the Communication and Coordination Subcommittee)**

#### **State adoption/implementation of the uniform reporting guidelines:**

- a. Mechanism for the states to share information with other states.
- b. Identification by fuel type.

#### **Purpose**

To establish uniform reporting guidelines among the states for exchanging information on the movement of fuel between states. Uniform reporting guidelines are a critical tool since each state has its own unique set of tax laws, tax rates, report forms, definitions, exemptions, and compliance methods.

The Uniform Forms are the mechanism for states to share information with other states.

The Uniform Forms identify fuel types by the product code numbers established by the industry involved.

Uniform Forms make it easier for industry to comply with filing requirements. Taxpayers filing in more than one state will find it much easier to comply.

See **Point 5** for examples of the Uniform Forms.

## **Point 2**

### **(Promoted by the Forms Management Subcommittee)**

**State adoption/implementation of the uniform definitions for imports and exports. Require licensing of and reporting by importers and exporters.**

#### **Purpose**

To ensure that fuel tax is paid to the proper state on interstate shipments. States should adopt the same terms regarding the movement of fuel between the states.

**Import (adopted 11-92)** - Motor fuel delivered into (name of state) from out-of-state by or for the seller constitutes an import by the seller.

Motor fuel delivered into (name of state) from out-of-state by or for the purchaser constitutes an import by the purchaser.

**Export (adopted 11-92)** - Motor fuel delivered out-of-state by or for the seller constitutes an export by the seller.

Motor fuel delivered out-of-state by or for the purchaser constitutes an export by the purchaser.

## **Point 3**

### **(Promoted by the Forms Management Subcommittee)**

**Incorporate the Federal Employer Identification Number (FEIN), Social Security Number (SSN), or Canadian Federal Business Number (BN) as a reference for reporting and exchange of information between jurisdictions.**

#### **Purpose**

To provide a common identifier for the jurisdictions to share information and properly identify all entities shown on the schedules.

The FEIN, SSN, or BN number is that common identifier and is required on all reporting information exchanged between jurisdictions.

## **Point 4**

### **(Promoted by the Forms Management Subcommittee)**

**Require licensing of all resellers or entities who obtain tax-free inventory for ultimate resale.**

#### **Purpose**

Jurisdictions can achieve three goals by licensing all resellers or entities who obtain tax free inventory for ultimate sale:

- 1) Track tax-free fuel to the ultimate sale.
- 2) Achieve full accountability of tax-free fuel.
- 3) Regulate tax-free purchases and enforce collections. This ability is enhanced through thorough licensing and bonding procedures. This is especially important for out-of-state purchasers who receive fuel for export.

## **Point 5**

### **(Promoted by the Forms Management Subcommittee)**

**State adoption/implementation of procedures to achieve total accountability of fuel to include:**

- a. Types of fuel that all states wish to account for or tax.*
- b. Schedules of accountability for fuels which may be subject to the tax.*
- c. Total accountability should be both on audit and on the required schedules filed with the states.*
- d. Reporting gallons as required by the uniform reporting guidelines. Each state should require a taxpayer to provide net, gross and billed on their schedule of receipts and disbursements to facilitate the sharing of tax information among states.*
- e. Reporting commingled inventories held by multiple owners in a common terminal facility to be reported by the terminal operator.*
- f. Review uniform cut-off time alternatives for declaring receipts and sales.*

#### **Purpose**

To develop clear, concise definitions dealing with petroleum distribution and taxation which can be used and understood by Federal and State governments, the transportation industry and the petroleum distribution industry. This allows the advancement of uniformity through a clear understanding of universally used terms.

Requiring total accountability of all fuel movements and inventory in each state gives states the ability to track and account for all potential fuel tax liabilities.

***Total fuel accountability can be achieved by using the uniform forms.***

### Procedures for Adding, Deleting or Modifying a Definition

Action By	Step	Action
Anyone	1	Submits in writing term to be defined, deleted or modified to the Chairperson of the FTA Motor Fuel Tax Section Uniformity Committee, along with an explanation of why the term should be defined, deleted or modified and provides a suggested definition, if available. The name of a Contact person should be included with submission.
Uniformity Chairperson	2	The request and all submitted documentation is forwarded to the Chairperson of the Forms Management Sub-Committee.
Forms Management Sub-Committee Chairperson	3	<p>Receives the requested action and logs same for reason of documentation.</p> <p>If the request is to define a term, the Chairperson will verify that no definition exists.</p> <p>Copies the request and forwards to Sub-Committee members.</p>
Forms Management Sub-Committee	4	Reviews the request and assembles suggestions for discussion with the requestor(s)/representative.
Forms Management Sub-Committee	5	Proposes definition, modification or deletion of term.
Forms Management Sub-Committee Chairperson	6	Forwards the proposed definition, modification or deletion of term to the Uniformity Committee Chairperson.
Uniformity Chairperson	7	Places the proposed definition, modification or deletion on the agenda of the Uniformity Committee for formal adoption.
Uniformity Committee	8	Discusses the requested action and accepts or rejects the definition as added, deleted or modified.
Uniformity Chairperson	9	<p>If accepted, sends the accepted change to the Federation of Tax Administrators - Motor Fuel Tax Coordinator to prepare a resolution and update the FTA definition list.</p> <p>If rejected, the proposed definition, modification or deletion is returned to the original requestor along with an explanation of the rejection.</p>
Forms Management Sub-Committee Chairperson	10	Documents Sub-Committee file as to the outcome of the request.

## Uniform Definitions Intent and Purposes

One of the missions of the Motor Fuel Accountability Committee is to provide model definitions of terms used by state taxing authorities and the motor fuel industry to promote understanding and facilitate improved communications.

All definitions presented to the Uniformity Committee for approval and ultimately to the Federation of Tax Administrators for adoption, are presented as model definitions for use by state taxing authorities.

**These definitions are not in any way intended to be construed as legal, legislative, or technical definitions and may be modified at the discretion of the user.**

## Definitions

**Accountable Product/Motor Fuel (FTA adopted 4-95)** - Accountable product/motor fuel means any product which is subject to the reporting requirements of a state, regardless of its intended use or taxability.

**Accountable Product/Motor Fuel (Canadian adopted 8-05, Revised 1-11)** – Accountable product/motor fuel means any product which is subject to the reporting requirements of a jurisdiction, regardless of its intended use or taxability.

**Accountable Losses (Canadian adopted 8-05)** – See “Verifiable Losses: (See also “Shrinkage”).

**Acquisition Date (Canadian adopted 8-05, revised 1-11)** – The date that ownership of an accountable product changed. (See also “Disposition Date”).

**Acquisitions (within Jurisdiction) (Canadian adopted 8-05, Revised 1-11)** – The receipt of accountable product as a result of a change in ownership. Acquisitions include ownership changes where there is a physical movement of fuel or where there has been no physical movement (e.g., co-mingled fuel in a storage facility). When applicable, the acquisition of accountable product by a licensed collector should correspond with the disposition of the accountable product by another licensed collector within the same reporting jurisdiction. (See also “Dispositions with Jurisdiction”)

**Additives (Canadian adopted 8-05)** – A product, other than accountable product or dye, that is added or mixed in very small concentration with accountable product, including fuel system detergent, oxidation inhibitor, gasoline antifreeze, or octane enhancers. Additives become part of accountable product. In practice, most additives are used at the rates of 1 – 300 parts per million (generally not greater than 0.03 volume percent). (Toluene, Xylene, Pentane, Hexane and MTBE)

**Adjustments and/or Tax Credits (Canadian adopted 8-05)** – Adjustments that can only be shown and deducted as a monetary adjustment because of their nature (i.e. bad debt allowances, border competition assistance and special tax adjustment situations).

**Agent (Canadian adopted 8-05)** – For the purpose of collecting or administering fuel tax, a person designated or authorized in legislation as the agent of a jurisdiction. (Refer also to “Collector”).

**Allowance (Canadian adopted 8-05)** – See, “Commission or Other Allowances”, “Shrinkage Allowances” and “Volume Adjustment”.



**Alternative Fuels (FTA adopted 11-98)** - Any accountable product/motor fuel other than gasoline, gasohol, diesel fuel, dyed diesel fuel, kerosene, or dyed kerosene.

**Alternative Fuels (Canadian adopted 8-05)** – Non-petroleum accountable motor fuel products. (i.e. “Biodiesel” or “Ethanol”).

**Ambient (Canadian adopted 8-05)** – The atmospheric temperature and pressure surrounding accountable product at the time of volumetric measurement of the accountable product.

**Aviation Gasoline (Canadian adopted 8-05)** – Accountable product intended for use in a spark ignition aircraft engine and generally complying with the CAN/CGSB 3.25. (Abbreviated as “AvGas”)

**Aviation Fuel (Canadian adopted 8-05)** – See “Jet Fuel” and “Aviation Gasoline”.

**Biodiesel (FTA adopted 9-03)** - A fuel comprised of mono-alkyl esters of long chain fatty acids generally derived from vegetable oils or animal fats, designated B100, and meeting the requirements of ASTM D6751.

**Biodiesel (Canadian adopted 8-05)** – Non-petroleum diesel fuel: An alternate fuel comprised of mono-alkyl esters of long chain fatty acids derived from vegetable or animal fats, designated B100, and meeting the requirements of ASTM D 6751.

**Biodiesel Blend (FTA adopted 9-03)** - A blend of biodiesel fuel meeting ASTM D6751 with petroleum based diesel fuel, designated Bxx, where xx represents the volume percentage of biodiesel fuel in the blend. (Example: B20 is 20% biodiesel and 80% petroleum diesel)

**Biodiesel Blend (Canadian adopted 8-05)** – A blend of biodiesel fuel with petroleum based diesel fuel designated BXX, where XX represents the volume percentage of biodiesel fuel in the blend. (i.e. B20 is 20% biodiesel and 80% petroleum diesel)

**Biodiesel Producer (Canadian adopted 8-05)** – A person that manufactures or produces biodiesel.

**Blend Stocks (Canadian adopted 8-05)** – A product or products, other than additives and/or dye, that is added, mixed or blended with fuel, regardless of its classification or use. When added to the fuel they become part of the taxable volume. In practice, most blend stocks would be added at 5 – 15 volume percent. (i.e. Ethanol or Biodiesel)

**Blended Diesel (Canadian adopted 1-11)** – A fuel type on the generic tax return used for reporting any clear diesel blends (e.g., B1-B99.99 or similar blends of ethanol and diesel).

**Blended Fuel (FTA adopted 11-98)** - The resultant accountable product/motor fuel produced by the blending process.

**Blended Fuel (Canadian adopted 8-05)** – Any mixture resulting from the blending of any product, other than an additive with an accountable product.

**Blender (FTA adopted 9-97)** - Any person who engages in the process of blending.

**Blender (Canadian adopted 8-05)** – Any person that produces blended fuel.

**Blending (FTA adopted 9-97)** - The mixing together by any process, of any one or more products with other products, and regardless of the original character of the products so blended, provided the resultant product so obtained is suitable or practicable for use as a motor fuel, except such blending as may occur in the process known as refining by the original refiner of crude petroleum. The commingling of products during transportation in a pipeline is not considered blending.

**Bill of Lading (FTA adopted 9-11)** – see document/bill of lading number –also see shipping or transport document.

**Bill of Lading (BOL) (Canadian adopted 8-05)** – Refer to “Facility BOL” or “Carrier BOL”.

**Book Adjustment (FTA adopted 9-97)** - An adjustment to books and records itemizing changes in volume of at least one reportable product and another product, with no physical movement of the product.

**Book Adjustment (Canadian adopted 8-05)** – An adjustment to books and records itemizing changes in physical inventory volume, of at least one accountable product, with no physical movement of the product. (See also “Stock Adjustment”)

**Bulk Dealer (FTA adopted 4-95)** - Any person, other than a retailer or distributor, who owns, controls, or operates a bulk plant or tank truck from where accountable product/motor fuel is stored and ultimately removed for sale or use.

**Bulk Dealer (Canadian adopted 8-05)** – A person that owns, controls, or operates a bulk plant or otherwise sells bulk fuel.

**Bulk End User (FTA adopted 11-98)** - A person who receives bulk delivery of accountable product/motor fuel into the person’s own storage facility exclusively for the person’s own consumption.

**Bulk End Consumer/User (Canadian adopted 8-05, revised 1-11)** – A person who receives delivery of bulk fuel usually into their own storage facilities for their own consumption.

**Bulk Fuel (Canadian adopted 8-05)** – Accountable product stored in tanks or containers to a minimum capacity as prescribed by jurisdiction that are not part of the fuel tank(s) of a motor vehicle, engine, machine or equipment.

**Bulk Plant (FTA adopted 9-93)** - A reportable fuel storage and distribution facility that is supplied by other than pipeline or vessel, and from which reportable fuel may be removed at a rack.

**Bulk Plant (Canadian adopted 8-05, revised 1-11)** – A bulk fuel storage and distribution facility, other than a terminal, from which accountable product is removed in bulk.

**Bulk Transfer (FTA adopted 10-99)** - The physical movement of accountable product/motor fuel from one location to another.

**Bulk Transfer System (FTA adopted 10-99)** - The accountable product/motor fuel distribution system consisting of refineries, pipelines, barges, marine vessels, and terminals.

**Bulk Truck (Canadian adopted 8-05)** – See “Tanker Truck”, “Tank Wagon”.

**Bunker Fuel (Canadian adopted 8-05)** – A crude oil distillate having a viscosity greater than 5.5 CST at 40 C. It may also be referred to as “marine bunker fuel”, and including Heavy Fuel Oils # 4, #5, #6 (sometimes called #6C) in CAN/CGSB-3.2, and marine residual fuels defined in CAN/CGSB-3.70 and ISO 8217.

**Business Number (BN) – Federal - (Canadian adopted 1-11)** – This is the unique business number assigned by Canada Revenue Agency to each specific entity. The BN or cross-reference to BN is recommended for all the entity levels (particularly filer) levels of reporting.

**Butane – (Canadian adopted 1-11)** – A colourless, odourless, easily liquefied, gaseous hydrocarbon. While petroleum products like gasoline are refined, natural gas products like butane are extracted. Butane can also be produced from crude oil, but in much smaller quantities. Butane is often added to regular gasoline to boost performance. Other common uses for butane include refrigeration, heating and fuel for cigarette lighters.

**Buy-Sell Agreement (FTA adopted 4-11)** - An agreement between two terminal suppliers whereby a terminal supplier agrees to deliver fuel to the other party or the other party's customer at the loading rack. The transaction is reconciled and financially settled by cash and is recorded by the terminal operator as a terminal removal by the receiving supplier. This type of transaction may also be known as a "Supplier Product Authorization".

**Cardlock (Canadian adopted 8-05, revised 1-11)** – A self-serve fueling facility controlled by an automated system operated by a card or key and primarily used by commercial customers such as carriers, motor fleet operators, farmers, fishers, marine and construction industry who purchase fuel on a high volume basis. (See also "Keylock").

**Carrier: (FTA adopted 6-05)** – Any person who transports accountable product.

**Carrier (Canadian adopted 8-05)** – A person that engages in the commercial transportation of an accountable product. Types of carriers would include Pipeline, Rail, Marine Vessel, Aircraft and Truck. (See "Commercial Carrier")

**Carrier BOL or Batch Number (Canadian adopted 8-05)** – The identification number of the shipping document (Bill of Lading) issued by the carrier for transportation of the accountable product. It is a receipt from the carrier for the accountable product. In the case of pipeline or barge movements, the pipeline or barge ticket number is used.

**Carrier ID (Canadian adopted 8-05)** – A unique identifier assigned by jurisdiction for a specific carrier. (Carrier registrations in Ontario and Quebec)

**Closing Untaxed Inventory (Canadian adopted 8-05, revised 1-11)** – Inventory at the end of the reporting period for accountable products stored at terminals or other storage location where tax-free fuel is stored in the reporting jurisdiction. (Note – closing untaxed inventory in one month must equal the opening untaxed inventory in the following month.)

**Collector (Canadian adopted 8-05)** – A person normally licensed or registered and designated through legislation to collect tax on behalf of a jurisdiction. Collectors may be referred to as Licensed Wholesaler, Licensed Manufacturer, Suppliers, Exporter, Importer, Licensed Re-Seller, Licensed Remitter, or Agent Under Agreement. Normally, Collectors have to file tax or information returns. (See also "Agent")

**Commercial Carrier (Canadian adopted 8-05)** – See "Carrier".

**Commission or Other Allowances (Canadian adopted 8-05)** – Allowable commissions or compensation allowances provided by some jurisdictions. (i.e. compensation allowances provided to dyers for dying fuel)

**Compressed Natural Gas (CNG) (FTA adopted 6-12)** - Natural Gas compressed to a pressure at or above 200-248 bar (i.e., 2900-3600 pounds per square inch) and stored in high-pressure containers. It is used as a fuel for natural gas-powered vehicles.

**Compressed Natural Gas (CNG) – Canadian adopted 1-11** – Is stored on the vehicle in high-pressure tanks – 2- to 25 MPa (200 to 250 bar, or 3,000 to 3,600 psi). (Note – a sulphur-based odorant is normally added to CNG to facilitate leak detection.) (See also "Natural Gas", Liquefied Natural Gas" and "Liquefied Petroleum Gas")

**Consignee (Canadian adopted 8-05)** – The entity to whom the accountable product is delivered by a carrier.

**Consignor (Canadian adopted 8-05)** – The entity that hires the carrier to transport the accountable product. Generally known as a filer, refer also to “filer”.

**Consumer (Canadian adopted 8-05)** – A person that consumes or uses an accountable product.

**Delivery (Canadian adopted 8-05)** – A physical transfer or change of legal ownership of accountable product.

**Delivery Date (Canadian adopted 8-05)** – See “Acquisition Date”.

**Denatured Ethanol (Canadian adopted 8-05, revised 1-11)** – A grade of ethanol that has been rendered unfit for human consumption by denaturing, and more specifically as “Fuel-Grade Ethanol” when denatured for blending with gasoline or diesel for use as a motor fuel.

**Denaturing (Canadian adopted 8-05, revised 1-11)** – The use of gasoline or other noxious material to make a fuel grade alcohol or ethanol that is unfit for human consumption. (Note – a gasoline denaturant represents 1 to 5% of the final product. Reference: “Denatured and Specially Denatured Alcohol Regulations (S.O.R./2005-22.”)

**Destination State (FTA adopted 9-93)** - Any state, territory, foreign country or sovereign nation to which any reportable motor fuel is directed for delivery into any storage facility, receptacle, container, or any type of transportation equipment, for purpose of resale or use.

**Destination Jurisdiction (Canadian adopted 8-05)** – Any jurisdiction, territory, foreign country or sovereign nation to which accountable product is directed for delivery.

**Diesel Fuel (FTA adopted 4-95)** - Any liquid that is commonly or commercially known, offered for sale or used as a fuel in diesel engines. (Taxable and exempt use may be defined in individual state statutes).

**Diesel Fuel (Canadian adopted 8-05)** – An accountable product that is commonly or commercially known as “diesel” offered for sale or used as a fuel in compression emission engines. See also “Ultra Low Sulphur Diesel”.

**Distributor (FTA adopted 9-97, Revised 1-08)** - A person who transports motor fuel into a state (imports) or exports motor fuel out-of-state; or who is engaged in distribution of motor fuel primarily by tank car or tank truck, or both; and who operates a bulk plant where he has active motor fuel bulk storage (capacity may be specified by individual state). May also include a person who produces, refines, blends, compounds, or manufactures motor fuel. It does not, however, include a person who receives or transports into this state and sells or uses motor fuel under such circumstances as preclude the collection of the tax herein imposed, by reason of the provisions of the Constitution and Statutes of the United States. However, a person operating a motor vehicle into the state, may transport motor fuel in the ordinary fuel tank attached to the motor fuel vehicle, and use the fuel for the operation of the motor vehicle, without being considered a distributor.

**Disposition (within Jurisdiction) (Canadian adopted 8-05, revised 1-11)** - The passing of accountable product to another licensed collector as a result of a change in ownership. Dispositions include ownership changes where there is a physical movement of fuel or where there has been no physical movement (e.g., co-mingled fuel in a storage facility). The disposition of the accountable product by one licensed collector should correspond with the acquisition of the accountable product by another licensed collector within the same reporting jurisdiction. (See also “Acquisitions within Jurisdiction”)

**Disposition Date (Canadian adopted 8-05, revised 1-11)** – The date that ownership of an accountable product changed. (See also “Acquisition Date”)

**Diversion-(FTA adopted 10-07)** – Product shipped from a terminal to a state or jurisdiction other than the destination state or jurisdiction indicated on the original bill of lading.

**Diversion Number (FTA adopted 11-98)** - The tracking/registration number assigned by a state to a single transport truck delivery of accountable product/motor fuel diverted from the original destination state.

**Document/Bill of lading number (FTA adopted 9-11)** – 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.

**Dye (Canadian adopted 8-05)** – A chemical prescribed in a jurisdiction’s legislation, which may be used by a dyer to colour or mark an accountable product for the purpose of identifying it for a distinct tax treatment.

**Dye Point (Canadian adopted 8-05, revised 1-11)** – The location authorized by a jurisdiction to colour or mark an accountable product with a dye.

**Dyed Diesel Fuel (FTA adopted 4-95)** - Fuel as described by Federal Regulation 26 CFR 48.4082.1.

**Dyed Fuel (Canadian adopted 8-05)** – Fuel, i.e. diesel, gasoline, that has been coloured or marked with the appropriate dye to the concentration specified by the jurisdiction for purposes of identification.

**Dyed Kerosene (FTA adopted 6-05)** – Kerosene that has been colored or marked with the appropriate dye or marker to the concentration specified by the jurisdiction for tax purposes.

**Dyed Kerosene (Canadian adopted 8-05)** – See “Dyed Fuel”.

**Dyer (Canadian adopted 8-05)** – A person authorized by a jurisdiction to colour or mark accountable product by the addition of a dye.

**Elective Supplier (FTA adopted 10-99)** - A supplier that is required to be licensed in the destination state and agrees/opts to collect and remit motor fuel tax to the destination state on accountable product/motor fuel imported to the destination state.

**Ethanol (denatured alcohol) (Canadian adopted 8-05, revised 1-11)** – A colourless, odourless liquid, produced synthetically by cracking ethane (using ethane from natural gas or naphtha from crude oil), fermentation from crop biomass such as sugar and corn, and from waste products such as household waste and paper mill sludge through chemical decomposition and fermentation. Also known as Ethyl-Alcohol or Alcohol.

**Ethanol Blended Diesel (Canadian adopted 8-05)** – An accountable product resulting from a blend of diesel and ethanol.

**Ethanol Blended Gasoline (Canadian adopted 8-05)** – An accountable product resulting from a blend of gasoline and ethanol. (See also “Gasohol”)

**Ethanol Producer (Canadian adopted 8-05, revised 1-11)** – A person who manufactures or produces ethanol.

**Exchange Agreement (FTA adopted 1-09, revised 4-11)** - An agreement between two terminal suppliers whereby a terminal supplier agrees to deliver fuel to the other party or the other party's customer at the loading rack. The transaction is reconciled and financially settled by trading for a product at another location and is recorded by the terminal operator as a terminal removal by the receiving supplier.

**Exempt Sales (Canadian adopted 8-05)** – The sale of accountable product that is not subject to fuel tax in accordance with jurisdictional legislation, regulations or other authority.

**Exempt Sales Type (Canadian adopted 8-05)** – The various types of tax-exempt sales and may include:

1. Sales to Farmers and Primary Producers of Renewable Resources  
(this would include fishing, logging, trappers, etc.)
2. Export Sales
3. Federal government sales
4. Heating fuel sales
5. International Flights
6. Petroleum based products not intended for motive purposes

**Export (Canadian adopted 8-05, revised 1-11)** – The shipment or delivery of accountable product to a location outside the jurisdiction from which the product originated. (i.e. accountable product delivered out of a jurisdiction by or for a seller constitutes an export by the seller. Accountable product delivered out of a jurisdiction by or for the purchaser constitutes an export by the purchaser.)

**Exporter (FTA adopted 11-98)** - Any person engaged in the practice of exporting accountable product/motor fuel.

**Exporter (Canadian adopted 8-05, revised 1-11)** – A person that exports accountable product from one jurisdiction to another jurisdiction.

**Exports (FTA adopted 11-92)** - Motor fuel delivered out-of-state by or for the seller constitutes an export by the seller. Motor fuel delivered out-of state by or for the purchaser constitutes an export by the purchaser.

**Facility (BOL) (Canadian adopted 8-05, revised 1-11)** – A Bill of Lading (BOL) is a commercial document issued by a terminal or bulk plant operator representing the delivery of fuel from a consignor to a consignee or that represents a change of ownership within the facility.

**Fuel (Canadian adopted 8-05)** – Any accountable product.

**Fuel Transporter (Canadian adopted 8-05)** – A person who transports accountable product from a refinery, terminal, or storage and distribution facility by means of a transport truck, a railroad tank car, a pipeline, or a marine vessel. (See "Carrier")

**Gasohol (Canadian adopted 8-05)** – An accountable product resulting from a blend of gasoline and ethanol.

**Gasoline (FTA adopted 9-93)** - All products that are commonly or commercially known or sold as gasoline or defined as gasoline in a state's statute.

**Gasoline (Canadian adopted 8-05)** – Accountable products as defined by a jurisdiction that are commonly or commercially known or sold as gasoline, and generally complying with CAN/CGSB-3.5. (See also "Ultra Low Sulphur Gasoline")

**Gasoline Blend Stocks (FTA adopted 9-93)** - All other types of additives when such additives are mixed or blended into gasoline, regardless of their classification or uses.

**Gross (FTA adopted 4-95)** - The total product measured in U.S. gallons without temperature or barometric adjustments.

**Gross Volume (Canadian adopted 8-05)** – The total product volume as measured without product temperature or atmospheric adjustments. (See “Ambient”)

**Heating Fuel (Canadian adopted 8-05)** – An accountable product, clear or dyed, that is burned or consumed in a boiler, furnace, stove or other means in open flame combustion, for the purpose of producing heat. Synonymous terms are “heating oil”, “furnace oil”, “furnace fuel” and would include “stove oil”.

**Heating Oil (FTA adopted 11-98)** - Any distillate fuel oil sold and used for heating purposes.

**Heavy Fuel Oil (Canadian adopted 8-05)** – See “Bunker”.

**Hydrogen or H<sub>2</sub> (Canadian adopted 1-11)** – A gaseous product that is highly flammable and will burn at concentrations as low as 4% H<sub>2</sub> in air. For automotive applications, hydrogen is generally used in tow forms: internal combustion or fuel cell conversion. In combustion, it is essentially burned as conventional gaseous fuels are, whereas a fuel cell uses the hydrogen to generate electricity that in turn is used to power electric motors on the vehicle. Hydrogen gas must be produced and is therefore an energy storage medium, not an energy source. The energy used to produce it usually comes from a more conventional source. Hydrogen holds the promise of very low vehicle emissions and flexible energy storage; however, many believe the technical challenges required to realize these benefits may delay hydrogen’s widespread implementation for several decades. Hydrogen can be obtained through various thermo chemical methods utilizing methane (natural gas), coal, liquefied petroleum gas, or biomass (biomass gasification), from electrolysis of water, or by a process called thermolysis.

**Import (Canadian adopted 8-05)** – The shipment or delivery of accountable product to a location inside a jurisdiction when the product originated from a location outside the jurisdiction. (i.e. Accountable product delivered into a jurisdiction by or for a seller constitutes an import by seller. Accountable product delivered into a jurisdiction by or for the purchaser constitutes an import by the purchaser).

**Import Verification Number (FTA adopted 11-98)** - The tracking/registration number assigned by the destination state to a single transport truck delivery of accountable product/motor fuel into a state from another state.

**Importer (FTA adopted 11-98)** - Any person engaged in the practice of importing accountable product/motor fuel.

**Importer (Canadian adopted 8-05)** – A person that causes the import of accountable product into a jurisdiction from another jurisdiction.

**Imports (FTA adopted 11-92)** - Motor fuel delivered into a state from out-of-state by or for the seller constitutes an import by the seller. Motor fuel delivered into a state from out-of-state by or for the purchaser constitutes an import by the purchaser.

**Interface (Canadian adopted 8-05)** – Is the mixture or interface of two refined products such as gasoline and diesel fuel, or diesel fuel and jet fuel. (See also “Transmix” and “Slop” and “Waste”)

**Inventory (Canadian adopted 8-05)** – The accountable product that is stored in a physical facility.

**Inventory Adjustment (Canadian adopted 8-05)** – See also “Book Adjustment”.

**Jet Fuel (Canadian adopted 8-05)** – An accountable product that has been produced or sold for use in an aircraft turbine engine. Commonly referred to as Jet A or Jet A-1 or Jet B.

**Jurisdiction or Taxing Jurisdiction (FTA adopted 5-08)** – The United States of America, a state of the United States of America, the District of Columbia, Canada, a province or territory of Canada, Mexico, a state of the United Mexican States, or a city, county, city and county, municipality, district or other political subdivision that is authorized to levy motor fuels tax.

**Kerosene (FTA adopted 9-97)** - The petroleum fraction containing hydrocarbons that are slightly heavier than those found in gasoline and naphtha, with a boiling range of 180 to 300 degrees Celsius.

**Kerosene (Canadian adopted 8-05)** – Accountable products that are commonly or commercially known or sold as kerosene, 1K or 2K and similar to Jet A or Jet A-1. (In Canada, Jet A-1 is used as a diesel fuel only in the high Arctic. In the U.S., some Jet A is rebranded to No. 1 Diesel fuel, sold at truck Stops).

**Keylock (Canadian adopted 8-05, revised 1-11)** – A self-serve fuelling facility controlled by an automated system operated by a card or key and primarily used by commercial customers such as carriers, motor fleet operators, farmers, fishers, marine and construction industry who purchases fuel on a high volume basis. (See also “Cardlock”).

**Liquefied Natural Gas (LNG) (FTA adopted 6-12)** - Natural gas (primarily methane) that has been liquefied by reducing its temperature to -260 degrees Fahrenheit at atmospheric pressure.

**Liquefied Natural Gas (LNG) (Canadian adopted 1-11)** – A natural gas stored as a super-cooled (cryogenic) liquid. The temperature required to condense natural gas depends on its precise composition but ranges between -120 and -170 degrees C. LNG offers an energy density comparable to gasoline and diesel fuels. (See also “Natural Gas”, “Compressed Natural Gas”, and “Liquefied Petroleum Gas”)

**Liquefied Petroleum Gases (also referred to as Autogas) (Canadian adopted 8-05, revised 1-11)** – A gaseous product that has been compressed until it is transformed to a liquid. It consists mainly of propane, propylene, butane, and butylenes in various mixtures. It is produced as a by-product of natural gas processing and petroleum refining. The components of LPG are gases at normal temperatures and pressures. (Note – LPG can vary widely in composition, leading to variable engine performance and cold starting performance. At normal temperatures and pressures, LPG will evaporate. Because of this, LPG is stored in pressurized steel bottles. Unlike natural gas, LPG is heavier than air, and thus will flow along floors and tend to settle in low spots, such as basements. Such accumulation can cause explosive hazards, and the reason why LPG fuelled vehicles are prohibited from indoor parkades in many jurisdictions.)

**Locomotive Fuel (Canadian adopted 8-05)** – An accountable product used by a railway company to operate locomotive engines. (Also referred to as railroad fuel).

**Manifest number (FTA adopted 9-11)** – see document/bill of lading number – also see shipping or transport document.

**Manufacturer (FTA adopted 1-08)** see “Producer/Manufacturer”

**Manufacturer (Canadian adopted 1-11)** – A person who owns, operates, or otherwise controls a facility, other than in a refinery, which manufactures fuel (does not include a recycler). (See also “Collector” and “Refiner”)



**Marine Diesel Oil (Canadian adopted 8-05)** – A distillate fuel oil, including (automotive) diesel fuel, that contains essentially no residual material, has a maximum viscosity of 14 cST at 40 C, and is used in a vessel as a fuel for internal combustion engines and steam engines. Also called “marine diesel fuel” and includes “marine distillate fuels” defined in CAN/CGSB-3.70 and ISO 8217 and diesel fuels defined in CAN/CGSB-3.6 and 3.517 when used in marine service.

**Marine Vessel (Canadian adopted 8-05)** – A ship, boat, barge or other watercraft that is designed to move in or through the water.

**Marked Fuel (Canadian adopted 8-05)** – Fuel that has been coloured or marked with the appropriate dye to the concentration specified by the jurisdiction for purposes of identification. (See also “Dyed Fuel”)

**Migratory Sale (Canadian adopted 8-05)** – An export sale made by a bulk dealer from one jurisdiction directly to a consumer or ultimate purchaser in another jurisdiction. (See “Exporter” or “Importer”)

**Motor Fuel (Canadian adopted 8-05)** – Any fuel that can be used to provide power for an internal combustion or turbine engine that includes, but not limited to: “diesel fuel”, “alternative fuel” or “gasoline”. Some jurisdictions use the term “motor fuel” to define distillates only.

**Motor Vehicle (Canadian adopted 8-05)** – A self-propelled motorized vehicle.

**Natural Gas (FTA adopted 6-12)** - A gaseous mixture of hydrocarbon compounds, the primary one being methane.

**Natural Gas (Canadian adopted 1-11)** – A gaseous product consisting mostly of methane and is drawn from gas wells or in conjunction with crude oil production and is delivered through pipelines once it has been processed to the pipeline’s specifications or standards. It also contains hydrocarbons such as ethane and propane as well as other gases such as nitrogen, helium, carbon dioxide, sulphur compounds, and water vapour. Natural gas is not sold or used as a motor fuel unless it has been compressed or liquefied due to its low energy value and high volume in its natural state. (Note – natural gas is considered an accountable product, if it is sold for use in an internal combustion engine.)

**Net (FTA adopted 4-95)** - The remaining product, after all considerations and deductions have been made, and measured in U.S. gallons by proved meters, corrected to a temperature of sixty (60) degrees Fahrenheit (15 degrees Celsius) and to a pressure of fourteen and seven tenths (14.7) pounds per square inch.

**Net Volume (Canadian adopted 8-05)** – The volume of accountable product measured in liters, after adjustment or correction from ambient measured volume to a temperature of 15 degrees Celsius and to a pressure of 101.356 kPa. (See “Temperature Corrected”)

**Opening Untaxed Inventory (Canadian adopted 8-05, revised 1-11)** – Inventory at the beginning of the reporting period for accountable products stored at terminals or other storage location where tax-free fuel is stored in the reporting jurisdiction. (Note – opening untaxed inventory in one month must equal the closing untaxed inventory in the previous month.)

**Originating Facility (Canadian adopted 8-05)** – A physical facility from which the accountable product was transported. (See “Physical Facility”)

**Other Adjustments or Installments (Canadian adopted 8-05, revised 1-11)** – On the Generic Fuel Tax Reporting Forms, other adjustments or installments consists of reassessment adjustments from other periods, tax installments or eligible amounts as specified by each jurisdiction.

**Permissive Supplier (FTA adopted 11-98)** - An out-of-state supplier, who is not an importer or exporter, that elects to collect and remit motor fuel tax to the destination state, but is not required to have a supplier's license in the destination state.

**Person (FTA adopted 11-98)** - Any natural individual, firm, trust, estate, partnership, association, joint stock company, joint venture, corporation, limited liability company; or a receiver, trustee, or guardian or other representative appointed by order of any court; or any city, town, county, or other political subdivision. Additionally, whenever, used, the term "person" as applied to partnerships and associations, shall mean the partners or members thereof. As applied to limited liability company, and as applied to corporations the term "person" shall mean the officers, agents, or employees of the limited liability company, and as applied to corporations the term "person" shall mean the officers, agents, or employees.

**Person (Canadian adopted 8-05)** – Any natural individual, firm, trust, estate, partnership, association, joint stock company, joint venture, corporation, limited liability company; or a receiver, trustee, or guardian or other representative appointed by order of any court; or any city, town, county or other political subdivision. Additionally, whenever, used, the term "person" as applied to partnerships and associations, shall mean the partners or members thereof. As applied to limited liability company, and as applied to corporations the term "person" shall mean the officers, agents, or employees of the limited liability company, and as applied to corporations the term "person" shall mean the officers, agents, or employees.

**Physical Facility (Canadian adopted 8-05, revised 1-11)** – Any bulk storage facility licensed or registered by a jurisdiction at a fixed location that is used to store accountable products.

**Pipeline (FTA adopted 4-95)** - A fuel distribution system that moves product, in bulk, through a pipe, either from a refinery to a terminal, or from a terminal to another terminal.

**Pipeline (Canadian adopted 8-05)** – A fuel distribution system that moves accountable products, in bulk, through a pipe, either from a refinery to a terminal, or from a terminal to another terminal (or to a large vender, i.e. an airport).

**Point of Delivery (FTA adopted 9-93)** - The specific address of delivery, including but not limited to customer name, street, city, state and zip code, to which reportable motor fuel is dispensed into any storage facility, receptacle, container, or any type of transportation equipment.

**Point of Taxation (Canadian adopted 8-05, revised 1-11)** – In general terms, each jurisdiction may apply tax at one of two points in the distribution chain. For terminal based point of taxation, taxes on accountable products are charged, collected, reported and remitted by the collector receiving the fuel from the primary terminal (or the importer of fuel into a jurisdiction). For sales based point of taxation, taxes on accountable products are charged, collected, reported and remitted by the last collector in the distribution chain (this could also be described as sales to the first non-collector basis of taxation).

**Position Holder (FTA adopted 4-95)** - With respect to motor fuel in a terminal, the person that holds the inventory position of the motor fuel, as reflected on the records of the terminal operator. A person holds the inventory position when that person has a contractual agreement with the terminal operator for the use of storage facilities or terminaling services at a terminal with respect to the motor fuel. This also includes a terminal operator who owns motor fuel in their terminal.

**Position Holder (Canadian adopted 8-05, revised 1-11)** – Is, with respect to accountable fuel in a terminal, the person that holds the inventory position (i.e. ownership) of the fuel. as reflected on the records of the terminal operator. A person holds the inventory position when that person has a contractual agreement with the terminal operator for the use of storage facilities or terminaling services at a terminal with respect to the accountable fuel. This also includes a terminal operator who owns accountable fuel in their terminal. (Note – There can be multiple position holders (i.e., owners) of fuel within a terminal, and each owner is responsible for their accountable fuel volumes.)

**Producer/Manufacturer (FTA adopted 1-08)** – Any person who produces, refines, blends, distills, manufacturers or compounds accountable product/motor fuel. (See “accountable product/motor fuel”)

**Propane (Canadian adopted 1-11)** – Is known as C<sub>3</sub>H<sub>8</sub> and is a colourless, odourless, easily liquefied, gaseous hydrocarbon. It is a by-product of oil refining or natural gas processing. Propane is commercially available as liquefied propane (which under 300PSI of pressure has an energy density 270 times greater than the gaseous form. An odorant, ethyl mercaptan, is added for leak detection).

**Racing Fuel (FTA adopted 1-11)** – An accountable product, generally leaded gasoline of one hundred and five octane or more, for off-highway use in competition vehicles, e.g., race cars, snowmobiles and motorcycles (excludes aircraft).

**Racing Fuel (Canadian adopted 1-11)** – An accountable product, generally leaded gasoline of one hundred and five octane or more, for use in competition vehicles, e.g., race cars, snowmobiles and motorcycles. (Note – racing fuel is generally taxable and reported as either gasoline or diesel fuel.)

**Rack (FTA adopted 11-98)** - A mechanism used to dispense accountable product/ motor fuel from a refinery, terminal, or bulk plant into a transport truck, railroad tank car, or other means of transportation.

**Rack (Canadian adopted 8-05)** – A mechanism for loading or dispensing accountable product from a refinery, a terminal, or a bulk plant into a tank truck, a railroad tank car, or marine vessel.

**Railroad Fuel (Canadian adopted 8-05)** – See “Locomotive Fuel”.

**Rebrand (Canadian adopted 8-05, revised 1-11)** – The process of making an adjustment in the books or records to reflect a reclassification of one product to that of another product including blending, dying or change of end-use of accountable products. (i.e. diesel fuel rebranded to heating fuel or transmix/slop returned to the refinery for processing). There may be a change in the tax treatment of the product as a result of re-branding.

**Recycler (Canadian adopted 8-05)** – A person that recycles petroleum products.

**Refined or Manufactured within Jurisdiction (Canadian adopted 8-05, revised 1-11)** – Accountable product produced in the reporting jurisdiction and transferred to untaxed finished goods inventory during the reporting period.

**Refiner (FTA adopted 11-98)** - Any person who owns, operates, or controls a refinery.

**Refiner (Canadian adopted 8-05, revised 1-11)** – A person who owns, operates, or otherwise controls a crude oil or petroleum based refinery which manufactures fuel. (Note – does not include a recycler.) See also “Collector” and “Manufacturer”)

**Refinery (FTA adopted 11-98)** - Any facility used to process crude oil, unfinished oils, natural gas liquids, or other hydrocarbons into any accountable product/motor fuel.

**Refinery (Canadian adopted 8-05)** – A facility used to produce accountable product from crude oil, unfinished oils, natural gas liquids, and other hydrocarbons.

**Removal (FTA adopted 11-98)** - A physical transfer of any accountable product/motor fuel from a storage facility.

**Renewable Fuel (FTA adopted 9-10)** – means liquid non-petroleum based fuels that can be placed in vehicle fuel tanks and used as a fuel in a highway vehicle. It includes all forms of fuel commonly or commercially known or sold as biodiesel and ethanol.

**Reporting Period (Canadian adopted 8-05, revised 1-11)** – For fuel tax inventory and tax reporting purposes, the reporting period is generally on a monthly basis but can be less frequent (e.g., quarterly, semi-annual or annual) at the discretion of the jurisdiction.

**Retail Dealer/Retailer (Canadian adopted 8-05, revised 1-11)** – A person who operates a retail fuel station.

**Retail Station (FTA adopted 4-95)** - Any location from which motor fuel is sold to an end user by direct delivery into fuel supply tanks. Each state may modify to exclude or include marine sales.

**Retail Station (Canadian adopted 8-05, revised 1-11)** – A location from which accountable product is sold to an end-user and normally dispensed directly into a tank of a motor vehicle.

**Retailer (FTA adopted 4-95)** - Any person who operates a retail station.

**Sale (FTA adopted 4-95)** - In addition to its ordinary meaning, any exchange, gift or other disposition of accountable product/motor fuel. In every case where such accountable/motor fuel product is exchanged, given or otherwise disposed of, it shall be deemed to have been sold.

**Sale (Canadian adopted 8-05, revised 1-11)** – Is, in addition to its commonly defined meaning, any exchange, gift or other disposition of accountable product/motor fuel. When such accountable/motor fuel product is exchanged, given or otherwise disposed of, it shall be deemed to have been sold.

**Shipping or Transport Document (FTA adopted 9-10)** – Is a delivery document issued in conjunction with the sale, transfer, or transport of motor fuel. A shipping or transport document issued by a terminal operator shall be machine printed. All other shipping documents shall be typed or handwritten on a preprinted form or machine printed.

**Shrinkage (Canadian adopted 8-05, revised 1-11)** – A variance in the volume of accountable product sold or available for sale, as a result of temperature or pressure variances, evaporation or normal handling losses. (Note – If fuel is temperature corrected, there is no shrinkage due to temperature or pressure variations.) (See also “Accountable Losses” and “Verifiable Losses”)

**Shrinkage Allowance (Canadian adopted 8-05, revised 1-11)** – Allowances available in some reporting jurisdictions for shrinkage losses. (Note - This field is used to report the allowances and not actual volume losses. Actual volume losses are reported under “Volume Adjustments”.)

**Slop (Canadian adopted 8-05)** – Any mixed hydrocarbon product(s) which are suitable for refining. Slop is re-processed through the refinery. (See also “Transmix” and “Interface” and “Waste”)

**Special Fuel (FTA adopted 11-98)** - Any accountable product/motor fuel other than gasoline, gasohol, or alternative fuels.

**Stationary Transfer (FTA adopted 9-97)** - Transfer of ownership of reportable product from one position holder to another within a terminal or bulk plant.

**Stationary Transfer (Canadian adopted 8-05)** – Transfer of ownership of reportable product from one position holder to another within a terminal or bulk plant.

**Stock Adjustment (Canadian adopted 8-05)** – Adjustment made to the book volume of an accountable product as a result of the difference between the calculated inventory and actual inventory volume. (See “Book Adjustment”)

**Supplier (FTA adopted 11-98)** - Any person required to collect and remit tax on accountable product/motor fuel removed from a terminal/refinery rack.

**Tanker Truck (Canadian adopted 8-05, revised 1-11)** – A truck designed or used to transport bulk quantities of accountable product in addition to the accountable product used for its own propulsion (tractor trailer combination).

**Tank Wagon (FTA adopted 10-99)** - A straight truck designed or used to transport accountable product/motor fuel.

**Tank Wagon (Canadian adopted 8-05, revised 1-11)** – A straight truck designed or used to transport accountable product/motor fuel. (also known as bulk fuel trucks).

**Temperature Corrected (Canadian adopted 8-05)** – The volume of accountable product after adjustment from the volume measured at ambient temperature to the volume of the product at 15 degrees Celsius and a pressure of 101.356 kPa. (See also “Net Volume”)

**Terminal (FTA adopted 9-93)** - A reportable fuel storage and distribution facility that is supplied by pipeline or vessel, and from which reportable fuel may be removed at a rack. This also includes bulk plants that store reportable fuel for others.

**Terminals: (Canadian adopted 8-05, revised 1-11)**

- **Primary Distribution Terminal** – An accountable fuel storage and distribution facility that is normally supplied by pipeline but may be supplied by vessel or rail, and from which accountable fuel is removed in bulk quantities into pipelines for further distribution, the cargo tanks of transport trucks, marine vessels or rail cars. Such fuel is normally supplied to other primary distribution terminals, bulk plants, secondary distribution terminals, retail service stations, cardlocks, keylocks and bulk end users. (Note - Primary Distribution Terminals are the fuel tax collection point for those jurisdictions that collect tax based on the fuel lifted from the terminal.)
- **Secondary Distribution Terminals** – As above, only the fuel storage and distribution facility is normally supplied by rail or truck transport from fuel lifted from a Primary Distribution Terminal. (Note - Secondary distribution terminals are not terminals for purposes of collecting tax for jurisdictions who collect tax based on fuel lifted from primary distribution terminals. Such fuel is normally supplied to bulk plants, retail service stations, cardlocks, keylocks and bulk end users.)

**Terminal Bulk Transfer (FTA adopted 10-99)** - Any bulk transfer and in-tank transfers within a terminal.

**Terminal Bulk Transfer (Canadian adopted 8-05)** – Includes but is not limited to the following:

- a). A marine barge movement of accountable product from a refinery or terminal to a terminal.
- b). Pipeline movements of accountable product from a refinery or terminal to a terminal.
- c). Book transfers of accountable product within a terminal, between suppliers prior to completion of removal across a terminal rack.
- d). Two-party exchanges between two or more position holders.

**Terminal Operator (FTA adopted 9-93)** - Any person that owns, operates, or otherwise controls a terminal.

**Terminal Operator (Canadian adopted 8-05)** – Any person that owns, operates, or otherwise controls a terminal. (See also “Filer” or “Collector”)

**Terminal Transfer System (FTA adopted 10-99)** - The components of a bulk transfer system used in a terminal bulk transfer.

**Transmix (FTA adopted 11-98)** - The accountable product/motor fuel that results from the natural mixing of products at both the beginning and end of each batch of product shipped through a pipeline.

**Transmix (Canadian adopted 8-05, revised 1-11)** – The buffer or interface that results from the mixing of two different accountable products in a pipeline shipment, and includes a mixture of two different products within a refinery that results in an off-grade product mix. (See also “Slop” and “Interface” and “Waste”)

**Transport Document (FTA adopted 9-10)** – See Shipping or Transport Document.

**Transport Truck (FTA adopted 10-99)** - A tractor trailer combination designed or used to transport accountable product/motor fuel.

**Transport Truck (Canadian adopted 8-05)** – See “Tanker Truck”.

**Two Party Exchange (FTA adopted 1-09)** - A transaction in which petroleum product is transferred from one supplier to another supplier pursuant to an exchange agreement.

**Ultimate Purchaser (FTA adopted 10-99)** - Any person who consumes or uses accountable product/motor fuel.

**Ultimate Vendor (FTA adopted 10-99)** - Any person who sells accountable product/motor fuel to the ultimate purchaser.

**Ultra Low Sulphur Diesel (Canadian adopted 8-05)** – An accountable product that is commonly or commercially known as “diesel”, offered for sale or used as a fuel in compression emission engines containing no more than 15 PPM concentration of sulphur, after May 31, 2006. (See also “Diesel”)

**Ultra Low Sulphur Gasoline (Canadian adopted 8-05)** – Accountable products as defined by a jurisdiction that are commonly or commercially known or sold as “gasoline”, and generally complying with CAN/CGSB-3.5 and having an annual average sulphur level of not greater than 30 PPM. (See also “Gasoline”)

**Undyed Diesel Fuel (FTA adopted 11-98)** - Any diesel fuel that has no detectable presence of dye.

**Undyed Diesel Fuel (Canadian adopted 8-05)** – Any diesel fuel that has no detectable presence of dye.

**Unverifiable Gains/Losses (Canadian adopted 8-05)** – An adjustment to inventory that cannot be verified as sold, lost, destroyed, stolen, contaminated, consumed or distributed. (See “Verifiable Losses”)

**Vendor (Canadian adopted 8-05)** – A person authorized or licensed to sell accountable product.

**Verifiable Losses (Canadian adopted 8-05, revised 1-11)** – Accountable fuel losses which can be verified and proven. Such losses generally include, spills in transit, loss due to fire or even third party theft. This does not include losses verifiable by calculation of book to actual. (See also “Accountable Losses”, “Shrinkage” and “Stock Adjustment”)

**Vessel (Canadian adopted 8-05)** – See “ Marine Vessel”.

**Volume (Canadian adopted 8-05, revised 1-11)** – All volumes must be reported at either ambient temperature or corrected to 15 degrees C. Consistency is required and the volume for reporting and tax calculation purposes may be specified by each jurisdiction. (See also “Gross Volume” and “Net Volume”)

**Volume Adjustment (Canadian adopted 8-05)** – An adjustment to inventory that can be measured in liters that will not be dispensed through normal dispensing and metering process and facilities.

**Voyage Number (FTA adopted 9-10)** – Is a manifest number or document number in the mariner time industry.

**Waste (Canadian adopted 8-05)** – A contaminated product which cannot be re-used, re-claimed, or re-processed, but must be disposed of as a waste or hazardous material, as distinct from “slop”, “transmix”, or “interface”.

**Wholesale (FTA adopted 10-99)** - Any person engaged in the business of selling accountable product/motor fuel for the purpose of resale.

**Wholesaler (Canadian adopted 8-05)** – Any person engaged in the business of selling accountable product for the purpose of resale.

## Uniform Forms

### Purpose

Uniform Reports and Schedules serve two purposes in support of the 11 Point Plan. First, uniform reports and schedules provide a uniform reporting mechanism for industry and government to record motor fuel tax transactions. Second, the forms facilitate information exchange between states by ensuring each state collects similar data.

If an oil company uses all of the forms, the company could account for all fuel transactions by reporting the same types of data in a similar format for each state's fuel tax reports. Industry will understand what is required and will be better able to comply with each state's requirements. The state will be more likely to get the data it needs in the desired format from all taxpayers.

In addition, any taxpayer could easily format the uniform summary page for computer reporting. Since the reporting would be similar for all states, more taxpayers may move to computerized reports.

**States are allowed some flexibility when using uniform reports. The reports can be modified to accomplish the following:**

- States can add or delete product columns from the uniform summary reports (cover sheet only) to tailor the forms to their needs.
- States can require taxpayers to complete subschedules for additional information but must use the standard schedule format. The total of the subschedules is reflected on the uniform schedule.
- The forms are designed to facilitate cross-checking taxpayer's data with:
  - a) other states imports and exports schedules,
  - b) common carrier reports, and
  - c) terminal operator reports
- Each state should require a taxpayer to provide net, gross, and billed gallons on their schedule of receipts and disbursements to facilitate the sharing of tax information among states.



## Forms Management FTA Uniform Reporting Forms

The FTA Uniformity Committee conducted a survey to the states to find out which states were compliant or non-compliant with uniform forms. The following is the results of the completed survey:

State	FEIN #	Product Codes	Uniform Schedules	Tax Return	Gross	Net	Billed
Alabama	Yes	Yes	Yes	Yes		Yes	
Alaska	Yes	Yes	No	No			Yes
Arizona	Yes	Yes	No	No			Yes
Arkansas	Yes	Yes	Yes	No		Yes	
California	Yes	Yes	Yes	No	No	Yes	
Colorado	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Connecticut	Yes	Yes	Yes	Yes	Yes		
Delaware	Yes	Yes	Yes	No	Yes		
Florida	Yes	Yes	Yes	Yes		Yes	
Georgia	Yes	Yes	Yes	Yes		Yes	
Hawaii	Yes	No	No	No	Yes		
Idaho	Yes	Yes	Yes	Yes	Yes	Yes	
Illinois	No	No	No	Yes	Yes	Yes	Yes
Indiana	Yes	Yes	Yes	No	Yes		
Iowa	Yes	Yes	Yes	Yes	Yes		
Kansas	Yes	Yes	Yes	Yes		Yes	
Kentucky	No	No	No	No		Yes	
Louisiana	No	Yes	Yes	Yes		Yes	
Maine	Yes	Yes	Yes	No	Yes		
Maryland	Yes	Yes	Yes	Yes	Yes	Yes	
Massachusetts	Yes	Yes	Yes	No	Yes		
Michigan	Yes	Yes	Yes	Yes	Yes		
Minnesota	Yes	Yes	Yes	No	Yes		
Mississippi	Yes	Yes	Yes	No	no	Yes	
Missouri	Yes	Yes	Yes	Yes			Yes
Montana	Yes	Yes	Yes	Yes	Yes		
Nebraska	Yes	Yes	Yes	Yes	Yes		
Nevada	Yes	Yes	Yes	Yes	Yes	Yes	
New Hampshire	Yes	Yes	Yes	Yes	Yes		
New Jersey	Yes	No	No	No			Yes
New Mexico	Yes	Yes	Yes	Yes	Yes	Yes	
New York	Yes	No	No	No	Yes	Yes	Yes
North Carolina	Yes	Yes	Yes	Yes	Yes	Yes	Yes
North Dakota	Yes	Yes	Yes	No	Yes		
Ohio	Yes	Yes	Yes	Yes	Yes		
Oklahoma	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Oregon	Yes	No	No	No	Yes	Yes	
Pennsylvania	Yes	Yes	Yes	Yes			Yes
Rhode Island	No	No	No	Yes	Yes		
South Carolina	Yes	Yes	Yes	Yes	Yes	Yes	Yes
South Dakota	Yes	Yes	Yes	Yes	Yes		
Tennessee	Yes	Yes	Yes	Yes		Yes	
Texas	No	No	No	No	Yes	Yes	Yes
Utah	Yes	Yes	Yes	No	Yes	Yes	

State	FEIN #	Product Codes	Uniform Schedules	Tax Return	Gross	Net	Billed
Vermont	No	No	No	No	Yes		
Virginia	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Washington	No	No	No	No	Yes	Yes	
West Virginia	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wisconsin	Yes	Yes	Yes	Yes	Yes		
Wyoming	Yes	Yes	Yes	Yes	Yes	Yes	Yes

### Notes to survey

**FEIN#:** Does the return and/or subschedules cite the FEIN# of each seller and carrier?

**Product Codes:** Is the return using the FTA approved product codes? If not, the return is using state devised product codes.

**Uniform Schedules:** Is the return using the schedule codes adopted by the FTA? If not, the return is using state devised schedule codes.

**Tax Return:** Is the return covering all tax types (gasoline & diesel)? If not, the return only covers one tax type.

**Gross, Net, Billed Gallons:** Is the information on the return reported in net, gross and billed gallons? If not, what system is the state using? If listed a "none" this means the Forms Management Subcommittee was unable to determine what the gallon system that was being used.

Each state should require a taxpayer to provide net, gross and billed gallons on their schedule of receipts and disbursements to facilitate the sharing of tax information among states.

# Terminal Report

## Terminal Report

### Purpose

The Terminal Report gives the state full accountability of all accountable products/motor fuel products moving through a terminal. The report is not a tax report. It gives the state an independent source of accountable product/motor fuel information that can be used to verify the transactions reported by taxpayers.

### Who Must File

All terminal operators who provide terminal services must file the Terminal Report. Terminal operators who operate more than one terminal must file a separate report for each terminal. If a state is receiving all of the inventory information with its distributor/supplier return you may want to consider adopting the following policy: A distributor who operates a terminal that handles only accountable products/motor fuel that it owns is not required to file the report. If the distributor handles accountable products/motor fuel owned by others, it must report all accountable products/motor fuel including its own. Bulk plant operators do not file this report.

### 1. Terminal Report Summary

#### 2. Schedule of Receipts

Each receipt of an accountable product/motor fuel into a terminal is listed on this schedule. By requiring the carrier name and FEIN to be listed with each receipt, the state can verify the receipt using the Common and Contract Carrier Report.

The position holder information on this schedule allows a state to track each taxpayer's movement of accountable products/motor fuel into a terminal. However, position holder information will not be available from certain terminals with fungible accountable products/motor fuel that are operated as part of a pipeline system with multiple terminals. In such a case, the position holder is not determined at the particular terminal until just prior to the removal of accountable products/motor fuel.

Each state should require a taxpayer to provide net and gross gallons on their schedule of disbursements to facilitate the sharing of tax information among states.

#### 3. Schedule of Disbursements

Each removal of an accountable product/motor fuel from a terminal is listed on this schedule. By requiring the carrier name and FEIN to be listed with each removal, the state can verify the removal using the Common and Contract Petroleum Products Carrier Report. The position holder name and FEIN provide the state with a link to the distributor's tax report. For each removal listed on this report, there should be a corresponding entry on one of the distributor's schedules filed by the position holder.

Each state should require a taxpayer to provide net and gross gallons on their schedule of disbursements to facilitate the sharing of tax information among states.

#### 4. Schedule of Inventories

This schedule provides detail of ownership of accountable products/motor fuel in a terminal by a position holder. It allows a state to determine where a certain taxpayer's inventories are located within the state.

The information will not be available from certain terminals with fungible accountable products/motor fuel that are operated as part of a pipeline system with multiple terminals. In such case, the position holder is not determined at the particular terminal until just prior to the removal of accountable products/motor fuel.

**Conclusion**

The terminal report is designed to allow any state to modify it for relevance to that state. For example, a state that wanted or required a separate column for undyed and dyed diesel could add the specific column on the terminal summary report page.

## **Terminal Report**

### **General Instructions**

#### **REPORT IS DUE**

Your report, plus supporting schedules, is due on or before \_\_\_\_\_.

#### **COMPLETING YOUR RETURN**

The terminal report which you file each month consists of the Terminal Report form and supporting receipts and disbursement schedules. The fuel transactions are to be sorted by fuel type and placed in the appropriate columns.

**Name/Location of Terminal:** Enter the name and physical address of the terminal.  
**Terminal Code:** Enter the nine digit terminal code number as assigned by the Internal Revenue Service.  
**Filing Period End:** Enter the filing period end date in the appropriate format (CCYYMMDD or states current format).  
**Name and Address of Terminal Operator:** Enter the name and address of the terminal operator.  
**License Number:** State issued identification number.  
**Phone Number:** Enter the telephone number of the person signing the report.  
**FEIN:** Enter your Federal Employer Identification Number in the space provided.

**Column Instructions.** Gallons should be entered in net gallons (gallons corrected to 60 degrees Fahrenheit temperature). Gallons should be rounded to the nearest whole gallon and entered in the appropriate column.

**Gasoline Products** – All products that are commonly or commercially known or sold as gasoline or defined as gasoline in a state's statute.

**Diesel** – Any liquid that is commonly or commercially known, offered for sale or used as a fuel in diesel engines.

**Other** – Other reportable products.

#### **Line Instructions**

- Line 1.** Beginning Inventory - Enter beginning inventory of all petroleum products handled at the terminal in the appropriate column. Carries over from column 3 on schedule 15C. Beginning inventory equals the prior month's reported actual ending inventory.
- Line 2.** Total Receipts - Enter total receipts of all petroleum products received into the terminal from supporting schedules 15A.
- Line 3.** Total Available – line 1 plus line 2.
- Line 4.** Total Disbursements - Enter total of all petroleum products disbursed from the terminal from supporting schedules 15B.
- Line 5.** Gallons Available – line 3 minus line 4 disbursements.
- Line 6.** Stock Gains & Losses – Enter inventory discrepancy by subtracting line 5 from line 7. If line 5 exceeds line 7, indicate the shortage with ( ).
- Line 7.** Actual Ending Inventory – Enter actual measured physical inventory of all petroleum products in the appropriate columns.

**Sign and date your report and indicate title of person responsible for the report.**

# Terminal Report

To be filed by all terminal operators.

## Terminal

Name of Terminal:	Filing Period End: (CCYYMMDD)	Terminal Code:
Location of Terminal:		

## Operator

Name:	FEIN:	License Number:	
Address:	City:	State	Zip Code:
Phone Number:	Email Address:		

## Transactions for the Month

	Schedule No.	Net Gallons		
		Gasoline Products	Diesel	Other
1. Beginning Inventory (Total from Sch 15C, column 3)	15C			
2. Total Receipts (Total from Sch 15A; column 8)	15A			
3. Total Available (Line 1 plus line 2)				
4. Total Disbursements (Total from Sch 15B; column 9)	15B			
5. Gallons Available (less disbursements) (Line 3 minus line 4)				
6. Stock Gains & Losses				
7. Actual Ending Inventory (Total from Sch 15; column 7)	15C			

Signature of Terminal Operator:	Title:	Date:
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**Schedule 15A - Terminal Operator Schedule of Receipts**

Company Name:	FEIN:	Terminal Code:	Filing Period End : (CCYYMMDD):	Product Code :
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(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Position Holder	(5) Position Holder FEIN	(6) Date Received	(7) Document Number	(8) Net Gallons	(9) Gross Gallons
<b>Total:</b>								

Revised 9/10, Helena, MT   Revised 10/12, Providence, Rhode Island   Adopted September 93, Wichita, KS

**Terminal Report – Terminal Operator Schedule of Receipts****General Instructions**

Schedule 15A provides detail in support of the amount(s) shown as receipts on the terminal report.

Each receipt of product into the terminal should be listed on separate lines.

**Identifying Information**

**Company Name and FEIN:** Enter the name and FEIN for the terminal operator shown on the terminal report.

**Terminal Code:** Use the IRS Terminal Control Number

**Filing Period End:** Enter the filing period end date in the appropriate format (CCYYMMDD or states current format).

**Product Code:** Enter the appropriate FTA product code.

**Column Instructions**

Columns (1) & (2): **Carrier** – Enter the name and FEIN of the company that transports the product into the terminal.

Column (3): **Mode Code** - Enter the mode of transport. Use one of the following:  
 J=Truck      R=Rail      B=Barge      PL=Pipeline  
 S=Ship (Great Lakes or ocean marine vessel)   BA=Book Adjustment   ST=Stationary Transfer  
 CE=Summary   RT=Removal from Terminal (other than by truck or rail for sale or consumption)

Column (4) & (5): **Position Holder** – Enter the name and FEIN of the company that owns the product as reflected on the records of the terminal operator (same as the Federal definition).

Column (6): **Date Received** – Enter the date the product was received into the terminal.

Column (7): **Document Number** – Enter the identifying number from the shipping document issued. In case of pipeline or barge movements, it is the pipeline or barge ticket number.

Column (8): **Net Gallons** – Enter the net gallons received into the terminal. The total of all amounts entered in this column should agree with the amount shown for receipts on the terminal report.

Column (9): **Gross Gallons** – Enter the gross gallons withdrawn from the terminal.



**Schedule 15B - Terminal Operator Schedule of Disbursements**

Company Name:		FEIN:		Terminal Code:		Filing Period End : (CCYYMMDD):		Product Code :	
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(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Destination. State	(5) Position Holder	(6) Position Holder FEIN	(7) Date Shipped	(8) Document Number	(9) Net Gallons	(10) Gross Gallons
<b>Total:</b>									

Revised 9/10. Helena, MT

Adopted September 93, Wichita, KS

**Terminal Report – Terminal Operator Schedule of Disbursements****General Instructions**

Schedule 15B provides detail in support of the amount(s) shown as disbursements on the terminal report. Each disbursement of product from the terminal should be listed on separate lines.

**Identifying Information**

**Company Name and FEIN:** Enter the name and FEIN for the terminal operator shown on the terminal report.

**Terminal Code:** Use the IRS Terminal Control Number

**Filing Period End:** Enter the filing period end date in the appropriate format (CCYYMMDD or states current format).

**Product Code:** Enter the appropriate FTA product code.

**Column Instructions**

Columns (1) & (2): **Carrier** – Enter the name and FEIN of the company that transported the product from the terminal.

Column (3): **Mode Code** - Enter the mode of transport. Use one of the following:  
 J=Truck R=Rail B=Barge PL=Pipeline  
 S=Ship (Great Lakes or ocean marine vessel) BA=Book Adjustment ST=Stationary Transfer  
 CE=Summary RT=Removal from Terminal (other than by truck or rail for sale or consumption)

Column (4): **Destination State** – Enter the state, territory, or foreign country to which any reportable motor fuel is directed for delivery into any storage facility, receptacle, container, or any type of transportation equipment, for purpose of resale or use.

Column (5) & (6): **Position Holder** – Enter the name and FEIN of the company that owns the product as reflected on the records of the terminal operator (same as the Federal definition).

Column (7): **Date Shipped** – Enter the date the carrier leaves the terminal with the product.

Column (8): **Document Number** – Enter the identifying number from the shipping document issued at the terminal when product was removed over the rack. In the case of pipeline or barge movements, it is the pipeline or barge ticket number.

Column (9): **Net Gallons** – Enter the net gallons withdrawn from the terminal. The total of all amounts entered in this column should agree with the amount shown for disbursement on the terminal report.

Column (10): **Gross Gallons** – Enter the gross gallons withdrawn from the terminal.

**Schedule 15C - Terminal Operator Schedule of Inventories**

Company Name:	FEIN:	Terminal Code:	Filing Period End : (CCYYMMDD)	Product Code :
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(1) Position Holder	(2) Position Holder FEIN	(3) Beginning Inventory	(4) Total Receipts	(5) Total Disbursements	(6) Gain (Loss)	(7) Ending Inventory
<b>Totals:</b>						

Revised 9-10, Helena, MT

Adopted September 94, Salt Lake City, UT

**Terminal Report – Terminal Operator Schedule of Inventories****General Instructions**

Schedule 15C provides detail in support of the amount(s) shown as beginning inventory and actual ending inventory on the terminal report.

**Identifying Information**

**Company Name and FEIN:** Enter the name and FEIN for the terminal operator shown on the terminal report.

**Terminal Code:** Use the IRS Terminal Control Number.

**Filing Period End:** Enter the filing period end date in the appropriate format (CCYYMMDD or states current format).

**Product Code:** Enter the appropriate FTA product code.

**Column Instructions**

Columns (1) & (2): **Position Holder** – Enter the name and FEIN of the company that owns the product as reflected on the records of the terminal operator (same as the Federal definition).

Column (3): **Beginning Inventory** - Enter the net gallons held by each position holder at the beginning of the month.

Column (4): **Receipts** – Enter the total number of net gallons received during the month for the account of each position holder.

Column (5): **Disbursements** – Enter the total number of net gallons disbursed during the month for the account of each position holder.

Column (6): **Gain (Loss)** – Enter the net gallons gained or lost during the month for the account of each position holder.

Column (7): **Ending Inventory** – Add amounts in column (4) and (6) to column (3), and subtract amounts in column (5).

# Supplier/Permissive Supplier Report

## Supplier/Permissive Supplier Report

### Purpose

This report gives the state full accountability of all products removed from a terminal by a supplier. The report is a tax report when the state's point of taxation is imposed on rack withdrawals.

### Who Must File

All suppliers who are accountable for product/motor fuel removed at a terminal rack.

### Schedule of Tax-Paid Receipts

Each receipt of tax-paid accountable products/motor fuel is listed on this schedule to support tax-paid receipt credit entered on the supplier report. For each shipment listed on this schedule, the state can verify the receipt using the following uniform reports:

- Terminal Report
- Supplier Schedule of Disbursements
- Common and Contract Carrier Report

### Schedule of Rack Removals

Each removal of accountable product/motor fuel by a supplier is listed on this schedule. By requiring the customer's name and FEIN to be listed with each removal, the state can verify the destination of the accountable products/motor fuel.

For each removal listed on this schedule, the state can verify the disbursement using the following uniform reports:

- Terminal Report
- Distributor Schedule of Receipts
- Common and Contract Carrier Report
- Retailer Report
- Bulk Dealer Report

Each state should require a taxpayer to provide net, gross and billed gallons on their schedule of tax-paid receipts and rack removals to facilitate the sharing of tax information among states.

### Schedule of State Diversion Corrections

This schedule records the state's approval of an ultimate destination of product that is diverted to a different destination than is indicated on the shipping documents when removed from a terminal rack. This is an optional schedule a state may use to track diverted product. If a state chooses not to use this schedule, then diversions should be reported as reversals (negatives) plus the corrected transactions (positives) on Schedule 15B, Terminal Operator Schedule of Disbursements.

### Conclusion

The supplier's report is designed to allow any state to modify it for relevance to the state. For example, a state that did not want or require a separate column for gasohol, but did want a column for propane, would simply delete the gasohol column and add the propane column on the supplier's summary report.

## Supplier/Permissive Supplier Report

### General Instructions

#### REPORT IS DUE

Your report, plus supporting schedules, is due on or before \_\_\_\_\_.

#### COMPLETING YOUR RETURN

The supplier/permissive supplier report which you file each month consists of the Supplier/Permissive Supplier Monthly Tax Report form, supporting receipts, disbursement and diversion correction schedules. The fuel transactions are to be sorted by fuel type and placed in the appropriate columns.

**Name and Address:** Enter the name and mailing address of the supplier.  
**State of:** Enter the state for which you are filing.  
**Filing Period End:** Enter the filing period end date in the appropriate format (CCYYMMDD or states current format).  
**License Number:** State issued identification number.  
**FEIN:** Enter your Federal Employer Identification Number in the space provided.

**Column Instructions.** Gallons should be entered in net gallons (gallons corrected to 60 degrees Fahrenheit temperature). Gallons should be rounded to the nearest whole gallon and entered in the appropriate column.

**Gasoline Products** – All products that are commonly or commercially known or sold as gasoline or defined as gasoline in a state's statute.

**Gasohol** – Gasoline and ethanol blend. Enter the ethanol blend %.

**Diesel** – Any liquid that is commonly or commercially known, offered for sale or used as a fuel in diesel engines.

**Schedules and Section I must be completed prior to completing the form.**

#### Line Instructions

**Line 1 – 6:** Used from the Distributor report if your state elects to have total accountability of inventory on the supplier report.  
**Line 7:** Gross Taxable Gallons – Total from line 10, reverse side, Section I.  
**Line 8:** Less Tax Paid Purchases – Total from tax paid receipt schedule.  
**Line 9:** Net Taxable Gallons – Line 7 minus line 8.

#### The next section of the return will be specific to each states tax computation.

It allows for varying rates on different products, special tax rates on certain types of sales, inspection fees, LUST fees, evaporation & handling allowances, and other unique situations for a given state.

The last 4 lines provide for Total Tax Due, applicable penalty and interest, and Total Due.

**Sign and date your report, indicate title of person responsible for the report and a contact phone number.**

#### Section I

**Line 1.** Gallons removed tax collected – Total from all schedule 5's.  
**Line 2.** Gallons of dyed diesel and dyed heating fuel removed – Total from all schedule 6F's.  
**Line 3.** Gallons removed for export – Total from all schedule 7's.  
**Line 4.** Gallons removed for U.S. government tax exempt – Total from all schedule 8's.  
**Line 5.** Gallons removed for state & local government tax exempt – Total from all schedule 9's.  
**Line 6.** Gallons removed for other tax exempt entities – Total from all schedule 10's.  
**Line 7.** Total Disbursements – Total when Lines 1 through 6 are added.  
**Line 8.** Gross Taxable Gallons Removed – Total from all schedule 5's.  
**Line 9.** Diversions – Total all schedule 11's, Diverted product (could be negative or positive).  
**Line 10.** Gross Taxable Gallons – Total of Line 7 minus Line 8 plus/minus Line 9. This amount will be transferred to Line 7 on the front of the return.

## Supplier/Permissive Supplier Monthly Tax Report

State of:		
Filing Period End: (CCYYMMDD)		
Name:	License Number:	
Address 1:	FEIN:	
Address 2:	Email Address:	
City:	State:	Zip Code:

### Tax and Fees Calculation

Gasoline

Gasohol  
%

Diesel

Use lines 1 through 6 from the distributor report if your state elects to have total accountability of inventory on the supplier report.

### Complete Section I on Reverse Side First

7. Gross Taxable Gallons: (From Line 10, reverse side, Section I)			
8. Less Tax Paid Purchases: (From tax paid receipt schedule)			
9. Net Taxable Gallons: (Line 7 minus Line 8)			

### Tax Computation Section (to be designed by each state)

Allow for varying rates on different products, special tax rates on certain types of sales, inspection fees, LUST fees, evaporation & handling allowances, and other unique situations for a given state.

xx. Total :Tax Due: \$	\$
xx. ADD: Interest for late payment at ____% per month	
xx. ADD: Penalty for late Payment at ____%:	
xx. Total Due:	\$

Signature Block

**NOTE:** This form is designed to give uniform information for comparison between states. It is designed for fuel which is accounted for or taxed when removed at the terminal rack, and can be used for all types of fuel. You can add a column for other fuel types, or delete columns not needed. Each state can clarify the use of each line by giving specific line-by-line instructions - these instructions will vary from state to state, depending upon the exact point of taxation and who is accountable to report and pay the tax.

Supmr.frp Revised 09/10, Helena, MT Revised 9/11, Charleston, WV

Adopted September 97, St. Louis, MO

## Section I

	From Schedule	Gasoline	Gasohol _____%	Diesel
1. Gallons removed tax collected:	5			
2. Gallons of dyed diesel and dyed heating fuel removed:	6F			
3. Gallons removed for export:	7			
4. Gallons removed for U.S. government tax-exempt:	8			
5. Gallons removed for state & local government tax exempt:	9			
6. Gallons removed for other tax exempt entities:	10			
7. Total Disbursements (add Lines 1 through 6):				
8. Gross Taxable Gallons Removed (from Line 1 Schedule 5):	5			
9. + or - Diversions (from schedule of diverted product):	11			
10. Gross Taxable Gallons (Line 7 minus line 8 plus/minus line 9; transfer to Line 7 on front of report):				





## Supplier/Permissive Supplier Schedule of Terminal Rack Removals

Supplier Name:			License Number:		FEIN:		Schedule Type	Filing Period End: (CCYYMMDD)	Product Code:			
(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Point of		(5) Terminal Code	(6) Sold To	(7) Purchaser's FEIN	(8) Date Shipped	(9) Document Number	(10) Net Gallons	(11) Gross Gallons	(12) Billed Gallons
			Origin State	Destination State								
<b>Total:</b>												

Rack Revised 9/10, Helena, MT

Adopted September 97, St. Louis, MO

## Supplier/Permissive Supplier Schedule of Terminal Rack Removals

**General Instructions**

This schedule provides detail in support of the amount(s) shown as disbursements on the Supplier/Permissive Supplier monthly report. Each disbursement of product should be listed on separate lines.

**Identifying Information**

**Company Name, License Number and FEIN:** Enter the name and number for the supplier shown on the supplier report.  
**Filing Period End:** Enter the filing period end date in the appropriate format (CCYYMMDD or states current format).  
**Product Code:** Enter the appropriate FTA product code.

**Schedule Type:** Enter one of the following numbers

5. Gallons removed tax collected
- 6F. Gallons of dyed diesel and dyed heating fuel removed
7. Gallons exported to state of \_\_\_\_\_
8. Gallons delivered to U.S. Government – tax-exempt
9. Gallons delivered to state & local government – tax-exempt
10. Gallons delivered to other tax-exempt entities

Optional Schedule: (Please refer to approved FTA subschedule list)

**Column Instructions**

Columns (1) & (2): **Carrier** – Enter the name and FEIN of the company that transports the product.  
 Column (3): **Mode Code** – Enter the mode of transport. Use one of the following:  
 J=Truck R=Rail B=Barge PL=Pipeline  
 S=Ship (Great Lakes or ocean marine vessel) BA=Book Adjustment ST=Stationary Transfer  
 CE=Summary RT=Removal from Terminal (other than by truck or rail for sale or consumption)  
 Column (4): **Origin/Destination State** – Enter the location the product was transported from/to. When disbursements are received into or from a terminal, use the IRS Terminal Control Number.  
 Column (5): **Terminal Code** – Use the IRS Terminal Control Number.  
 Column (6): **Sold To** – Enter the name of the company the product was sold to.  
 Column (7): **Purchaser's FEIN** – Enter the FEIN of the company the product was sold to.  
 Column (8): **Date Shipped** – Enter the date the product was shipped.  
 Column (9): **Document/Bill of Lading Number** – Enter the identifying number from the manifest issued at the terminal when product was removed over the rack. In the case of pipeline or barge movements, it is the pipeline or barge ticket number. In case of barge, it is the voyage number.  
 Column (10): **Net Gallons** – Enter the net gallons disbursed.  
 Column (11): **Gross Gallons** – Enter the gross gallons disbursed.  
 Column (12): **Billed Gallons** – Enter the number of gallons billed to the customer. (should equal either net or gross gallons)

Provide a grand total for columns 10, 11 and 12 on the last page of each schedule type for that schedule. Carry the total forward (either net, gross or billed as required by the reporting state) to the appropriate disbursements line on the supplier/permissive supplier monthly report.

**Supplier Schedule of State Diversion Corrections**

Supplier Name:			License Number:		FEIN:		Schedule Type: 11	Filing Period End: (CCYYMMDD)		Product Code:			
(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Point of		(5) Terminal Code	(6) Purchaser's Name	(7) Purchaser's FEIN	(8) Date Shipped	(9) Document Number	(10) Net Gallons	(11) Gross Gallons	(12) Billed Gallons	(13) Diversion Number
			Origin State	Destination State									
<b>Total:</b>													

SUPDIV Revised 9/10, Helena, MT

Adopted September 97, St. Louis, MO

**Supplier Report Schedule of State Diversion Corrections****General Instructions**

This schedule provides detail in support of the amount shown as diversion corrections on the Supplier/Permissive Supplier monthly report. Each diversion of product should be listed on separate lines with a separate schedule for each product type.

**Identifying Information**

**Company Name, License Number and FEIN:** Enter the name and number (if applicable) for the supplier shown on the Supplier Report.  
**Filing Period End:** Enter the filing period end date in the appropriate format (CCYYMMDD or states current format).  
**Product Code:** Enter the appropriate FTA product code.

**Column Instructions**

Columns (1) & (2): **Carrier** – Enter the name and FEIN of the company that transports the product.  
 Column (3): **Mode Code** – Enter the mode of transport. Use one of the following:  
 J=Truck R=Rail B=Barge PL=Pipeline  
 S=Ship (Great Lakes or ocean marine vessel) BA=Book Adjustment ST=Stationary Transfer  
 CE=Summary RT=Removal from Terminal (other than by truck or rail for sale or consumption)  
 Column (4): **Origin/Destination State** – Enter the destination state as it originally appears on the shipping document. Enter the name of the destination state as reported to the taxing agency or its agent.  
 Column (5): **Terminal Code** – Use the IRS Terminal Control Number.  
 Column (6): **Purchaser's Name** – Enter the name of the company the product was sold to.  
 Column (7): **Purchaser's FEIN** – Enter the FEIN of the company the product was sold to.  
 Column (8): **Date Shipped** – Enter the date the product was shipped.  
 Column (9): **Document/Bill of Lading Number** – Enter the identifying number from the manifest issued at the terminal when product was removed over the rack. In the case of pipeline or barge movements, it is the pipeline or barge ticket number. In case of barge, it is the voyage number. In the case of bulk plant removals, it is the withdrawal invoice number.  
 Column (10): **Net Gallons** – Enter the net gallons diverted. (see\*)  
 Column (11): **Gross Gallons** – Enter the gross gallons diverted. (see\*)  
 Column (12): **Billed Gallons** – Enter the number of gallons billed (should equal either net or gross gallons). (see\*)  
 Column (13): **Diversion Number** – Enter the number issued by the taxing agency or its agent that authorizes the diversion of the product from the destination state that is on the original shipping document.

Carry the total forward (net, gross or billed as required by the reporting state) to the appropriate line on the back of the supplier report.

**NOTE:** This is an optional schedule a state may use to identify and track diverted product. If a state chooses not to use this schedule, then report as reversals (negatives) plus corrected transactions (positives) on the schedule of terminal rack removals.

Diverted shipments are added to the return of the filing state.

\*Deduct the Shipments diverted to a state other than the state you are filing the tax return for.

# Distributor Fuel Tax Report

## Distributor Fuel Tax Report

### Purpose

The Distributor's Fuel Tax Report gives the state full accountability of all accountable products/motor fuel moving through a distributor. The report may or may not be a tax report, depending on the state's point of taxation. This report gives the state an independent source of information that can be used to verify the transactions reported by taxpayers.

### Who Must File

All distributors receiving and/or selling accountable products/motor fuel must file the Distributor's Fuel Tax Report.

### Schedule of Receipts

Each receipt of an accountable product/motor fuel is listed on this schedule. For each shipment listed on this schedule, the state can verify the receipt using the following uniform reports:

- Terminal Report
- Supplier Report
- Other Distributor's Schedule of Disbursements
- Common and Contract Petroleum Products Carrier Report

### Schedule of Disbursements

Each delivery of an accountable product/motor fuel by a distributor is listed on this schedule. By requiring the carrier's name and FEIN to be listed with each removal, the state can verify the destination of all accountable products/motor fuel.

Each state should require a taxpayer to provide net, gross and billed gallons on their schedule of receipts and disbursements to facilitate the sharing of tax information among states.

For each removal listed on this schedule, the state can verify the disbursement using the following uniform reports:

- Terminal Report
- Other Distributor's Schedule of Receipts
- Common and Contract Carrier Report
- Retailer Report
- Bulk Dealer Report

### Conclusion

The distributor's report is designed to allow any state to modify it for relevance to that state. For example, a state that did not want or require a separate column for gasohol, but did want a column for propane, would simply delete the gasohol column and add the propane column on the distributor's summary report.

## Distributor Fuel Tax Report

Distributor Fuel Tax Report			State of: _____
			Month of: _____
Name:			Filing Period End: (CCYYMMDD):
Address 1 :			FEIN:
Address 2:			Email Address:
City	State	Zip Code	

	Gasoline	Gasohol _____%	Diesel
<b>1. Beginning Physical Inventory:</b> (Must agree with prior month's ending inventory.)			
<b>2. Receipts:</b> (From line 6, section I on back of return)			
<b>3. Disbursements:</b> (From line 7, section II on back of return)	(       )	(       )	(       )
<b>4. Transfers:</b> (From one product to another)	(       )		(       )
<b>5. Gain or (Loss):</b> (Attach explanation)			
<b>6. Ending Physical Inventory:</b> (Must agree with actual ending inventory.)			
<b>7. Gross Taxable Gallons:</b> (Line 1, section II)			
<b>8. Less Tax-Paid Purchases:</b> (Line 2, section I)	(       )	(       )	(       )
<b>9. Net Taxable Gallons:</b> (Line 7 minus line 8)			

## Tax Computation Section (to be designed by each state)

Allow for varying rates on different products, special tax rates on certain types of sales, inspection fees, LUST fees, evaporation & handling allowances, and other unique situations for a given state.

<b>xx. Total Tax Due:</b>	\$
<b>xx. ADD: Interest for late payment at _____% per month</b>	
<b>xx. ADD: Penalty for late Payment at _____%:</b>	
<b>xx. Total Due:</b>	\$

## Signature Block

**NOTE:** This form is designed to give total accountability of fuel, and uniform information for comparison between states. It can be used for all motor fuel, special fuel, aviation, and other fuel returns. You can add a column for other fuel types or delete columns not needed. Each state can clarify the use of each line by giving specific line by line instructions.

**Section I****Receipts:** (See instructions)

	From Schedule	Gasoline	Gasohol ____%	Diesel
1. In-state refinery production:				
2. Gallons Received (state) tax-paid:	1			
3. Gallons received from licensed distributors tax-unpaid:	2			
4. Gallons imported direct to customer:	3			
5. Gallons imported into tax-free storage:	4			
6. Total Receipts: (total lines 1 through 5) (Transfer to line 2 on front of return)				

**Section II****Disbursements:** (See instructions)

	From Schedule	Gasoline	Gasohol ____%	Diesel
1. Gallons delivered tax collected:	5			
2. Gallons delivered to licensed distributors tax not collected:	6			
3. Gallons exported:	7			
4. Gallons delivered to U.S. Government tax-exempt:	8			
5. Gallons delivered to state and local government tax-exempt:	9			
6. Gallons delivered to other tax-exempt entities:	10			
7. Total Disbursements: (total lines 1 through 6) (Transfer to line 3 on front of return)				

**To Tax Administrator:** You may split schedules to accommodate two different tax rates, etc. For example, if you have a second tax rate for agricultural customers, you could create schedules 5a and 5b, and then use them separately in the tax computation section on the front of the return.

**Instructions:**

**Imports:** Motor fuel delivered into (name of state) from out-of-state by or for the seller constitutes an import by the seller. Motor fuel delivered into (name of state) from out-of-state by or for the purchaser constitutes an import by the purchaser.

**Exports:** Motor fuel delivered out-of-state by or for the seller constitutes an export by the seller. Motor fuel delivered out-of-state by or for the purchaser constitutes an export by the purchaser.

**Receipts:** All receipts, including truck, rail, pipeline, barge, or other conveyance.

**Disbursements:** All disbursements, including truck, rail, pipeline, barge, or other conveyance.

**Transfers:** For example: show gallons of gasoline blended to gasohol or gallons of undyed diesel blended to dyed diesel.

**Distributor Schedule of Receipts**

Company Name:			License Number:		FEIN:	Schedule Type:	Filing Period End: (CCYYMMDD):	Product Code:		
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(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Point of		(5) Acquired From	(6) Seller's FEIN	(7) Date Received	(8) Document Number	(9) Net Gallons	(10) Gross Gallons	(11) Billed Gallons
			Origin State	Destination State							
<b>Total:</b>											

Rack Revision 7/97

Adopted September 97, St Louis, MO

**Distributor's Report-Schedule of Receipts****General Instructions**

This schedule provides detail in support of the amount shown as receipts on the Distributor Fuel Tax Report. Each receipt of product should be listed on separate lines.

**Identifying Information**

**Company Name, License Number and FEIN:** Enter the name and numbers for the distributor shown on the distributor report.  
**Schedule Type:** Enter one of the following numbers

- 1 Gallons received tax-paid
- 2 Gallons received from licensed motor fuel distributors tax-unpaid
- 3 Gallons imported from another state direct to customer
- 4 Gallons imported from another state into tax-free storage

**Filing Period End:** Enter the filing period end date in the appropriate format (CCYYMMDD or state's current format).

**Product Code:** Enter the appropriate FTA product code.

Optional Schedule: Sub-schedules can be used under each schedule if additional information is needed. Sub-schedules must equal total of major schedule number. For example: Schedule code "3A" should be used for "Gallons sold for Import -- tax collected."

**Column Instructions**

- Columns (1) & (2): **Carrier** – Enter the name and FEIN of the company that transports the product.  
 Column (3): **Mode Code**.- Enter the mode of transport. Use one of the following:  
                   J=Truck           R=Rail           B=Barge           PL=Pipeline  
                   S=Ship (Great Lakes or ocean marine vessel)   BA=Book Adjustment   ST=Stationary Transfer  
                   CE=Summary   RT=Removal from Terminal (other than by truck or rail for sale or consumption)  
 Column (4): **Point of Origin/Destination** – Enter the location the product was transported from/to. When received into or from a terminal, use the IRS Terminal Control Number.  
 Column (5) & (6): **Acquired From/Seller's FEIN** – Enter the name and FEIN of the company the product was acquired from.  
 Column (7): **Date Received** – Enter the date the product was received.  
 Column (8): **Document/Bill of Lading Number** – Enter the identifying number from the manifest issued at the terminal when product was removed over the rack. In the case of pipeline or barge movements, it is the pipeline or barge ticket number. In case of barge, it is the voyage number.  
 Column (9): **Net Gallons** – Enter the net gallons received.  
 Column (10): **Gross Gallons** – Enter the gross gallons received.  
 Column (11): **Billed Gallons** – Enter the number of gallons billed (should equal either net or gross gallons).

Provide a grand total for columns 9, 10 and 11 on the last page of each schedule type for each product type. Carry the total forward (either net, gross or billed as required by the reporting state) to the appropriate receipts line on the Distributor Fuel Tax Report.

**Distributor Schedule of Disbursements**

Company Name:			License Number:		FEIN:		Schedule Type:	Filing Period End: (CCYYMMDD):	Product Code:			
(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Point of		(5) Terminal Code	(6) Sold To	(7) Purchaser's FEIN	(8) Date Shipped	(9) Document Number	(10) Net Gallons	(11) Gross Gallons	(12) Billed Gallons
			Origin State	Destination State								
<b>Total:</b>												

DISTDURS

Revised 9/10, Helena, MT

Adopted September 95, Williamsburg, VA

**Distributor Report-Schedule of Disbursements****General Instructions**

This schedule provides detail in support of the amount shown as disbursements on the Distributor Fuel Tax Report. Each disbursement of product should be listed on separate lines.

**Identifying Information**

**Company Name, License Number and FEIN:** Enter the name and numbers for the distributor shown on the distributor report.  
**Schedule Type:** Enter one of the following numbers

5. Gallons delivered tax collected
6. Gallons delivered to licensed motor fuel distributors tax not collected
7. Gallons exported to State of \_\_\_\_\_
8. Gallons delivered to U.S. Government tax-exempt
9. Gallons delivered to State and local government tax-exempt
10. Gallons delivered to other tax exempt entities

**Filing Period End:** Enter the filing period end date in the appropriate format (CCYYMMDD or state's current format).

**Product Code:** Enter the appropriate FTA product code.

**Optional Schedule:** Sub-schedules can be used under each schedule if additional information is needed. Sub-schedules must equal total of major schedule number. For Example  
 Schedule code "5A" should be used for "Gallons Delivered -- Tax Collected."  
 Schedule code "7A" should be used for "Gallons Delivered for Export - Destination State Tax Paid."

**Column Instructions**

Columns (1) & (2): **Carrier** – Enter the name and FEIN of the company that transports the product.

Column (3): **Mode Code** – Enter the mode of transport. Use one of the following:

J=Truck R=Rail B=Barge PL=Pipeline

S=Ship (Great Lakes or ocean marine vessel) BA=Book Adjustment ST=Stationary Transfer

CE=Summary RT=Removal from Terminal (other than by truck or rail for sale or consumption)

Column (4): **Point of Origin/Destination** – Enter the location the product was transported from/to. When disbursements are received from a terminal, use uniform terminal codes.

Column (5): **Terminal Code** – Use the IRS Terminal Control Number.

Column (6): **Sold To** – Enter the name of the company the product was sold to.

Column (7): **Purchaser's FEIN** – Enter the FEIN of the company the product was sold to

Column (8): **Date Shipped** – Enter the date the product was shipped.

Column (9): **Document/Bill of Lading Number** – Enter the identifying number from the manifest issued at the terminal when product was removed over the rack. In the case of pipeline or barge movements, it is the pipeline or barge ticket number. In case of barge, it is the voyage number.

Column (10): **Net Gallons** – Enter the net gallons disbursed.

Column (11): **Gross Gallons** – Enter the gross gallons disbursed.

Column (12): **Billed Gallons** – Enter the number of gallons billed (should equal either net or gross gallons).

Provide a grand total for columns 10, 11 and 12 on the last page of each schedule type for each product type. Carry the total forward to the customer (either net, gross or billed as required by the reporting state) to the appropriate disbursement line on the Distributor Fuel Tax Report.



## **Uniform Guidelines for Reporting Credit Card Transactions By Modifying the Existing Distributor's Schedule of Disbursements.**

### **General Instructions**

This schedule provides detail in support of the amount claimed as exempt credit card sales on either a Distributor's or Supplier's report. This illustration is meant to address issues in reporting retail credit card transactions because they are different in nature than terminal or bulk plant transactions. For example, there would be no terminal code involved as it outlined on the Uniform "Distributor's or Supplier's Schedule of Disbursement". Adoption of these guidelines will allow electronic or paper reporting on these transactions in a manner consistent with reporting terminal or bulk plant transactions.

If transactions are reported in a summary fashion, rather than listing individual retail sales, it would be summarized and sub-totaled at a level to allow reporting each of the columns' information as outlined below. Detailed information, as required by law, would be kept available for audit.

If your state requires reporting of these transactions on a return that includes inventory reporting and reconciliation above the retail level, the schedule maybe re-titled to read "Schedule of Exempt Credit Card Transactions." Similar adaptation may be used in conjunction with the Supplier/Permissive Supplier Schedule of Terminal Rack Removals.

This is not meant to define who is eligible to make or claim such sales in any state, nor to define what types of sales would be exempt in any state. These guidelines simply offer a solution for reporting these transactions where it is allowed or required.

### **Identifying Information**

**Company Name, License Number and FEIN:** Enter the name, license number and FEIN of the company.

**Schedule Type:** Enter one of the following numbers:

- 8       Gallons Delivered to U.S. Government tax-exempt
- 9       Gallons Delivered to State and Local Government Tax-exempt
- 10.     Gallons Delivered to Other Tax Exempt Entities

**Optional Schedules:** Sub-schedules can be used under each schedule if additional information is needed. Sub-schedules must equal total of major schedule number. For example:  
Schedule code "9E" should be used for "Gallons for county, city or town use."  
Schedule code "10H" should be used for "Sales to tax-exempt hospital."

### **Column Instructions**

Columns (1) & (2): **Carrier** -Enter the name and FEIN of the credit card company (the oil company in the case of an oil company credit card, or the credit card vendor in the case of fleet card, etc.).

Column (3): **Mode Code** -Enter GS=Gas Station.

Column (4): **Point of Origin/Destination** -Enter the location of the sale in both the origin and destination. State is required. City is optional. Some states may require facility number in lieu of city &/or state.

Column (5): **Terminal Code** -Not applicable.

Column (6): **Sold To** -Enter the name of the entity the product was sold to.

Column (7): **Purchaser's FEIN** -Enter the FEIN of the entity the product was sold to.

Column (8): **Date Shipped** -Enter the date the credit was created (either the date the credit card statement was processed, or the last of the month, if summary information is accepted by your state.)

- Column (9): **Document/Bill of Lading Number** -Enter a ticket or transaction number. If your state accepts summary information, enter the word "SUM," indicating this is summary information.
- Column (10): **Net Gallons** -Not applicable.
- Column (11): **Gross Gallons** -Not applicable.
- Column (12): **Billed Gallons** -Enter the number of gallons sold to the entity.

Provide a grand total for column 12 on the last page of each schedule type for that schedule. Carry the total forward to the appropriate line on the report

### Sample of Uniform Guidelines for Reporting Credit Card Transactions

Company Name:			License Number:		FEIN:		Schedule Type:	Filing Period End: (CCYYMMDD):	Product Code:		
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(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Point of		(5) Terminal Code	(6) Sold To	(7) Purchaser's FEIN	(8) Date Shipped	(9) Document Number	(10) Net Gallons	(11) Gross Gallons	(12) Billed Gallons
			Origin State	Destination State								
		GS										▼
										▼	▼	Enter the number of gallons sold to the entity
									▼	Not Applicable	Not applicable	
								▼	If your state accepts summary information, enter the word "Sum" indicating this is summary			
					▼	▼	▼					
			▼	▼				Enter the date the credit was created (either the date the credit card statement was processed or the last day of the month, if summary information is accepted by your state)				
▼	▼				Not Applicable	Enter the name and FEIN of the entity the product was sold to						
State required, city optional. Some states may require facility number. Destination same as origin. See Uniform EDI map.												
Enter the name and FEIN of the credit card company (the oil company in the case of an oil company credit card, or the credit card vendor in the case of fleetcard, etc.												
<b>Total:</b>												

Credit Revised 9/10, Helena, Mt

\*Keep in mind that the GS mode identifies it as a retail station sale.

\*Any other fields required by the EDI map are to be data-filled, numeric fields with 9s, text fields with Xs.

## **Products Reclassifications Above the Rack**

### **Guide to Reporting on the Uniform Distributor Schedules**

**Situation One:** Distributor A's customer, Purchaser P, picks up 1,000 gallons of gasohol at the terminal rack. Distributor A bills its customer for gasohol. Distributor A received the gasohol components as follows:

100 gallons of ethanol are withdrawn from Distributor A's terminal inventory  
900 gallons of gasoline are withdrawn from Distributor A's terminal inventory

**Note:** The gasoline and ethanol are blended at the rack, before it enters the customer's truck.

**Explanation:** Two or more products can be blended together to create a new product which is sold to the customer. How should Distributor A account for these transactions on its return?

1. Distributor A has to report the new product sold, but never had the new product on its books (in its inventory) to sell.
2. This creates an increasing negative new product inventory and an increasing positive Inventory for the original products. These inventories will not agree with actual inventories.

**Approved Reporting Solution:** Distributor A uses disbursements and receipts schedules to reclassify products above the rack.

1. The original products are acquired from their supplier. The receipts are reported on the appropriate schedule.
2. The original products are disbursed into the new product inventory using the appropriate disbursement schedule with BA (Book Adjustment) shown in the mode of transport.
3. The original products are received into the new product inventory using the appropriate receipt schedule with BA shown as the mode of transport.
4. The new product is then sold to the customer. The disbursement is reported on the appropriate schedule.

Taxpayer can report a roll up amount for the reporting period or can report the transactions in detail as determined by the states.

**Example:** An example describing the detail receipt, reclassification and disbursement of gasohol follows:

### Step 1

Report the receipt of gasoline from Supplier X and ethanol from Supplier Y.

#### Distributor Schedule of Receipts

Company Name: Distributor A			License Number:		FEIN:		Schedule Type: 2	Filing Period End: (CCYYMMDD)		Product Code: 065	
(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Point of		(5) Acquired From	(6) Seller's FEIN	(7) Date Received	(8) Document Number	(9) Net Gallons	(10) Gross Gallons	(11) Billed Gallons
			Origin State	Destination State							
		PL	CA	CA	Supplier X		9/09/99	D119V	900	895	900

#### Distributor Schedule of Receipts

Company Name: Distributor A			License Number:		FEIN:		Schedule Type: 2	Filing Period End: (CCYYMMDD)		Product Code: E00	
(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Point of		(5) Acquired From	(6) Seller's FEIN	(7) Date Received	(8) Document Number	(9) Net Gallons	(10) Gross Gallons	(11) Billed Gallons
			Origin State	Destination State							
		J	CA	CA	Supplier Y		9/09/99	X675	100	99	100

**Step 2**

Report book adjustments disbursing gasoline and ethanol from Distributor A.

**Distributor Schedule of Disbursements**

Company Name: Distributor A	License Number:	FEIN:	Schedule Type: 6	Filing Period End: (CCYYMMDD)	Product Code: 065
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(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Point of		(5) Terminal Code	(6) Sold To	(7) Purchaser's FEIN	(8) Date Shipped	(9) Document Number	(10) Net Gallons	(11) Gross Gallons	(12) Billed Gallons
			Origin State	Destination State								
		BA	CA	CA	CA205			9/09/99		900	895	900

**Distributor Schedule of Disbursements**

Company Name: Distributor A	License Number:	FEIN:	Schedule Type: 6	Filing Period End: (CCYYMMDD)	Product Code: E00
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(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Point of		(5) Terminal Code	(6) Sold To	(7) Purchaser's FEIN	(8) Date Shipped	(9) Document Number	(10) Net Gallons	(11) Gross Gallons	(12) Billed Gallons
			Origin State	Destination State								
		BA	CA	CA	CA205			9/09/99		100	99	100

**Step 3**

Report the receipt of gasoline and ethanol from Distributor A's gasoline and ethanol inventories into Distributor A's gasohol inventory using "BA" as the mode of transport.

**Distributor Schedule of Receipts**

Company Name: Distributor A			License Number:		FEIN:	Schedule Type: 2	Filing Period End: (CCYYMMDD)		Product Code: E10		
(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Point of		(5) Acquired From	(6) Seller's FEIN	(7) Date Received	(8) Document Number	(9) Net Gallons	(10) Gross Gallons	(11) Billed Gallons
			Origin State	Destination State							
		BA	CA	CA	Distributor A		9/09/99		100	99	100
		BA	CA	CA	Distributor A		9/09/99		900	858	900

**Step 4**

Report the sale of gasohol to purchaser P.

**Distributor Schedule of Disbursements**

Company Name:  Distributor A				License Number:		FEIN:		Schedule Type:  6		Filing Period End:  (CCYYMMDD)		Product Code:  E10	
(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Point of		(5) Terminal Code	(6) Sold To	(7) Purchaser's FEIN	(8) Date Shipped	(9) Document Number	(10) Net Gallons	(11) Gross Gallons	(12) Billed Gallons	
			Origin State	Destination State									
		J	CA	CA	CA205	Purchaser P		9/09/99		1000	994	1000	

## **Products Received Different than Products Sold Below the Rack**

### **Guide to Reporting on the Uniform Distributor Schedules**

**Situation One:** Distributor A's customer picks up 1,000 gallons of gasohol at the terminal rack. Distributor A bills its customer for gasohol. Distributor A received the gasohol\* components as follows:

100 gallons of ethanol purchased from Distributor X.  
900 gallons of gasoline withdrawn from Distributor A's terminal Inventory.

**Note:** Distributor A does not carry a physical inventory of ethanol or gasohol at the terminal. The gasoline and ethanol are blended at the rack, before it enters the customer's truck.

**Situation Two:** Distributor A's customer picks up 1,000 gallons of gasohol at the terminal rack. Distributor A bills its customer for gasohol. Distributor A received the gasohol components as follows:

100 gallons of ethanol purchased from Distributor X.  
900 gallons of gasoline received on exchange or purchased from Distributor Y.

**Note:** Distributor A does not carry a physical inventory of ethanol, gasoline or gasohol at the terminal. The gasoline and ethanol are blended at the rack, before it enters the customer's truck.

**Explanation:** How should Distributor A account for these transactions on its returns? Distributor A has to report gasohol sold, but never had gasohol on its books (in its inventory) to sell.

1. This creates an ever increasing negative gasohol inventory and an ever increasing positive gasoline inventory - which does not agree with actual inventories.

This physical movement of accountable product/motor fuel from one location to another. (FTA definition)

2. Some states have difficulty understanding why the Distributor's reports show receipts of gasoline and ethanol (receipts schedules), but sold (disbursement schedules) gasohol.

#### **Approved Reporting Solution:**

Distributor A creates, on its books, a "regraded terminal." This is not a separate physical location or inventory, but a "paper terminal" to handle a regrade from ethanol and gasoline to gasohol.

The gasoline and ethanol are booked into the "regrade terminal," regraded in this paper inventory to gasohol, then booked out of the "regrade terminal" to the customer as gasohol. This is common industry practice.

For those states that wish to see the detail of the transactions, transfers out of a product will be added to a disbursement schedule with the "BA" mode code and the receipts into a product will be reported on a receipt schedule using the "BA" mode code.

**Distributor Schedule of Receipts**

Company Name: Distributor A	License Number:	FEIN:	Schedule Type: 2	Filing Period End: (CCYYMMDD)	Product Code: E00
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(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Point of		(5) Acquired From	(6) Seller's FEIN	(7) Date Received	(8) Document Number	(9) Net Gallons	(10) Gross Gallons	(11) Billed Gallons
			Origin State	Destination State							
		J	Council Bluff IA	IA	Distributor X	84-8888888	9/09/99	34882	100	99	100

**Distributor Schedule of Receipts**

Company Name: Distributor A	License Number:	FEIN:	Schedule Type: 2	Filing Period End: (CCYYMMDD)	Product Code: 065
--------------------------------	-----------------	-------	---------------------	----------------------------------	----------------------

(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Point of		(5) Acquired From	(6) Seller's FEIN	(7) Date Received	(8) Document Number	(9) Net Gallons	(10) Gross Gallons	(11) Billed Gallons
			Origin State	Destination State							
		J	Council Bluff IA	IA	Distributor Y	84-9999999	9/09/99	34852	900	895	900

**Distributor Schedule of Disbursements**

Company Name: Distributor A	License Number:	FEIN:	Schedule Type: 6	Filing Period End: (CCYYMMDD)	Product Code: E10
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(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Point of		(5) Terminal Code	(6) Sold To	(7) Purchaser's FEIN	(8) Date Shipped	(9) Document Number	(10) Net Gallons	(11) Gross Gallons	(12) Billed Gallons
			Origin State	Destination State								
		J	Council Bluff IA	IA	T-42-IA-8000	Distributor B	82-7777777	9/09/99	34582	1000	994	1000



## FTA Motor Fuel Tax Uniformity Committee Best Practice Prior Period Transaction Reporting

To create a suggested practice to benefit both States and Industry, regarding prior period transaction reporting issues.

### Definitions:

- Original Return: The initial/first return filed.
- Amended Return: A return which contains the original data plus corrections and additional records. For electronic commerce, this is BT114 "CO" corrected.
- Supplemental/Supplemental Return: A return which reports only corrections and additional transactions. For electronic commerce this is "6S" supplemental.

### Best Practices:

- States should allow prior period transactions or corrections to be reported on a current month's return within specific data parameters, such as 30-90 days.
- In both the electronic and paper environment, States should not require a full amended return due to prior period transactions or corrections. A supplemental should be accepted.
- To encourage voluntary compliance any prior period transactions or corrections reported by the customer should not be penalized. Interest may still apply. If the prior period transaction or correction is discovered by the State, penalty and interest may apply.
- For State's which utilize a "matching" program (either electronic or paper), parameters should be developed to "match" on prior and future months based on manifest (bill of lading) date.

### Points to Consider:

- This is a suggested best practice; however, States are bound by statutory requirements. States may wish to cooperate with industry in drafting changes to laws, regulations, or policies to accommodate these "best practices".
- Sharing export information with other States from supplemental returns may be an issue for States not matching against prior and future months.
- In a paper environment supplemental returns may be used to negate a load.
- States need to be aware there may be issues if tax rate changes occur.

# Fuel Blender Report

## Fuel Blender Report

Reporting of blended products maybe achieved in two methods, included on the Distributor Fuel Tax Report with all other fuel transactions or included on a separate Fuel Blender Report. Those states that require the reporting of blended products on a separate report should utilize the FTA Distributor's Fuel Tax Report format when developing the Fuel Blender Report.

**A Fuel Blender Report is used by the following states at this time:**

- **Florida** – A monthly form filed by a person who is not licensed and is engaged in the activity of blending gasoline, gasohol, diesel, or aviation fuel with tax free or partially untaxed products for personal use.
- **Kansas** – Combines a producer/manufacturer, blender, and end user consumer return to one report. The form is used by those who are producing and blending product for their own use or for a retailer to claim a credit/refund for blending products they purchased at a higher tax rate and then blended to produce a product with a lower tax rate.
- **South Carolina** – A monthly form filed by fuel vendors to remit a user fee on sales of kerosene (K-1) or other blend stocks that are blended with tax paid gasoline or diesel to create a product subject to the user fee.
- **West Virginia** – A form used to calculate tax due on blended products. The report contains a component that offsets tax due on blend stocks with previously taxed components of the blend.

# Producer Report

## Producer Report

States requiring a return to pay tax and report the production of fuel alcohol or biodiesel (dyed and undyed) should utilize the Federation of Tax Administrator's Supplier/Permissive Supplier or Distributor's Fuel Tax Report format when developing a Producer's report.

For those states that require an information report only on the production and importation of fuel alcohol or biodiesel (dyed and undyed) they should utilize only the receipts, disbursements and fuel accountability sections of the report.

**A uniform Producer's Report is used by the following states at this time:**

➤ **North Carolina.**

# Alternative Fuels Report

## Alternative Fuels Tax Report

### Purpose

The Alternative Fuels Tax report gives the state full accountability of all accountable (*taxable*) products. This report gives the state an independent source of information that can be used to verify transactions.

### Who Must File

All alternative fuel dealers and/or users receiving and/or selling accountable products must file the Alternative Fuels Tax report. This includes anyone who delivers or places alternative fuel into the fuel supply tank of an alternative fuel vehicle, for use on public highways. Anyone who uses electricity to power a motor vehicle on the highway must also file.

### Schedule(s)

A state that requires tracking of each transaction; receipts, disbursements, carrier, mode of transportation, conversion calculation/information (BTU, cubic foot, pounds, units, kilowatt hours), inventory, non-taxable use, sales to exempt entities, uncollectable/bad debt losses and/or withdrawals from bulk storage may want to include a schedule(s).

The summary schedule is designed to show a summation of each schedule type.

### Conclusion

The Alternative Fuels Tax report is designed to allow any state to modify it for relevance to that state. For example, if future alternative fuels are identified, a state could add products as needed.

## Alternative Fuels Tax Report

### General Instructions

#### REPORT IS DUE

Your report, and any applicable schedule(s), is due on or before \_\_\_\_\_.

#### COMPLETING YOUR RETURN

**Name and Address:** Enter the name and mailing address of the alternative fuels licensee.

**State:** Enter the state for which you are filing.

**Month:** Enter the month for which you are filing.

**Filing Period End:** Enter the filing period end date in the appropriate format (CCYYMMDD, or the state current format).

**License Number:** Enter the state issued identification number.

**FEIN/SSN:** Enter your Federal Employer Identification Number or your Social Security number.

**Email Address:** Enter your email address, if you choose to receive correspondence via this method.

**Complete any applicable schedule(s). Schedule totals should be entered in the appropriate line(s) of the Summary Schedule, by fuel type.**

*Insert conversion formulas, if appropriate.*

#### Line Instructions

**Line 1. – 7.** Column (b) minus Column (c) = Column (d). Column (d) multiplied by Column (e) = Column (f). Enter the calculated amount of tax due in Column (d).

**Line 8.** Sub Total – Add the sum of each line in Column (f).

**Line 9.** Enter the sum of Line 8 multiplied by \_\_\_\_% evaporation and loss allowance (*if multiple loss percentages exist for different fuel types, an additional column and/or line may be needed*).

**Line 10.** Enter the sum of Line 8 minus Line 9 multiplied by the applicable penalty and/or interest rate.

**Line 11.** Total Alternative Fuels Tax Due – Enter the sum of Line 8 minus Line 9 plus Line 10.

To certify that the information provided on this form has been examined by you and is, to the best of your knowledge, true and correct, indicate your printed name, title, date, signature and telephone number.



# Alternative Fuel Tax Report

			State
			Month
			Filing Period End (CCYYMMDD)
			License Number
Name			FEIN/SSN
Address 1			Email Address
Address 2			
City	State	Zip Code	

(a) Fuel Type	(b) Total Gallons Sold (Cubic Foot, Kilowatt Hour, Pound, Unit)	(c) Exempt Sales (Cubic Foot, Kilowatt Hour, Pound, Unit)	(d) Taxable Gallons (Cubic Foot, Kilowatt Hour, Pound, Unit)	(e) Tax Rate Per Gallon (Cubic Foot, Kilowatt Hour, Pound, Unit)	(f) Tax Due (column d x e)
1. CNG (compressed natural gas)				.xxx	\$
2. LNG (liquefied natural gas)				.xxx	\$
3. LPG (liquefied propane gas)				.xxx	\$
4. Ethanol				.xxx	\$
5. Methanol				.xxx	\$
6. Electricity				.xxxx	\$
7. Other (Describe)				.xxx	\$
8. Sub Total					\$
9. Evaporation/Loss Allowance					\$
10. Penalty and/or Interest (If Applicable)					\$
11. Total Alternative Fuels Tax Due					\$

*I certify the information provided on this form has been examined by me and is, to the best of my knowledge, true and correct.*

Print Name	Title	Date
Signature		Telephone Number

### Alternative Fuels Tax Report Summary Schedule

	From Schedule	CNG	LNG	LPG	Ethanol	Methanol	Electricity	Other
1. Gallons delivered tax collected	5							
2. Gallons delivered to licensed motor fuel licensee-tax not collected	6							
3. Gallons exported to various states	7							
4. Gallons delivered to the U.S. Government - tax-exempt	8							
5. Gallons delivered to state and local government tax exempt	9							
6. Gallons delivered to other tax-exempt entities	10							
7. Total Disbursements (add Lines 1-6)								
8. Exempt Sales (Line 7 – Line 1)								
9. + or – Diversions (from schedule for state diversions)	11							
10. Total Taxable Gallons (Line 7 – Line 8 + or – Line 9)								

# Retailer Fuel Report

## Retailer Fuel Report

### Purpose

The Retailer Fuel Report gives the state full accountability of all accountable products/motor fuel moving through a retail station. This report may or may not be a tax report, depending on the state's point of taxation. This report gives the state an independent source of information that can be used to verify transactions reported by taxpayers.

### Who Must File

All registered retail dealers who sell accountable products/motor fuel and are not required to file a Distributor Fuel Tax Report must file the Retailer Fuel Report.

### Schedule of Receipts

Each receipt of accountable product/motor fuel into a retail service station is listed on the schedule of receipts. The state can verify the receipt of each shipment listed on this schedule using the following uniform reports:

- Distributor Fuel Tax Report
- Common and Contract Petroleum Products Carrier Report
- Bulk Dealer Report

Each state should require a taxpayer to provide net, gross and billed gallons on their schedule of deliveries to facilitate the sharing of tax information among states.

### Conclusion

The Retailer Fuel Report is designed to allow any state to modify it for relevance to that state. For example, a state that does not require meter readings may delete the meter reading section of the Retailer Fuel Report.

## Retailer Fuel Report

<b>Retailer Fuel Report</b>			State of:		
			Filing Period End: (CCYYMMDD):		
			License Number:		
			FEIN:		
Name:			Email Address:		
Address 1:			City:		
Address 2:			State:		
			Zip Code:		

	Gasoline	Gasohol _____ %	Diesel
<b>1. Beginning Physical Inventory:</b> (Must agree with prior month's ending inventory)			
<b>2. Receipts:</b> (From Retailer Schedule of Receipts)			
<b>3. Sales:</b> (From Meter Readings on back of return)			
<b>4. Transfers:</b> (From one product to another)			
<b>5. Gain or (Loss):</b> (Attach explanation)			
<b>6. Ending Physical Inventory:</b> (Actual tank measurement)			

**Tax Computation Section (to be designed by each state)**

Use only if applicable for fuel taxed at the retail level.

This section may include::

Exempt Sales  
Tax  
Handling allowances

Penalties  
Interest

**Signature Block**

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**Meter Readings** (carry totals forward to line 3 on front of return)

<b>Gasoline</b>	Pump No. ____	Pump No. ____	Pump No. ____	Pump No. ____	Pump No. ____	Pump No. ____	<b>Totals</b>
Ending reading:							
Beginning reading:							
Gallons Metered:							

<b>Gasohol %</b>	Pump No. ____	Pump No. ____	Pump No. ____	Pump No. ____	Pump No. ____	Pump No. ____	<b>Totals</b>
Ending reading:							
Beginning reading:							
Gallons Metered:							

<b>Diesel</b>	Pump No. ____	Pump No. ____	Pump No. ____	Pump No. ____	Pump No. ____	Pump No. ____	<b>Totals</b>
Ending reading:							
Beginning reading:							
Gallons Metered:							

<b>Dyed Diesel</b>	Pump No. ____	Pump No. ____	Pump No. ____	Pump No. ____	Pump No. ____	Pump No. ____	<b>Totals</b>
Ending reading:							
Beginning reading:							
Gallons Metered:							

<b>Other</b>	Pump No. ____	Pump No. ____	Pump No. ____	Pump No. ____	Pump No. ____	Pump No. ____	<b>Totals</b>
Ending reading:							
Beginning reading:							
Gallons Metered:							

**To Tax Administrator:** All sections of this report are optional.

**(State Name)**  
**Retailer Schedule of Receipts**

Company Name:	License Number:	FEIN:	Schedule Type:	Filing Period End: (DDYYMMDD):	Product Code
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(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Origin State	(5) Acquired From	(6) Seller's FEIN	(7) Date Received	(8) Document Number	(9) Net Gallons	(10) Gross Gallons	(11) Billed Gallons
<b>Total:</b>										

RETLRECP Revised 9/10, Helena, MT

Adopted September 96, Williamsburg, VA

**Retailer Report-Schedule of Receipts**

**General Instructions**

This schedule provides detail in support of the amount shown as receipts on the Retailer's Fuel Tax Report. Each receipt of product should be listed on separate lines.

**Identifying Information**

**Company Name, License Number and FEIN:** Enter the name and numbers (if applicable) for the retailer shown on the retailer's fuel report.

**Schedule Type:** Enter one of the following numbers  
 1 Gallons received tax-paid  
 2 Gallons received tax-unpaid.

**Filing Period End:** Enter the filing period end date in the appropriate format. (CCYYMMDD or state's current format)

**Product Code:** Enter the appropriate FTA product code.

**Optional Schedule:** Subschedules can be used under each schedule if additional information is needed. Subschedules must equal total of major schedule number.

**Column Instructions**

Columns (1) & (2): **Carrier** – Enter the name and FEIN of the company that transports the product.

Column (3): **Mode Code** - Enter the mode of transport. Use one of the following:

J=Truck R=Rail B=Barge PL=Pipeline

S=Ship (Great Lakes or ocean marine vessel) BA=Book Adjustment ST=Stationary Transfer

CE=Summary RT=Removal from Terminal (other than by truck or rail for sale or consumption)

Column (4): **Point of Origin** – Enter the location the product was transported from. When received from a terminal use the IRS Terminal Control Number.

Column (5) & (6): **Acquired From/Seller's FEIN** – Enter the name and FEIN of the company the product was acquired from.

Column (7): **Date Received** – Enter the date the product was received.

Column (8): **Document/Bill of Lading Number** – Enter the identifying number from the manifest issued at the terminal when product was removed over the rack. In the case of pipeline or barge movements, it is the pipeline or barge ticket number. In case of barge, it is the voyage number.

Column (9): **Net Gallons** – Enter the net gallons received.

Column (10): **Gross Gallons** – Enter the gross gallons received.

Column (11): **Billed Gallons** – Enter the number of gallons billed (should equal either net or gross gallons).

Provide a grand total for columns 9, 10 and 11 on the last page of each schedule type for each product type. Carry the total forward (either net, gross or billed as required by the reporting state) to the appropriate receipts line on the Retailer Fuel Report.

# Bulk Dealer Report



## Bulk Dealer Report

### Purpose

The Bulk Dealer Report gives the state full accountability of all accountable products/motor fuel moving through a bulk plant. This report may or may not be a tax report, depending on the state's point of taxation. This report gives the state an independent source of information that can be used to verify transactions reported by taxpayers.

### Who Must File

All bulk dealers receiving and/or selling accountable products/motor fuel must file the Bulk Dealer Report. If a state is receiving all of the inventory information with its distributor return, it may want to consider adopting the following policy: A bulk dealer who operates as a distributor can combine the bulk plant operation on the Distributor Fuel Tax Report.

### Schedule of Receipts

Each receipt of accountable products into a bulk plant location is listed on this schedule. For each shipment listed on this schedule, the state can verify the receipt using the following reports:

- Terminal Report
- Supplier Tax Report
- Distributor Fuel Tax Report
- Common and Contract Petroleum Products Carrier Report
- Other Bulk Dealer's Schedule of Disbursements

### Schedule of Disbursements

Each delivery of accountable products/motor fuel from a bulk plant location is listed on this schedule. By requiring the customer's name and FEIN to be listed with each removal, the state can verify the destination of all accountable products/motor fuel.

Each state should require a taxpayer to provide net, gross and billed gallons on their schedule of receipts and disbursements to facilitate the sharing of tax information among states.

For each removal listed on this schedule, the state can verify the disbursement using the following reports:

- Distributor Fuel Tax Report
- Common and Contract Petroleum Products Carrier Report
- Retailer Fuel Tax Report
- Other Bulk Dealer's Schedule of Receipts

### Conclusion

The Bulk Dealer Report is designed to allow any state to modify it for relevance to that state. For example, a state that does not require a separate column for gasohol, but does require a column for propane, would simply delete the gasohol column and add the propane column on the bulk dealer summary report.

## Bulk Dealer Report

Name:		State of: _____
		Filing Period End: (CCYYMMDD): _____
Address 1 :		License Number (if applicable): _____
Address 2:		FEIN: _____
City: _____ State: _____ Zip Code: _____		Email Address: _____

## Fuel Reconciliation

	Gasoline	Gasohol %	Diesel
1. Beginning Physical Inventory: (Must agree with prior month's ending inventory.)			
2. Receipts: (From back of return, section I, line 4)			
3. Disbursements: (From back of return, section II, line 7)			
4. Transfers: (From one product to another)			
5. Gain or (Loss): (Attach explanation)			
6. Ending Physical Inventory: (Must agree with actual ending inventory.)			
7. Gross Taxable Gallons: (Section II, line 1)			
8. LESS: Tax-Paid Purchases: (Section I, line 1)			
9. Net Taxable Gallons:			

## Tax Computation Section (to be designed by each state)

Allow for varying rates on different products, special tax rates on certain types of sales, inspection fees, LUST fees, evaporation & handling allowances, and other unique situations for a given state.

xx. Total Tax Due:	\$
xx. ADD: Interest for late payment at _____ % per month	
xx. ADD: Penalty for late Payment at _____ %:	
xx. Total Due:	\$

I declare, under penalties of perjury, that this return (including any schedules) has been examined by me and to the best of my knowledge and belief is true, correct and complete.

## Signature Block

**NOTE:** This form is designed to give total accountability of fuel, and uniform information for comparison between states. It can be used for all motor fuel, special fuel, aviation, and other fuel types. You can add a column for other fuel types or delete columns not needed. Each state can clarify the use of each line by giving specific line by line instructions.

**Section I**  
**Receipts**

	<b>From Schedule</b>	<b>Gasoline</b>	<b>Gasohol ____%</b>	<b>Diesel</b>
<b>1. Gallons received tax-paid:</b>	<b>1</b>			
<b>2. Gallons received tax-unpaid:</b>	<b>2</b>			
<b>3. Gallons imported tax-unpaid</b>	<b>3</b>			
<b>4. Total Receipts: (Total lines 1 - 3)</b> (Carry forward to line 2 on front of return)				

**Section II**  
**Disbursements**

	<b>From Schedule</b>	<b>Gasoline</b>	<b>Gasohol ____%</b>	<b>Diesel</b>
<b>1. Gallons delivered tax collected:</b>	<b>5</b>			
<b>2. Gallons delivered tax not collected:</b>	<b>6</b>			
<b>3. Gallons exported:</b>	<b>7</b>			
<b>4. Gallons delivered to U.S. Government tax-exempt:</b>	<b>8</b>			
<b>5. Gallons delivered to state and local government tax-exempt:</b>	<b>9</b>			
<b>6. Gallons delivered to other tax-exempt entities:</b>	<b>10</b>			
<b>7. Total Disbursements: (Total lines 1 through 6)</b> (Transfer to line 3 on front of return)				

**To Tax Administrator:** You may split schedules to accommodate two different tax rates, etc... For example, if you have a second tax rate for agricultural customers, you could create schedules 5a and 5b, and then use them separately in the tax computation section on the tax return.

**Instructions:**

- Inventory:** Actual physical inventory reported on the face of the report.
- Receipts:** All receipts including truck, rail, pipeline, barge or other conveyance must be reported.
- Imports:** Motor fuel delivered into (name of state) from out-of-state by or for the seller constitutes an import by the seller.
- Exports:** Motor fuel delivered out-of-state by or for the seller constitutes an export by the seller.
- Disbursements:** All disbursements including truck, rail, pipeline, barge, or other conveyance must be reported.
- Transfers:** For example: show gallons of gasoline blended to gasohol or gallons of undyed diesel blended to dyed diesel.

**(State Name)**  
**Bulk Dealer Schedule of Receipts**

Company Name:	License Number:	FEIN:	Schedule Type:	Filing Period End: (DDYYMMDD):	Product Code
---------------	-----------------	-------	----------------	--------------------------------	--------------

(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Origin	(5) Acquired From	(6) Seller's FEIN	(7) Date Received	(8) Document Number	(9) Net Gallons	(10) Gross Gallons	(11) Billed Gallons
<b>Total:</b>										

BLKRECP

Revised 9/10, Helena, MT

Adopted September 96, Williamsburg, VA

**Bulk Dealer -Schedule of Receipts**

**General Instructions**

This schedule provides detail in support of the amount shown as receipts on the Bulk Dealer Report. Each receipt of product should be listed on separate lines.

**Identifying Information**

**Company Name, License Number and FEIN:** Enter the name and numbers (if applicable) for the bulk dealer shown on the Bulk Dealer Report.

**Schedule Type:** Enter one of the following numbers  
 1 Gallons received tax-paid  
 2 Gallons received tax-unpaid  
 3 Gallons imported tax-unpaid

**Filing Period End:** Enter the filing period end date in the appropriate format. (CCYYMMDD or state's current format)

**Product Code:** Enter the appropriate FTA product code.

**Optional Schedule:** Subschedules can be used under each schedule if additional information is needed. Subschedules must equal total of major schedule number.

**Column Instructions**

Columns (1) & (2): **Carrier** – Enter the name and FEIN of the company that transports the product.

Column (3): **Mode Code** - Enter the mode of transport. Use one of the following

J=Truck R=Rail B=Barge PL=Pipeline

S=Ship (Great Lakes or ocean marine vessel) BA=Book Adjustment ST=Stationary Transfer

CE=Summary RT=Removal from Terminal (other than by truck or rail for sale or consumption)

Column (4): **Origin State** – Enter the location the product was transported from. When received from a terminal, use the IRS Terminal Control Number.

Column (5) & (6): **Acquired From/Seller's FEIN** – Enter the name and FEIN of the company the product was acquired from.

Column (7): **Date Received** – Enter the date the product was received.

Column (8): **Document/Bill of Lading Number** – Enter the identifying number from the manifest issued at the terminal when product was removed over the rack. In the case of pipeline or barge movements, it is the pipeline or barge ticket number. In case of barge, it is the voyage number.

Column (9): **Net Gallons** – Enter the net gallons received.

Column (10): **Gross Gallons** – Enter the gross gallons received.

Column (11): **Billed Gallons** – Enter the number of gallons billed (should equal either net or gross gallons).

Provide a grand total for columns 9, 10 and 11 on the last page of each schedule type for each product type. Carry the total forward (either net gross or billed as required by the reporting state) to the appropriate receipts line on the Bulk Dealer Report.

**(State Name)**  
**Bulk Dealer Schedule of Disbursements**

Company Name:		License Number:		FEIN:		Schedule Type:		Filing Period End: (DDYYMMDD):		Product Code	
---------------	--	-----------------	--	-------	--	----------------	--	--------------------------------	--	--------------	--

(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Destination State	(5) Sold To	(6) Purchaser's FEIN	(7) Date Shipped	(8) Document Number	(9) Net Gallons	(10) Gross Gallons	(11) Billed Gallons
<b>Total:</b>										

BLKRDISB

Revised 9/10, Helena, MT

Adopted September 95, Williamsburg, VA

**Bulk Dealer Report-Schedule of Disbursements**

**General Instructions**

This schedule provides detail in support of the amount shown as disbursements on the Bulk Dealer Report. Each disbursement of product should be listed on separate lines.

**Identifying Information**

**Company Name, License Number and FEIN:** Enter the name and numbers for the bulk dealer shown on the Bulk Dealer Report.  
**Schedule Type:** Enter one of the following numbers

5. Gallons delivered tax collected
6. Gallons delivered to licensed motor fuel distributors tax not collected
7. Gallons exported to State of \_\_\_\_\_
8. Gallons delivered to U.S. Government tax-exempt
9. Gallons delivered to State and local government tax-exempt
10. Gallons delivered to other tax exempt entities

**Filing Period End:** Enter the filing period end date in the appropriate format. (CCYYMMDD or state's current format)

**Product Code:** Enter the appropriate FTA product code.

**Optional Schedule:** Subschedules can be used under each schedule if additional information is needed. Subschedules must equal total of major schedule number.

**Column Instructions**

- Columns (1) & (2): **Carrier** – Enter the name and FEIN of the company that transports the product.
- Column (3): **Mode Code** - Enter the mode of transport. Use one of the following:  
J=Truck      R=Rail      B=Barge      PL=Pipeline  
S=Ship (Great Lakes or ocean marine vessel)    BA=Book Adjustment    ST=Stationary Transfer  
CE=Summary    RT=Removal from Terminal (other than by truck or rail for sale or consumption)
- Column (4): **Destination State** – Enter the location the product was transported to. When received into a terminal, use the IRS Terminal Control Number.
- Column (5): **Sold To** – Enter the name of the company the product was sold to
- Column (6): **Purchaser's FEIN** – Enter the FEIN of the company the product was sold to.
- Column (7): **Date Shipped** – Enter the date the product was shipped.
- Column (8): **Document/Bill of Lading Number** – Enter the identifying number from the manifest issued at the terminal when product was removed over the rack. In the case of pipeline or barge movements, it is the pipeline or barge ticket number. In case of barge, it is the voyage number.
- Column (9): **Net Gallons** – Enter the net gallons disbursed.
- Column (10): **Gross Gallons** – Enter the gross gallons disbursed.
- Column (11): **Billed Gallons** – Enter the number of gallons billed (should equal either net or gross gallons).

Provide a grand total for columns 9, 10, and 11 on the last page of each schedule type for each product type. Carry the total forward (either net, gross or billed as required by the reporting state) to the appropriate disbursement line on the Bulk Dealer Report.

# Common and Contract Petroleum Products Carrier Report

## **Common and Contract Petroleum Products Carrier Report**

### **Purpose**

The Common and Contract Petroleum Products Carrier Report gives the state full accountability of all accountable products/motor fuel moving by truck, rail, pipeline, barge, ship or other conveyance. The report is not a tax report. It gives the state an independent source of information that can be used to verify the transactions reported by taxpayers.

### **Who Must File**

All truck, rail, pipeline, barge, ship or other conveyance company that transports accountable products/motor fuel must file the Common and Contract Petroleum Products Carrier Report.

### **Schedule of Deliveries**

Each transportation of accountable products/motor fuel that has an origin or destination in your state is listed on this schedule. For each shipment listed on this schedule, the state can verify the receipt using the following uniform reports:

- Terminal Report
- Supplier Report
- Distributor's Fuel Tax Report
- Retailer's Fuel Report
- Bulk Dealer Report

Each state should require a taxpayer to provide net and gross gallons on their schedule of deliveries to facilitate the sharing of tax information among states.

### **Conclusion**

The Common and Contract Petroleum Products Carrier Report is designed to allow any state to modify it for relevance to that state. For example, a state that does not require the movement of intrastate accountable products/motor fuel may exclude those transactions from the reporting requirements.

**(State Name)**  
**Common and Contract Petroleum Products Carrier Report**

**Complete and attach enclosed schedules**

License Number:	Filing Period End: (CCYYMMDD)	<b>For Office Use</b>
FEIN:	Email Address:	

Name and Location Address:	Name and Mailing Address:
----------------------------	---------------------------

**Must be filed every reporting period**

1. Total of all deliveries of fuels from in-state locations to out-of-state locations (exports): (Attach Schedule 14A).	
2. Total of all deliveries of fuel from out-of-state locations to in state (imports): (Attach Schedule 14B).	
3. Total of all deliveries of fuel between points within the state (intrastate): (Attach Schedule 14C).	
<b>4. Total gallons of petroleum product transported: (Total of lines 1 through 3).</b>	

Under penalties of perjury, I declare that I have examined this return, and to the best of my knowledge and belief, it is correct and complete.

**Sign  
Here**

_____ Authorized Signature	_____ Telephone Number	_____ Signature of preparer other than taxpayer	_____ Telephone Number
_____ Title	_____ Date	_____ Address	_____ Date

**Instructions**



**Schedule A - Common and Contract Petroleum Product Carrier Report - Schedule of Deliveries**

Company Name:	FEIN:	Terminal Code :	Filing Period End : (CCYYMMDD) :	Product Code :
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Person Hiring the Carrier		Seller		(5) Mode	(6) Origin State	Delivered To			(10) Date Delivered	(11) Document No.	Gallons	
(1) Company Name	(2) FEIN	(3) Company Name	(4) FEIN			(7) Name	(8) Address	(9) FEIN			(12) Gross	(13) Net
										<b>Total:</b>		

SCDL\_A

Revised 9/10, Helena, Mt

Adopted September 94, Salt Lake City, UT

**Common and Contract Petroleum Products Carrier Report  
Schedule of Deliveries-Instructions  
Schedule A**

**General Instructions**

Schedule of Deliveries provides detail of each delivery included on the Common and Contract Petroleum Products Carrier Report. Prior to recording the information requested in columns (1) through (13), you should organize your records as follows:

Schedule 14A	Total of all deliveries of fuel from in-state locations to out-of-state locations (exports)
Schedule 14B	Total all deliveries of fuel from out-of-state locations to in state locations (imports)
Schedule 14C	Total all deliveries of fuel between points within the state (intrastate)

**Column Instructions**

Columns (1) & (2):	<b>Person Hiring the Carrier</b> – Enter the name and FEIN of the company that hired the carrier.
Columns (3) & (4):	<b>Seller</b> – Enter the name and FEIN of the company from whose account the fuel was withdrawn at the terminal.
Column (5):	<b>Mode of Transport</b> – Enter one of the following: J=Truck                      R=Rail                      B=Barge                      PL=Pipeline S=Ship (Great Lakes or ocean marine vessel)                      CE=Summary RT=Removal from Terminal (other than by truck or rail for sale or consumption)
Column (6):	<b>Origin</b> – Enter the city and/or state or country shown on the delivery document (bill of lading, manifest or other loading document issued by the terminal operator) where the petroleum product was loaded for each delivery. If the product was loaded at a terminal, enter the IRS Terminal Control Code assigned to that terminal.
Columns (7) (8) & (9):	<b>Delivered To</b> – Enter the name, address and FEIN of the final delivery point. If delivered to a terminal, enter the IRS Terminal Control Number for that terminal.
Column (10):	<b>Date Delivered</b> – Enter the date the petroleum product was delivered for each delivery (MM DD CC YY).
Column (11):	<b>Document/Bill of Lading Number</b> – Enter the identifying number from the manifest issued at the terminal when product was removed over the rack. In the case of pipeline or barge movements, enter the pipeline or barge ticket number. In case of barge, it is the voyage number.
Columns (12) & (13):	<b>Gallons</b> – Enter the number of gross and net gallons for each delivery.

# Subschedules

**FTA Motor Fuel Tax Section Uniformity Committee  
Schedule and Subschedule Numbering for Uniform Forms**

**Procedures for additions/deletions/modifications to Schedule and Subschedules**

In order to promote consistency and uniformity in the implementation of Motor Fuel Tax Reporting, the Uniformity Committee has developed a listing of schedules and subschedules to be used for the uniform report forms. Any state implementing a new report form is asked to utilize schedules and subschedules from this list for their new returns/reports.

Anyone needing a schedule or subschedule not on this list should follow the procedure outlined below:

The State Tax Administrator should submit the request to the current Forms Management Subcommittee state co-chair detailing the following information using the FTA-Motor Fuels Tax Section-Uniformity Summary/TIA/Schedule Code Request Form. (see next page for copy of form) The form may be submitted through e-mail or regular mail. The request includes the following:

1. Identify which type of code is being requested.
2. The name and description of the schedule or subschedule.
3. Provide a description of the need for the addition/deletion/modification. Include an explanation of the schedule or subschedule and why existing schedules or subschedules do not meet your needs. It is recommended a representative of your state, knowledgeable of this topic, attend the Forms Management subcommittee meeting where this will be discussed.
4. The date the schedule or subschedule is needed.

The current Forms Management Subcommittee state co-chair, upon receipt of the request, shall take the following actions:

1. Distribute copies to Forms Management Subcommittee members for review and discussion.
2. Review the most current list of schedules and subschedules to determine if the requested schedule or subschedule already exists.
3. Place the proposed addition/deletion/modification on the agenda of the next Uniformity Committee Meeting for formal review. It is highly recommended that the requestor be present for any discussion regarding the adoption of the requested schedule or subschedule.
4. If the proposed addition/deletion/modification is adopted, revise the FTA Uniform Forms Subschedules.
5. If the proposed addition/deletion/modification is not approved, inform the requesting administrator of the reasons for the rejection and identify the proper schedule or subschedule to be used.

If a schedule or subschedule must be assigned before the above mentioned approval process can be completed, the state co-chair person may assign a schedule or subschedule temporarily. This schedule or subschedule will be reviewed for adoption at the next Forms Management meeting. To receive a schedule or subschedule before the next Uniformity Meeting, follow these steps:

1. Complete the FTA Motor Fuels Tax Section Uniformity Summary/TIA/Schedule Code Request Form.
2. Submit the request to the Forms Management Subcommittee state co-chair.
3. The Forms Management Subcommittee state co-chair will evaluate the request and respond to the requestor within one week of the receipt of the request.

# FTA – Motor Fuels Tax Section - Uniformity Summary / TIA / Schedule Code Request Form

Type of Code being requested: ☐ Summary ☐ TIA ☐ Schedule

1. State requesting Code: IRS

2. Map for which the code is needed (*if applicable*)

☐ 813      ☐ 826      ☐ XML      ☐ Other \_\_\_\_\_      ☐ N/A

4. Version of map being used (*if applicable*)

☐ 3050      ☐ 4010      ☐ 4030      ☐ other \_\_\_\_\_      ☐ N/A

5. To which line on your paper return will this code correspond? *Attach a copy of your paper return if applicable.* \_\_\_\_\_ ☐ N/A

6. What category does the requested code fit in?

- ☐ FTA Uniformity not derivable from schedules.
- ☐ FTA Uniformity derivable from schedules.
- ☐ State Specific not derivable from schedules.
- ☐ New Schedule

7. Does another code come close to describing the code being requested? \_\_\_\_\_

8. If yes, why won't the existing code work for your needs?

9. Proposed description of code: \_\_\_\_\_

How will the code be used \_\_\_\_\_

10. Why is this code needed \_\_\_\_\_

11. Date code needed \_\_\_\_\_

12. Contact name \_\_\_\_\_

**A. Telephone number** \_\_\_\_\_

**B. Address** \_\_\_\_\_

**C. E-mail address** \_\_\_\_\_

**D. Fax number**

**E. Will someone be at the next meeting to discuss this requested code** ☐ Yes ☐ No

**NOTE: Submit your FTA Uniformity Summary / TIA / Schedule Code Request Form according to the procedures outlined in Appendix D of the *Motor Fuels Tax Section, Uniformity Project, E-Filing Guide*.**

Approved By	Date Issued	Code Issued
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## Uniform Forms FTA Schedules and Subschedules

FTA Motor Fuel Tax Section Uniformity Committee adopted the following schedules and subschedules for use with the uniform forms and schedules.

Immediately following this list, is a complete list of schedules and subschedules showing their intended use and the states that are currently using each schedule and subschedule.

### Schedule of Receipts

#### Schedule 1

#### Gallons received tax-paid

- 1A Gallons received, originating state tax paid
- 1B Gallons for export, destination state tax paid
- 1C Gallons received tax-paid with a payment voucher
- 1D Gallons received, transfer fee paid **(As of 10/27/12 this schedule is inactive)**
- 1E Gallons imported from another state into taxed storage from a licensed distributor, tax-paid
- 1F Gallons received tax-paid and shipped directly to the customer
- 1G Gallons fully taxed but at a reduced rate

#### Schedule 2

#### Gallons received from motor fuel licensee tax-unpaid

- 2A Gallons received from terminals, refineries or distributors, origin tax-unpaid
- 2B Gallons received tax-unpaid, blendable stock
- 2C Gallons received imported, tax-unpaid
- 2D Gallons received using a tax-exempt card/code
- 2E Gallons received for export
- 2F Gallons received tax free (resaler's) and direct shipped to customers
- 2G Gallons received tax-exempt for sale through barricade pumps
- 2K Gallons of nontaxable fuel received and sold or used for a taxable purpose
- 2X Gallons received from suppliers on exchange agreement tax-unpaid

#### Schedule 3

#### Gallons imported from another state direct to customer

- 3A Gallons imported from terminals/refineries
- 3B Gallons imported from bulk storage in another state
- 3X Imports below the terminal rack subject to tax
- 3Y Imports below the terminal rack not subject to tax

#### Schedule 4

#### Gallons imported from another state into tax-free storage

- 4A Gallons imported from another state into taxed storage
- 4B Gallons imported or transferred from in-state storage tax-free into in-state refinery storage

## Schedules of Disbursements

### Schedule 5

#### Gallons delivered tax collected

5A	Gallons sold to non-licensed distributors, retailers or bulk-end users from in-state terminals
5B	Gallons sold to non-licensed distributors, retailers or bulk-end users for imports from ____
5C	Gallons sold to motor fuel licensee from in-state terminals
5D	Gallons sold to motor fuel licensee for imports from ____
5E	Gallons sold to bonded importers, occasional importers or tank wagon importers from ____
5F	Dyed diesel gallons sold for taxable purposes from in-state terminals
5G	Dyed diesel gallons sold for taxable purposes for imports from ____
5H	Gallons sold as export from in-state terminals, originating tax collected
5I	Border Zone 1 (Missouri)
5J	Border Zone 2 (Oklahoma)
5K	Border Zone 3 (Texas)
5L	Border Zone 4 (Louisiana)
5M	Border Zone 5 (Mississippi)
5N	Border Zone 6 (Tennessee)
5O	Border Zone 7 (Extra) <b>(As of 10/27/12 this schedule is inactive)</b>
5P	Border Zone 8 (Extra) <b>(As of 10/27/12 this schedule is inactive)</b>
5Q	Gallons used on which tax is remitted
5R	Gallons delivered to Native American Reservation, tax collected
5S	Gallons sold as export from refinery, tax collected
5T	Gallons reported for pool bond amounts
5U	Gallons sold into bulk storage of licensed motor carrier, tax collected
5V	Gallons disbursed tax collected and subject to oil inspection fees
5W	Gallons of untaxed products blended with or added to fuel resulting in a product which is used as or is usable as a taxable fuel
5X	Gallons delivered and partially taxed
5Y	Tax-paid sales to railroads
5Z	Gallons sold for Racing Use-tax collected
5AA	Gallons received tax-paid and sold to an unlicensed distributors, retailers, bulk users and users
5AB	Gallons received tax-paid and sold to a licensed distributor or importer
5AC	Gallons received tax-paid and sold to a licensed supplier
5HW	Aviation fuel converted to highway use
5LO	Fuel distributor subject to local option taxes
5XA	Gallons delivered to an airport and partially taxed

### Schedule 6

#### Gallons delivered to licensed motor fuel licensee-tax not collected

6A	Gallons sold tax-exempt, customer is a licensed exporter
6B	Gallons sold tax-exempt, customer is a licensed blender
6C	Gallons sold tax-exempt, customer is a licensed importer
6D	Gallons sold tax-exempt to other licensed distributors/suppliers
6E	Gallons sold tax-exempt, customer is a licensed LPG vendor
6F	Gallons sold tax-exempt purposes from in-state terminals
6H	Gallons sold or exchanged tax-free with a qualified refiner
6I	Gallons of undyed fuel sold to licensed importer/tank wagon operator-importer, tax not collected
6J	Gallons delivered tax-free into refinery storage

- 6P Gallons sold to suppliers or permissive suppliers, tax not collected
- 6R Gallons from refinery sold or exchanged with qualified refiners
- 6V Gallons disbursed tax not collected and subject to oil inspection fees
- 6X Gallons delivered to suppliers or permissive suppliers on exchange agreements
- 6Z Gallons sold for Racing Use-tax not collected

#### **Schedule 7**

#### **Gallons exported to state of \_\_\_\_\_**

- 7A Gallons exported, destination state tax-paid
- 7B Gallons sold for export, originating state tax-paid
- 7C Gallons for free trade zones
- 7D Gallons exported in bulk
- 7F Exports of reportable products below the terminal rack
- 7R Gallons exported from refinery storage

#### **Schedule 8**

#### **Gallons delivered to the U.S. Government – tax-exempt**

- 8A Gallons sold to U.S. Government tax-exempt from in-state
- 8K Kerosene sales (information only)
- 8R Gallons sold to U.S. Government tax-exempt from refinery

#### **Schedule 9**

#### **Gallons delivered to state and local government tax-exempt**

- 9A Gallons sold directly to the state from in-state terminals
- 9C Gallons sold directly to local public schools from in-state terminals
- 9E Gallons sold for county, city or town use
- 9F Gallons sold to licensed charter schools
- 9G Gallons sold to community colleges
- 9R Gallons sold to state and local government from refinery

#### **Schedule 10**

#### **Gallons delivered to other tax-exempt entities**

- 10A Gallons delivered to other tax-exempt entities (farmers and fisherman) or non-highway
- 10B Gallons delivered to tax-exempt licensed general aviation fuel dealers
- 10C Gallons delivered to tax-exempt common carriers for urban mass transportation
- 10D Credit card sales to tax-exempt diplomats and missions by dealers
- 10E Gallons delivered to customers representing uncollectable motor fuel vehicle fuel taxes
- 10F Gallons delivered to tax-free storage
- 10G Gallons of other authorized tax-exempt sales
- 10H Sales to tax-exempt hospitals
- 10I Gallons delivered tax-exempt for farming
- 10J Gallons delivered to consumers or filling stations tax-free
- 10K Gallons delivered to airlines and self use in own aircraft
- 10M Gallons of unenhanced diesel product delivered for manufacturing processing or assembly
- 10R Gallons delivered for use as bunker fuel in vessels
- 10T Gallons delivered to Native American Tribes
- 10U Gallons delivered fees-exempt

- 10Y Gallons delivered tax-exempt to railroad
- 10Z Blendstocks removed tax-exempt not in connection with a sale, which will not be used to produce a finished fuel
- 10AB Blendstocks removed tax-exempt in connection with a sale when the buyer has issued a properly executed exemption certificate stating the blendstocks will not be used to produce a finished fuel

**Schedule 11**  
**Schedule for state diversions**

- 11A Diversion to state of \_\_\_\_\_
- 11B Diversion from state of \_\_\_\_\_

**Schedule 12**  
**Vendor schedule**

- 12A Gallons of tax-paid product sold or used below the terminal rack
- 12B Gallons of ex-tax paid product sold or used below the terminal rack
- 12C Gallons of ending physical inventory of product below the rack

**Schedule 13**  
**Schedule of credits and refunds**

- 13A Tax-paid fuel exported **Note: This schedule is an exception for the state of California. All other states should use schedule 7.**
- 13B Tax-paid fuel sold to a consulate officer or employee by credit card
- 13C Tax-paid fuel sold to the United States Government
- 13D Tax-paid fuel sold for use on farms
- 13E Tax-paid fuel sold to exempt bus operators
- 13F Schedule of bad debts
- 13G Tax-paid fuel sold to train operators
- 13H Tax-paid fuel sold to state or local government
- 13J Tax-paid fuel sold tax-free for temperature control units (reefer) and PTO or with exemption certificate or used in an exempt manner
- 13K Credit or Deduction for Reduced Tax Rate
- 13L Credit for gallons sold for Racing Use –tax collected **(As of 10/27/12 this schedule is inactive)**
- 13M Refund or credit for the second tax-paid when tax-paid fuel is removed from a terminal as a second taxable event
- 13N Refund or credit when tax-paid fuel is used to produce a non-taxable product such as a fuel additive

**Schedule 14**  
**Common and Contract Petroleum Products Carrier Report**

- 14A Total of all deliveries of fuels from in-state locations to outside the state (exports)
- 14B Total of all deliveries of fuels from out-of-state locations to inside the states (imports)
- 14C Total of all deliveries of fuel between points in the state (intrastate)
- 14D Carrier Receipt
- 14E Carrier Deliveries



**Schedule 15**  
**Terminal Operator Report**

- 15A Terminal Operator Schedule of Receipts
- 15B Terminal Operator Schedule of Disbursements
- 15C Terminal Operator Schedule of Inventories

## Uniform Forms FTA Subschedules

FTA Motor Fuel Tax Section Uniformity Committee adopted the following subschedules for use with the uniform forms.

### Schedules of Receipts

#### Schedule 1 Gallons Received Tax Paid

**1** Gallons received tax paid.

**Intended Use:**

Licensee is purchasing tax-paid fuel.

This schedule is used by the following states at this time.

- **Colorado**
- **Idaho**
- **Indiana** - (Special Fuel received into terminal)
- **Iowa**
- **Kansas**
- **Kentucky**
- **Maryland**
- **Nebraska**
- **Nevada**
- **New Jersey**
- **Oregon** - (Tax Paid to Supplier)
- **Pennsylvania**
- **Tennessee**
- **Virginia**
- **Washington**

**1A** Gallons received, originating state tax-paid.**Intended Use:**

To report all motor fuel gallons received with the tax-paid to the state. (state in which the return is being filed)

- **FORIDA requested this schedule.**

This schedule is used by the following states at this time.

- **California**
- **Iowa**
- **Florida**
- **Indiana** - (Gasoline/Oil Inspection Fees-In Tax Paid)
- **Michigan**
- **Missouri**
- **Oklahoma** - (Terminal in Oklahoma)- Used to show receipt of tax paid fuel purchased at a terminal in Oklahoma for suppliers, bonded importers, occasional importers and tankwagon operators.
- **South Dakota**
- **Wyoming**

**1B** Gallons for export, Destination State tax-paid.**Intended Use:**

To report all motor fuel gallons exported from a state with the destination state taxes paid.

- **FLORIDA requested this schedule.**

This schedule is used by the following states at this time.

- **Florida**
- **Missouri** - Distributor-gallons received for export –destination state tax and/or fees paid.
- **Oklahoma** - (Terminal out of Oklahoma) - Used to show receipt of tax paid fuel purchased at a terminal out of Oklahoma for suppliers, bonded importers, occasional importer and tankwagon operators.

**1C** Gallons received tax-paid with a payment voucher.**Intended Use:**

To report all motor fuel gallons imported with the taxes paid using an import voucher system.

This schedule is used by the following states at this time.

- **Missouri** - Distributor-gallons received tax and/or fees paid with an Import payment voucher.
- **Oklahoma** - Used for occasional importers to show they paid tax on a three day permit voucher.

**1D** Gallons received, transfer fee paid. **(As of 10/27/12 this schedule is inactive)**

**Intended Use:**

To report all motor fuel gallons received with the transfer fee included in the purchase price.

➤ **IDAHO requested this schedule.**

This schedule is used by the following states at this time.

➤ **Idaho**

**1E** Gallons imported from another state into taxed storage from a licensed distributor, tax paid.

**Intended Use:**

To report gallons of fuel imported from another state and put into taxed storage.

➤ **MISSOURI requested this schedule.**

This schedule is used by the following states at this time.

➤ **Mississippi**

➤ **Missouri** - Distributor gallons imported from another state, Missouri tax and/or fees paid.

**1F** Gallons received tax-paid and direct shipped to customers.

**Intended Use:**

To report all gallons received tax-paid and shipped directly to the customers.

➤ **PENNSYLVANIA requested this schedule.**

This schedule is used by the following states at this time.

➤ **Kansas**

➤ **Pennsylvania** - Gallons received tax paid and direct shipped to customers. Note: PA requested this schedule to distinguish tax paid receipts going into inventory from product direct shipped and on which we do not allow a shrinkage allowance.

➤ **Wisconsin**

**1G** Gallons fully taxed but at a reduced rate.

**Intended Use:**

To report all gallons received partially taxed for fuel used for blending.

➤ **Iowa requested this schedule.**

This schedule is used by the following states at this time.

➤ **Iowa**

**Schedule 2 Gallons Received from Motor Fuel Licensee Tax Unpaid**

2 Gallons received from motor fuel licensee tax unpaid.

**Intended Use:**

**Licensee is purchasing tax-free fuel.**

This schedule is used by the following states at this time.

- **Alaska**
- **Colorado**
- **Idaho**
- **Iowa**
- **Kansas**
- **Kentucky**
- **Indiana - (Gasoline Only)**
- **Maryland**
- **Michigan**
- **Montana**
- **Nebraska**
- **Nevada**
- **New Jersey**
- **Oregon - (Tax not paid to supplier)**
- **Pennsylvania**
- **Tennessee**
- **Virginia**
- **Washington**

2A Gallons received from terminals, refineries or distributors, origin tax-unpaid.

**Intended Uses:**

To report gallons of fuel received tax-free from terminals, refineries or distributors that is taxable.

- **MONTANA requested this schedule .**
- **FLORIDA requested this schedule.**

This schedule is used by the following states at this time.

- **California**
- **Iowa**
- **Florida - Indicates Tax-Free purchases of Taxable Fuels (as apposed to 2B)**
- **Kentucky**
- **Michigan**
- **Mississippi**
- **Missouri**
- **Montana - For our licensed distributors that also have terminals and refineries to report what they are drawing from the pipeline and their terminal**
- **South Dakota**
- **Texas**
- **Virginia**
- **Wyoming**

2B Gallons received tax-unpaid blendable stock.

**Intended Use:**

To convert blend stocks to reportable products, convert one product to another.

To show gallons received tax unpaid blend stock.

**FLORIDA requested this schedule.**

This schedule is used by the following states at this time.

- **Florida**
- **Kentucky**
- **Missouri - Distributor - gallons received tax unpaid blend stock.**
- **Virginia**
- **Washington**
- **Wyoming**

2C Gallons received imported, tax-unpaid.

**Intended Use:**

To report imported gallons of tax-free fuel.

**NEBRASKA requested this schedule.**

This schedule is used by the following states at this time.

- **Michigan**
- **Mississippi**
- **Tennessee**
- **Virginia**
- **Wyoming**

**2D** Gallons received using a tax-exempt card/code.

**Intended Use:**

Gallons received using a tax exempt card or code.

- **VIRGINIA requested this schedule.**

This schedule is used by the following states at this time.

- **Virginia**

**2E** Gallons received for export.

**Intended Use:**

For licensed exporter to report receipts of fuel for export.

- **INDIANA requested this schedule.**

This schedule is used by the following states at this time.

- **Indiana** - Licensed Exporter to report receipts for export-special fuel only.
- **Michigan**
- **Wyoming**

**2F** Gallons received tax free (Resale's) and direct shipped to customers.

**Intended Use:**

To report all tax-free gallons received and direct shipped to customers.

- **PENNSYLVANIA requested this schedule.**

This schedule is used by the following states at this time.

- **Kansas**
- **Pennsylvania** - Do not allow handling and shrinkage loss on product received and direct shipped to customers
- **Virginia**

**2G** Gallons received tax-exempt for sale through barricaded pumps

**Intended Use:**

To report all gallons received tax-exempt for sale through barricaded -pumps.

- **MISSOURI requested this schedule.**

This schedule is used by the following states at this time.

- **Missouri** - Missouri-Distributor-Gallons received tax-exempt undyed Kerosene for sale through barricaded pumps

**2K** Gallons of nontaxable fuel received and sold or used for a taxable purpose**Intended Use:**

Blenders to report untaxed fuel to be blended.

- **INDIANA requested this schedule.**

This schedule is used by the following states at this time.

- **Indiana-** Special Fuel Blenders to report untaxed fuel to be blended with special fuel (Kerosene is not a special fuel in Indiana).

**2X** Gallons received from suppliers on exchange agreement tax unpaid.**Intended Use:**

To report gallons received per exchange agreement.

- **INDIANA requested this schedule.**

This schedule is used by the following states at this time.

- **Indiana** - Gasoline Distributor to report receipts received on exchange.
- **Michigan**
- **Missouri** - Terminal Operator –gallons received per exchange agreement.



<b>Schedule 3 Gallons Imported From Another State Direct to Customer</b>
--

**3** Gallons imported from another state direct to customer.

**Intended Use:**

To report tax-free gallons imported direct to the customer.

This schedule is used by the following states at this time.

- **Alaska**
- **Colorado**
- **Idaho**
- **Indiana** - (Special Fuel and Gasoline-Tax Unpaid)
- **Iowa**
- **Kansas**
- **Kentucky**
- **Maryland**
- **Missouri**
- **Montana**
- **Nebraska**
- **Nevada**
- **New Jersey**
- **Oregon** - (Imported direct to customers of delivered into taxable storage)
- **Pennsylvania**
- **Tennessee**
- **Virginia**

**3A** Gallons imported from terminals/refineries

**Intended Use:**

To report gallons imported tax-free by motor fuel licensees.

- **WISCONSIN requested this schedule.**
- This schedule is used by the following states at this time.
- **California** - Accounts for every ex-tax gallon of diesel fuel, jet fuel, kerosene, gasoline and aviation gasoline imported into California above the terminal rack not subject to tax.
- **Florida**
- **Iowa**
- **Michigan**
- **Missouri**
- **Oklahoma** - Gallons imported tax free by supplier (used on the supplier report) Gallons imported tax free or by tankwagon (used on the bonded importer, occasional importer, and tankwagon importer reports) - Used to show receipt of tax free imported fuel or receipt of fuel received tax free by tankwagon.
- **Wyoming**

**3B** Gallons imported from bulk storage in another state.**Intended Use:**

To report all tax-free gallons imported from bulk storage.

- **FLORIDA requested this schedule.**

This schedule is used by the following states at this time.

- **Florida** -Tax-free gallons imported in bulk to terminal storage.
- **Michigan**
- **Minnesota**

**3X** Imports below the terminal rack subject to tax.**Intended Use:**

To report all fuel imported below the terminal rack subject to tax.

- **CALIFORNIA requested this schedule.**

This schedule is used by the following states at this time.

- **Arizona**
- **California** – used to report the importing of taxable products (gas & diesel) by truck or railcar.

**3Y** Imports below the terminal rack not subject to tax.**Intended Use:**

To report all fuel imported below the terminal rack subject to tax.

- **CALIFORNIA requested this schedule.**

This schedule is used by the following states at this time.

- **California** – Used for report the importing of reportable product, non-taxable products such as dyed diesel and ethanol.

<b>Schedule 4 Gallons Imported From Another State Into Tax-Free Storage</b>
---

**4** Gallons imported from another state into tax-free storage

**Intended Use:**

To report all motor fuel gallons imported into the state and put into tax-free storage.

This schedule is used by the following states at this time.

- **Colorado**
- **Indiana** - (Gasoline and Special Fuel)
- **Maryland**
- **Nebraska**
- **Nevada**
- **New Jersey**
- **Oregon** – (Terminals and Bulk Plants Only)
- **Pennsylvania**
- **Texas**
- **Virginia**

**4A** Gallons imported from another state into taxed storage.

**Intended Use:**

To report all motor fuel gallons imported and put into taxed storage

**NEW YORK requested this schedule.**

This schedule is used by the following states at this time.

- **Idaho**
- **Iowa** - (Terminal Operator schedule of disbursements)
- **Tennessee**
- **Virginia**

**4B** Gallons imported or transferred from in-state storage tax-free into in-state refinery storage.

**Intended Use:**

To report gallons of fuel that a distributor moves from tax-paid storage to tax-free storage that a refinery is allowed to maintain.

- **TENNESSEE requested this schedule.**

This schedule is used by the following states at this time.

- **Tennessee** - To allow distributor to move fuel from tax-paid storage to tax-free storage that a refinery is allowed to maintain under Tennessee law.

## Schedules of Disbursements

### Schedule 5 Gallons Delivered Tax Collected

**5** Gallons delivered tax collected.

**Intended Use:**

To report all motor fuel gallons delivered or sold with the taxes collected.

- This schedule is used by the following states at this time.
- **California**
- **Colorado**
- **Indiana** - (Gasoline and Special Fuel)
- **Kansas**
- **Kentucky** - (LP Dealers only)
- **Maryland**
- **Nebraska**
- **Nevada**
- **New Jersey**
- **Oklahoma** - Gallons sold tax- paid
- **Oregon** - (Subject to Oregon Tax)
- **Pennsylvania**
- **South Dakota**
- **Utah** – Gallons sold to non-federally certified air carriers subject to 9 cent fuel tax rate.

**5A** Gallons sold to non-licensed distributors, retailers or bulk-end users from in-state terminals.

**Intended Use:**

To report all motor fuel gallons that are sold to unlicensed taxpayers by terminal location.

- **NORTH CAROLINA requested this schedule.**

This schedule is used by the following states at this time.

- **Michigan**
- **Missouri** - Suppliers-gallons sold from in-state terminals
- **North Carolina**
- **North Dakota**
- **Oklahoma** - Gallons removed to Non-Eligible Purchasers - Used to show taxable sales made to Non-Eligible Purchasers.
- **South Carolina**
- **Tennessee**
- **Virginia**

**5B** Gallons sold to non-licensed distributors, retailers or bulk-end users for imports from.

**Intended Use:**

To report gallons of fuel sold to unlicensed taxpayers for imports.

- **NORTH CAROLINA requested this schedule.**

This schedule is used by the following states at this time.

- **Missouri** - Suppliers-gallons sold for import from state of \_\_\_\_\_

**5C** Gallons sold to motor fuel licensee from in-state terminals.

**Intended Use:**

To report gallons of fuel sold to licensed motor fuel licensees from in-state terminals.

- **NORTH CAROLINA requested this schedule.**

This schedule is used by the following states at this time

- **Michigan**
- **Mississippi**
- **North Carolina** - This schedule has been combined with schedule 5D.
- **Oklahoma** - Gallons removed to Eligible Purchasers - Used to show taxable sales made to Eligible Purchasers.(Note: Eligible Purchasers pay at a different tax rate than non-eligible purchasers)
- **South Carolina**

**5D** Gallons sold to motor fuel licensee for imports from.

**Intended Use:**

To report gallons of fuel sold to licensed motor fuel licensees for import.

- **NORTH CAROLINA requested this schedule.**

This schedule is used by the following states at this time.

- **Kentucky** - (Imports on which Supplier collected Kentucky tax)
- **Virginia**

**5E** Gallons sold to bonded importers, occasional importers or tank wagon importers from.

**Intended Use:**

To report gallons sold to bonded importers, occasional importers or tank wagon operators with the tax collected.

- **NORTH CAROLINA requested this schedule.**

This schedule is used by the following states at this time.

- **North Carolina**
- **Oklahoma** - Gallons removed tax paid for import by a licensed importer - Used to show fuel bought out of state from a licensed supplier in Oklahoma and that the bonded importer, occasional importer or tankwagon importer paid the Oklahoma tax to the supplier.
- **South Carolina**
- **Virginia**

**5F** Dyed diesel gallons sold for taxable purposes from in-state terminals.**Intended Use:**

To report dyed diesel gallons sold for taxable purposes from in-state terminals.

- **NORTH CAROLINA requested this schedule.**

This schedule is used by the following states at this time.

- **Michigan**
- **Missouri** - Supplier –gallons of dyed diesel sold for taxable purpose from in-state terminals (Missouri Tax Collected)
- **North Carolina**
- **Tennessee**

**5G** Dyed diesel gallons sold for taxable purposes for imports from**Intended Use:**

To report taxable gallons of dyed diesel fuel sales for import.

- **NORTH CAROLINA requested this schedule.**

This schedule is used by the following states at this time.

- **Missouri** - Supplier-gallons of dyed diesel sold for taxable purposes for Import from state of \_\_\_\_\_ (Missouri Tax Collected)

**5H** Gallons sold as export from in-state terminals, originating tax collected.**Intended Use:**

To report all motor fuel gallons sold as taxable sales of export or to report all motor fuel gallons removed or sold tax paid for export.

- **NORTH CAROLINA requested this schedule.**

This schedule is used by the following states at this time.

- **Missouri** - Supplier-gallons sold for export to the state of \_\_\_\_\_ destination state tax paid (2 copies)
- **North Carolina** - To report taxable sales of exports. If the exporter was not licensed, tax is due.
- **Oklahoma** - Gallons removed tax paid for export by exporter – Used to show that the tax was paid by the exporter for fuel that was exported.
- **South Carolina**
- **Tennessee**
- **Virginia**
- **Wyoming**

**5I Border Zone 1 (Missouri)****Intended Use:**

To report gallons of fuel to calculate special tax rates for cities that border with another state.

- **ARKANSAS requested this schedule.**

This schedule is used by the following states at this time.

- **Arkansas** - Arkansas law provides a special tax rate for cities that border with another state. The tax rate to be \$.01 cent greater than adjacent state. This has created six additional tax rates for this state.

**5J Border Zone 2 (Oklahoma)****Intended Use:**

To report gallons of fuel to calculate special tax rates for cities that border with another state.

- **ARKANSAS requested this schedule.**

This schedule is used by the following states at this time.

- **Arkansas** - Arkansas law provides a special tax rate for cities that border with another state. The tax rate to be \$.01 cent greater than adjacent state. This has created six additional tax rates for this state.

**5K Border Zone 3 (Texas)****Intended Use:**

To report gallons of fuel to calculate special tax rates for cities that border with another state.

- **ARKANSAS requested this schedule.**

This schedule is used by the following states at this time.

- **Arkansas** - Arkansas law provides a special tax rate for cities that border with another state. The tax rate to be \$.01 cent greater than adjacent state. This has created six additional tax rates for this state.

**5L Border Zone 4 (Louisiana)****Intended Use:**

To report gallons of fuel to calculate special tax rates for cities that border with another state.

- **ARKANSAS requested this schedule.**

This schedule is used by the following states at this time.

- **Arkansas** - Arkansas law provides a special tax rate for cities that border with another state. The tax rate to be \$.01 cent greater than adjacent state. This has created six additional tax rates for this state.

**5M Border Zone 5 (Mississippi)****Intended Use:**

To report gallons of fuel to calculate special tax rates for cities that border with another state.

- **ARKANSAS requested this schedule.**

This schedule is used by the following states at this time.

- **Arkansas** - Arkansas law provides a special tax rate for cities that border with another state. The tax rate to be \$.01 cent greater than adjacent state. This has created six additional tax rates for this state.

**5N Border Zone 6 (Tennessee)****Intended Use:**

To report gallons of fuel to calculate special tax rates for cities that border with another state.

- **ARKANSAS requested this schedule.**

This schedule is used by the following states at this time.

- **Arkansas** - Arkansas law provides a special tax rate for cities that border with another state. The tax rate to be \$.01 cent greater than adjacent state. This has created six additional tax rates for this state.

**5O Border Zone 7 (Extra) (As of 10/27/12 this schedule is inactive)****Intended Use:**

To report gallons of fuel to calculate special tax rates for cities that border with another state.

- **ARKANSAS requested this schedule.**

This schedule is used by the following states at this time.

- **Arkansas** - Arkansas law provides a special tax rate for cities that border with another state. The tax rate to be \$.01 cent greater than adjacent state. This has created six additional tax rates for this state.

**5P Border Zone 8 (Extra) (As of 10/27/12 this schedule is inactive)****Intended Use:**

To report gallons of fuel to calculate special tax rates for cities that border with another state.

- **ARKANSAS requested this schedule.**

This schedule is used by the following states at this time.

- **Arkansas** - Arkansas law provides a special tax rate for cities that border with another state. The tax rate to be \$.01 cent greater than adjacent state. This has created six additional tax rates for this state.



**5Q** Gallons used on which tax is remitted.**Intended Use:**

To report and distinguish product “used” on which tax is being remitted from product sold and on which tax is being remitted.

- **PENNSYLVANIA requested this schedule.**

This schedule is used by the following states at this time.

- **Pennsylvania** - This schedule is used to distinguish product “used” on which tax is being remitted from product sold and on which tax is being remitted. The distinction given the trust fund obligation that Distributors have in PA

**5R** Gallons delivered to Native American Reservations tax collected.**Intended Use:**

To report all gallons of fuel delivered to Native American Reservations tax collected.

- **MONTANA requested this schedule.**

This schedule is used by the following states at this time.

- **Michigan**
- **Montana** - To account for all fuel to Native American Reservations due to our revenue sharing program.

**5S** Gallons sold as export from refinery (tax collected).**Intended Use:**

To report gallons sold tax collected as export from refinery.

- **TENNESSEE requested this schedule.**

This schedule is used by the following states at this time

- **Tennessee** - To record shipments from refinery storage for export where sales are made to unlicensed distributors and Tennessee tax must be charged and paid with this return.
- **Virginia**

**5T** Gallons reported for Pool Bond Amounts.**Intended Use:**

To report gallons for pool bond amounts.

- **MISSOURI requested this schedule.**

This schedule is used by the following states at this time

- **MISSOURI** - Supplier-schedule of Pool Bond Contributions.

**5U** Gallons sold into bulk storage of Licensed Motor Carrier tax collected.

**Intended Use:**

To report bulk purchase of fuel by motor carrier.

- **MICHIGAN** requested this schedule.

This schedule is used by the following states at this time

- **Michigan** - A specific need per our statute PA 403 of 2000 Section 8 (2) allows bulk purchase by motor carrier at \$.09 cents and additional \$.06 cents remitted on filed return.
- **Virginia**

**5V** Gallons disbursed tax collected and subject to oil inspection fee

**Intended Use:**

To report gallons disbursed tax collected and subject to oil inspection fees.

- **INDIANA** requested this schedule.

This schedule is used by the following states at this time

- **Indiana**- To report diesel products, tax collected that are subject to oil inspection fees as required by Indiana State Code to be reported.

**5W** Gallons of untaxed products blended with or added to fuel resulting in a product which is used as or is usable as a taxable fuel

**Intended Use:**

To report gallons of untaxed products blended with or added to fuel which results in a taxable fuel.

- **CALIFORNIA** requested this schedule.

This schedule is used by the following states at this time

- **California**- Accounts for every gallon of untaxed fuel products blended with or added to diesel fuel, gasoline, and aviation gasoline resulting in a product that can be used as diesel fuel, gasoline and aviation gasoline.

**5X** Gallons delivered and partially taxed.

**Intended Use:**

To report gallons of fuel delivered that is partially subject to the tax.

- **WYOMING** requested this schedule.

This schedule is used by the following states at this time

- **Georgia**- To report gallons delivered tax collected to state and local governments. These entities are exempt from a portion of the prepaid tax.
- **North Dakota**
- **Utah** – Gallons sold to federally certified air carriers subject to 4 cent fuel tax rate.
- **Wyoming**- To report gallons delivered for agricultural purposes and subject to refund on 70% of the 100% tax paid gallons sold to qualified agricultural users.

**5Y** Tax-paid sales to railroads.**Intended Use:**

To report gallons of tax-paid fuel sold to railroads

- **NORTH DAKOTA requested this schedule.**

This schedule is used by the following states at this time

- **North Dakota .**

**5Z** Gallons sold for Racing Use-tax collected.**Intended Use:**

To report gallons of tax-paid fuel sold for racing use

- **Michigan requested this schedule.**

This schedule is used by the following states at this time

- **Michigan.**

**5AA** Gallons received tax-paid and sold to an unlicensed distributors, retailers, bulk users and users.**Intended Use:**

To collect the transactional detail by bill of lading for the gallons received tax-paid and sold to an unlicensed distributors, retailers, bulk users and users.

- **Virginia requested this schedule.**

This schedule is used by the following states at this time

- **Virginia.**

**5AB** Gallons received tax-paid and sold to a licensed distributor or importer.**Intended Use:**

To collect the transactional detail by bill of lading for the gallons received tax-paid and sold to a licensed distributor or importer.

- **Virginia requested this schedule.**

This schedule is used by the following states at this time

- **Virginia.**

**5AC** Gallons received tax-paid and sold to a licensed supplier.**Intended Use:**

To collect the transactional detail by bill of lading for the gallons received tax-paid and sold to a licensed supplier.

- **Virginia requested this schedule.**

This schedule is used by the following states at this time

- **Virginia.**

**5HW** Aviation fuel converted to highway use**Intended Use:**

To report sales of aviation fuel converted to highway use

- **FLORIDA requested this schedule.**

This schedule is used by the following states at this time

- **Florida .**

**5LO** Fuel distributor subject to local option taxes**Intended Use:**

To report fuel that is subject to local option taxes

- **FLORIDA requested this schedule.**

This schedule is used by the following states at this time

- **Florida**

**5XA** Gallons delivered to an airport and partially taxed.**Intended Use:**

To report gallons of partially taxed fuel delivered to an airport.

- **Utah requested this schedule.**

This schedule is used by the following states at this time

- **Utah** – To report gallons sold to federally certified air carriers at the Salt Lake International Airport subject to 2.5 cent fuel tax rate.

<b>Schedule 6</b> <b>Gallons Delivered to Licensed Motor Fuel Licensees – Tax Not Collected.</b>
---

**6** Gallons delivered to licensed motor fuel licensees-tax not collected.

**Intended Use:**

Gallons delivered to licensee tax-free

This schedule is used by the following states at this time.

- **Alaska**
- **Colorado**
- **Idaho**
- **Indiana - (Special Fuel)**
- **Kansas**
- **Kentucky**
- **Maryland**
- **Montana**
- **Nebraska**
- **Nevada**
- **New Jersey**
- **Oregon - (Ex-Tax To Licensed Dealers)**
- **Pennsylvania**
- **Virginia**
- **Washington**

**6A** Gallons sold tax-exempt, customer is a licensed exporter.

**Intended Use:**

To report gallons sold tax exempt to a licensed exporter.

- **NEBRASKA requested this schedule.**
- **SOUTH DAKOTA requested this schedule.**

This schedule is used by the following states at this time.

- **South Dakota**
- **Washington**
- **Wyoming**

**6B** Gallons sold tax-exempt, customer is a licensed blender.

**Intended Use:**

To report gallon sold tax-exempt to a licensed blender.

- **NEBRASKA requested this schedule.**
- **SOUTH DAKOTA requested this schedule.**

This schedule is used by the following states at this time.

- **South Dakota**
- **Wyoming**

**6C** Gallons sold tax-exempt, customer is a licensed importer.

**Intended Use:**

To report gallons sold tax-exempt to a licensed importer.

- **NEBRASKA requested this schedule.**
- **SOUTH DAKOTA requested this schedule.**

This schedule is used by the following states at this time.

- **South Dakota**
- **Wyoming**

**6D** Gallons sold tax-exempt to other licensed distributors/supplier.

**Intended Use:**

To report gallons sold tax-exempt to other licensees

- **IDAHO requested this schedule.**
- **NORTH CAROLINA requested this schedule.**

This schedule is used by the following states at this time.

- **Idaho** - To identify loads sold without the collection of transfer fee.
- **Indiana** - (Gasoline)
- **Mississippi**
- **North Carolina** - Our law allows distributors to purchase tax-free fuel at the terminal if the product is going directly to an exempt entity, by-passing the bulk plant
- **South Dakota**
- **Tennessee**
- **Texas**
- **Wyoming**

**6E** Gallons sold tax-exempt, customer is a licensed LPG vendor.

**Intended Use:**

To report gallons sold tax-exempt to a licensed LPG vendor.

- **SOUTH DAKOTA requested this schedule .**

This schedule is used by the following states at this time.

- **South Dakota**

**6F** Gallons sold for tax-exempt purposes from in-state terminals.

**Intended Use:**

To report gallons sold for tax-exempt purposes from in-state terminals

- **NORTH CAROLINA requested this schedule.**

This schedule is used by the following states at this time.

- **California** – Accounts for every gallon of dyed fuel, jet fuel and kerosene removed from a California terminal rack and sold in California. None of the products are subject to the diesel fuel tax.
- **Michigan**
- **North Carolina** - This was distributor purchases of home heating fuel from in-state terminals
- **Oklahoma** - Dyed diesel & dyed heating fuel - Used to show the gallons removed of dyed diesel and dyed heating fuel.
- **South Carolina**
- **Virginia**
- **Wyoming**

**6H** Gallons sold or exchanged tax free with a qualified refiner.

**Intended Use:**

To report gallons sold or exchanged tax free with a qualified refiner.

- **TENNESSEE requested this schedule.**

This schedule is used by the following states at this time.

- **Tennessee** - To record transactions of tax-free exchanges of gasoline with qualified refiners inside the terminal after first receipt.

**6I** Gallons of undyed fuel sold to licensed importer/tank wagon operator-importer, tax not precollected.

**Intended Use:**

To report gallons of undyed fuel sold to tax-free to licensed importer/tank wagon-importer.

- **INDIANA requested this schedule.**

This schedule is used by the following states at this time.

- **Indiana** - Special Fuel sold for import.

**6J** Gallons delivered tax free into refinery storage.

**Intended Use:**

To report gallons of fuel moved back to a refinery so they can recover a credit on taxes previously charged.

- **TENNESSEE requested this schedule.**

This schedule is used by the following states at this time.

- **Tennessee** - Distributors who move fuel back to a refinery so they can recover a credit on taxes previously charged.

**6P** Gallons sold to suppliers or permissive suppliers, tax not precollected.

**Intended Use:**

To report gallons sold for import tax-free to suppliers or permissive suppliers

- **INDIANA requested this schedule.**

This schedule is used by the following states at this time

- **Indiana** - Special Fuel sold for import
- **Michigan**
- **Virginia**

**6R** Gallons from refinery sold or exchanged with qualified refiners

**Intended Use:**

To report gallons of tax-free fuel to qualified refiners within the refinery storage facility.

- **TENNESSEE requested this schedule.**

This schedule is used by the following states at this time

- **Tennessee** - Used by the refinery to record transactions of tax-free fuel to qualified refiners within the refinery storage facility.

**6V** Gallons disbursed tax not collected and subject to oil inspection fees

**Intended Use:**

To report gallons disbursed tax not collected and subject to oil inspection fees.

- **INDIANA requested this schedule.**

This schedule is used by the following states at this time

- **Indiana**- To report diesel products, tax not collected that are subject to oil inspection fees as required by Indiana State Code to be reported.

**6X** Gallons delivered to suppliers or permissive suppliers on exchange agreements.

**Intended Use:**

To report gallons of fuel that was disbursed on exchange.

- **INDIANA requested this schedule.**

This schedule is used by the following states at this time.

- **Indiana** - Special Fuel and Gasoline for disbursements on exchange.
- **Michigan**
- **Missouri** - Terminal Operator-gallons delivered per exchange agreement

**6Z** Gallons sold for Racing Use-tax not collected.

**Intended Use:**

To report gallons of untaxed fuel that was sold for racing use.

- **Michigan requested this schedule.**

This schedule is used by the following states at this time.

- **Michigan**



<b>Schedule 7</b> <b>Gallons Exported To State of _____</b>
--

**7** Gallons exported to state of \_\_\_\_\_

**Intended Use:**

To report gallons that were exported.

This schedule is used by the following states at this time.

- **Alaska**
- **California**
- **Colorado**
- **Idaho**
- **Iowa**
- **Kansas**
- **Kentucky**
- **Maryland**
- **Mississippi**
- **Montana**
- **Nebraska**
- **Nevada**
- **New Jersey**
- **Oklahoma** - Removals by Supplier for export - Used to show gallons the suppliers exported.
- **Pennsylvania**
- **Oregon**
- **South Dakota**
- **Texas**
- **Virginia**
- **Washington**

**7A Gallons exported, Destination State tax-paid.****Intended Use:**

To report gallons exported, destination state tax-paid.

- **NORTH CAROLINA requested this schedule.**
- **MONTANA requested this schedule.**
- **INDIANA requested this schedule.**

This schedule is used by the following states at this time.

- **Florida**
- **Indiana** - Gallons exported destination state tax-paid.
- **Michigan**
- **Missouri** - Distributor-gallons exported to state of \_\_\_\_\_ destination state tax paid (2 copies)
- **North Carolina** - Requires the taxpayer to identify in the subschedule the destination state for ease in sorting to send to the other states. We use this form to report exports where the destination state tax has been charged.
- **Montana** - To use when small loads of fuel are exported from Montana to bordering jurisdictions and Montana tax has already been paid. This gives our distributors the credit for the tax already paid.
- **Oklahoma** - Used to show gallons sold tax free to exporters for export.
- **South Carolina**
- **Tennessee**
- **Virginia**

**7B Gallons sold for export, originating state tax-paid.****Intended Use:**

To report gallons sold origin state tax paid for export.

- **INDIANA requested this schedule.**

This schedule is used by the following states at this time.

- **Florida**
- **Indiana** - Gallons sold for export, originating state tax-paid.
- **Michigan**
- **Missouri** - Distributor-gallons exported to state of \_\_\_\_\_ Missouri tax paid (2 copies)
- **Oklahoma** - Used show gallons sold tax-paid to exporters for export.
- **South Carolina**
- **Wisconsin**
- **Wyoming**

**7C** Gallons for free trade zones.**Intended Use:**

To report gallons of fuel delivered to free trade zones.

- **FLORIDA requested this schedule.**

This schedule is used by the following states at this time.

- **Florida** - To track gallons delivered to free trade zones

**7D** Gallons exported in bulk.**Intended Use:**

To report gallons of fuel exported in bulk.

- **FLORIDA requested this schedule.**

This schedule is used by the following states at this time

- **California** - Accounts for every gallon of ex-tax diesel fuel, jet fuel, kerosene, gasoline and aviation gasoline exported above the terminal rack not subject to tax.
- **Florida** - To track gallons transferred to bulk storage

**7F** Exports of reportable products below the terminal rack.**Intended Use:**

To report every gallon of dyed diesel fuel and/or other reportable or accountable fuel exported below the terminal rack.

- **CALIFORNIA requested this schedule.**

This schedule is used by the following states at this time.

- **California** - Accounts for every gallon of dyed diesel fuel, jet fuel, kerosene exported below the terminal rack

**7R** Gallons exported from refinery storage**Intended Use:**

To report gallons that a refinery exported without paying an export fee.

- **TENNESSEE requested this schedule.**

This schedule is used by the following states at this time.

- **Tennessee** - Used to record exports from refinery storage. Tennessee allows refineries to export fuel without paying the export fee. Must be separately detailed for fee purposes.

<b>Schedule 8</b> <b>Gallons Delivered to US Government – Tax Exempt</b>
---

**8** Gallons delivered to US Government –tax exempt

**Intended Use:**

To report tax-exempt gallons of motor fuel delivered or sold to the US Government .

This schedule is used by the following states at this time.

- **California**
- **Indiana**
- **Kansas**
- **Kentucky**
- **Maryland**
- **Michigan**
- **Missouri**
- **Montana**
- **Nebraska**
- **Nevada**
- **New Jersey**
- **North Carolina**
- **Oklahoma** - Gallons removed for U.S. Government Sales - Used to show exempt sales made to the U.S. Government by Suppliers, Bonded Importers and Tankwagon Operators.
- **Oregon**
- **Pennsylvania**
- **South Carolina**
- **South Dakota**
- **Tennessee**
- **Virginia**

**8A** Gallons sold to U.S. Government tax-exempt from In-State.

**Intended Use:**

To report tax-exempt gallons of motor fuel sold to the US Government from in-state terminals.

- **NORTH CAROLINA requested this schedule.**

This schedule is used by the following states at this time.

- **Mississippi**
- **Virginia**
- **Wisconsin**

**8K** Kerosene sales (information only)**Intended Use:**

To report gallons of kerosene sold for non-taxable purposes.

- **INDIANA requested this schedule.**

This schedule is used by the following states at this time.

- **Indiana** - Special Fuel-Kerosene sold for non-taxable purpose.

**8R** Gallons sold to U.S. Government tax-exempt from refinery.**Intended Use:**

To report gallons of fuel by the refineries that are sold to government agencies where tax never accrues on the fuel unlike sales to agency accounts.

- **TENNESSEE requested this schedule.**

This schedule is used by the following states at this time

- **Tennessee** - Used by the refineries to record sales of fuel to government agencies where tax never accrues on the fuel unlike distributors sales to agency accounts

<b>Schedule 9</b> <b>Gallons Delivered to State &amp; Local Government Tax- Exempt</b>
---

**9** Gallons delivered to state & local government tax exempt**Intended Use:**

To report tax-exempt gallons delivered to state & local governments

This schedule is used by the following states at this time.

- **Colorado**
- **Idaho**
- **Kansas**
- **Kentucky** - (Non-highway use only)
- **Maryland**
- **Michigan**
- **Nevada**
- **New Jersey**
- **Pennsylvania**
- **Tennessee**
- **Virginia**

**9A** Gallons sold directly to the state from in-state terminals.**Intended Use:**

To report gallons sold directly from in-state terminals to state and local government.

- **NORTH CAROLINA requested this schedule.**

This schedule is used by the following states at this time.

- **North Carolina**

**9C** Gallons sold directly to local public schools from in-state terminals.**Intended Use:**

To report gallons sold directly from in-state terminals to local public schools.

- **NORTH CAROLINA requested this schedule.**

This schedule is used by the following states at this time.

- **North Carolina**
- **South Carolina**

**9E** Gallons sold for county, city or town use.**Intended Use:**

To report gallons sold for county, city or town use.

- **NORTH CAROLINA requested this schedule.**

This schedule is used by the following states at this time.

- **North Carolina**

**9F** Gallons sold to Licensed Charter Schools.**Intended Use:**

To report gallons sold to Licensed Charter Schools.

- **NORTH CAROLINA requested this schedule.**

This schedule is used by the following states at this time

- **North Carolina** - NC has a new exemption which we must track. This product also is subject to our inspection taxes and has to be isolated from other sales.
- **Virginia**

**9G** Gallons sold to Community Colleges.**Intended Use:**

To report gallons sold to Community Colleges

- **NORTH CAROLINA requested this schedule.**

This schedule is used by the following states at this time

- **North Carolina** - NC has a new exemption which we must track. This product also is subject to our inspection taxes and has to be isolated from other sales.

**9R** Gallons sold to state and local government from refinery.**Intended Use:**

To report gallons of fuel by the refineries that are sold to state and local government agencies where tax never accrues on the fuel unlike distributors sales to agency accounts.

- **TENNESSEE requested this schedule.**

This schedule is used by the following states at this time

- **Tennessee** - Used by the refineries to record sales of fuel to state and local gov. agencies where tax never accrues on the fuel unlike distributors sales to agency accounts
- **Washington**

<b>Schedule 10 Gallons Delivered To Other Tax-Exempt Entities</b>
---

**10** Gallons delivered to other tax-exempt entities.

**Intended Use:**

To report tax-exempt gallons delivered to other tax-exempt entities other than US Government or State & Local Government

This schedule is used by the following states at this time.

- **Colorado**
- **Indiana** - (Special Fuel for sales of dyed fuel)
- **Kansas**
- **Kentucky** - (LP Dealers only)
- **Maryland**
- **Missouri** - Supplier-gallons delivered to other tax exempt entities. (Airlines, Railroads and Barges)
- **Montana**
- **Nebraska**
- **Nevada**
- **New Jersey**
- **Oklahoma** - Gallons removed for other exempt entities – Used to show exempt entity sales made by Suppliers, Bonded Importers and Tankwagon Operators.
- **Pennsylvania**
- **South Dakota**

**10A** Gallons delivered to other tax-exempt entities (farmers and fisherman) or non-highway.

**Intended Use:**

To report gallons of tax-exempt fuel sold for off-road use.

- **WIISCONSIN requested this schedule.**

This schedule is used by the following states at this time.

- **Indiana** - (Sales to licensed Marina Dealers)
- **Kentucky** – (Other non-highway use sold to an approved permit holder)
- **Mississippi**
- **Tennessee**
- **Texas**
- **Wisconsin**



**10B** Gallons delivered to tax-exempt licensed general aviation fuel dealers.**Intended Use:**

To report tax-exempt gallons sold for aviation use.

- **WISCONSIN requested this schedule.**

This schedule is used by the following states at this time.

- **Indiana** - (Sales to licensed aviation dealers)
- **Ohio**
- **South Carolina**
- **Texas**
- **Wisconsin**

**10C** Gallons delivered to tax-exempt common carriers for urban mass transportation.**Intended Use:**

To report tax-exempt gallons of fuel sold to urban mass transit.

- **WISCONSIN requested this schedule.**

This schedule is used by the following states at this time.

- **California** - Accounts for every gallon of ex-tax diesel fuel, dyed diesel fuel, jet fuel, and kerosene removed from a California terminal rack and sold tax exempt to a person that owns, operates, or controls an exempt bus operation and who is registered with the Board of Equalization as an exempt bus operator.
- **Wisconsin**

**10D** Credit card sales to tax-exempt diplomats and missions by dealers.**Intended Use:**

To report gallons of tax-exempt gallons of fuel sold to diplomats and missions by dealers.

- **MISSOURI requested this schedule.**

This schedule is used by the following states at this time.

- **Missouri** - Supplier-Credit Cards Sales to US Government

**10E** Gallons delivered to customers representing uncollectable motor fuel vehicle fuel taxes.**Intended Use:**

To report gallons of uncollected fuel taxes.

- **WISCONSIN requested this schedule.**

This schedule is used by the following states at this time.

- **Indiana** - (Uncollectable bad debt)
- **Tennessee**
- **Wisconsin** - Sales representing uncollectible fuel taxes.

**10F** Gallons delivered to tax-free storage.**Intended Use:**

To report gallons delivered tax exempt to tax-free storage

- **WISCONSIN: requested this schedule.**

This schedule is used by the following states at this time.

- **Michigan** - uses this for reporting alcohol delivered into tax-free terminal storage.

**10G** Gallons of other authorized tax-exempt sales.**Intended Use:**

To report gallons sold tax-exempt for trains and other authorized exempt sales.

- **WISCONSIN requested this schedule.**

This schedule is used by the following states at this time.

- **Kentucky** – (Non-highway used sold to a qualifying resident non-profit religious, charitable, or educational organization)
- **Michigan** - uses this sub-schedule for tax free sales to non-profit, private, parochial, or non-denominational school, college, or university used in transportation of students for authorized functions.
- **Mississippi**
- **Missouri** - Distributor –gallons of other authorized tax exempt sales (Alcohol only)
- **South Carolina**
- **Wisconsin** - Exempt for trains

**10H** Sales to tax-exempt hospitals.**Intended Use:**

To report tax-exempt gallons sold to hospitals.

- **NEW YORK requested this schedule.**

This schedule is used by the following states at this time.

- **Wisconsin** - exempt for heating oil

**10I** Gallons delivered tax-exempt for farming.**Intended Use:**

To report tax-exempt gallons sold for farming purposes.

This schedule is used by the following states at this time.

- **California** - This schedule accounts for every gallon of ex-tax diesel fuel, dyed diesel fuel, jet fuel, and kerosene removed from a California terminal rack and sold tax exempt to a person who uses the fuel on a farm for farming purposes.
- **Kentucky** – (Non-highway use sold to agricultural use permit holder)
- **North Carolina**
- **Wisconsin**

**10J** Gallons delivered to consumers or filling stations tax-free.

**Intended Use:**

To report tax-free gallons of undyed kerosene delivered to filling stations.

➤ **MISSOURI requested this schedule.**

This schedule is used by the following states at this time.

- **Kentucky** – gallons of Residential Heating fuel delivered consumers tax-free.
- **Missouri** - Distributor –gallons of undyed Kerosene delivered to filling stations (Barricaded pumps only)

**10K** Gallons delivered to airlines and self use in own aircraft.

**Intended Use:**

To report tax-exempt gallons delivered to airlines and for own use in aircraft.

➤ **MISSOURI requested this schedule.**

This schedule is used by the following states at this time.

- **Missouri** - Distributor-gallons delivered to airlines

**10M** Gallons of unenhanced diesel product delivered for manufacturing processing or assembly.

**Intended Use:**

To report tax-free sales made to industrial processing resellers or industrial process end users.

➤ **MICHIGAN requested this schedule.**

This schedule is used by the following states at this time.

- **Michigan** - uses this sub-schedule for tax free sales to industrial processing resellers or industrial process end users.

**10R** Gallons delivered for use as bunker fuel in vessels.

**Intended Use:**

To report tax-exempt gallons of fuel delivered for use as bunker fuel in vessels.

➤ **MISSOURI requested this schedule.**

This schedule is used by the following states at this time.

- **Missouri** - Distributor-gallons delivered for use as Bunker fuel in vessels

**10T** Gallons delivered to Native American Tribes**Intended Use:**

To report tax-exempt gallons of fuel delivered for Native American tribal use

- **OKLAHOMA requested this schedule.**

This schedule is used by the following states at this time.

- **Idaho** – To report sales made for Native American tribal use

**10 U** Gallons delivered fees-exempt**Intended Use:**

To report gallons delivered fees-exempt

- **Idaho requested this schedule.**

This schedule is used by the following states at this time.

- **Idaho** – To report sales to Native American Tribes-fees exempt

**10Y** Gallons delivered tax-exempt to railroad.**Intended Use:**

To report tax-exempt gallons sold to railroads.

- **MONTANA requested this schedule.**

This schedule is used by the following states at this time

- **California** - Accounts for every gallon of ex-tax diesel fuel, dyed diesel fuel, jet fuel, kerosene, gasoline, aviation gasoline removed from a California terminal rack and sold tax exempt to a train operator who is registered with the Board of Equalization as a train operator.
- **Kentucky** – (Non-highway use only)
- **Missouri** - Distributor-gallons delivered to railroads.
- **Montana** - So gallons are separated out for easier access to refund the railroads for gasoline and clear diesel tax. Also this information is used to prepare the FHWA report.

**10Z** Blendstocks removed tax exempt not in connection with a sale, which will not be used to produce a finished fuel.**Intended Use:**

To report tax-exempt gallons of blendstocks removed from the terminal rack which will be used to produce a product other than a finished fuel.

- **CALIFORNIA requested this schedule.**

This schedule is used by the following states at this time.

- **California** - Accounts for every gallon of tax-exempt gasoline blendstocks removed from the terminal rack by you, which will be used to produce a product, other than finished gasoline.

**10AB** Blendstocks removed tax exempt in connection with a sale when the buyer has issued a properly executed exemption certificate stating the blendstocks will not be used to produce finished fuel.

**Intended Use:**

To report tax-exempt gallons of blendstocks removed from the terminal rack when an exemption certificate was presented by the buyer, stating that the blendstocks will not be used to produce a finished product.

➤ **CALIFORNIA requested this schedule.**

This schedule is used by the following states at this time.

➤ **California** - Accounts for every gallon of tax-exempt gasoline blendstocks removed from the terminal rack when an exemption certificate was presented by the buyer stating that the blendstocks will not be used to produce a finished gasoline product.

**Schedule 11 Schedule of State Diversions****11 Schedule of State Diversions****Intended Use:**

To report fuel that was diverted from one state to another.

This schedule is used by the following states at this time

- **Indiana** - (Special Fuel)
- **Oklahoma** - Schedule 11 - State Diversion Corrections - This schedule is used for suppliers to show that fuel was diverted.
- **Texas**

**11A Diversion to State of \_\_\_\_\_****Intended Use:**

To report fuel that was diverted to a different destination than is indicated on the shipping documents when removed from the terminal rack. **Note:** This subschedule would be used for credit due for the diverted fuel.

- **TENNESSEE requested this schedule.**

This schedule is used by the following states at this time

- **Michigan**
- **Tennessee**

**11B Diversion from State of \_\_\_\_\_****Intended Use:**

To report fuel that was diverted to a different destination than is indicated on the shipping documents when removed from the terminal rack. **Note:** This subschedule would be for taxes due for the diverted fuel.

- **TENNESSEE requested this schedule.**

This schedule is used by the following states at this time

- **Michigan**
- **Tennessee**

<b>Schedule 12 Vendor Schedule</b>
------------------------------------

**12** Vendor schedule**Intended Use:**

Used as a summary schedule to show credits for exports, sales to the federal government, conversion of aviation fuel and kerosene to highway use, kerosene sold for home heating, sales of undyed diesel to farmers, etc.

- **FLORIDA requested this schedule.**

This schedule is used by the following states at this time

- **Florida** - Ultimate vendor credits.

**12A** Gallons of tax-paid product sold or used below the terminal rack**Intended Use:**

To capture the sale of tax-paid fuel to customers with tax collected.

- **CALIFORNIA requested this schedule.**

This schedule is used by the following states at this time

- **California**

**12B** Gallons of ex tax-paid product sold or used below the terminal rack**Intended Use:**

To capture the sale of fuel acquired without tax which is primarily dyed diesel fuel.

- **CALIFORNIA requested this schedule.**

This schedule is used by the following states at this time

- **California**

**12C** Gallons of ending physical inventory of product below the rack**Intended Use:**

Basically used as an ending inventory schedule.

- **CALIFORNIA requested this schedule.**

This schedule is used by the following states at this time

- **California**

**Schedule 13 Schedule of Credits and Refunds****13A Tax-paid fuel exported**

**Note: This schedule is an exception for the state of California. All other states should use Schedule 7**

**Intended Use:**

To report all tax-paid gallons of fuel exported below the terminal rack.

- **CALIFORNIA requested this schedule.**

This schedule is used by the following states at this time.

- **California** - Accounts for every gallon of tax-paid diesel fuel and motor vehicle fuel exported below the terminal rack out of California.

**13B Tax-paid fuel sold to a consulate officer or employee by credit card****Intended Use:**

To report all tax-paid gallons of fuel sold to a consulate officer or employee by credit card.

- **CALIFORNIA requested this schedule.**

This schedule is used by the following states at this time.

- **California** - Accounts for every gallon of tax-paid diesel fuel and motor vehicle fuel sold exempt below the California terminal rack to a consulate officer or employee by credit card.

**13C Tax-paid fuel sold to the United States Government****Intended Use:**

To report all tax-paid gallons of fuel sold to the United States Government

- **CALIFORNIA requested this schedule.**

This schedule is used by the following states at this time.

- **California** - Accounts for every gallon of tax-paid diesel fuel sold exempt below the California terminal rack to the United States Government

**13D Tax-paid fuel sold for use on farms****Intended Use:**

To report all tax-paid gallons of fuel sold for use on farms.

- **CALIFORNIA requested this schedule.**

This schedule is used by the following states at this time.

- **California** - Accounts for every gallon of tax-paid diesel fuel sold exempt below the California terminal rack to a person who uses the fuel on a farm for farming purposes.



**13E Tax-Paid fuel sold to exempt bus operators****Intended Use:**

To report tax-paid gallons of fuel sold to exempt bus operators.

- **CALIFORNIA requested this schedule.**

This schedule is used by the following states at this time.

- **California** - Accounts for every gallon of tax-paid diesel fuel sold exempt below the California terminal rack to a person that owns, operates, or controls an exempt bus operation and who is registered with the Board of Equalization as an exempt bus operator.

**13F Schedule of Bad Debts****Intended Use:**

To report bad debt sales by suppliers to qualifying tax deferred customers.

- **Florida requested this schedule.**

This schedule is used by the following states at this time.

- **Florida** - Bad Debts associated with sales by suppliers to qualifying tax deferred customers.

**13G Tax-paid fuel sold to train operators****Intended Use:**

To report tax-paid gallons of fuel sold to train operators

- **CALIFORNIA requested this schedule.**

This schedule is used by the following states at this time.

- **California** - Accounts for every gallon of tax-paid diesel fuel sold exempt below the California terminal rack to a person who is registered with the Board of Equalization as a train operator.

**13H Tax-paid fuel sold to state or local government****Intended Use:**

To report gallons of fuel sold by credit cards to state or local government

- **MICHIGAN requested this schedule.**

This schedule is used by the following states at this time.

- **Michigan** -.To allow deduction for credit card sales made to state and local governmental entities.

**13J** Tax-paid fuel sold tax-free for temperature control units (reefer) and PTO or with exemption certificate or used in an exempt manner

**Intended Use:**

To report gallons of tax-paid fuel being sold without the tax to receive credit

- **NEBRASKA requested this schedule.**

This schedule is used by the following states at this time.

- **Nebraska**
- **California** – Used to claim a credit or refund for tax-paid fuel used in a non-taxable manner, such as off-highway or the operation of a PTO.

**13K** Credit or Deduction for Reduced Tax Rate.

**Intended Use:**

To report gallons of fully taxed product but a credit is given for a lower tax rate.

- **Kansas requested this schedule.**

This schedule is used by the following states at this time.

- **Kansas** – To account for the credit given to E85.

**13L** Credit for gallons sold for Racing Use-tax collected. (As of 10/27/12 this schedule is inactive)

**Intended Use:**

To report tax-paid gallons sold for racing use.

- **Michigan requested this schedule.**

This schedule is used by the following states at this time.

- **Michigan** – To account for the credit given when tax-paid fuel is used at a race track.

**13M** Refund or credit for the second tax paid when tax-paid fuel is removed from a terminal as a second taxable event.

**Intended Use:**

To report tax-paid gallons sold for racing use.

- **California requested this schedule.**

This schedule is used by the following states at this time.

- **California**

**13N** Tax-paid fuel used to produce a nontaxable product such as a fuel additive.

**Intended Use:**

To report tax-paid gallons sold for racing use.

- **California requested this schedule.**

This schedule is used by the following states at this time.

- **California**

<b>Schedule 14 Common and Contract Petroleum Products Carrier Report</b>
--

**14 Common and Contract Petroleum Products Carrier Report****Intended Use:**

This report gives the states full accountability of all accountable product/motor fuel moving by truck, rail, pipeline, barge, ship or other conveyance. It gives the states an independent source of information that can be used to verify the transactions reported by taxpayers.

**14A Total of all deliveries of fuel from in-state locations to outside the state (exports)****Intended Use:**

To report total gallons of accountable product/motor fuel loaded at an in-state terminal or bulk plant facility and exported to another state.

**14B Total of all deliveries of fuel from out -of-state locations to inside the states(imports)****Intended Use:**

To report total gallons of accountable product/motor fuel loaded at an out-of-state terminal or bulk plant facility and imported into another state.

**14C Total of all deliveries of fuel between points in the state (intrastate)****Intended Use:**

To report total gallons of accountable product/motor fuel loaded at an in-state terminal or bulk plant facility and delivered in-state.

**14D Carrier Receipts****Intended Use:**

To report carrier receipts above the rack.

➤ **Internal Revenue Service requested this schedule.**

This schedule is used by the following states at this time.

➤

**14E Carrier Deliveries****Intended Use:**

To report carrier deliveries above the rack and below the rack.

➤ **Internal Revenue Service requested this schedule.**

This schedule is used by the following states at this time.

➤

<b>Schedule 15 Terminal Operator Report</b>
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**15 Terminal Operator Report****Intended Use:**

This report gives the states full accountability of all accountable product/motor fuel moving through a terminal. It gives the states an independent source of information that can be used to verify the transactions reported by taxpayers.

**15A Terminal Operator Schedule of Receipts****Intended Use:**

To report each receipt of accountable product/motor fuel into a terminal.

**15B Terminal Operator Schedule of Disbursements****Intended Use:**

To report each removal of accountable product/motor fuel from a terminal.

**15C Terminal Operator Schedule of Inventories****Intended Use:**

To report detail ownership of accountable product/motor fuel in a terminal by a position holder.

# FTA Product Codes

**FTA Motor Fuel Tax Section Uniformity Committee  
Product Codes for Uniform Forms**

**Procedures for additions/deletions/modifications**

In order to promote consistency and uniformity in the implementation of Motor Fuel Tax Reporting, the Uniformity Committee has developed a listing of FTA Product Codes to be used for the uniform report forms.

Anyone needing a product code not on this list should follow the procedures outlined below: The State Tax Administrator should submit the request to the current Forms Management Subcommittee state co-chair detailing the information using the FTA -Motor Fuel Uniformity Committee-Uniform Reporting Subcommittee Request Form for Product Code. (see next page for form) The form may be submitted through e-mail or regular mail. The request includes the following:

1. The name and description of the product(s).
2. Provide product characteristics. Include an explanation of the product code and why existing product codes do not meet your needs. It is recommended a representative of your state, knowledgeable of this topic, attend the Forms Management subcommittee meeting where this will be discussed.
3. The date the product code is needed.

The current Forms Management state co-chair, upon receipt of the written request, shall take the following actions:

1. Review the most current listing of FTA product codes to determine if the requested product code already exists. If a new number is needed, the Forms Management state co-chair will assign the new product code.
2. Distribute copies to Forms Management Subcommittee members for review and discussion.
3. Place the proposed addition/deletion/modification on the agenda of the next Uniformity Committee Meeting for formal adoption. It is highly recommended that the requestor be present for any discussion regarding the adoption of the requested product code.
4. If the proposed addition/deletion/modification is adopted, revise the FTA Product Code List.
5. If the proposed addition/deletion/modification is not approved, inform the requesting administrator of the reasons for the rejection and the proper product code number to be used.

If a product code must be assigned before the above mentioned approval process can be completed, the state co-chair person may assign a product code number temporarily. This product code number will be reviewed for adoption at the next Forms Management meeting. To receive a product code number before the next Uniformity Meeting, follow these steps:

1. Complete the FTA-Motor Fuel Uniformity Committee-Uniform Reporting Subcommittee Request Form for Product Code.
2. Submit the request to the Forms Management Subcommittee state co-chair.
3. The Forms Management Subcommittee state co-chair will evaluate the request and respond to the requestor within one week of the receipt of the request.

**FTA Motor Fuel Uniformity Committee  
Uniform Reporting Subcommittee  
Request Form for Product Code**

Date Requested: \_\_\_\_\_  
Name of Product: \_\_\_\_\_  
Description of Product: \_\_\_\_\_

**Product Characteristics:** Mark all that pertain to product.

<u>Characteristic</u>	<u>Value</u>
Cetane/octane 4	_____
Oxygenated/rbob type 5	_____
Oxygenate percent % v 6	_____
Additized 7	_____
Rvp percentage 8	_____
Regulatory oxy % 9	_____
Voc 10	_____
Fungible/serge (f/s) 11	_____
Dyes 12	_____
Sulfur content 13	_____
Am	_____
M1	_____
M2	_____
M4	_____
M5	_____
M6	_____
M7	_____
M8	_____
M9	_____
M10	_____
M11	_____
M12	_____

Additional Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Contact Name: \_\_\_\_\_  
Contact Phone: \_\_\_\_\_  
Contact Fax: \_\_\_\_\_

Uniform Forms Co Chairs

State: \_\_\_\_\_

Date Issued: \_\_\_\_\_

State Co Chair Phone: \_\_\_\_\_

Product Code Approved: \_\_\_\_\_

Industry: \_\_\_\_\_

Industry Co Chair Phone: \_\_\_\_\_

### Product Characteristics Definitions:

CETANE/OCTANE 4: The numeric value of the cetane or octane.

OXYGENATED/RBOB TYPE 5: A single alpha-numeric character indicating if the product is oxygenated and if so, with which oxygenate. Additionally, if the product is an RBOB, this field describes the type of RBOB. Acceptable values and definitions are: A=ETHANOL, B=ANY RENEWABLE OXYGENATE, E=ETHER, M=MTBE, N=NONE, O=ANY OXYGENATE, R=ETBE(ANY RENEWABLE), S=REFINER SPECIFIED, T=TAME.

OXYGENATE PERCENT % V 6: Percent of oxygenate (type chosen in field 5) volume.

ADDITIZED 7: A single alpha-numeric character indicating if the product is additized and if so, with what. Acceptable values and definitions are: Y=ADDITIZED TYPE NOT DETERMINED, P=ADDITIZED WITH PROPRIETARY ADDITIVE (additive would be proprietary if it is the proprietary additive of the final seller of the product.), G=ADDITIZED WITH GENERIC ADDITIVE, N=NOT ADDITIZED.

RVP PERCENTAGE 8: Reid Vapor Pressure Percentage.

REGULATORY OXY % 9: Numeric value of the Regulatory Oxy Percentage.

VOC 10: A single alpha-numeric character indicating whether the product is controlled by a Volatile Organic Compound Region and if so which one. Acceptable values are: 1=Region 1, 2=Region 2, N=Not VOC Controlled.

FUNGIBLE/SEGRE (F/S) 11: A single alpha-numeric character indicating whether the product is fungible or segregated. Acceptable values are: F=Fungible, S=Segregated.

DYES 12: A single alpha-numeric character indicating if the product contains a dye. Acceptable values are: Y=Yes, N=No.

SULPHUR CONTENT 13: A numeric indication of the sulfur content of the product. (If the sulfur content is .06 % or higher, the product is considered to be a high sulfur product. If the sulfur content is .05 % or lower, the product is considered to be a low sulfur product.)

COMMENTS 14: Various additional information about the product.

Additive message **(AM)** indicators are in the AM (additive message) field of the Petroleum Feedstocks and Refined Product Code database. Message indicators for the AM field are 1 through 6:

1	Base gasoline - not for sale to the ultimate customer
2	Detergent
3	Detergent additized gasoline
4	Specifically name detergent - additized oxygenate
5	Detergent - additized gasoline blending stock
6	Base gasoline - no additive



Indicators for the following EPA message fields will be set to "Y" if the message applies to the product:

M1	"Reformulated gasoline meets max 1.3 vol % benzene, min 1.5 wt % oxygen, max 2.7 wt % oxygen"
M2	"Reformulated gasoline meets max 1.3 vol % benzene, min 1.5 wt % oxygen, max 3.5 wt % oxygen"
	Exception to the "min 1.5 wt % oxygen" in M1 & M2 are the following areas which are "min 1.6 wt % oxygen" (The boundaries of the covered areas are described in detail in 40 CFR. 80.70):
1.	Philadelphia-Wilmington-Trenton area
2.	Baltimore, MD area
3.	Houston-Galveston-Brazoria, TX area
4.	The Atlantic City, NJ area comprised of Atlantic County, Cape May County
5.	The Dallas-Fort Worth, TX area comprised of Collin County, Dallas County, Denton County, Tarrant County
6.	Norfolk-Virginia Beach-Newport News (Hampton Roads), VA area composed of Chesapeake, Hampton, James City County, Newport News, Norfolk, Poquoson, Suffolk, Virginia Beach, Williamsburg, York County
7.	Richmond, VA area comprised of Charles City County, Chesterfield County, Colonial Heights, Hanover County, Henrico County, Hopewell, Richmond
8.	Washington D.C. area comprised of The District of Columbia, Calvert County MD, Charles County MD, Frederick County MD, Montgomery County MD, Prince Georges County MD, Alexandria VA, Arlington County VA, Fairfax VA, Fairfax County VA, Falls Church VA, Loudon County VA, Manassas VA, Manassas Park VA, Prince William County VA, Stafford County VA
M4	"VOC-Controlled for Region 1, suitable for Region 2, meets VOC reduction minimum of 25.0%."
M5	"VOC-Controlled for Region 2, meets VOC reduction minimum of 23.4%."
M6	"Not VOC-Controlled"
M7	"Oxy Fuels Program RFG" (Message may not be needed after 12/31/97.)
M8	"Not Oxy Fuels Program RFG" (Message may not be needed after 12/31/97.)
M9	"Conventional Gasoline - this product does not meet the requirements for reformulated gasoline and may not be used in any reformulated area". May contain ethers.
M10	"Reformulated gasoline blendstock, meets maximum 1.3 wt% benzene; cannot be combined with RFG or with any other RBOB except other RBOB having the same requirements for oxygenate types and amounts"
M11	"Blend RBOB with any oxygenate to 2.0 wt % and 5.7 vol % oxygen content"
M12	"Blend RBOB with ether only oxygenate to 2.0 wt % and 10.8 vol % oxygen content"
ATLANTA GEORGIA GASOLINE MESSAGE: (Eff: 5/1/99)	
If product is delivered into any of the following Georgia counties, this message applies: <b>"ATLANTA GA GASOLINE: MEETS 150 PPM AVERAGE SULPHUR AT THE REFINERY OF ORIGIN".</b>	

County	State/Cty Code	County	State/Cty Code
Gwinnett	10007	Hall	10009
Haralson	10011	Henry	10015
Jackson	10018	Newton	10047
Paulding	10050	Pickens	10052
Rockdale	10062	Spaulding	10066
Walton	10087	Fulton	60000
De Kalb	60002	Barrow	60026
Bartow	60027	Butts	60037
Carrol	60041	Cherokee	60047
Clayton	60051	Cobb	60053
Coweta	60058	Dawson	60062
Douglas	60067	Fayette	60075
Forsyth	60077		
Effective September 1, 1999 the following new regulatory message applies to all California (state-wide) motor gasoline invoices and bills of lading:			
"THIS GASOLINE CONTAINS 0.6 PERCENT BY VOLUME OR MORE MTBE"			
Effective December 1, 1999, the following new regulatory message applies to all California (state-wide) motor gasoline invoices and bills of lading (replacing the message above):			
"THIS GASOLINE CONTAINS 0.6 PERCENT OR MORE BY VOLUME MTBE"			

### Uniform Forms FTA Product Codes

FTA Motor Fuel Tax Section Uniformity and the Canadian Fuel Tax Council have adopted the following codes for the product codes to be used on the Uniform Forms. If a product code is not listed, see the FTA Motor Fuels Uniformity Manual.

Product	Sub-Product Codes	Product Codes
Alcohol		123
Ethanol (100%)	E00	
Methanol (100%)	M00	
Asphalt		188
Aviation Gasoline		125
Blending Components		122
Additive Miscellaneous	090	
Benzene	248	
Butane, including butane-propane mix	055	
Butylene	198	
CBOB	301	
ETBE	249	
Ethane	052	
Ethylene	196	
Isobutane	058	
MTBE	093	
Methane	265	
Napthas	126	
Pentanes, including isopentanes	059	
Propylene	075	
Raffinates	223	
RBOB	302	
TAME	121	
Toluene	199	
Waste Oil	091	
Xylene	076	
Compressed Natural Gas (CNG)		224
Crude Oil		001
<b>Diesel Fuel Group – Dyed</b>		
Biodiesel – Dyed		171
Biodiesel - Dyed (100%)	D00	
(Percentage of biodiesel-dyed)	D01-D99	
Diesel Fuel – Dyed		228
High Sulfur Diesel – Dyed	226	
Low Sulfur Diesel – Dyed	227	

Products	Sub-Product Codes	Product Codes
Ultra Low Sulfur Diesel – Dyed	314	
No. 1 Diesel – Dyed	231	
Diesel Fuel #4 – Dyed	153	
Kerosene – Dyed		072
Low Sulfur Kerosene – Dyed	073	
High Sulfur Kerosene – Dyed	074	
<b>Diesel Fuel Group – Undyed</b>		
Biodiesel – Undyed		170
Biodiesel - Undyed (100%)	B00	
(Percentage of biodiesel-undyed)	B01-B99	
Diesel Fuel – Undyed		160
Low Sulfur diesel #1 – Undyed	161	
Low Sulfur Diesel #2 – Undyed	167	
Ultra Low Sulfur Diesel – Undyed	313	
No. 1 Fuel Oil – Undyed	150	
Diesel Fuel #4 – Undyed	154	
#1 High Sulfur Diesel – Undyed	282	
#2 High Sulfur Diesel – Undyed	283	
Kerosene – Undyed		142
Low Sulfur Kerosene – Undyed	145	
High Sulfur Kerosene – Undyed	147	
Excluded Liquid (Mineral Oil)		077
<b>Gasoline Fuel Group</b>		
Gasohol Blend (Rollup Code)		124
Percentage of Ethanol	E01-E99	
Percentage of Methanol	M01-M99	
Gasoline		065
Gasoline MTBE		071
Heating Oil		152
Hydrogen		259
Jet Fuel		130
Liquid Natural Gas (LNG)		225
Marine Gas Oil		280
Marine Diesel Oil		279
Mineral Oils		281
Natural Gasoline		061
Organic Oils		960
Propane		054
Residual Fuel Oil		175

<b>Products</b>	<b>Sub-Product Codes</b>	<b>Product Codes</b>
Soy Oil		285
Transmix		100
Undefined Products	0	092

**Mode Codes**

<b>Transaction Type Mode Codes</b>	
<b>Code</b>	<b>Description</b>
J	Truck
R	Rail
B	Barge
S	Ship
PL	Pipeline
GS	Gas Station
BA	Book Adjustment
ST	Stationary Transfer
RT	Removal from Terminal (other than by truck or rail) for sale or consumption)

**Uniform Forms**  
**COMPARISON OF STCC (Standard Transportation Commodity**  
**Classification) PRODUCT CODES**  
**TO FTA Product Codes**

**NOTE: This comparison is for information purposes only.**

<b>Product</b>	<b>FTA Code</b>	<b>STCC Code</b>
<b>Alcohol</b> .....	123-----	28 184 45
Ethanol (100%).....	E00	
(Percentage of ethanol) .....	E01-E99	
<b>Gasohol</b> .....	124-----	29 111 50
<b>Methanol</b>		
Methanol (100%) .....	M00	
(Percentage of methanol) .....	M01-M99	
<b>Blending Components</b> .....	122	
Asphalt .....	188-----	29 522 20
Aviation Gasoline.....	125-----	29 111 51
Benzene .....	248-----	29 119 10
Butane, including butane-propane mix.....	055-----	29 121 81
Butylene .....	198-----	29 121 81
ETBE .....	249	
Ethane .....	052-----	29 121 20
Ethylene .....	196-----	29 121 20
Isobutane.....	058-----	29 121 12
MTBE .....	093-----	28 182 71
Methane .....	265	
Napthas .....	126-----	29 112 82
Pentanes, including isopentanes .....	059-----	29 112 25
Propylene .....	075-----	29 121 28
Raffinates .....	223	
TAME .....	121	
Toluene .....	199-----	28 141 67
Waste Oil.....	091	
Xylene .....	076-----	28 141 70
<b>Biodiesel – Undyed</b> .....	170-----	28 994 16
Biodiesel - Undyed (100%) .....	B00	
(Percentage of biodiesel-undyed) .....	B01-B99	
<b>Biodiesel – Dyed</b> .....	171-----	28 994 16
Biodiesel - Dyed (100%) .....	D00	
(Percentage of biodiesel-dyed) .....	D01-D99	

<b>Product</b>	<b>FTA Code</b>	<b>STCC Code</b>
Compressed Natural Gas (CNG).....	224-----	28 994 16
Crude Oil.....	001	
<b>Diesel Fuel – Dyed</b> .....	228-----	29 113 26
High Sulfur Diesel – Dyed.....	226	
Low Sulfur Diesel – Dyed.....	227	
No 1 Diesel – Dyed.....	231-----	29 113 26
No 2 Diesel – Dyed.....	N/A-----	29 113 27
No 4 Diesel – Dyed.....	153-----	29 113 29
No 5 Diesel – Dyed.....	N/A-----	29 117 20
Fuel Oil Bunker “C” .....	N/A-----	29 117 17
<b>Diesel Fuel – Undyed</b> .....	160	
Low Sulfur diesel #1 – Undyed .....	161	
Low Sulfur Diesel #2 – Undyed.....	167	
No. 1 Fuel Oil – Undyed.....	150-----	29 113 26
Diesel Fuel #4 – Undyed.....	154-----	29 113 29
#1 High Sulfur Diesel – Undyed .....	282-----	29 113 26
#2 High Sulfur Diesel – Undyed .....	283-----	29 113 27
Mineral Oil.....	077-----	29 114 25
<b>Gasoline</b> .....	065-----	29 119 90
Gasoline MTBE .....	071	
Heating Oil .....	152-----	29 113 30
Hydrogen .....	259-----	28 134 60
Jet Fuel .....	130-----	29 111 30
<b>Kerosene – Undyed</b> .....	142-----	29 112 31
		29 112 25
Low Sulfur Kerosene – Undyed .....	145	
High Sulfur Kerosene – Undyed.....	147	
<b>Kerosene – Dyed</b> .....	072-----	29 112 31
		29 112 25
Low Sulfur Kerosene – Dyed .....	073	
High Sulfur Kerosene – Dyed .....	074	
Liquid Natural Gas (LNG).....	225	
Marine Gas Oil .....	280	
Marine Diesel Oil.....	279	



<b>Product</b>	<b>FTA Code</b>	<b>STCC Code</b>
Mineral Oils .....	281	
Natural Gasoline .....	061	----- 13 211 10
Organic Oils .....	960	
Propane .....	054	----- 29 121 11
Residual Fuel Oil.....	175	----- 29 117 15
Soy Oil .....	285	----- 20 921 10
Transmix .....	100	
Undefined Products.....	092	

# Flowcharts

### State Exchange Import/Export Schedule Flowchart

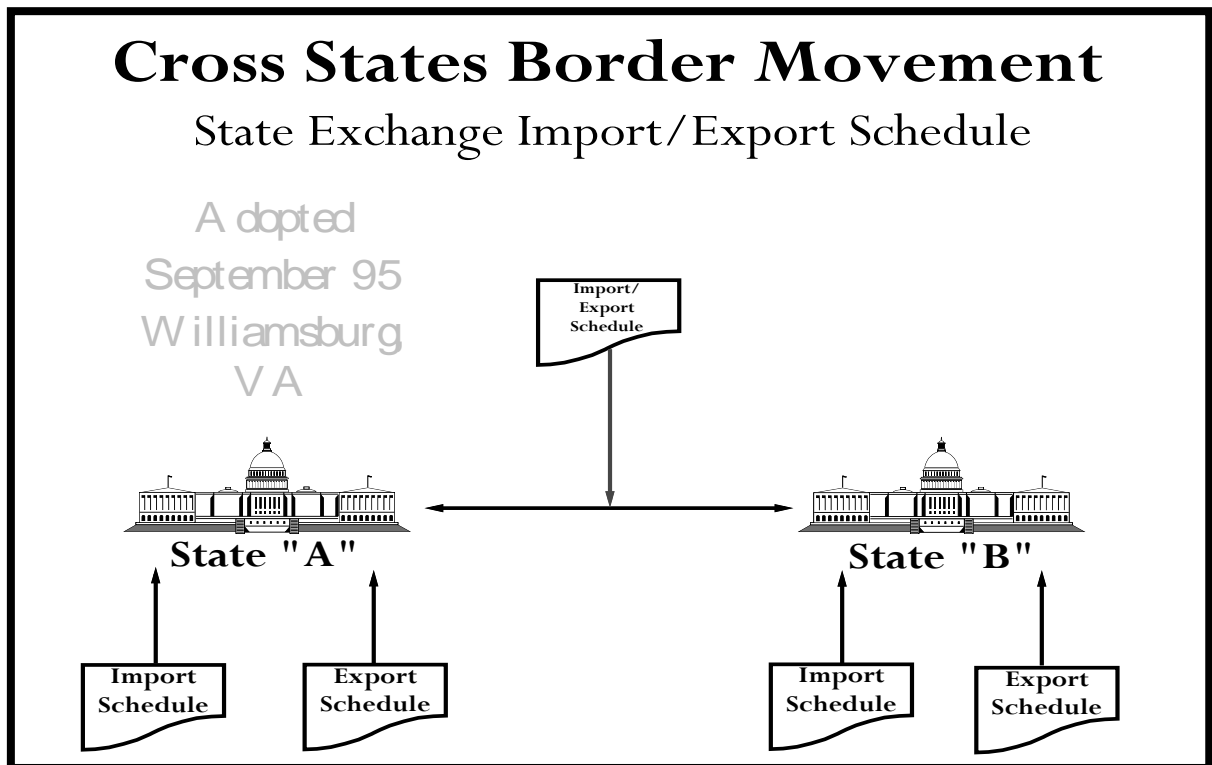
Most states realize the obvious weakness of their motor fuel tax compliance system is the inability to identify unreported imports or erroneously reported exports. *Flowchart 1* depicts the paper trail tracking system needed to support the on-road enforcement of shipping papers. This system provides a cross-check with other reported schedules.

To effectively implement the system in *Flowchart 1*, each state authority must first implement the prescribed uniform formats using uniform codes adopted by the FTA Uniformity Committee. All individual state schedules will then be collected in a uniform format. The collected data that relates directly to the export/import issue is located on the following: (1) the Uniform Schedule of Disbursements, number seven for exports and (2) the Uniform Schedule of Receipts, number three for imports.

Once each state receives the export/import schedule in the uniform format, the schedule should be expedited to the affected states. When a state receives interstate information from another state, the receiving state should cross check the data against the data on its uniform import schedules. Any variances should be communicated between the states and immediately investigated.

The Uniform Terminal Operators Schedule of Disbursements Form, which details deliveries by destination state, should also be used for verification.

**Flowchart 1**



## Fuel Accountability Flowchart

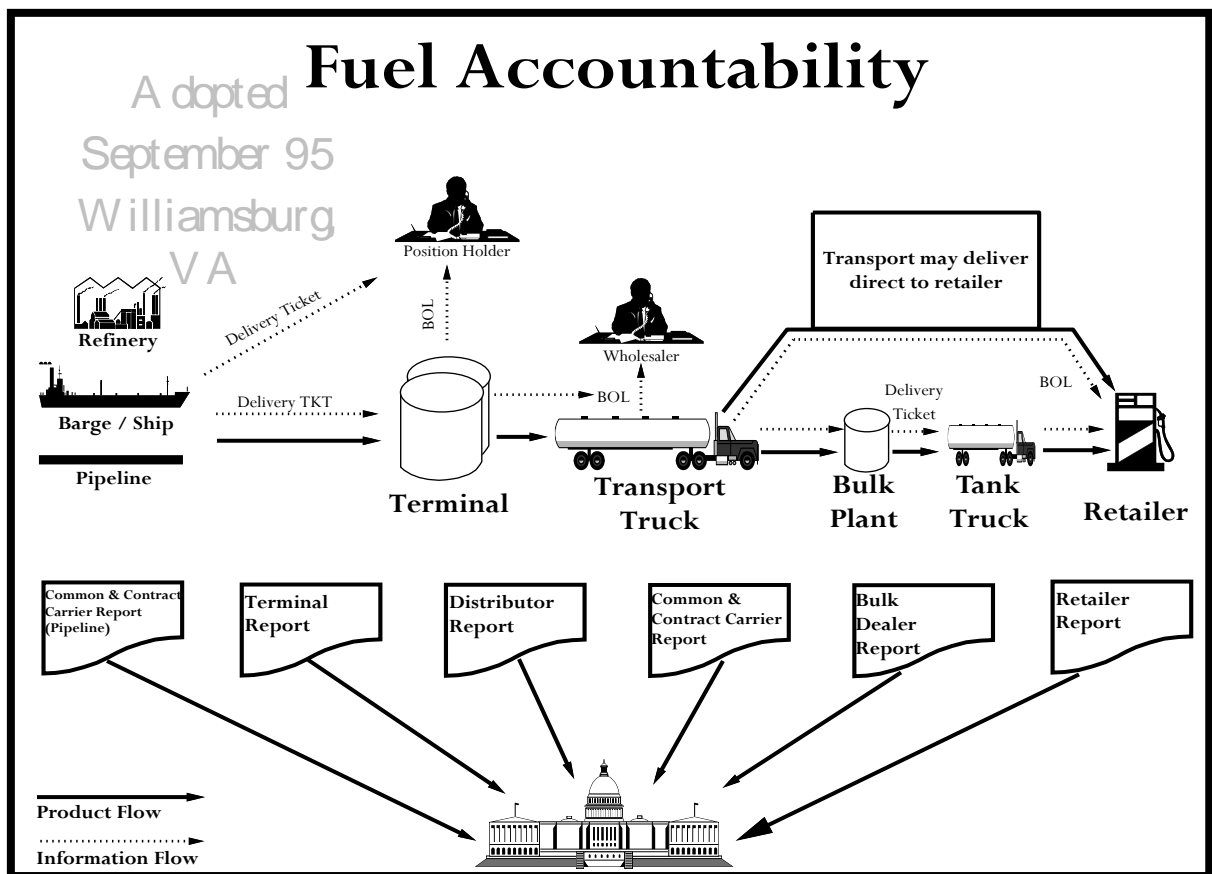
The paper reporting system illustrated in *Flowchart 2* provides for independent verification of reported schedules. *Flowchart 2* also indicates a method for checking the accuracy of reported numbers for each state. This verification process may require carriers who deliver bulk product into the terminal to file other uniform reports. The affected entities and related uniform forms include any of the following:

- |   |                                    |
|---|------------------------------------|
| •Terminal operator:                                 | Common and Contract Carrier Report |
| •Distributor who owns the terminal inventory:       | Distributor Report                 |
| •Carrier loading fuel at the terminal loading rack: | Common and Contract Carrier Report |
| •Bulk dealer:                                       | Bulk Dealer Report                 |
| •Retailer:  | Retailer Report                    |

Requiring the Terminal Report, Distributor Report, Retailer Report, Bulk Dealer Report and Common and Contract Carriers Report is the maximum amount of reporting. If a state required every entity above to file, most states would not be able to efficiently administer the enormous amount of data. States may not need all the reports to maintain an effective paper tracking system.

For example, a state may only need the Common and Contract Petroleum Product Carrier Report, Terminal Fuel Tax Report and Distributor Report to provide minimal fuel accountability. In fact, a state may find it feasible to require only the Common and Contract Petroleum Product Carrier Schedule to track cross-state border fuel movements.

**Flowchart 2**



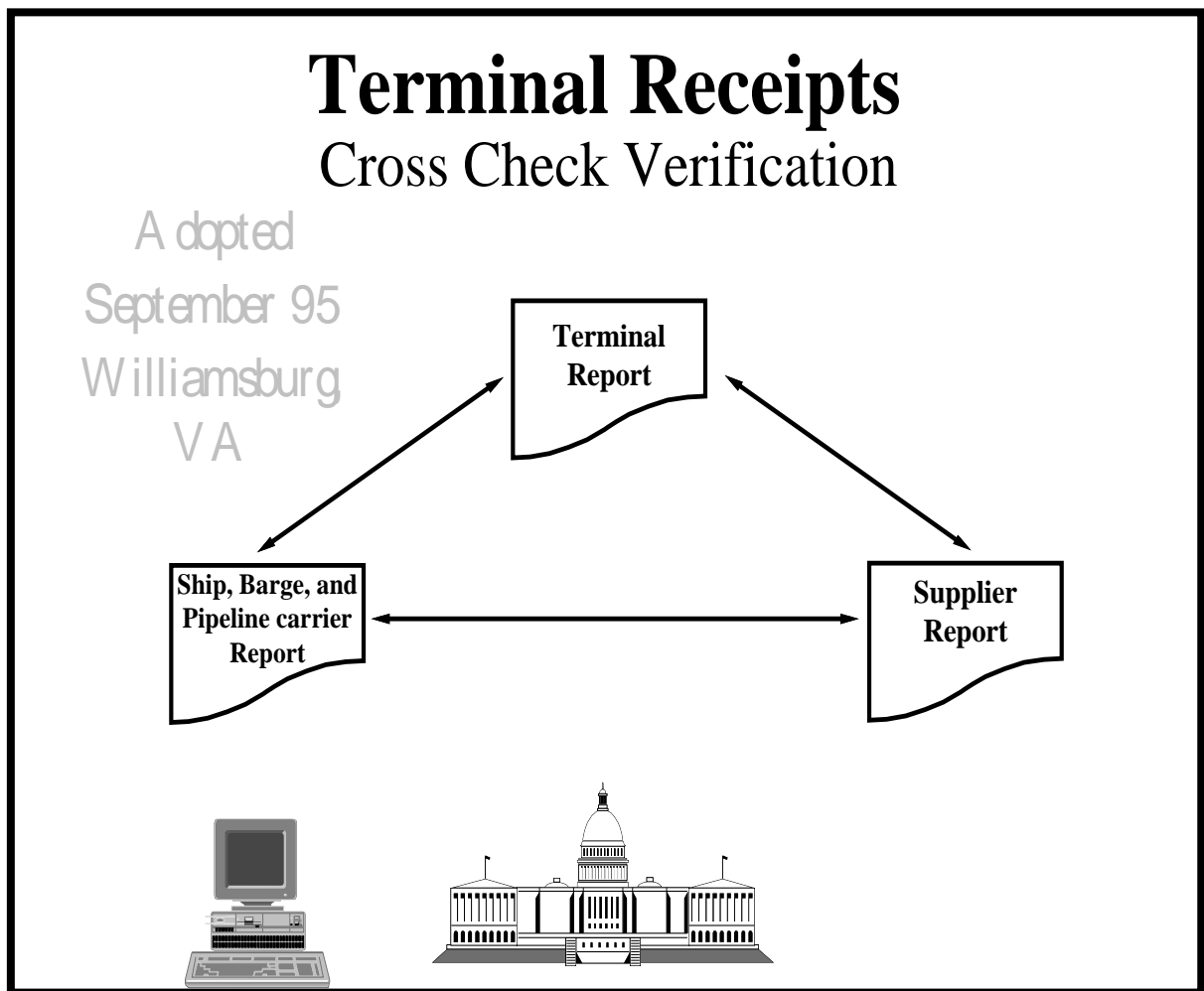
## Terminal Receipts Flowchart

*Flowchart 3* provides for independent verification of other bulk shipments of fuel received at a terminal. States may account for terminal receipts by requiring reporting by the following entities on specific uniform forms:

- Delivering carrier: Common and Contract Petroleum Products Carrier Report
  - Terminal operator: Terminal Report
  - Distributor: Distributor Report
- Supplier covers:
- Distributor
  - Other Terminals
  - Bulk Dealer

Retailer

### Flowchart 3



## Terminal Deliveries Flowchart

*Flowchart 4* provides for independent verification of removals from terminals. "Terminal removals" generally refers to removals at the truck loading rack. States may account for the removals at the terminal by requiring the following entities to file on specific uniform forms:

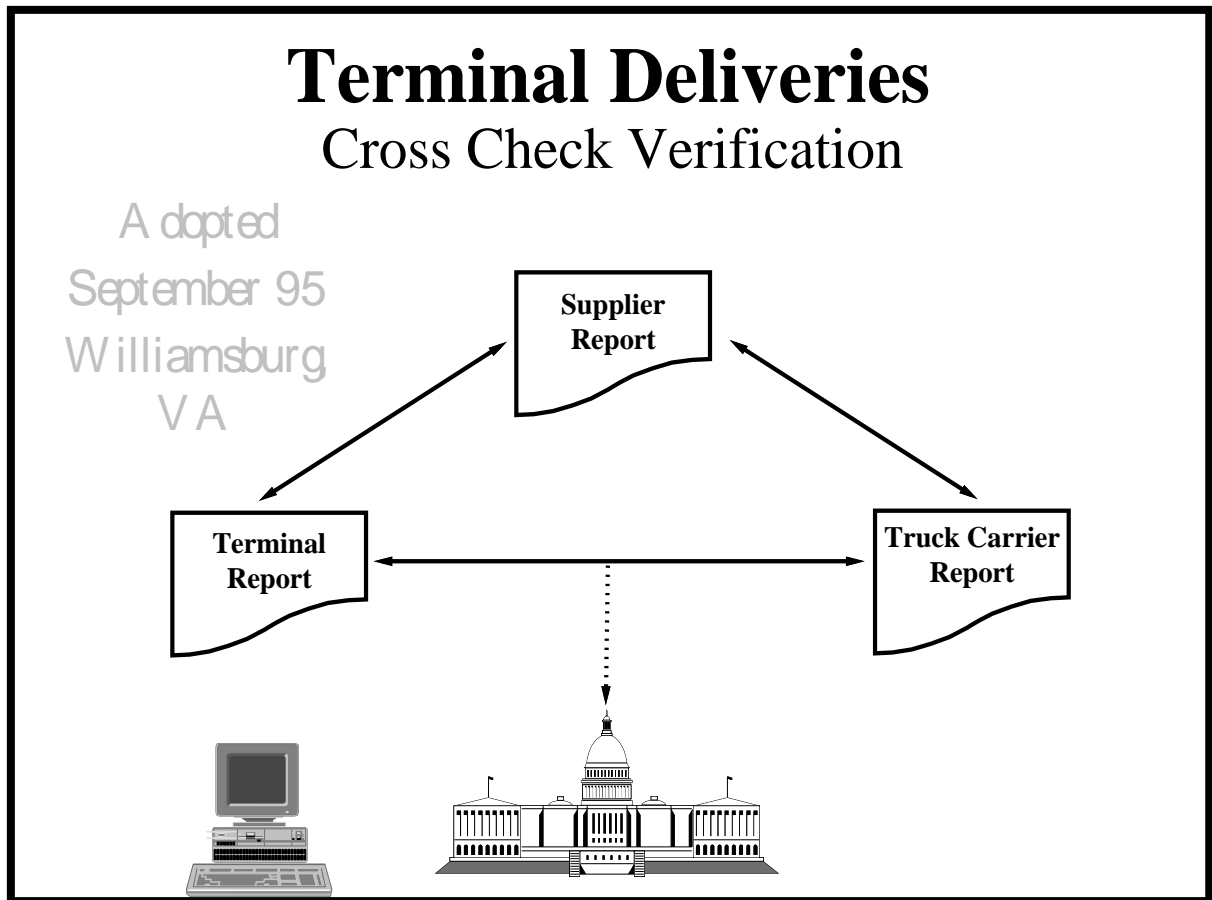
- Terminal operator: Terminal Report
- Distributor: Distributor Report
- Carrier: Common and Contract Petroleum Products Carrier Report

Supplier covers:

Distributor  
Other Terminals  
Bulk Dealer

Retailer

**Flowchart 4**



## **Point 6**

### **(Promoted by the Electronic Commerce Subcommittee)**

**Allow for uniform electronic reporting systems by adopting the FTA Motor Fuel Electronic Commerce Committee standards for all electronic data exchange.**

The Electronic Commerce Subcommittee facilitates and encourages all taxing jurisdictions - federal, state/ provincial and local and taxpayers alike, to comply with this point.

Over the past few years, the subcommittee has adopted the 813-transaction set of ANSI X12 as the standard for such reporting as well as the draft XML schema standard included in this guide. It has also incorporated into such standards the various codes adopted by the Uniformity Committee for reporting product type, entity identification, mode of transport and locations of points of origin and destination of fuel movements, as well as specific motor fuels tax information and amount. The mapping allows for a single data file transmission for Supplier or Distributor, Carrier, and Terminal Operator returns and detailed schedules.

The Electronic Commerce Subcommittee is the custodian of the TIA codes and the State co-chair is the contact person for anyone wishing to add to the list of approved codes.

Currently a number of states have plans for mandatory or voluntary electronic reporting programs for motor fuel taxes. Obviously, the more uniform the methods employed in such reporting, the better it is for all taxpayers and taxing jurisdictions involved. Besides making tax reporting more efficient, uniformity in methods and standards also facilitates the sharing of the detailed information contained in the tax reports among taxing jurisdictions, and it enables taxpayers to better respond to the taxing authority requirements for information.

The Electronic Commerce Subcommittee is also developing or has adopted the following uniform mapping for:

- Tax Information Exchange (exchange of information between tax authorities) - 826
- Tax Return Data Acknowledgment and Error Notification - 151

The Motor Fuel Tax Electronic Commerce Subcommittee recommends that state tax administrators adopt a standard Internet interface for motor fuel taxpayers. The standard interface is included in the North American Combined Reporting Methods X.12 and XML Electronic Data Exchange Implementation Guide.

## EDI Implementation Guidelines

### 1. Standard EDI Map (ANSI X.12 4030 format):

By using the Motor Fuel Uniformity Committee approved EDI map, States and taxpayers can leverage existing work instead of creating custom files to transmit tax data. Standard maps pre-define fields and data elements so they are well understood. In addition, States and companies can utilize vendor software to produce standard EDI files.

FYI – Once the uniform file is received, the state can choose to ignore certain data fields.

### 2. Testing Timeline:

-From notifying the taxpayer to go-live, allow 6 months to test and convert current process to EDI. This gives appropriate lead time to align resources, budgets, preparation and testing.

-Sample Data Test: Require 1 or 2 months of testing sample data. Be flexible as to what month and year the companies provide for testing. Due to development system limitations, only a limited amount of data may be available at any given time and it is very cumbersome to load data from prior month's actual transactions. The point of this portion of the test is to test the systems ability to process the file.

-Production Data Test: To ensure that EDI is accurate, the state could require both paper and EDI for 2 to 3 months in production.

-After Go Live, the paper and/or separate electronic submission via fax, email or web site of summary reports contained in the EDI submission should no longer be required.

### 3. Forms and Schedules:

It is recommended not to change forms or schedule codes at the same time you are moving to EDI. Moving from paper to EDI is more straight-forward when the forms/schedules remain the same. We recommend changing forms/codes in advance of EDI.

### 4. State Web Site"

If possible, the state's web site could provide the following:

-Allow companies to upload and process test and production files.

-Provide clear error messages and confirmation that a return was filed. Error messages should allow the filer to identify which records resulted in the error. Recommendations for confirmation information include the name of the file and date submitted.

-Validation/Pre-Check process: validate a file before submission to catch any data issues (i.e. invalid FEIN).

-Allow for multiple user logins by filer.

-Whether through FTP or web site login, EDI filing methods should attempt to use standard technology and settings to minimize the need for supplemental technology support.

-Contain contact information for problems using web site or filing return. EDI documentation contacts can get out of date.

FYI – Colorado has good pre-EDI validation process. See "EDI check" at:  
<https://www.cofts.com/goGuest.cfm>



5. Retroactive Filing:

Requiring companies to re-file paper returns as EDI is not a best or preferred practice. Once a return is filed with the state (paper or EDI), that return should serve as the source.

If a state expects they will be requiring the taxpayer to back file they need to disclose that fact up front, so that the taxpayer can prepare for it while testing. It shouldn't come as a surprise at the end of the certifications process.

States could also be asked to suspend the paper schedules in exchange for a company's agreement to back file the returns due during the test period.

6. EDI Implementation guides:

It is recommended that state's begin with FTA Electronic Commerce Guide in designing the state's guide; then submit that guide to the committee for review and approval. Once approved the state publishes their guide and advises industry allowing 6 months for testing and implementation.

Include comprehensive instructions that address both technical specifications and plain text descriptions. Include testing procedures/requirements, State contacts and any specific file name conventions. Also include schedule description details for determining appropriate schedule assignments as many times the taxpayer and state testers involved in implementing EDI are not experts with the particular returns.

## **FTA Motor Fuel Tax Uniformity Committee**

### **“Proposed” Best Practice**

### **Keeping Forms/Schedules Current**

### **with EDI Requirements**

#### **Goal:**

To create a suggested practice to benefit both States and Industry, regarding keeping forms and schedules current with States' EDI reporting requirements.

#### **Proposed Best Practices:**

As States implementing EDI move to uniform schedule codes for electronic reporting; it's proposed States also make corresponding changes to their forms to keep paper forms and schedules in sync with EDI requirements.

##### **Terminal reporting**

- When moving to EDI, older schedule codes 2A and 4A are placed with uniform schedule codes 15A and 15B
- Face forms will be updated to reference new schedule codes 15A and 15B
- Schedule forms will be updated to use new schedule codes 15A and 15B
- Schedule 15C will be removed as a supported form for those states moving to EDI – Terminal Operator Schedule of Inventories cannot be sent via EDI (inventory by position holder is not supported in the X12 map)

##### **Carrier reporting**

- When moving EDI, older schedule codes 1A, 2A, 3A are replaced with uniform schedule codes 14A, 14B, 14C
- Face forms will be updated to reference new schedule codes 14A, 14B, 14C
- Schedule forms will be updated to use new schedule codes 14A, 14B, 14C

##### **Schedules**

- Add any additional state-required fields in EDI (exchange position holder) to the paper schedule forms

#### **Points to Consider:**

Although taxpayers filing electronically no longer send paper forms to the taxing jurisdiction, industry analysts still need to view the forms to verify they are meeting filing requirements. Industry must also be able to verify their tax liability. Keeping paper forms in sync with EDI requirements facilitates understanding of reporting requirements by industry and facilitates reporting accurately to taxing jurisdictions.

**Electronic Commerce  
List of States that have EDI Guides that are  
“Substantially Compliant” to the  
FTA Uniform reporting standards**

The following implementation guides were reviewed by the FTA Uniformity Committee and identified as following the standards defined by the committee for electronic file formats. This review is for 4030 guides.

State	Guide Date	Guide Version	X12 Standards Version	FTA Approved Date
Arkansas	January 2000	06202000	3050	June 2000
California *	May 2003 July 2011	1 3	4030 4030	June 2004 July 2011
Colorado	October 2004	1.1	4030	July 2005
Florida	January 2003 September 2008	1 1.0	3070 4030	September 2004 January 2009
Iowa	September 2005	1.00	4030	March 2006
Kentucky	July 2007	1.0	4030	September 2007
Michigan	March 2003	1.0	4030	May 2003
Minnesota	October 2004	1.08	4030	April 2005
Mississippi	September 2005	1.0	4030	December 2005
Missouri	September 2002	1	4030	May 2003
Montana - 813	April 2004	1	4030	June 2004
Montana - 826	March 2004	1	4030	June 2004
Nebraska	July 2004	1	4030	October 2004
New Hampshire	March 2009	1	4030	May 2009
North Carolina	June 2005	1.0	4030	June 2005
North Dakota*	June 2004	1	4030	June 2004
South Carolina	September, 2003, Updates Feb 2006	1 2	4030 4030	September 2003 September 2006
South Dakota	November 2002	1	4030	May 2003
Wyoming	September 2003	1	4030	September 2003

**Footnotes:**

\*The California and North Dakota EDI guides were approved with minor differences from the FTA uniform guide. See state's guide for details on the minor differences.

State of Wisconsin no longer supports an EDI file format so the EDI guide has been removed from this list for 2012

## **Security Issue in Internet Based Motor Fuel Electronic Tax Filing**

### **File Transfer Protocol (FTP)**

File Transfer Protocol (FTP) has been a staple of data file transmission since the inception of the Internet. Today FTP plays an important role in government electronic filing applications.. FTP remains a popular choice for electronic filing due to its operating system independence, low cost, and ease of implementation. The startup costs for implementing FTP data exchange between government entities and trading partners are relatively low and the process is well documented.

Most computer operating systems contain built-in FTP functionality that programmers can utilize to develop scripted data file transfers. Additionally, the availability of free and commercial software to support managed FTP sessions simplifies data transfer allowing it to become a common clerical task. Once the trading partner relationship is established and account and directory configuration is completed most data exchange transactions can be completed using drag-and-drop functionality at the user desktop.

FTP is network independent. This flexibility allows government and business trading partners to leverage the same tools and techniques they use for internal platform data exchange with external customers.

FTP is a common method of moving data internally between corporate and government computing platforms. The ability to use FTP to seamlessly transfer data between operating systems has made it the preferred choice of Information Technology shops. Using batch files, IT organizations have used FTP to create multiplatform job-sets for unattended program execution. The ability to create these programs using the operating systems built-in FTP capabilities generates significant cost-savings for organizations versus having to use commercial data migration programs.

The most common medium for trading partner FTP exchange is via the Internet. This cost-effective connectivity only requires that government entities configure an Internet FTP server and that the trading partner have a connection to the Internet. Trading partner Internet access can be dedicated service or dial-up access through an Internet Service Provider. The bandwidth required for the electronic filing process is largely dictated by the size of the data files sent during the filing process.

Extranet networks also provide an ideal environment for utilizing FTP for the exchange of data. A significant drawback to FTP is that it provides no security during the electronic filing process. Many organizations have implemented encrypted networks to provide increased security for data exchange using FTP.

The adoption of FTP as a common mechanism for electronic filing has been greatly facilitated by security programs developed to protect data during the transmission process. FTP transmission over the Internet creates two distinct security concerns for electronic filing applications. The first concern is protecting the data file transmitted during the electronic filing process. The second concern is securing the trading partner login and directory mapping process that occurs prior to transmitting the data file. The common method for protecting data during the transmission process is encrypting the file prior to using FTP to send. Strategies for securing the login process vary from basic password management to establishing secure communications using Secure Socket Layer (SSL) encryption.

## Encryption

Encrypting the data prior to transmission has been the established standard for protection data during electronic filing. When combined with an aggressive strategy of capturing and moving data after transmissions, this security has proved effective in protecting trading partner data. The basic strategy is for government organizations and trading partners to exchange encryption keys allowing for the encrypting of the data. Once the data is transmitted, the government entity rapidly collects the data and moves it to a secure location. Since the log-in and directory mapping process is performed in clear text over the Internet, quickly moving the data files to a secure location reduces the likelihood that the data file may be retrieved by unauthorized entities. Since the data file is encrypted the value of the compromised data is questionable, but trading confidence in the process is improved. Additionally, FTP servers allowing the trading partners to frequently change their passwords also reduces the likelihood that data may be compromised.

For many years PGP (Pretty Good Protection) has been the established standard for encrypting data files prior to transmission using FTP. PGP provides an encryption algorithm that allows trading partners to exchange encryption keys to encrypt and decrypt data files. Established trading partner relationships using PGP to encrypt data remain a visible solution for the protection of valuable government and trading partner data.

To address the concern of account and directory mapping security, the use of SSL and Virtual Private Network (VPN) is gaining in popularity. Products offering SSL FTP are generally available. While providing an additional layer of security, SSL FTP products are more proprietary in nature. Most implementation require the trading partners to use the same product on the server and client platforms. Requiring trading partners to adopt a proprietary software product may represent a significant barrier to electronic filing. Over time, market forces may drive default standards for proprietary security architectures increasing the flexibility offered to government organizations and trading partners for securing FTP transactions.

The security of FTP for electronic filing is benefiting from the investment government organizations and their trading partners are making in Public Key Infrastructure (PKI). As government organizations establish PKI capabilities, trading partners will have a standard set of tools at their disposal to authenticate themselves and protect their data.

## Secured Transmission (SSL, HTTPS)

SSL is perhaps the most common way of providing encrypted transmission of data between web browsers and web servers. Built upon private key encryption technology, SSL provides data encryption, server authentication, message integrity, and client authentication for any TCP/IP connection.

Web server certificates have become the de facto standard for organizations to deliver online trust. Web server certificates are used to authenticate the identity of a website to visiting browsers. When a user wants to send confidential information to a web server, the browser will access the server's digital certificate. The certificate containing the web server's public key will be used by the browsers to authenticate the identity of the web server (the website) and encrypt information for the server using SSL technology. Since the web server is the only entity with access to its private key, only the server can decrypt the information. This is how the information remains confidential and tamper-proof while in transit across the Internet.

Some organizations use 40-bit encryption but many banks require 128-bit encryption for online banking because 40-bit encryption is considered to be relatively weak. 128-bit encryption is about 309 septillion times (309,485,000,000,000,000,000,000,000) stronger than 40-bit.

**Other Benefits:**

For the most part, as a developer, implementing SSL is easy. The code remains the same. All that changes is the web server that you serve your application from. When served from an SSL enabled server and directory, the browser and server will do all the work of encryption, no additional software is required.

The browser will even let the client know that they have moved into a secure transmission mode for you.

**Possible Issues:**

Users need to be aware that sending secure information (e.g., your credit card information) over an SSL connection does not ensure the integrity of the receiving organization. SSL/HTTPS only guarantees the data is secure while it is being transmitted from the Browser to the Web server or the Web server to the Browser. As an example, if you send credit card information across the internet via HTTPS it will be encrypted. Once it arrives on the server, it is decrypted. If the organization that receives the information saves it in its unencrypted form or makes it available to all their employees, obviously the risks increase.

Because all information going back and forth between the client and server is being put through an encryption process instead of being sent plain, the server and browser take longer to process this data. For this reason, many organizations will use SSL/HTTPS for only the pages that may contain sensitive data, while the other pages use HTTP without encryption for efficiency.

### **Recommended Naming Convention for States Sharing Export Information Electronically**

When electronically sending export information to neighboring states, the following naming convention is recommended to ensure other files are not overwritten:

SSXXXRSYYYYMM.txt

XXX = file type '826' = EDI file, 'XML' = XML Schema, or 'FFF' = flat file format

RS – Receiving state abbreviation

YYYY = 4-digit year of the transmission date

MM = 2-digit month of the transmission date

**Electronic Commerce  
Moving From a Paper Return to EDI**

On the following pages are examples of the paper returns for the Terminal Report, Distributor Fuel Tax Report and Common and Contract Petroleum Products Carrier Report translated to EDI.



## Terminal Operator Report Mapping Paper to EDI

Information maintained in or calculated by State system
Header Information section of FTA EDI X.12 Map
Report Information section of FTA EDI X.12 Map
Summary Information section of FTA EDI X.12 Map
Schedules section of FTA EDI X.12 Map
Trading Partner Agreement

### Terminal Operator's Report      State of XXXXXXXXXXXXXXXX

Month of: (CCYYMMDD) 20050131			
This information is mapped to the <b>Tax Filing Period</b> Date/Time Reference Segment. Specifically to the DTM02 element. See item bolded in the detail records below:			
DTM~194~ <b>20050131</b> \			
Name of Terminal: ABC Oil Company	Terminal Control Number: T99XX9991		Terminal Location:
See <b>Name Detail</b> Name Segment. Specifically the N102 element. See item bolded in the detail records below:	This information is mapped to the <b>Report Information</b> Tax Form Segment. Specifically to the TFS06 element. See item bolded in the detail records below:		
N1~TP~ <b>ABC Oil Company</b> \	TFS~T2~TOR~~~TC~ <b>T99XX9991</b> \		
Address 1: 123 Oil Drive	FEIN: 987654321		
	This information is mapped to the <b>Identify Tax Agency Information</b> Begin Tax Information Segment. Specifically to the BTI08 element. See item bolded in the detail records below:		
	BTI~T6~050~47~129999999~20010523~ABC*~24~ <b>987654321</b> ~49~D123456~~~00\		
Address 2:	License Number: D123456		
City: Anytown USA	State: XX	Zip Code: 55555-5555	This information is mapped to the <b>Identify Tax Agency Information</b> Begin Tax Information Segment. Specifically to the BTI10 element. See item bolded in the detail records below:
BTI~T6~050~47~129999999~20010523~ABC*~24~987654321~49~ <b>D123456</b> ~~~00\			

Terminal Reconciliation		Net Gallons
	Schedule No.	065 (Gasoline)
8. Beginning Inventory		100,000  This information is mapped to the <b>Physical Inventory by Product</b> Form Group Segment. Specifically to the FGS01 element. See item bolded in the following detail record: FGS~BI~PG~167\ and the <b>Inventory</b> Tax Information and Amount Segment. Specifically to the TIA05 element. See item bolded in the following detail record: TIA~5002~~~100000~GA\
9. Total Receipts	15A	400,000
10. Total Gallons Available		500,000
11. Total Disbursements	15B	340,000
12. Gallons Available (less disbursements)		160,000
13. Stock Gains & Losses		1,895  This information is mapped to the <b>Physical Inventory by Product</b> Form Group Segment. Specifically to the FGS01 element. See item bolded in the following detail record: FGS~GL~PG~167\ and the <b>Inventory</b> Tax Information and Amount Segment. Specifically to the TIA05 element. See item bolded in the following detail record: TIA~5002~~~1895~GA\
14. Actual Ending Inventory	15C	158,105  This information is mapped to the <b>Physical Inventory by Product</b> Form Group Segment. Specifically to the FGS01 element. See item bolded in the following detail record: FGS~EI~PG~167\ and the <b>Inventory</b> Tax Information and Amount Segment. Specifically to the TIA05 element. See item bolded in the following detail record: TIA~5002~~~158105~GA\

**CERTIFICATION**

I certify that I have read this report and all supporting documents; and know and understand their contents and that all information on both the report and supporting documents is true and accurate, and complete.

Authorized Representative's Name <i>(please print)</i> John J Doe		Title Owner
Authorized Representative's Signature John J Doe		Date 4/15/2005
Telephone Number (101) 999-2222	Fax Number (101) 999-2223	e-mail Address jjdoe@abcoil.com

## Terminal Operator Schedule of Receipts Mapping Paper to EDI

Information calculated by State system
Header Information section of FTA EDI X.12 813 Map
Report Information section of FTA EDI X.12 Map
Schedules section of FTA EDI X.12 813 Map

### Schedule 15A - Terminal Operator's Schedule of Receipts

Company Name:	License Number:	FEIN:	Schedule Type:	Tax Period CCYYMMDD:
ABC Oil Company	D123456	987654321	15A	20050131
See <b>Name Detail</b> Name Segment. Specifically the N102 element.	This information is mapped to the <b>Identify Tax Agency Information</b> Begin Tax Information Segment. Specifically to the BTI10 element.	This information is mapped to the <b>Identify Tax Agency Information</b> Begin Tax Information Segment. Specifically to the BTI08 element.	This information is mapped to the <b>Beginning of Schedule</b> Tax Form Segment. Specifically to the TFS02 element. See item bolded in the detail records below: <b>TFS~T3~15A~PG~167~94~J \</b>	This information is mapped to the <b>Tax Filing Period</b> Date/Time Reference Segment. Specifically to the DTM02 element.

Terminal Code Number: T99XX9991	Product Type (Circle One)		
	This information is mapped to the <b>Beginning of Schedule</b> Tax Form Segment. Specifically to the TFS04 element. See item bolded in the detail records below: <b>TFS~T3~15A~PG~167~94~J \</b>		
This information is mapped to the <b>Report Information</b> Tax Form Segment. Specifically to the TFS06 element.	065 Gasoline	130 Jet Fuel	226 High Sulfur Diesel Fuel-Dyed
	124 Gasohol	161 #1 Low Sulfur Diesel	227 Low Sulfur Diesel Fuel-Dyed
	125 Aviation Gasoline	<b>167</b> #2 Low Sulfur Diesel	___ Other (See Product Code List)

(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Position Holder	(5) Position Holder's FEIN	(6) Date Received	(7) Document Number	(8) Net Gallons
XYZ Carrier Co	234567890	J	J Doe Oil	456789012	01/5/05	999991	8,105
ABC Carrier Inc	345678901	B	J Doe Oil	456789012	01/15/05	999992	8,099
<b>Total:</b>							<b>16,204</b>

See the following pages for details on mapping between paper and EDI.

(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Position Holder	(5) Position Holder's FEIN	(6) Date Received	(7) Document Number	(8) Net Gallons
(1) <b>Carrier Name:</b> This information is mapped to the <b>Carrier Information</b> Name Segment. Specifically to the N102 element. See item bolded in the following detail record: N1~CA~XYZ <b>Carrier Co~24~234567890\</b>							
(2) <b>Carrier FEIN:</b> This information is mapped to the <b>Carrier Information</b> Name Segment. Specifically to the N104 element. See item bolded in the following detail record: N1~CA~XYZ Carrier Co~24~ <b>234567890\</b>							
(3) <b>Mode:</b> This information is mapped to the <b>Beginning of Schedule</b> Tax Form Segment. Specifically to the TFS06 element. See item bolded in the following detail record: TFS~T3~15A~PG~167~94~J\							
(4) <b>Position Holder:</b> This information is mapped to the <b>Position Holder Information</b> Name Segment. Specifically to the N102 element. See item bolded in the following detail record: N1~SE~J <b>Doe Oil~24~456789012\</b>							
(5) <b>Position Holder's FEIN:</b> This information is mapped to the <b>Position Holder Information</b> Name Segment. Specifically to the N104 element. See item bolded in the following detail record: N1~SE~J Doe Oil~24~ <b>456789012\</b>							
(6) <b>Date Received:</b> This information is mapped to the <b>Bill of Lading Date</b> Date/Time Reference Segment. Specifically to the DTM02 element. See item bolded in the following detail record: DTM~095~ <b>20050105\</b>							
(7) <b>Document Number:</b> This information is mapped to the <b>Bill of Lading</b> Forms Group Segment. Specifically to the FGS03 element. See item bolded in the following detail record: FGS~D~BM~ <b>999991\</b>							
(8) <b>Net Gallons:</b> This information is mapped to the <b>Bill of Lading Net</b> Tax Information and Amount Segment. Specifically to the TIA04 element. See item bolded in the following detail record: TIA~5005~~~ <b>8105~GA\</b>							

## Terminal Operator Schedule of Disbursements Mapping Paper to EDI

Information calculated by State system
Header Information section of FTA EDI X.12 813 Map
Report Information section of FTA EDI X.12 Map
Schedules section of FTA EDI X.12 813 Map

### Schedule 15B - Terminal Operator's Schedule of Disbursement

Company Name:	License Number:	FEIN:	Schedule Type:	Tax Period CCYYMMDD:
ABC Oil Company	D123456	987654321	15B	20050131
See <b>Name Detail</b> Name Segment. Specifically the N102 element.	This information is mapped to the <b>Identify Tax Agency Information</b> Begin Tax Information Segment. Specifically to the BT10 element.	This information is mapped to the <b>Identify Tax Agency Information</b> Begin Tax Information Segment. Specifically to the BT108 element.	This information is mapped to the <b>Beginning of Schedule</b> Tax Form Segment. Specifically to the TFS02 element. See item bolded in the detail records below:  TFS~T3~15B~PG~167~94~J \	This information is mapped to the <b>Tax Filing Period</b> Date/Time Reference Segment. Specifically to the DTM02 element.

Terminal Code Number: T99XX9991	Product Type (Circle One)			
	This information is mapped to the <b>Beginning of Schedule</b> Tax Form Segment. Specifically to the TFS04 element. See item bolded in the detail records below: TFS~T3~15B~PG~167~94~J \			
This information is mapped to the <b>Report Information</b> Tax Form Segment. Specifically to the TFS06 element.	065 Gasoline	130 Jet Fuel	226 High Sulfur Diesel Fuel-Dyed	
	124 Gasohol	161 Low Sulfur Diesel #1	227 Low Sulfur Diesel Fuel-Dyed	
	125 Aviation Gasoline	<b>167</b> Low Sulfur Diesel #2	___ Other (See Product Code List)	

(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Dest. State or TCN	(5) Position Holder	(6) Position Holder's FEIN	(7) Date Received	(8) Document Number	(9) Net Gallons	(10) Gross Gallons
XYZ Carrier Co	234567890	J	XX	J Doe Oil	456789012	01/5/05	999991	8,105	8,100
ABC Carrier Inc	345678901	B	XX	J Doe Oil	456789012	01/15/05	999992	8,099	8,050
<b>Total:</b>								<b>16,204</b>	<b>16,150</b>

See the following pages for details on mapping between paper and EDI.

(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4) Dest. State or TCN	(5) Position Holder	(6) Position Holder's FEIN	(7) Date Received	(8) Document Number	(9) Net Gallons	(10) Gross Gallons
(1) <b>Carrier Name:</b> This information is mapped to the <b>Carrier Information</b> Name Segment. Specifically to the N102 element. See item bolded in the following detail record: N1~CA~XYZ <b>Carrier Co</b> ~24~234567890\									
(2) <b>Carrier FEIN:</b> This information is mapped to the <b>Carrier Information</b> Name Segment. Specifically to the N104 element. See item bolded in the following detail record: N1~CA~XYZ Carrier Co~24~ <b>234567890</b> \									
(3) <b>Mode:</b> This information is mapped to the <b>Beginning of Schedule</b> Tax Form Segment. Specifically to the TFS06 element. See item bolded in the following detail record: TFS~T3~15B~PG~167~94~ <b>J</b> \									
(4) <b>Destination State or TCN:</b> If the information reported was from a Destination State, the information is mapped to the <b>Option 2 Point of Destination</b> Name Segment. Specifically to the N102 element. See item bolded in the following detail record: N1~ST~ <b>XX</b> \									
or									
If the information reported was from a Destination TCN, the information is mapped to the <b>Option 1 Point of Destination</b> Name Segment. Specifically to the N104 element. See item bolded in the following detail record: N1~DT~~TC~ <b>T99XX9999</b> \									
(5) <b>Position Holder:</b> This information is mapped to the <b>Position Holder Information</b> Name Segment. Specifically to the N102 element. See item bolded in the following detail record: N1~SE~ <b>J Doe Oil</b> ~24~456789012\									
(6) <b>Position Holder's FEIN:</b> This information is mapped to the <b>Position Holder Information</b> Name Segment. Specifically to the N104 element. See item bolded in the following detail record: N1~SE~J Doe Oil~24~ <b>456789012</b> \									
(7) <b>Date Received:</b> This information is mapped to the <b>Bill of Lading Date</b> Date/Time Reference Segment. Specifically to the DTM02 element. See item bolded in the following detail record: DTM~095~ <b>20050105</b> \									
(8) <b>Document Number:</b> This information is mapped to the <b>Bill of Lading</b> Forms Group Segment. Specifically to the FGS03 element. See item bolded in the following detail record: FGS~D~BM~ <b>999991</b> \									
(9) <b>Net Gallons:</b> This information is mapped to the <b>Bill of Lading Net</b> Tax Information and Amount Segment. Specifically to the TIA04 element. See item bolded in the following detail record: TIA~5005~~~ <b>8105</b> ~GA\									
(10) <b>Gross Gallons:</b> This information is mapped to the <b>Bill of Lading Gross</b> Tax Information and Amount Segment. Specifically to the TIA04 element. See item bolded in the following detail record: TIA~5006~~~ <b>8100</b> ~GA\									

## Terminal Operator Schedule of Inventories Mapping Paper to EDI

Information calculated by State system
Header Information section of FTA EDI X.12 813 Map
Report Information section of FTA EDI X.12 Map
Not currently represented in EDI Map

### Schedule 15C - Terminal Operator's Schedule of Inventories

Company Name:	License Number:	FEIN:	Schedule Type:	Tax Period CCYYMMDD:
ABC Oil Company	D123456	987654321	15C	20050131
See <b>Name Detail</b> Name Segment. Specifically the N102 element.	This information is mapped to the <b>Identify Tax Agency Information</b> Begin Tax Information Segment. Specifically to the BT110 element.	This information is mapped to the <b>Identify Tax Agency Information</b> Begin Tax Information Segment. Specifically to the BT108 element.	<b>This information is not mapped. The schedule is derived from the TOR return loop. This loop carries inventory information.</b>	This information is mapped to the <b>Tax Filing Period</b> Date/Time Reference Segment. Specifically to the DTM02 element.

Terminal Code Number: T99XX9991	Product Type (Circle One)		
	This information is mapped to the <b>Report Information</b> Form Group Segment. Specifically to the FGS03 element. See item bolded in the detail records below:		
	FGS~EI~PG~167\		
This information is mapped to the <b>Report Information</b> Tax Form Segment. Specifically to the TFS06 element. See item bolded in the detail records below:	065 Gasoline	130 Jet Fuel	226 High Sulfur Diesel Fuel-Dyed
	124 Gasohol	161 Low Sulfur Diesel #1	227 Low Sulfur Diesel Fuel-Dyed
	125 Aviation Gasoline	<b>167</b> Low Sulfur Diesel #2	Other (See Product Code List)
TFS~T2~TOR~~~TC~ <b>T99XX9991</b> \			

(1) Position Holder Name	(2) Position Holder FEIN	(3) Beginning Inventory	(4) Total Receipts	(5) Total Disbursements	(6) Gain (Loss)	(7) Ending Inventory
This information is current not included in the FTA EDI mapping but is on FTA paper forms. The Forms and EC Committees are currently working on this issue.		100,000	400,000	340,000	1,895	158,105
		200,000	300,000	225,000	(3,099)	278,099
Total:						200,000

See the following pages for details on mapping between paper and EDI.

(1) Beginning Inventory	(2) Total Receipts	(3) Total Disbursements	(4) Gain (Loss)	(5) Ending Inventory
<b>(1) Beginning Inventory:</b> This information is mapped to the <b>Physical Inventory by Product</b> Form Group Segment. Specifically to the FGS01 element. See item bolded in the following detail record: FGS- <b>BI</b> -PG~167\ and the <b>Inventory</b> Tax Information and Amount Segment. Specifically to the TIA05 element. See item bolded in the following detail record: TIA~5002~~~100000~GA\				
<b>(4) Gain/(Loss):</b> This information is mapped to the <b>Physical Inventory by Product</b> Form Group Segment. Specifically to the FGS01 element. See item bolded in the following detail record: FGS- <b>GL</b> -PG~167\ and the <b>Inventory</b> Tax Information and Amount Segment. Specifically to the TIA05 element. See item bolded in the following detail record: TIA~5002~~~1895~GA\				
<b>(5) Ending Inventory:</b> This information is mapped to the <b>Physical Inventory by Product</b> Form Group Segment. Specifically to the FGS01 element. See item bolded in the following detail record: FGS- <b>EI</b> -PG~167\ and the <b>Inventory</b> Tax Information and Amount Segment. Specifically to the TIA05 element. See item bolded in the following detail record: TIA~5002~~~158105~GA\				



## Distributor Fuel Tax Report Mapping Paper to EDI

Information maintained in or calculated by State system
Header Information section of FTA EDI X.12 Map
Report Information section of FTA EDI X.12 Map
Summary Information section of FTA EDI X.12 Map
Schedules section of FTA EDI X.12 Map
Trading Partner Agreement

## Distributor's Fuel Tax Report

State of XXXXXXXXXXXXXXXX

			Month of: (CCYYMMDD) 20050131
			This information is mapped to the <b>Tax Filing Period</b> Date/Time Reference Segment. Specifically to the DTM02 element. See item bolded in the detail records below:
			DTM~194~ <b>20050131</b> \
Name: ABC Oil Company			License Number: D123456
See <b>Name Detail</b> Name Segment. Specifically the N102 element. See item bolded in the detail records below:			This information is mapped to the <b>Identify Tax Agency Information</b> Begin Tax Information Segment. Specifically to the BTI10 element. See item bolded in the detail records below:
N1~TP~ <b>ABC Oil Company</b> \			BTI~T6~050~47~129999999~20010523~ABC*~24~987654321~49~ <b>D123456</b> ~~~00\
Address 1: 123 Oil Drive			FEIN: 987654321
			This information is mapped to the <b>Identify Tax Agency Information</b> Begin Tax Information Segment. Specifically to the BTI08 element. See item bolded in the detail records below:
			BTI~T6~050~47~129999999~20010523~ABC*~24~ <b>987654321</b> ~49~D123456~~~00\
Address 2:			
City: Anytown USA	State: XX	Zip Code: 55555- 5555	

	Gasoline	Gasohol	Diesel (167)
			<p>This information is mapped to the <b>Physical Inventory by Product</b> Form Group Segment. Specifically to the FGS03 element. See item bolded in the detail records below:</p> <p>FGS~EI~PG~167\</p>
1. <b>Beginning Physical Inventory:</b> (Is last month's ending inventory.)			25,200
2. <b>Receipts:</b> (From line 6, Section I on back of return)			16,204
3. <b>Product Available:</b> (Line 1 plus Line 2)			41,404
4. <b>Disbursements:</b> (From line 7, Section II on back of return)	(       )	(       )	
5. <b>Transfers Plus or (Minus):</b> (From one product to another)			25
6. <b>Book Inventory:</b> (Lines 3 minus the Sum of Lines 3 and Line 4)			25,225
			24,950
7. <b>Ending Physical Inventory:</b> (Must agree with actual ending inventory.)			<p>This information is mapped to the <b>Inventory Tax</b> Information and Amount Segment. Specifically to the TIA04 element. See item bolded in the detail records below:</p> <p>TIA~5002~~~24950~GA\</p>
8. <b>Gain or (Loss):</b> (Line 7 minus Line 6 - Attach explanation)			
9. <b>Gross Taxable Gallons:</b>			16,204
10. <b>LESS: Tax-Paid Purchases:</b>			0
11. <b>Net Taxable Gallons:</b>			16,204
12. <b>Less Handling Allowance</b>	(       )	(       )	
13. <b>Total Tax Due:</b>			
14. <b>ADD: Interest for late payment at ____% per month</b>	15.25		
This information is mapped to the <b>Information Tax</b> Information and Amount Segment. Specifically to the TIA01 element. See item bolded in the detail records below:	This information is mapped to the <b>Information Tax</b> Information and Amount Segment. Specifically to the TIA02 element. See item bolded in the detail records below:		
TIA~5008~1525\	TIA~5008~1525\		

<b>15. ADD: Penalty for late Payment at ____%:</b>	<b>30.50</b>
This information is mapped to the <b>Information</b> Tax Information and Amount Segment. Specifically to the TIA01 element. See item bolded in the detail records below:	This information is mapped to the <b>Information</b> Tax Information and Amount Segment. Specifically to the TIA02 element. See item bolded in the detail records below:
TIA~ <b>5009</b> ~3050\	TIA~5009~ <b>3050</b> \
<b>16. Total Due</b>	This information is mapped to the <b>Total Due</b> Tax Information and Amount Segment. Specifically to the TIA02 element. See item bolded in the detail records below: TIA~5003~ <b>157075</b> \

**CERTIFICATION**

I certify that I have read this report and all supporting documents; and know and understand their contents and that all information on both the report and supporting documents is true and accurate, and complete.

Authorized Representative's Name <i>(please print)</i>		Title
John J Doe		Owner
Authorized Representative's Signature		Date
John J Doe		4/15/2005
Telephone Number	Fax Number	e-mail Address
(101) 999-2222	(101) 999-2223	jjdoe@abcoil.com

**Section I – Receipts:** (See instructions)

	From Schedule	Gasoline	Gasohol	Diesel
				This information is mapped to the <b><i>Beginning of Summary Information</i></b> Tax Form Segment. Specifically to the TFS04 element. See item bolded in the detail records below:
				Not reported in EDI file because zero gallons
<b>1. In-state refinery production:</b>				<b>0</b>
This information is mapped to the <b><i>Information</i></b> Tax Information and Amount Segment. Specifically to the TIA04 element. See item bolded in the detail records below:				This information is mapped to the <b><i>Information</i></b> Tax Information and Amount Segment. Specifically to the TIA02 element. See item bolded in the detail records below:
Not reported in EDI file because zero gallons				Not reported in EDI file because zero gallons
<b>2. Gallons Received (state) tax-paid:</b>	<b>1</b>			
<b>3. Gallons received from licensed distributors tax-unpaid:</b>	<b>2</b>			<b>16,204</b>
<b>4. Gallons imported direct to customer:</b>	<b>3</b>			
<b>5. Gallons imported into tax-free storage:</b>	<b>4</b>			
<b>6. Total Receipts:</b> (total lines 1 through 5) (Transfer to line 2 on front of return)				<b>16,204</b>

**Section II – Disbursements:** (See instructions)

	From Schedule	Gasoline	Gasohol	Diesel
<b>1. Gallons delivered tax collected:</b>	<b>5</b>			<b>16,204</b>
<b>2. Gallons delivered to licensed distributors tax not collected:</b>	<b>6</b>			
<b>3. Gallons exported:</b>	<b>7</b>			
<b>4. Gallons delivered to U.S. Government tax-exempt:</b>	<b>8</b>			
<b>5. Gallons delivered to state and local government tax-exempt:</b>	<b>9</b>			
<b>6. Gallons delivered to other tax-exempt entities:</b>	<b>10</b>			
<b>7. Total Disbursements:</b> (total lines 1 through 6) (Transfer to line 3 on front of return)				<b>16,204</b>

## Distributor Schedule of Receipts Mapping Paper to EDI

Information calculated by State system
Header Information section of FTA EDI X.12 813 Map
Schedules section of FTA EDI X.12 813 Map

### Distributor's Schedule of Receipts

Company Name:	License Number:	FEIN:	Schedule Type:	Tax Period CCYYMMDD:
ABC Oil Company	D123456	987654321	2	20050131
See <b>Name Detail</b> Name Segment. Specifically the N102 element.	This information is mapped to the <b>Identify Tax Agency Information</b> Begin Tax Information Segment. Specifically to the BTI10 element.	This information is mapped to the <b>Identify Tax Agency Information</b> Begin Tax Information Segment. Specifically to the BTI08 element.	This information is mapped to the <b>Beginning of Schedule</b> Tax Form Segment. Specifically to the TFS02 element. See item bolded in the detail records below: <b>TFS~T3~2~PG~167~94~J \</b>	This information is mapped to the <b>Tax Filing Period</b> Date/Time Reference Segment. Specifically to the DTM02 element.

Schedule Type

Product Type (Circle One)

This information is mapped to the <b>Beginning of Schedule</b> Tax Form Segment. Specifically to the TFS04 element. See item bolded in the detail records below: <b>TFS~T3~2~PG~167~94~J \</b>
---

1. Gallons received tax-paid	065	Gasoline	130	Jet Fuel	226	High Sulfur Diesel Fuel-Dyed
2. Gallons received from licensed motor fuel distributor tax-unpaid	124	Gasohol	161	Low Sulfur Diesel #1	227	Low Sulfur Diesel Fuel-Dyed
3. Gallons imported from another state direct to customer	125	Aviation Gasoline	<b>167</b>	Low Sulfur Diesel #2	___	Other (See Product Code List)
4. Gallons imported from another state into tax-free storage						

(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4)		(5) Acquired From (Seller's Name)	(6) Seller's FEIN	(7) Date Received	(8) Document Number	(9) Net Gallons	(10) Gross Gallons	(11) Billed Gallons
			Origin TCN or State	Dest State or TCN							
XYZ Carrier Co	234567890	J	T99XX9991	XX	J Doe Oil	456789012	01/5/05	999991	8,105	8,100	8,100
ABC Carrier Inc	345678901	B	T99XX9992	XX	J Doe Oil	456789012	01/15/05	999992	8,099	8,080	8,080
Total:									16,204	16,180	16,180

See the following pages for details on mapping between paper and EDI.

(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4)		(5) Acquired From	(6) Seller's FEIN	(7) Date Received	(8) Document Number	(9) Net Gallons	(10) Gross Gallons	(11) Billed Gallons
			Original TCN or State	Dest State or TCN							
(1) <b>Carrier Name:</b> This information is mapped to the <b>Carrier Information</b> Name Segment. Specifically to the N102 element. See item bolded in the following detail record: N1~CA~XYZ <b>Carrier Co~24~234567890\</b>											
(2) <b>Carrier FEIN:</b> This information is mapped to the <b>Carrier Information</b> Name Segment. Specifically to the N104 element. See item bolded in the following detail record: N1~CA~XYZ Carrier Co~24~ <b>234567890\</b>											
(3) <b>Mode:</b> This information is mapped to the <b>Beginning of Schedule</b> Tax Form Segment. Specifically to the TFS06 element. See item bolded in the following detail record: TFS~T3~2~PG~167~94~ <b>J\</b>											
(4 a) <b>Original TCN or State:</b> If the information reported was from an Origin TCN, the information is mapped to the <b>Option 1 Point of Origin</b> Name Segment. Specifically to the N104 element. See item bolded in the following detail record: N1~OT~~TC~ <b>T99XX9991\</b>  or  If the information reported was from an Origin State, the information is mapped to the <b>Option 2 Point of Origin</b> Name Segment. Specifically to the N102 element. See item bolded in the following detail record: N1~SF~ <b>XX\</b>											
(4 b) <b>Destination State or TCN:</b> If the information reported was from a Destination State, the information is mapped to the <b>Option 2 Point of Destination</b> Name Segment. Specifically to the N102 element. See item bolded in the following detail record: N1~ST~ <b>XX\</b>  or  If the information reported was from a Destination TCN, the information is mapped to the <b>Option 1 Point of Destination</b> Name Segment. Specifically to the N104 element. See item bolded in the following detail record: N1~DT~~TC~ <b>T99XX9991\</b>											
(5) <b>Acquired From (Seller Name):</b> This information is mapped to the <b>Seller Information</b> Name Segment. Specifically to the N102 element. See item bolded in the following detail record: N1~SE~ <b>J Doe Oil~24~456789012\</b>											
(6) <b>Seller's FEIN:</b> This information is mapped to the <b>Seller Information</b> Name Segment. Specifically to the N104 element. See item bolded in the following detail record: N1~SE~J Doe Oil~24~ <b>456789012\</b>											
(7) <b>Date Received:</b> This information is mapped to the <b>Bill of Lading Date</b> Date/Time Reference Segment. Specifically to the DTM02 element. See item bolded in the following detail record: DTM~095~ <b>20050105\</b>											
(8) <b>Document Number:</b> This information is mapped to the <b>Bill of Lading</b> Forms Group Segment. Specifically to the FGS03 element. See item bolded in the following detail record: FGS~D~BM~ <b>999991\</b>											
(9) <b>Net Gallons:</b> This information is mapped to the <b>Bill of Lading Net</b> Tax Information and Amount Segment. Specifically to the TIA04 element. See item bolded in the following detail record: TIA~5005~~~ <b>8105~GA\</b>											
(10) <b>Gross Gallons:</b> This information is mapped to the <b>Bill of Lading Gross</b> Tax Information and Amount Segment. Specifically to the TIA04 element. See item bolded in the following detail record: TIA~5006~~~ <b>8100~GA\</b>											
(11) <b>Billed Gallons:</b> This information is mapped to the <b>Bill of Lading Billed</b> Tax Information and Amount Segment. Specifically to the TIA04 element. See item bolded in the following detail record: TIA~5007~~~ <b>8100~GA\</b>											

## Distributor Schedule of Disbursements Mapping Paper to EDI

Information calculated by State system
Header Information section of FTA EDI X.12 813 Map
Schedules section of FTA EDI X.12 813 Map

### Distributor's Schedule of Disbursements

Company Name:	License Number:	FEIN:	Schedule Type:	Tax Period CCYYMMDD:
ABC Oil Company	D123456	987654321	5	20050131
See <b>Name Detail</b> Name Segment. Specifically the N102 element.	This information is mapped to the <b>Identify Tax Agency Information</b> Begin Tax Information Segment. Specifically to the BTI10 element.	This information is mapped to the <b>Identify Tax Agency Information</b> Begin Tax Information Segment. Specifically to the BTI08 element.	This information is mapped to the <b>Beginning of Schedule</b> Tax Form Segment. Specifically to the TFS02 element. See item bolded in the detail records below:  TFS~T3~5~PG~167~94~J \	This information is mapped to the <b>Tax Filing Period</b> Date/Time Reference Segment. Specifically to the DTM02 element.

Schedule Type	Product Type (Circle One)	
	This information is mapped to the <b>Beginning of Schedule</b> Tax Form Segment. Specifically to the TFS04 element. See item bolded in the detail records below: TFS~T3~5~PG~167~94~J \	
5. Gallons delivered tax collected	065 Gasoline	130 Jet Fuel
6. Gallons delivered to licensed motor fuel distributor tax not collected	124 Gasohol	161 Low Sulfur Diesel #1
7. Gallons exported to State of _____	125 Aviation Gasoline	167 Low Sulfur Diesel #2
8. Gallons delivered to U.S. Government tax-exempt		226 High Sulfur Diesel Fuel-Dyed
9. Gallons delivered to State and local government tax-exempt		227 Low Sulfur Diesel Fuel-Dyed
10. Gallons delivered to other tax-exempt entities		___ Other (See Product Code List)

(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4)		(5) Sold To (Purchaser's Name)	(6) Purchaser's FEIN	(7) Date Received	(8) Document Number	(9) Net Gallons	(10) Gross Gallons	(11) Billed Gallons
			Origin TCN or State	Dest State or TCN							
XYZ Carrier Co	234567890	J	XX	XX	K Doe Oil	456789014	01/5/05	999991	8,105	8,100	8,100
ABC Carrier Inc	345678901	B	XX	XX	K Doe Oil	456789014	01/15/05	999992	8,099	8,080	8,080
<b>Total:</b>									<b>16,204</b>	<b>16,180</b>	<b>16,180</b>

See the following pages for details on mapping between paper and EDI.

(1) Carrier Name	(2) Carrier FEIN	(3) Mode	(4)		(5) Sold To (Purchaser 's Name)	(6) Purchaser's FEIN	(7) Date Received	(8) Document Number	(9) Net Gallons	(10) Gross Gallons	(11) Billed Gallons
			Origin TCN or State	Dest State or TCN							
<b>(1) Carrier Name:</b> This information is mapped to the <b>Carrier Information</b> Name Segment. Specifically to the N102 element. See item bolded in the following detail record: N1~CA~XYZ <b>Carrier Co</b> ~24~234567890\											
<b>(2) Carrier FEIN:</b> This information is mapped to the <b>Carrier Information</b> Name Segment. Specifically to the N104 element. See item bolded in the following detail record: N1~CA~XYZ Carrier Co~24~ <b>234567890</b> \											
<b>(3) Mode:</b> This information is mapped to the <b>Beginning of Schedule</b> Tax Form Segment. Specifically to the TFS06 element. See item bolded in the following detail record: TFS~T3~5~PG~167~94~J\											
<b>(4 a) Original TCN or State:</b> If the information reported was from an Origin State, the information is mapped to the <b>Option 2 Point of Origin</b> Name Segment. Specifically to the N102 element. See item bolded in the following detail record: N1~SF~ <b>XX</b> \											
or											
If the information reported was from an Origin TCN, the information is mapped to the <b>Option 1 Point of Origin</b> Name Segment. Specifically to the N104 element. See item bolded in the following detail record: N1~OT~~TC~ <b>T99XX9991</b> \											
<b>(4 b) Destination State or TCN:</b> If the information reported was from a Destination State, the information is mapped to the <b>Option 2 Point of Destination</b> Name Segment. Specifically to the N102 element. See item bolded in the following detail record: N1~ST~ <b>XX</b> \											
or											
If the information reported was from a Destination TCN, the information is mapped to the <b>Option 1 Point of Destination</b> Name Segment. Specifically to the N104 element. See item bolded in the following detail record: N1~DT~~TC~ <b>T99XX9999</b> \											
<b>(5) Acquired From (Seller Name):</b> This information is mapped to the <b>Buyer/Consignee Information</b> Name Segment. Specifically to the N102 element. See item bolded in the following detail record: N1~BY~K <b>Doe Oil</b> ~24~456789014\											
<b>(6) Seller's FEIN:</b> This information is mapped to the <b>Buyer/Consignee Information</b> Name Segment. Specifically to the N104 element. See item bolded in the following detail record: N1~BY~K Doe Oil~24~ <b>456789014</b> \											
<b>(7) Date Received:</b> This information is mapped to the <b>Bill of Lading Date</b> Date/Time Reference Segment. Specifically to the DTM02 element. See item bolded in the following detail record: DTM~095~ <b>20050105</b> \											
<b>(8) Document Number:</b> This information is mapped to the <b>Bill of Lading</b> Forms Group Segment. Specifically to the FGS03 element. See item bolded in the following detail record: FGS~D~BM~ <b>999991</b> \											
<b>(9) Net Gallons:</b> This information is mapped to the <b>Bill of Lading Net</b> Tax Information and Amount Segment. Specifically to the TIA04 element. See item bolded in the following detail record: TIA~5005~~~ <b>8105</b> ~GA\											
<b>(10) Gross Gallons:</b> This information is mapped to the <b>Bill of Lading Gross</b> Tax Information and Amount Segment. Specifically to the TIA04 element. See item bolded in the following detail record: TIA~5006~~~ <b>8100</b> ~GA\											
<b>(11) Billed Gallons:</b> This information is mapped to the <b>Bill of Lading Billed</b> Tax Information and Amount Segment. Specifically to the TIA04 element. See item bolded in the following detail record: TIA~5007~~~ <b>8100</b> ~GA\											



Schedule Detail Section Example:

Information Reported on Return
Information Not Reported on Return

TFS~T3~5~PG~167~94~J\
REF~SU~IRS~~S0^XX^S0^YY\
REF~55~0001234\
N1~SF~XX\
N1~CA~XYZ Carrier Co~24~234567890\
N1~BY~K Doe Oil~24~456789014\
N1~ST~XX\
FGS~D~BM~999991\
REF~55~0004567\
DTM~095~20050105\
TIA~5005~~~8105~GA\
TIA~5006~~~8100~GA\
TIA~5007~~~8100~GA\

TFS~T3~5~PG~167~94~J\
REF~SU~IRS~~S0^XX^S0^YY\
REF~55~0001234\
N1~SF~XX\
N1~CA~ABC Carrier Inc~24~345678901\
N1~BY~K Doe Oil~24~456789014\
N1~ST~XX\
FGS~D~BM~999992\
REF~55~0004567\
DTM~095~20050115\
TIA~5005~~~8099~GA\
TIA~5006~~~8080~GA\
TIA~5007~~~8080~GA\

## Common and Contract Petroleum Products Carrier Report Mapping Paper to EDI

Information maintained in or calculated by State system
Header Information section of FTA EDI X.12 Map
Report Information section of FTA EDI X.12 Map
Summary Information section of FTA EDI X.12 Map
Schedules section of FTA EDI X.12 Map
Trading Partner Agreement

### Common and Contract Petroleum Products Carrier Report      State of XXXXXXXXXXXXXXXX

Month of: (CCYYMMDD) <div style="text-align: right;">20050131</div>		
This information is mapped to the <b>Tax Filing Period</b> Date/Time Reference Segment. Specifically to the DTM02 element. See item bolded in the detail records below:		
DTM~194~ <b>20050131</b> \		
Name: XYZ Carrier Company		
See <b>Name Detail</b> Name Segment. Specifically the N102 element. See item bolded in the detail records below:		
N1~TP~XYZ Carrier Company\		
Address 1: <div style="text-align: center;">123 Oil Drive</div>		FEIN: <div style="text-align: center;">987654321</div>
		This information is mapped to the <b>Identify Tax Agency Information</b> Begin Tax Information Segment. Specifically to the BTI08 element. See item bolded in the detail records below:
		BTI~T6~050~47~129999999~20010523~ABC*~24~ <b>987654321</b> ~49~D123456~~~00\
Address 2:		License Number: <div style="text-align: center;">D123456</div>
City: <div style="text-align: center;">Anytown USA</div>	State: <div style="text-align: center;">XX</div>	Zip Code: <div style="text-align: center;">55555-5555</div>
		This information is mapped to the <b>Identify Tax Agency Information</b> Begin Tax Information Segment. Specifically to the BTI10 element. See item bolded in the detail records below:
		BTI~T6~050~47~129999999~20010523~ABC*~24~987654321~49~ <b>D123456</b> ~~~00\

	Schedule	Net Gallons
1. Total of all deliveries of fuels from in-state locations outside the state (exports)	14A	
2. Total of all deliveries of fuel from out-of-state locations to inside the state (imports)	14B	16,204
3. Total of all deliveries of fuel between points in the state (intrastate)	14C	
4. Total gallons of petroleum product transported (total of lines 1 through 3)		16,204

**CERTIFICATION**

I certify that I have read this report and all supporting documents; and know and understand their contents and that all information on both the report and supporting documents is true and accurate, and complete.

Authorized Representative's Name *(please print)*

John J Doe

Title

Owner

Authorized Representative's Signature

John J Doe

Date

4/15/2005

Telephone Number

(101) 999-2222

Fax Number

(101) 999-2223

e-mail Address

jjdoe@abcoil.com

## Common and Contract Petroleum Product Carrier Report Schedule of Deliveries Mapping Paper to EDI

Information calculated by State system
Header Information section of FTA EDI X.12 813 Map
Report Information section of FTA EDI X.12 Map
Schedules section of FTA EDI X.12 813 Map

### Schedule 14A, 14B, or 14C

#### Common and Contract Petroleum Product Carrier Report - Schedule of Deliveries

<b>Company Name:</b> ABC Oil Carrier Company	<b>License Number:</b> D123456	<b>FEIN:</b> 987654321	<b>Schedule Type:</b> 14B	<b>Tax Period CCYYMMDD:</b> 20050131
See <b>Name Detail</b> Name Segment. Specifically the N102 element.	This information is mapped to the <b>Identify Tax Agency Information</b> Begin Tax Information Segment. Specifically to the BT110 element.	This information is mapped to the <b>Identify Tax Agency Information</b> Begin Tax Information Segment. Specifically to the BT108 element.	This information is mapped to the <b>Beginning of Schedule</b> Tax Form Segment. Specifically to the TFS02 element. See item bolded in the detail records below:  TFS~T3~ <b>14B</b> ~PG~167~94~J \	This information is mapped to the <b>Tax Filing Period</b> Date/Time Reference Segment. Specifically to the DTM02 element.

Product Type (Circle One)			
This information is mapped to the <b>Beginning of Schedule</b> Tax Form Segment. Specifically to the TFS04 element. See item bolded in the detail records below:			
TFS~T3~14B~PG~ <b>167</b> ~94~J \			
065 Gasoline	130 Jet Fuel	226 High Sulfur Diesel Fuel-Dyed	
124 Gasohol	161 Low Sulfur Diesel #1	227 Low Sulfur Diesel Fuel-Dyed	
125 Aviation Gasoline	<b>167</b> Low Sulfur Diesel #2	___ Other (See Product Code List)	

(1) Consignor Name	(2) Consignor FEIN	(3) Seller Name	(4) Seller FEIN	(5) Mode	(6) Dest State or TCN	(7) Delivered to Consignee Name	(8) Delivered to Consignee FEIN	(9) Date Received or Delivered	(10) Document Number	(11) Net Gallons	(12) Gross Gallons
XYZ Oil Co	234567890	XYZ Oil Co	234567890	J	XX	J Doe Oil	456789012	01/5/05	999991	8,105	8,100
ABC Oil Inc	345678901	XYZ Oil Co	234567890	B	T99XX9991	J Doe Oil	456789012	01/15/05	999992	8,099	8,050
Total:										16,204	16,150

See the following pages for details on mapping between paper and EDI.

(1) Consignor Name	(2) Consignor FEIN	(3) Seller Name	(4) Seller FEIN	(5) Mode	(6) Dest State or TCN	(7) Delivered to Consignee Name	(8) Delivered to Consignee FEIN	(9) Date Delivered	(10) Document Number	(11) Net Gallons	(12) Gross Gallons
<b>(1) Consignor Name:</b> This information is mapped to the <b>Consignor Information</b> Name Segment. Specifically to the N102 element. See item bolded in the following detail record: N1~CI~ <b>XYZ Oil Co</b> ~24~234567890\											
<b>(2) Consignor FEIN:</b> This information is mapped to the <b>Consignor Information</b> Name Segment. Specifically to the N104 element. See item bolded in the following detail record: N1~CI~XYZ Oil Co~24~ <b>234567890</b> \											
<b>(3) Acquired From (Seller Name):</b> This information is mapped to the <b>Seller Information</b> Name Segment. Specifically to the N102 element. See item bolded in the following detail record: N1~SE~ <b>XYZ Oil Co</b> ~24~234567890\											
<b>(4) Seller's FEIN:</b> This information is mapped to the <b>Seller Information</b> Name Segment. Specifically to the N104 element. See item bolded in the following detail record: N1~SE~XYZ Oil Co~24~ <b>234567890</b> \											
<b>(5) Mode:</b> This information is mapped to the <b>Beginning of Schedule</b> Tax Form Segment. Specifically to the TFS06 element. See item bolded in the following detail record: TFS~T3~2~PG~167~94~ <b>J</b> \											
<b>(6) Destination State or TCN:</b> If the information reported was from a Destination State, the information is mapped to the <b>Option 2 Point of Destination</b> Name Segment. Specifically to the N102 element. See item bolded in the following detail record: N1~ST~ <b>XX</b> \											
or											
If the information reported was from a Destination TCN, the information is mapped to the <b>Option 1 Point of Destination</b> Name Segment. Specifically to the N104 element. See item bolded in the following detail record: N1~DT~~TC~ <b>T99XX9991</b> \											
<b>(7) Consignee Name:</b> This information is mapped to the Consignee Information Name Segment. Specifically to the N102 element. See item bolded in the following detail record: N1~BY~ <b>J Doe Oil</b> ~24~456789012\											
<b>(8) Consignee FEIN:</b> This information is mapped to the Consignee Information Name Segment. Specifically to the N104 element. See item bolded in the following detail record: N1~BY~J Doe Oil~24~ <b>456789012</b> \											
<b>(9) Date Received:</b> This information is mapped to the <b>Bill of Lading Date</b> Date/Time Reference Segment. Specifically to the DTM02 element. See item bolded in the following detail record: DTM~095~ <b>20050105</b> \											
<b>(10) Document Number:</b> This information is mapped to the <b>Bill of Lading</b> Forms Group Segment. Specifically to the FGS03 element. See item bolded in the following detail record: FGS~D~BM~ <b>999991</b> \											
<b>(11) Net Gallons:</b> This information is mapped to the <b>Bill of Lading Net</b> Tax Information and Amount Segment. Specifically to the TIA04 element. See item bolded in the following detail record: TIA~5005~~~ <b>8105</b> ~GA\											
<b>(12) Gross Gallons:</b> This information is mapped to the <b>Bill of Lading Gross</b> Tax Information and Amount Segment. Specifically to the TIA04 element. See item bolded in the following detail record: TIA~5006~~~ <b>8100</b> ~GA\											

## **Rebranding Above the Rack**

### **Book Adjustments Requiring Corresponding Entries**

Rebranding of products is to be reported by a book adjustment (BA). Rebranding, the above the rack transfer of one product into storage of another product, must be reported by a book adjustment reflecting a disbursement terminal (15B) of one product and a corresponding terminal receipt (15A) of the second product. The product codes for the disbursements and receipts should be different, but the total gallons for the receipts and disbursements must be the same.

### **Example 1**

You have a customer who needs 10,000 gallons of high-sulfur diesel. Your terminal is low on high sulfur diesel (226) but has an abundance of kerosene (072). You decide to move the kerosene into the high sulfur diesel fuel storage to accommodate your customer's needs. You would need to create an entry that would decrease your terminal's kerosene inventory and increase your terminal's high sulfur diesel inventory. You would need two book adjustment entries, the first being a 10,000 gallon entry to your terminal disbursements (15B) for kerosene (072) and second entry to record the receipt (15A) of the high sulfur diesel (226). The mapping would read as follows:

#### **Disbursement**

TFS~T3~15B~PG~072~94~BA\	Book Adjustment for product code 072
REF~55~325\	
N1~OT~~TC~T57SC0000\	Terminal where rebrand happened
N1~ON~Tiger Terminal~24~571234567\	Owner of product in terminal
FGS~D~BM~REBRAND\	
REF~55~326\	
DTM~095~20041020\	Date the rebrand took place
TIA~5005~~~10000~GA\	Gross amount of gallons in rebrand
TIA~5006~~~10000~GA\	

#### **Receipt**

TFS~T3~15A~PG~226~94~BA\	Book Adjustment for product code 226
REF~55~327\	
N1~DT~~TC~T57SC0000\	Terminal where rebrand happened
N1~ON~Tiger Terminal~24~571234567\	Owner of product in terminal
FGS~D~BM~REBRAND\	
REF~55~328\	
DTM~095~20041020\	Date the rebrand took place
TIA~5005~~~10000~GA\	Gross amount of gallons in rebrand
TIA~5006~~~10000~GA\	

### **Book Adjustments Requiring Only 1 Entry**

If there is a transfer that involves a non-reporting product, there would only be an entry showing the disbursement of the non-reporting product. There would be no corresponding entry.

Please see the above Disbursement mapping for an example.

## **Point 7**

### **(Promoted by the Fed/State Compliance Initiative)**

**Regional workshops for auditing and investigative techniques to identify tax evasion schemes.**

- a. Education of the states by the industry regarding accounting procedures and terminal/wholesaler distribution practices.*
- b. Review of case studies, which inform administrators and auditors of weaknesses in state laws, reporting procedures and auditing techniques. Also suggestions on how to prevent evasion schemes.*

#### **Purpose**

To keep the states informed of the various and changing ways industry conducts business and keeps its records.

To keep the states informed on weaknesses in laws, new schemes in evading tax and new and old audit techniques.

## **Point 8**

**(Promoted by the Communication and Coordination Subcommittee)**

**Review states' confidentiality laws. Implement steps necessary, at a minimum, for states to provide licensing number information to industry and to provide licensing and tax information to other governmental jurisdictions.**

**Purpose**

To ensure that all information necessary to track the movement of fuel can be exchanged among the jurisdictions freely. Also to identify potential evasion schemes and dishonest taxpayers moving from one state to another or doing business in more than one state. Such information sharing can avoid or limit losses in some states. It can also avoid duplication of investigations of taxpayers.



## **Point 9**

### **(Promoted by the Forms Management Subcommittee)**

#### **Require third party reporting on the movement of fuel.**

- a. *Transporter reports should include the movement of fuel by common or contract carriers.*
- b. *Adoption of uniform report forms for third party reporting.*

#### **Purpose**

To track fuel movement and verify the accuracy of data reported by taxpayers. Third party reports are a critical link and are often the only clue to missing or fraudulent reported tax liabilities of the taxpayer.

#### **Common and Contract Petroleum Products Carrier Report**

##### **Purpose**

The Common and Contract Petroleum Products Carrier Report gives the state third party verification of all accountable products/motor fuel moving by truck, rail, pipeline, barge, ship or other conveyance. The report is not a tax report. It gives the state and independent source of information that can be used to verify the transactions reported by taxpayers.

##### **Who Must File**

All trucks, rails, pipelines, barges, ships or other conveyances transporting accountable products/motor fuel must file the Common and Contract Petroleum Products Carrier Report.

##### **Schedule of Deliveries**

Each transportation of accountable products/motor fuel that has an origination or destination in your state is listed on this schedule. For each shipment listed on this schedule, the state can verify the receipt using the following uniform reports:

- Terminal Fuel Tax Report
- Supplier Report
- Distributor Fuel Tax Report
- Retailer Fuel Tax Report
- Bulk Dealer Report

Each state should require a taxpayer to provide net and gross gallons on their schedule of deliveries to facilitate the sharing of tax information among states.

##### **Conclusion**

This Common and Contract Petroleum Products Carrier Report is designed to allow any state to modify it for relevance to that state. For example, a state that does not require the movement of intrastate accountable products/motor fuel could exclude those transactions from the reporting requirements.

**(State Name)**  
**Common and Contract Petroleum Products Carrier Report**

**Complete and attach enclosed schedules**

License Number:	Filing Period End: (CCYYMMDD)	<b>For Office Use</b>
FEIN:	Email Address:	

Name and Location Address:	Name and Mailing Address:
----------------------------	---------------------------

**Must be filed every reporting period**

1. Total of all deliveries of fuels from in-state locations to out-of-state locations (exports): (Attach Schedule 14A).	
2. Total of all deliveries of fuel from out-of-state locations to in state (imports): (Attach Schedule 14B).	
3. Total of all deliveries of fuel between points within the state (intrastate): (Attach Schedule 14C).	
<b>4. Total gallons of petroleum product transported: (Total of lines 1 through 3).</b>	

Under penalties of perjury, I declare that I have examined this return, and to the best of my knowledge and belief, it is correct and complete.

**Sign  
Here**

_____ Authorized Signature	_____ Telephone Number	_____ Signature of preparer other than taxpayer	_____ Telephone Number
_____ Title	_____ Date	_____ Address	_____ Date

**Instructions**

**Schedule A - Common and Contract Petroleum Product Carrier Report - Schedule of Deliveries**

Company Name:		FEIN:		Terminal Code :		Filing Period End : (CCYYMMDD) :		Product Code :	
---------------	--	-------	--	-----------------	--	-------------------------------------	--	----------------	--

Person Hiring the Carrier		Seller		(5) Mode	(6) Origin State	Delivered To			(10) Date Delivered	(11) Document No.	Gallons	
(1) Company Name	(2) FEIN	(3) Company Name	(4) FEIN			(7) Name	(8) Address	(9) FEIN			(12) Gross	(13) Net
<b>Total:</b>												

SCDL\_A Revised 9/10, Helena, Mt

Adopted September 94, Salt Lake City, UT

**Common and Contract Petroleum Products Carrier Report  
Schedule of Deliveries-Instructions  
Schedule A**

**General Instructions**

Schedule of Deliveries provides detail of each delivery included on the Common and Contract Petroleum Products Carrier Report. Prior to recording the information requested in columns (1) through (13), you should organize your records as follows:

Schedule 14A	Total of all deliveries of fuel from in-state locations to out-of-state locations (exports)
Schedule 14B	Total all deliveries of fuel from out-of-state locations to in state locations (imports)
Schedule 14C	Total all deliveries of fuel between points within the state (intrastate)

**Column Instructions**

Columns (1) & (2):	<b>Person Hiring the Carrier</b> – Enter the name and FEIN of the company that hired the carrier.
Columns (3) & (4):	<b>Seller</b> – Enter the name and FEIN of the company from whose account the fuel was withdrawn at the terminal.
Column (5):	<b>Mode of Transport</b> – Enter one of the following: J=Truck                      R=Rail                      B=Barge                      PL=Pipeline S=Ship (Great Lakes or ocean marine vessel)                      CE=Summary RT=Removal from Terminal (other than by truck or rail for sale or consumption)
Column (6):	<b>Origin</b> – Enter the city and/or state or country shown on the delivery document (bill of lading, manifest or other loading document issued by the terminal operator) where the petroleum product was loaded for each delivery. If the product was loaded at a terminal, enter the IRS Terminal Control Code assigned to that terminal.
Columns (7) (8) & (9):	<b>Delivered To</b> – Enter the name, address and FEIN of the final delivery point. If delivered to a terminal, enter the IRS Terminal Control Number for that terminal.
Column (10):	<b>Date Delivered</b> – Enter the date the petroleum product was delivered for each delivery (MM DD CC YY).
Column (11):	<b>Document/Bill of Lading Number</b> – Enter the identifying number from the manifest issued at the terminal when product was removed over the rack. In the case of pipeline or barge movements, enter the pipeline or barge ticket number. In case of barge, it is the voyage number.
Columns (12) & (13):	<b>Gallons</b> – Enter the number of gross and net gallons for each delivery.

## **Point 10**

### **(Promoted by the Communication and Coordination Subcommittee)**

**Establishment of a fuel tax advisory group in each state to be comprised of state and industry representatives. The purpose of this group will be the implementation of the 11 Point Plan and to address new issues as they occur.**

#### **Purpose**

To assist in creating a working relationship with the taxpayers. This group could:

- Create open lines of communication between State and Industry;
- Develop effective audit and investigation techniques;
- Draft statutory or regulatory changes;
- Coordinate the implementation of the 11 point plan;
- Develop ideas to combat fuel tax evasion.

Coordination with States and Industry in the development stages of reporting schedules, policies or proposed legislation will always produce a more workable product.

#### **Advisory Group Member Checklist** **Suggested participants for the Advisory Group**

- ✓ Major Fuel Suppliers.
- ✓ Distributor/Jobbers.
- ✓ Terminal Operators.
- ✓ Interest Group Representatives, i.e., Petroleum Marketers Association of America, American Trucking Association, others.
- ✓ State Agencies, including Departments of Revenue and Transportation, Environmental Protection, others.
- ✓ Legislative Representatives from transportation and revenue committees.
- ✓ Border State Representatives.
- ✓ Provincial/State Representatives from Canada/Mexico, if applicable.

#### **Other Items to Consider**

- ✓ Select participants that offer a good cross-section of your state.
- ✓ Select different sized companies. Most companies are unique and can offer different perspectives of ideas.
- ✓ Keep the Advisory Group active. Meet as often as needed, but at least a couple of times a year.
- ✓ Advisory Group meetings could be regionalized if meeting in one place poses a problem.

## **Point 11**

### **(Promoted by the Communication and Coordination Subcommittee)**

**Encourage states to establish and adequately maintain a compliance staff dedicated to fuel tax enforcement.**

#### **Purpose**

While it is imperative that states have comprehensive motor fuel tax audit programs supported by appropriate statutes, those factors alone will not prevent evasion. Audit procedures depend on records being kept and motor fuel shipments being reported. Honest taxpayers will do their best to keep such records, but they are not the problem. Tax evaders will intentionally distort documents or avoid keeping records. Detection of illegal activity, therefore, calls for vigorous surveillance and investigative techniques, not merely additional record keeping requirements.

Maintaining an adequately staffed, well trained and supported auditing and investigative staff is one of the most effective tools in combating fuel tax evasion. This is often resisted when considering the additional costs. Generally these costs are far outweighed by the increased revenue generated from their efforts.

Discovery, prevention and prosecution of evasion schemes will not be accomplished through conventional means. No matter how much detail is accumulated and cross checked, many of the most serious problems can only be discovered through field investigations, surveillance, more stringent licensing and bonding procedures, tax fraud hot lines or other more aggressive compliance measures.

# WHITE PAPER DOCUMENTS

## **Biodiesel**

### **Points to Consider Relative to Fuel Tax Administration 2007**

#### **Introduction**

Biodiesel as defined by the FTA Motor Fuel Tax Section Uniformity Committee is “a fuel comprised of mono-alkyl esters of long chain fatty acids generally derived from vegetable oils or animal fats, designated B100, and meeting the requirements of ASTM D6751”.

Biodiesel Blend as defined by the FTA Motor Fuel Tax Section Uniformity Committee is “a blend of Biodiesel fuel meeting the ASTM D6751 with petroleum based diesel fuel, designated BXX, where XX represents the volume percentage of Biodiesel fuel in the blend, i.e. B20 is 20% Biodiesel and 80% petroleum diesel”.

According to the National Biodiesel Board, in 2004 there were 22 biodiesel production facilities in the United States capable of producing 157 million gallons of biodiesel. As of April, 2007, there are 105 plants with a capacity of 864 million gallons of biodiesel.

In the United States, soybean oil, canola oil, palm oil, and animal fats derived from poultry and swine, are most commonly used as feedstock in the production of biodiesel. Biodiesel is also produced from “yellow grease” or re-cycled cooking oil.

It is important to note that biodiesel, unlike petroleum based fuels, can be produced by an individual in a backyard setting with minimal monetary investment in equipment and feedstock. As a result, it is extremely difficult for any regulatory authority to license producers, enforce quality standards, and track the movement of the fuel for taxation purposes.

#### **Licensing Issues**

Biodiesel may fall within a taxing authority’s statutory guidelines associated with diesel fuel. If this is the case, licensing requirements, tax return filing requirements, tax payment requirements, associated fee application requirements, dyeing regulations, and refund application procedures may not need to be changed in order to apply to the sale or use of biodiesel as a motor fuel. Additional licenses may be required.

Biodiesel is most often sold at retail as B20. A blender license will provide a mechanism for the payment of the motor fuel tax due on the B100 portion of the product blended with the petroleum diesel in the B20 blend. A manufacturer/producer license may be required if the biodiesel is considered to be a taxable motor fuel at the time it is produced. This will reduce the amount of untaxed biodiesel available for use in a jurisdiction. It may be helpful to statutorily distinguish “backyard producers” from biodiesel manufacturing concerns based on productivity levels. “Backyard producers” are often making biodiesel for their own use with no intention of selling the product. In the interest of increasing voluntary compliance, a permitting system could be developed for “backyard producers” in lieu of licensing and tax return filing requirements. Penalties should be available for imposition if sales were made by individuals without the proper permit and/or license.

Biodiesel marketing internet sites as well as the IRS 637 registrant database may be useful in identifying producers/importers/blenders that should be licensed in a specific state.

**Quality Standards**

An adopted definition of biodiesel may refer to adherence to the current ASTM (American Society for Testing and Materials) specifications. If so, product testing should be available and appropriate penalties should be in place should the standards not be met. A biodiesel product may not meet ASTM standards and can still be used to power a diesel engine. In order to apply motor fuel tax to the use of this product, it may be necessary to define it as a “biofuel” that would be subject to motor fuel tax. Incentives or refunds may be linked to the adherence to ASTM standards as is the case with the IRS.

**Tax Evasion Opportunities**

Biodiesel is transported by railcar or transport truck in the United States. It is not shipped via pipeline as is petroleum diesel. The movement of biodiesel is difficult to track as both paper and electronic fuel reporting focus on the barge/pipeline/terminal fuel distribution system. The infusion of the “backyard producer” biodiesel product into the market further complicates the challenge of tracking the product to determine if all applicable taxes have been remitted. The first step in developing a tracking system is to require in-state manufacturers to report all sales and out-of-state manufacturers to report all biodiesel imports. An electronic registration system similar to the FTA Diversion Registry system could be considered for import/export reporting of biodiesel.

Many jurisdictions have dyed fuel inspection programs in place to discourage the illegal use of non-taxed diesel fuel in highway vehicles. These programs should be enhanced to include testing for blends of untaxed, undyed biodiesel with clear petroleum diesel for use in highway vehicles.

**Incentives**

Several states offer incentives to retailers who sell biodiesel blends of a specific percentage, i.e. B02, B05, or B20. These retailers are required to maintain documentation to substantiate that the product contains the necessary percentage of B100; however, the accuracy of the reported blend percentage is difficult to verify, presenting the potential for fraudulent claims. Incentives are available in some states in the form of income tax credits for production costs associated with a biodiesel manufacturing facility and/or the production cost of constructing additions to a current retail outlet in order to offer biodiesel at the facility. There are states that have a reduced fuel tax rate in place for biodiesel. Another option is to offer an incentive to the producer based on production levels. The IRS offers a refund to blenders of biodiesel of \$1.00 per gallon on “agri” (virgin source) product and \$.50 per gallon on “non-agri” or recycled product.



## **Ethanol**

### **Points to Consider Relative to Fuel Tax Administration 2007**

#### **Introduction**

Ethanol as defined by the FTA Motor Fuel Tax Section Uniformity Committee is “a colorless, odorless liquid, produced synthetically by cracking the ethane (using ethane from natural gas or naphtha from crude oil) fermentation from crop biomass such as sugar and corn and from waste products such as household waste and paper mill sludge through chemical decomposition and fermentation. Also known as Ethyl-Alcohol or Alcohol.”

"Fuel grade ethanol" or "denatured ethanol" is ethanol that has been blended with at least 2% gasoline per the US Tax and Trade Bureau to render the product unsuitable for human consumption. This product must meet the American Society for Testing and Materials standard in effect January 1, 1995, and successor rules, as the D-4806 specification for denatured fuel grade ethanol for further blending with gasoline for use as automatic spark-ignition engine fuel commonly known as gasohol.

Gasohol as defined by the FTA Motor Fuel Tax Section Uniformity Committee is “an accountable product resulting from a blend of gasoline and ethanol”.

Gasohol is commonly referred to as E10 or E85 where the E refers to Ethanol and the numerical value refers to the percentage of ethanol in the blend. E10 is comprised of 10% ethanol and 90% gasoline; E85 is comprised of 85% ethanol and 15% gasoline. E10 can be used to fuel any gasoline powered vehicle, but E85 can only be used in a “flex fuel vehicle” due to the increased level of ethanol in the blend.

#### **Supply and Demand**

According to the United States Department of Energy, the number of ethanol plants more than doubled and production capacity tripled in the United States between 2000 and 2007. Currently, ethanol is primarily produced from corn in the United States and from sugar cane in South America. Research is underway to develop additional feedstocks for ethanol, such as woodstocks, switchgrass, and agricultural waste.

The demand for ethanol in the United States has dramatically increased over the last few years. Ethanol is now used as an oxygenating additive for gasoline, increasing octane levels and reducing emissions, creating reformulated gasoline (RFG). RFG use is required in highly populated metropolitan areas of the US. The increase in the cost of gasoline and the nation-wide desire to decrease the US dependency on foreign oil has also had a positive effect on demand.

#### **Licensing Issues**

Fuel grade ethanol or denatured ethanol is statutorily defined as a taxable motor fuel in some jurisdictions and taxed in the same manner as gasoline. A manufacturer or producer license is required and a monthly return must be filed in order to remit fuel tax on the amount of ethanol that is produced within the jurisdiction or imported into the jurisdiction. Allowances are provided for tax exempt sales.

In the majority of jurisdictions, fuel grade ethanol or denatured ethanol is not defined as a taxable motor fuel until it is blended with gasoline for use in a motor vehicle, and only then is the fuel tax applicable. A blender license is required and a monthly return must be filed in order to remit fuel tax on the gallons of ethanol that are blended with gasoline during the month. Allowances are provided for tax exempt sales. The FTA Motor Fuel Uniformity Committee has adapted a monthly Fuel Blender's Report which is included in the Uniformity Project's yearly publication.

### **Tax Evasion Opportunities**

It is important to note that ethanol is not distributed through the petroleum bulk transfer system. Ethanol is typically transported via railcar, barge, or transport truck. For this reason, it is difficult for tax administrators to track the movement of this product, the blending of this product with gasoline and the eventual sale or use of the blended product as fuel for a motor vehicle.

The importer or producer of the ethanol may be unaware of the taxable nature of the product, or may be unwilling to comply with statutory requirements. Ethanol may be stored above the terminal rack and blended into gasoline as it is moved across the rack. In this case, the bill of lading should indicate the product is gasohol and the appropriate tax should be remitted. The ethanol may be stored below the rack and splash blended with gasoline after it has been loaded into the transport truck. If the fuel tax is not imposed until the blending occurs, and the blender does not report the activity, the tax will not be collected on the ethanol portion of the blend. The challenge rests with the taxing authority to identify, educate, and appropriately license producers, importers, and blenders of ethanol.

### **Incentives**

Several jurisdictions offer incentives to retailers who sell ethanol blends of a specific percentage, such as E85. A reduced fuel tax rate may be applied to an ethanol blend. Incentives are also available in the form of income tax credits for production costs associated with an ethanol production facility. Producers may be offered an incentive based on production levels. The IRS offers a \$.51 per gallon refund to ethanol blenders.

## Motor Fuel Tax Issues with Natural Gas and Other Alternative Fuels 2009

### Background

Due to various market forces including the spikes in prices (most evident in 2008), and increasingly restrictive laws and standards the use of alternative fueled vehicles has been expanding. Historical impediments to the expansion of the use of alternative fuels included issues with manufacture and distribution of the fuels; availability of refueling locations; and price of the fuel compared with the traditional fuels, gasoline and diesel. However combinations of forces such as the increases in prices of the traditional fuels and the financial incentives offered by federal and state governments, has made the use of the alternative fuels more affordable. Finally, environmental issues, especially smog and pollution abatement require the use of lower-polluting and toxic fuels and in many cases the alternative fuels help meet the standards.

While not exhaustive, the following list identifies the most used alternative fuels in highway vehicles:

- Biodiesel
- Ethanol
- Compressed Natural Gas
- Propane
- Hydrogen
- Electricity

In addition, in recent years there has been an expansion of the sales of hybrid vehicles which combine gasoline engines with battery power to make the vehicles more efficient. While these would not present potential issues for fuel tax collections, their use would decrease the taxes paid vs. a vehicle that travels the same distance using just gasoline. This discussion of reduction in receipts to federal and state transportation trust fund revenues is a discussion for another day.

The following descriptions of the uses and benefits of the different fuels are taken from the US Environmental Protection Agency (EPA) website, Alternative Fuel Vehicles and Alternative Fuels, <http://www.fueleconomy.gov/Feg/current.shtml>, May 2, 2009

**BIODIESEL** - Biodiesel is a form of diesel fuel manufactured from vegetable oils, animal fats, or recycled restaurant greases. It is safe, biodegradable, and produces less air pollutants than petroleum-based diesel.

Biodiesel can be used in its pure form (B100) or blended with petroleum diesel. Common blends include B2 (2% biodiesel), B5, and B20. B2 and B5 can be used safely in most diesel engines. However, most vehicle manufacturers do not recommend using blends greater than B5, and engine damage caused by higher blends is not covered by some manufacturer warranties. Check with your owner's manual or vehicle manufacturer to determine the right blend for your vehicle.

**ETHANOL** - Ethanol is an alcohol-based fuel made by fermenting and distilling starch crops, such as corn. It can also be made from "cellulosic biomass" such as trees and grasses. The use of ethanol can reduce our dependence upon foreign oil and reduce greenhouse gas emissions.

**E10** (also called “gasohol”) is a blend of 10% ethanol and 90% gasoline sold in many parts of the country. All auto manufacturers approve the use of blends of 10% ethanol or less in their gasoline vehicles.

**E85**, a blend of 85% ethanol and 15% gasoline, can be used in flexible fuel vehicles (FFVs), which are specially designed to run on gasoline, E85, or any mixture of the two. FFVs are offered by several vehicle manufacturers. To determine if your vehicle can use E85, consult your owner’s manual or check the inside of your car’s fuel filler door for an identification sticker <http://www.e85fuel.com/e85101/flexfuelvehicles.php>.

**NATURAL GAS** - a fossil fuel comprised mostly of methane, is one of the cleanest burning alternative fuels. It can be used in the form of compressed natural gas (CNG) or liquefied natural gas (LNG) to fuel cars and trucks.

*Dedicated* natural gas vehicles are designed to run on natural gas only, while *dual-fuel* or *bi-fuel* vehicles can also run on gasoline or diesel. Dual-fuel vehicles allow users to take advantage of the wide-spread availability of gasoline or diesel but use a cleaner, more economical alternative when natural gas is available. Since natural gas is stored in high-pressure fuel tanks, dual-fuel vehicles require two separate fueling systems, which take up passenger/cargo space.

Natural gas vehicles are not produced commercially in large numbers—the Honda GX CNG is the only new vehicle available in the U.S. However, conventional gasoline and diesel vehicles can be retrofitted for CNG.

Advantages & Disadvantages of Natural Gas	
Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Nearly 87% of U.S. natural gas used is domestically produced</li> <li>60-90% less smog-producing pollutants</li> <li>30-40% less greenhouse gas emissions</li> <li>Less expensive than gasoline</li> </ul>	<ul style="list-style-type: none"> <li>Limited vehicle availability</li> <li>Less readily available than gasoline &amp; diesel</li> <li>Fewer miles on a tank of fuel</li> </ul>

**PROPANE OR LIQUEFIED PETROLEUM GAS (LPG)** - a clean-burning fossil fuel that can be used to power internal combustion engines. LPG-fueled vehicles produce fewer toxic and smog-forming air pollutants. LPG is usually less expensive than gasoline, and most LPG used in U.S. comes from domestic sources.

No LPG-fueled light-duty passenger cars or trucks have been produced commercially in the U.S. since the 2004 model year, but gasoline and diesel vehicles can be retrofitted to run on LPG in addition to conventional fuel. The LPG is stored in high-pressure fuel tanks, so separate fuel systems are needed in vehicles powered by both LPG and a conventional fuel such as gasoline.

Advantages & Disadvantages of LPG	
Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Fewer toxic and smog-forming air pollutants</li> <li>85% of LPG used in U.S. comes from domestic sources</li> <li>Less expensive than gasoline</li> </ul>	<ul style="list-style-type: none"> <li>No new passenger cars or trucks commercially available (vehicles can be retrofitted for LPG)</li> <li>Less readily available than gasoline &amp; diesel</li> <li>Fewer miles on a tank of fuel</li> </ul>

**HYDROGEN (H<sub>2</sub>)** - is being aggressively explored as a fuel for passenger vehicles. It can be used in fuel cells to power electric motors or burned in internal combustion engines (ICEs).

It is an environmentally friendly fuel that has the potential to dramatically reduce our dependence on foreign oil, but several significant challenges must be overcome before it can be widely used.

## Benefits

**Produced Domestically** - Hydrogen can be produced domestically from several sources, reducing our dependence on petroleum imports.

**Environmentally Friendly** - Hydrogen produces no air pollutants or greenhouse gases when used in fuel cells; it produces only NO<sub>x</sub> when burned in ICEs.

In addition to the various cost, efficiency, and other benefits of these fuels, ethanol in particular has come into wide spread use not only due to its ability to be renewable, but it is in widespread use as an additive to gasoline known as an oxygenate. This is done primarily to reduce the production of carbon monoxide in the burning of the fuel. While the ester compound MTBE was in widespread use as an oxygenate, it has been found that that substance can contaminate groundwater, especially during leaks of underground storage tanks, and states have moved to ban its use. In its place, a blend of gasoline and ethanol, usually E10, is used.

**ELECTRICITY** – While the EPA site does not list electricity as a fuel type, for purposes of this discussion it being covered. While some people think of the batteries in hybrid vehicles to be an example of electric vehicles, there are also vehicles which have on-board batteries and can be charged at an electricity source.

Advantages & Disadvantages of Electricity (Plug-Ins)	
Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Energy resilience and petroleum replacement</li> <li>• Greater fuel efficiency</li> <li>• Lower greenhouse gas emissions</li> <li>• Lower operating costs</li> </ul>	<ul style="list-style-type: none"> <li>• Cost, size, weight and disposal of batteries</li> <li>• Access to electrical outlets (apartment dwellers)</li> <li>• Emissions shifted to electric plants</li> <li>• Electricity billing issues</li> </ul>

## FUEL TAX COMPLIANCE ISSUES

Given the various benefits of alternative fuels and their increasing development, the production, distribution, and sales of the fuel are of interest to those who collect taxes on the fuels and track their movements. With gasoline and diesel, the production process is relatively complex and costly when compared with alternative fuels. It would be difficult to refine gasoline in your back yard, but you could manufacture biofuels (including biodiesel) and ethanol in very small quantities for personal use. As we will also see it becomes more difficult to track electricity in plug-in vehicles, CNG in certain applications, and if hydrogen (fuel cell vehicles are developed) becomes widespread, gas that may be delivered in different methods.

**Ethanol** – the challenges with Ethanol stem in part from the inability to make bulk distribution through traditional liquid fuel pipelines. Thus ethanol moves more on dedicated pipelines, rail cars, and by truck load. While these methods are certainly not difficult to track, most revenue and transportation agencies have not dedicated a lot of resources into tracking product moved that way, and as a result they may not know how much ethanol is moving into their state on rail cars, or even where the product might be loaded or unloaded. Another issue, that while somewhat difficult to quantify, but nonetheless can be a problem, is the fact that a number of ethanol manufacturers have not operated as fuel distributors and do not know the requirements for registering and reporting to the federal and state agencies. Since in some cases the production numbers are lower than gasoline or motor fuel distributors, the administrative agencies may not even be aware of their operations for some time. Attachment A shows a commercial business advertising equipment to make your own ethanol at home. Nowhere on the website is there a mention of motor fuel taxes.

**Biodiesel** – this is a term that can cover a wide range of liquids from vegetable oils and animal fats. Sources of the feed stocks can be soybeans and rapeseed (canola oil), but also include waste vegetable (“used french fry oil”) oils from restaurants, and in theory algae from water sources. It is evident that the sources of these fuels would make it very difficult in many cases, for the tracking of production and distribution of fuel. People not only make small batches of the fuel in for personal use and limited distribution, but restaurants who used to have to pay to have waste oil removed, are glad to have it taken away at no cost, or charging a small fee.

**Compressed Natural Gas** – While the market for CNG vehicles in the United States is primarily transit vehicles, Honda does market a vehicle, the GX. While the sales are limited to California and soon-to-be New York, there is a lack of refueling sites across the US which would limit interstate travel and potential sales markets. However, a company is now marketing a home-based solution. Attachment B shows a device that can be connected to a home natural gas line to be used to fuel the CNG vehicles. Once again, there is no mention of how one is to pay taxes on the fuel being used. While this is a limited application, it should challenge fuel tax administrators to think about what their answer will be when they get the phone call asking about how someone is going to pay fuel taxes. Will this be considered a retail location, and be subject to other state laws and regulations? Can similar issues crop up with other alternative fuels?

**Propane** – This also is a limited market and to this point it seems like propane is generally tracked and taxed by the proper agencies.

**Hydrogen** – Manufacture and widespread use of the vehicles are still in the future, but depending on the delivery method of the fuel there will likely be many of the same issues that affect CNG and Propane.

**Electricity** – The obvious issue is that this fuel is not delivered as a liquid fuel and thus would have to be measured some other way if an effective method of taxation is used which will assess a tax based on the amount of product used. While the amount of energy in a gallon of gasoline (or other liquid fuel) can be computed for comparison to electricity and make for an assignment of an equal tax rate, the question becomes ‘What is the source of the electricity’? If the vehicle can draw from the same source as regular household current, it would be impossible to compute the vehicle usage without some additional metering. Even with that there would be the question of who tracks that portion of the electricity and how is the tax computed and paid. Some states have addressed this issue by having a registration fee in lieu of fuel taxes.

## WHAT SHOULD TAX ADMINISTRATORS BE DOING NOW?

The following issues are areas that should be considered in the area of accounting for alternative fuels:

**Are they in my state?** – While Ethanol and Biodiesel are fairly universal at this point, determine how much product is in your state, and how it gets there.

- Do you have a relationship with the railroads that may travel through your state?
- Is there a state or federal agency that may be able to give you that information?
- Are there fueling locations that may not otherwise be registered with your agency?
- A suggestion would be to look at several websites, including trade groups who are always proud of their market penetration. Their list of retail locations that sell E85 probably will, but may not match the information you already have.
- Did a farmer's co-op work to build an ethanol plant in your state and somehow no one every registered it as a fuel manufacturing plant?
- Is there an agency in your state that oversees chemical plants (state EPA)? You may check with them to make sure you know where they all are.

**Are people using the fuel in my state?**

- Check with the Department of Motor Vehicles in your state to see if they can provide you with summary or detail information on the number of vehicles by fuel type. You may find out that there may be 2 CNG vehicles registered to individuals but there may also be a large bus company with 150 CNG buses domiciled in your state.
- Are you providing information about the registration and reporting requirements through your normal news outlets or through your agency website?
- Anticipate the need for types of registrations and information about how people will have to track their usage and pay any taxes due. If someone walked into your office and said they had an electric vehicle, would you know what you would say to them?

### Education

The federal government is mandating that by 2017 there is to be 21 billion gallons of cellulosic biomass fuel produced. Do you even know what that is? How it is produced? How it is distributed? Do you know what fuel cells are and how they are used in a vehicle? Short of a change in the method of taxation for motor fuels, it is important to maintain an equitable method for collecting the proper taxes from every user. It doesn't make a lot of sense that the person driving a vehicle using regular diesel fuel should be paying fuel taxes while his next door neighbor is driving the same vehicle and using French fry oil from the fast food restaurant and not paying any taxes. What information do you have to track these fuels?

It is important to know not only what is out there, but what is on the horizon. You may wish to look on the internet for sites such as the EPA and various Department of Energy pages, including information on their Energy Information Administration portal. Talk to your neighboring states to see if they have information that you may wish to use or to see how they track the fuels.

## **Motor Fuel Tax Calculation Methods- Adjustable Rates 2010**

The following information outlines four alternative methods for calculating fuel tax utilizing an adjustable rate and the administrative issues associated with each method. The first method is based on general sales tax, the second method is a modified version of general sales tax but incorporates a historical average retail price that is pre-paid by the retailer, the third method is a hybrid of method one and method two, and the fourth method is based on an adjusting price index application.

Historically, fuel tax rates have typically been based on cents per gallon rate. This predetermined value is added to the retail or wholesale price of the fuel. The total price is displayed to the customer and includes all excise taxes.

### **Method One – General Sales Tax Component**

In the past three decades, a number of states have integrated their taxation structure to include some form of sales tax, which is typically defined as a percentage of the retail selling price, remitted by the retailer via a monthly sales tax return. This approach to taxing has the advantage of automatically increasing taxes collected per gallon as the price of fuel increases. Adversely, revenue from fuel taxes will decline if the price of fuel decreases.

The following issues should be considered before a state mandates a taxing structure based on a percentage of the retail sales price.

1. Fuel taxes are currently collected by virtually all states somewhere in the wholesale distribution chain. The collection of tax on the retail selling price will require a dramatic increase in the number of registrations and regular filers. This will create a significant administrative cost for both the states and the fuel dealers.
2. Current retail gasoline pumps are designed to include all taxes in a total price (per gallon) of the fuel and are not equipped to calculate an additional percentage tax on the total sale. Customers at a retail station have an expectation that the amount on the pump is the total sale. If a state attempts to collect tax in addition to the selling price, the ability for a customer to buy \$20.00 worth fuel will be extremely complicated.
3. The majority of retail service stations are convenience stores. The compliance related to collecting and remitting sales tax, as well as maintaining records to support sales made by many of the independent dealers in this industry, is widely considered to be very poor. This means that not only will there be a significant cost associated with the registration and filing by these dealers, but there will likely be significant compliance issues requiring substantial enforcement resources.
4. Returns and records would be based on sales dollars rather than gallons. This change would affect the current approach to fuel tracking, as gallons are tracked at the wholesale level and dollars would have to be tracked at the retail level.
5. A unique return processing and math audit program dedicated to this sales tax will potentially be required to process the information and tax collected as a sales tax.
6. Special care must be taken to deal with the normal exemptions routinely offered for sales subject to sales tax versus the limited exemptions allowed for most highway fuels. Allowing these exemptions would compound the administrative burdens associated with the administration of this tax.



**Method Two - Modified General Sales Tax Component- Prepaid Sales Tax**

Based on the problems associated with the implementation of a traditional sales tax, many states have opted for a modified version based on a historical average retail price. This approach calls for periodic determination of an average retail sales price for a recent time period, and a calculation of sales tax associated with the sale of a single gallon. The tax is converted to some number of cents, usually rounded to a tenth of a cent, per gallon that is either added to a fixed rate or is the entire tax amount to be collected per gallon. This sales tax component is pre-paid by the retailer to the wholesaler at the time the fuel is purchased. (The pre-paid sales tax component may be collected by the terminal supplier of the fuel depending upon the state's fuel tax collection structure.)

The following issues should be considered before a state mandates a modified sales tax approach based on an historical average price. This method has fewer administrative issues than the general sales tax approach but significant issues remain.

1. This approach resolves registration, filing, and collection issues (if there are no varying local taxes) by allowing the tax to be administered and collected in the same manner, from the same businesses, as traditional highway excise taxes.
2. The state must be prepared to routinely gather the necessary information to calculate an average price. In addition, the information should be collected timely and conveyed to all applicable parties. This approach to taxing has the advantage of automatically increasing taxes collected per gallon as the price of fuel increases. Adversely, revenue from fuel taxes will decline if the price of fuel decreases. Also, the average price may be skewed due to the time lag between the period used to establish the average cost and actual costs reported in the current period
3. The tax rate will change on a periodic basis, usually on an annual or semi- annual basis. The rate changes will require taxpayers to timely change their system to both collect and report tax at the correct rates.
4. Returns, math audit programs, and billing programs used by states to evaluate the accuracy of returns will require revision each time rates change. States will be required to maintain historical rate schedules and historical math audit and billing programs in order to process amended returns and/or adjustments related to prior periods.
5. Taxpayers reporting late loads in current periods may be reporting at the wrong rate. Taxpayers will also need the ability to amend or correct prior period reporting based on the historical rates.
6. Taxpayers will incur liabilities for uncollected taxes if rate changes are not timely implemented.
7. Inventories stored at a point in the wholesale chain after the point of taxation, will have the wrong rate of tax imbedded in the price, potentially requiring the collection of a floor tax or refunds.

**Method Three- General Sales Tax in Combination with Pre-Paid Sales Tax Collection (Hybrid of Method One and Method Two)**

This options combines method one and method two in that an average sales tax is pre-paid by the retailer to the wholesaler at the time the fuel is sold and the retailer also reports sales of fuel and remits the sales tax on the monthly sales tax return, taking credit for the pre-paid sales tax amount that was paid to the wholesaler. Again, the pre-paid sales tax component may be charged by the terminal supplier of the fuel, depending upon the state's fuel tax collection structure.

This method would generate additional revenue via the retailers sales tax return if the sales price of the fuel increases during the month. Conversely an overpayment/credit scenario would arise for the retailer if the price of fuel decreases during the month, resulting in a loss of revenue for the state.

The complexities associated with Method One and Method Two would also apply and would be further complicated by the need for the state to process possible credits due the retailer.

#### **Method Four – Price Indexing Component**

A fourth option is an adjusting rate based on something other than average sales price, such as the federally published consumer price index (CPI) changes or average wholesale prices as compiled by the federal Energy Information Administration (EIA). As with the average sales price, the approach will require certain changes to the traditional cents per gallon fixed tax rate.

1. The state must be prepared to calculate and distribute changes in rate on a timely basis. The rate can still increase or decrease based on the direction of the CPI used in the calculation. These fluctuations should be less dramatic than those created through the use of an average sales price. Also, the time lag between the period used to establish a rate and actual prices reported in the current periods is reduced.
2. The tax rate will change on a periodic basis, usually annually or semi-annually. The rate changes will require taxpayers to timely change their system to both collect and report tax at the correct rates.
3. Returns, math audit programs, and billing programs used by states to evaluate the accuracy of returns will require revision each time rates change. States will be required to maintain historical rate schedules and historical math audit and billing programs in order to process amended returns and/or adjustments related to prior periods.
4. Taxpayers reporting late loads in current periods may be reporting at the wrong rate. Taxpayers will also need the ability to amend or correct prior period reporting based on the historical rates.
5. Inventories stored at a point in the wholesale chain after the point of taxation, will have the wrong rate of tax imbedded in the price, potentially requiring the collection of a floor tax or refunds.

#### **Conclusion**

Each method of adjusting fuel tax rates offers an opportunity to increase revenues based on the effects of inflation without additional legislation, creating a revenue base that better mirrors rising costs. Each approach also presents administrative burdens for both industry and the states. Any state considering a change from their current taxing structure should be prepared to deal with these issues and costs.

## **VIRTUAL AUDITS**

### **Virtual Auditing**

With states facing more and more budget restrictions and travel being one area that is being cut from their budgets, state auditing departments need to come up with innovative constructive ways of continue to perform audits on Motor Fuel Accounts without the cost associated of traveling to the Taxpayers location.

### **What are Virtual Audits?**

Virtual audits are paperless, electronic audits that are conducted without face to face interaction between government and industry. All data is exchanged in electronic formats such as MS Word, Excel, PDF files, text files and EDI files.

### **Benefits of Virtual Audits:**

- Cost savings and efficiency – travel expenses, cost and storage of paper files, and postage.
- Accessibility of data by all personnel within an organization – Audit, Appellate, Litigation, etc.
- Reduction of physical storage space
- Minimize the possibility of losing files
- Faster access to files and information
- No auditing standards, rules, or regulations that prevent use of paperless auditing systems
- Improved performance with consistent data capture and analysis
- Ability to link work papers and evidence directly to audit report
- Disaster recovery capabilities

### **Issues associated with virtual auditing:**

- Audit review process may be more difficult
- Equipment needs such as scanners and monitors – budget issues, compatibility issues with different software types
- Storage capacity limits
- Getting electronic results to the taxpayer – secure email, secure mail box
- Fear of change – resistance to re-engineering of business processes
- Fear of technology
- Requires training and keeping abreast of software developments

### **What states need to address before performing virtual audits:**

- Identify how long to retain records
- Identify when and how to back up files
- Uniform rules for naming and categorizing files
- Know the electronic recordkeeping requirements and professional standards of the IRS, other federal agencies, and state and local governments
- Security systems to ensure authenticity, prevent manipulation of data, and improper access to confidential information
- Strong upper management commitment and resources for automation

### **The audit process:**

When a state decides to begin virtual auditing, management and auditors need to develop procedures that can be followed to ensure all virtual audits are conducted on a consistent basis. The state would need to develop a list of expectations for the taxpayer that would provide, in advance, information on how the virtual audit process is going to work and what their responsibilities are during the audit. The list of expectations should include: what data is required from them, expectations of response time for both state and industry for all methods of communication, the scope of the audit, and back up phone number and email addresses.

When human interaction is eliminated in this type of auditing extra time and care needs to be dedicated to the taxpayer. This is an integral step as one-on-one communication and hands on training is lost during a virtual audit and these have been vital for on location field audits. All parties involved in the process need to make sure they understand each other completely, or they need to make sure that they are asking questions before specific topics are closed or communication has ended. This type of auditing can lead to longer audits and a lack of focus by both the taxing authority and industry on completion of the audit. Both parties need to be committed to completing the audit in a timely manner and keeping deadlines as they come due.

## **Excise Tax Online Exchange (ExTOLE) 2011**

**What is ExTOLE?**

ExTOLE is an internet based data repository administered by the IRS. ExTOLE allows states to exchange Motor Fuel data in a secure manner, based on exchange/disclosure agreements between states and/or applicable statutory authority. Only state data exists in ExTOLE.

**Benefits of ExTOLE:**

- Not subject to IRS safeguards
- Free
- Secure
- Improves compliance
- Reduces revenue loss
- Enhances enforcement
- Allows for information sharing
- Reduces paper
- Multiple passwords are not needed
- Available to all states

**ExTOLE Functionality Includes:**

- Contact list  
The contact list provides contact information for participating states in key areas of fuel tax management, such as Audit, Administration, etc. Identified ExTOLE state administrators are responsible for updating needed information.
- Licensee information  
The licensee information includes Taxpayer (company), License (type of license) and Associate (owner/officer) data. The data can be uploaded and obtained by other states through queries.
- Import/Export observations
  - Diversions (no details)
  - Truck sightings
  - Retail/bulk plant/consumer information
- Standardized queries  
Data queries are available for Contact and Licensee information, Imports/Exports, Diversions, Truck Sightings, etc.
- File transfers  
The file transfers option allows states to exchange files/documents in a secure manner without the use of multiple passwords. The functionality includes the ability to transfer a file, download a file or upload flat files.

**NOTE: The ExTOLE system was taken off-line in October 2011. Per the IRS, the ExTOLE system/functionality is no longer feasible due to security issues, data/system vulnerability and the cost of needed programming changes.**

## Shipping Documents Points to Consider Relative to Fuel Tax Administration September, 2012

**Introduction:** What is a Bill of Lading? It is a document signed by a carrier (a transporter of goods) or the carrier's representative and issued to a consignor (the shipper of goods) that evidences the receipt of goods for shipment to a specified designation and person.

Carriers in all modes of transportation issue bills of lading when they undertake the transportation of cargo. A bill of lading is, in addition to a receipt for the delivery of goods, a contract for their carriage and a document of title to them. Its terms describe the freight for identification purposes; states the name of the consignor and the provisions of the contract for shipment; and directs the cargo to be delivered to the order or assigns of a particular person, the consignee, at a designated location. The Code of Federal Regulation Title 49, part 172.201 authorizes the data requirement for common carriers.

In the motor fuel industry, a manifest or bill of lading is the document that must be issued by the refinery, terminal and/or bulk plant for each withdrawal from that specific location. The manifest or bill of lading shall show the following information: a unique number for the document, date shipped, name of carrier, origin (name and address of the terminal, refinery or bulk plant where product was loaded), the terminal or refinery control number (as issued by the IRS), name of the supplier, the receiving party (consignee), the destination, particular description of the product loaded, and the number of gallons. Some states may require supporting documentation or a separate bill of lading for split loads.

Any manifest, bill of lading, shipping paper or invoice for special fuel which is indelibly dyed in accordance with regulations prescribed pursuant to 26 U.S.C. 4082 shall include the statement **"DYED DIESEL FUEL, NONTAXABLE USE ONLY, PENALTY FOR TAXABLE USE."**

Some states require the tax due and/or the responsible party for tax to be included on the shipping document. Most states require printed bills of lading although few will authorize the use of hand written bills of lading.

**Problem:** One of the biggest problems with shipping documents is that shipping document formats vary by industry and by terminal operator. When printing several copies of the bill of lading, the print becomes illegible. The format of some documents does not clearly identify the physical address of the terminal, refinery and/or bulk plant. The bill of lading number may not be legible or may be confused with other numbers on the document because it is not required to be uniform. The name of the supplier may or may not be on the shipping document.

**Solution:** A standardized shipping document with a uniform format that designated a specified area for: the name and address of the location where the fuel was loaded; the unique document number; the supplier name; the date product was loaded; identification of product; gallons loaded (net and gross). Any other information required by the domiciled state or the Federal government could be placed on the shipping document in an area according to each terminal's specification.

Much of the information on a bill of lading is already transmitted electronically to the suppliers. This format must already be standardized. The idea solution would be to transfer that information to a standardized hardcopy which is printed for the transporter.

# Appendix

## Model Legislation Checklist

The subcommittee on Model Legislation was established to provide a checklist as a guide for states who are contemplating changing their point of taxation for motor fuel products and implementing the 11 point plan.

- Dyed diesel at each point of taxation.
- Taxation at the rack.
- First receipts method.
- Distributor level.
- Taxation at the retail station.
- Third party reporting.

The intent of this model legislation checklist is to offer a resource to all taxing jurisdictions who are interested in strengthening their motor fuel tax laws to combat motor fuel tax evasion.

Motor fuel tax evasion is recognized as a nationwide problem that results in revenue losses to state and federal governments. Lost motor fuel tax revenues harm both the public and private sectors, limiting the funds available to construct and maintain roads, highways, bridges, and urban transportation systems. Fuel tax evasion also impacts honest businesses trying to compete with evaders selling motor fuel far below legitimate costs.

Once motor fuel tax evasion is recognized as a serious problem within a taxing jurisdiction, preventive measures should be taken before the matter worsens and more and more tax revenues are lost. Tax evasion can be significantly reduced by establishing stronger legislative remedies and improved administrative efforts by proposing legislative and administrative changes that: 1) strengthen enforcement efforts, 2) track all motor fuel sales, 3) reduce the number of taxpayers, 4) minimize the number of tax-free sales, 5) provide consistency between fuel tax and other state tax laws, and 6) rewrite or strengthen existing motor fuel tax laws.

The following are legislative and administrative recommendations that this model legislation checklist addresses:

- Strengthen licensing and bonding requirements.
- Strengthen reporting and record keeping requirements.
- Strengthen criminal and civil penalties.
- Strengthen enforcement and auditing efforts.
- Rewrite or strengthen existing motor fuel tax laws.
- Implement a change in point of taxation legislation



## Selected References for the Model Legislation Checklist

### 1. Taxpayer Options

When proposing changes to existing motor vehicle fuel and/or diesel fuel tax laws, taxing authorities must decide who the taxpayer will be. In other words, how far back up the distribution chain should the incidence of the tax be placed. Following are some taxpayer options and a reference to some recent legislative actions taken by both federal and state taxing authorities.

#### A. Tax at the Terminal Rack

Generally, all gasoline, undyed diesel fuel and kerosene are taxed as they cross the terminal loading rack. Some states have passed variations of the federal tax at the rack legislation. rack legislation. Examples of these variations are as follows:

1. Position Holder at the Rack.  
Tax is due from the position holder when the product crosses the rack. (the person owning the inventory according to the records of the Terminal Operator).
2. Position Holder or Exchange Receiver at the Rack (Modified Position Holder).  
If the position holder delivers on exchange, the exchange receiver remits the tax. Tax is due from the position holder when the product crosses the rack. Exception-Tax is due from the receiver if receiving the product under an exchange agreement
3. First Receiver below the Rack.  
The person physically receiving accountable product/motor fuel at the rack remits tax to the taxing jurisdiction, if licensed. If not licensed, then variations 1 or 2 above should be used. Tax is due from the position holder or exchange receiver unless the person physically receiving the product at the rack is a licensed distributor. No subsequent tax-free sales are allowed.

All dyed diesel fuel meeting the United States Environmental Protection Agency (EPA) and Internal Revenue Service (IRS) requirements can be sold tax free and cannot be used on the highways.

#### B. Tax at the Distributor/Wholesale Level

Sales of gasoline and diesel fuel are taxed at the terminal rack unless the sale is made to another licensed supplier, distributor or wholesaler. It is left up to each taxing jurisdiction to determine and define who qualifies as a license holder for the purpose of purchasing motor fuel tax-free.

Examples:

1. Subsequent sales after the rack are exempt, until the product is sold to an unlicensed party. The last licensed distributor in the chain pays the tax.
2. All licensed distributors are exempt. Tax is due from the last licensed distributor who makes a sale to an unlicensed party.
3. Tax jurisdiction may allow only two (2) exempt sales to licensed distributors And on the third (3) sale the tax is due to the taxing jurisdiction.

#### C. Tax at the Retail and/or Use Level

Some taxing jurisdictions license all retail dealers and users of diesel fuel within their state and impose an excise tax on sellers and users who place "special fuel" into the fuel supply tank of a motor vehicle. Usually, every person in the distribution chain is licensed, i.e. distributor, importer, exporter, wholesale, dealer, gasoline jobber, seller-user of special fuel, and retail dealer. Fuel sold to each licensee is sold tax- exempt, and the licensee who places the motor fuel into the supply tank of a motor vehicle becomes the taxpayer. It is left up to each taxing jurisdiction on how and who should be licensed.

**D. Tax on First Importation**

Another taxpayer option for collecting tax on accountable product/motor fuel is to collect the tax from persons who are responsible for importing, refining, manufacturing, producing, blending, or compounding in a state. If this method is used as an option, consideration must be given to the varying refund provisions that have to be developed.

**E. Tax on Importation into State/First Receipt into Storage into a Terminal or Refinery**

Tax is paid by the person first receiving product at a terminal or refinery. Tax is also due from the importer when imported directly to the importer's customer or for the importer's use.

**2. Collection and Payment of Tax**

When considering taxpayer options, the option chosen determines who and how many taxpayers a taxing jurisdiction will have. When the Internal Revenue Service implemented its diesel fuel tax at the terminal rack legislation, it decreased the number of motor fuel taxpayers significantly. When state tax authorities are considering tax at the rack legislation, they must address the problem of former licensed taxpayers losing their cash float because they would be paying their suppliers at the time of removing accountable product/ motor fuel from the terminal rack. Consideration for refunds and supplier bad debt must also be addressed (discussion on these topics is in section 10).

State taxing authorities can decrease their number of state motor fuel taxpayers by moving the point of taxation to the terminal rack. With fewer taxpayers, taxing authorities will provide for greater scrutiny of taxpayers, will have fewer audits but greater coverage of taxable sales, and may be able to sign more manpower and resources to establish stronger on road enforcement policies. Moving the point of taxation to the rack may increase the number of refund claims depending on state statute.

An argument against decreasing taxpayers is that more tax dollars can be stolen because tax liabilities will be greater. To combat this argument, taxing authorities that allow licensed suppliers, distributors, and/or wholesalers or licensed retailers and/or users to be taxpayers increase their number of taxpayers but decrease the chance that one taxpayer can steal large amounts of tax revenue. These taxpayer options will increase the number of taxpayers, but with strong licensing requirements, an aggressive audit department, and strong on road enforcement policies, tax evasion can be curtailed.

Other items that need to be addressed when taxing authorities are deciding who their taxpayers should be are:

- A. Tax payments by importers.
- B. Pre-collection of tax by importers.
- C. Terminal operator liability.
- D. Allowing parties downstream of the taxpayer to defer reimbursement of taxes until the tax is actually remitted to a state.
- E. Tax on cross border movements of motor fuel.
- F. Bad debt allowance.
- G. Back up tax.
- H. Collection allowance/Handling allowance.

Based on the U.S. Supreme Court Case, Chickasaw Indian Nation vs. Oklahoma Tax Commission, it is imperative that states identify that the consumer is the ultimate taxpayer. This case made it clear that immune entities such as Native American Tribes cannot be the taxpayer under state law and are not required to pay tax. However, immune entities can be required to act as the state's agent in collection of tax from customers that are identified as the taxpayer.

## A. Electronic Payments

When states are considering requiring or allowing electronic payments of tax liabilities several sources are available to help. States need to adopt the requirements best suited to meet their business needs. The following guidelines provide a checklist of issues/topics to consider prior to writing legislation. States can look to the FTA for information and surveys on what other states have already implemented or review other states' legislation. (Check the FTA or individual state web sites as an alternative).

Electronic payments can take numerous forms. There is the traditional electronic funds transfer (EFT) as well as the use of credit or debit cards.

### 1. Considerations for legislation.

- a. Set a minimum threshold when EFT payments are required.
- b. Allow sufficient time for taxpayers to register and test your process prior to implementation of the legislation.
- c. Allow voluntary payments for smaller than threshold amounts.
- d. Provide a process to refund or otherwise correct duplicate or erroneous payments which includes the EFT option.
- e. Provide an alternative payment method when a failure in the electronic process occurs.
- f. Determine who will pay the fees, taxpayer or state, if fees are incurred.
- g. Provide taxpayers the ability to "warehouse" ACH debit payments. Warehousing the payment allows the taxpayer to initiate the payment prior to the due date but have the settlement of the funds occur on the due date. Industry considers this a critical component of any EFT program.
- h. Recognize that the taxpayer may lose the "float" on their payment using this method.

2. Electronic Funds Transfer (EFT): An electronic mechanism used in the financial industry to make payments between accounts electronically. ACH is the most popular. It is a nation wide network used by the Federal Reserve to handle direct payments.

- a. ACH Credit: When using ACH credit, the payer tells their bank how much and when to send money to the payee. When sending a tax payment to a revenue agency using this method, a tax addenda record approved by FTA is necessary. Financial institutions typically charge customers for this service.
- b. ACH Debit: When using ACH debit, the payer authorizes the payee to take from the payer's account and send it to the payee. States typically contract through the third party for this service, but it is not required.

### 3. Credit or Debit Cards:

- a. The state must have the infrastructure in place to handle these payment methods.
- b. Determine what credit/debit cards the state will accept. Credit card companies do business differently.
- c. Determine which payment methods, walk-in, mail-in, telephone (Interactive Voice Recognition), operator assisted or Internet, to offer.
- d. Determine if the state will absorb the merchant fee or if the taxpayer will be charged a convenience fee.
- e. Determine how to market this service.

### 3. Tax-Exempt Diesel Fuel Must Be Dyed

Diesel fuel can be sold federal excise tax-exempt at a terminal rack, if the fuel meets the dyeing and marking requirements of the Internal Revenue Service under 26 U.S.C. 4082.

Under 4082, certain entities are authorized to operate highway vehicles with untaxed dyed diesel fuel. If new legislation is introduced by state taxing authorities, a section or provision should be made in the law to address this issue.

If a state taxing jurisdiction taxes state and local governments for their own road uses, these entities may want to purchase dyed fuel in order to avoid paying the federal tax. In this instance, the law would need to address some method of taxing dyed diesel fuel sold to state and local governments.

Consideration should also be given about the taxability of kerosene. Currently, under IRS rule, kerosene is taxed when it crosses the terminal rack. In other words, kerosene should be taxed if it is blended into diesel fuel for use as a winter blend highway diesel fuel. If a state decides to tax undyed kerosene and the kerosene is used as a heating fuel or for some other off-highway purposes, then a refund provision should be developed.

A refund section or provision should be developed to address the problem of accidentally contaminating clear taxed diesel fuel with dyed untaxed fuel.

### 4. Racing Fuel

When considering the taxation or exempt status of racing fuel, the following items should be addressed.

- A. Definition of racing fuel. The definition is typically based on the octane level. Refer to the uniform definition for guidance.
- B. Determine the status of the product, exempt or taxable. If racing fuel is deemed to be exempt, is it exempt based on:
  - 1. The product, regardless of use, or
  - 2. By its use

If racing fuel is deemed to be taxable, are there refund provisions for off-highway use?

- C. Determine if exemptions should be separated by leaded and unleaded product.
- D. Determine if the exemptions are to be valid at the time of purchase or refundable.
- E. Determine if licensing and bonding of persons distributing and/or using racing fuel is necessary. Racing fuel is usually shipped outside the normal fuel distribution chain. The product may be shipped long distances in prepackaged 55-gallon drums.
- F. Enforcement - whether taxable or exempt there are areas for evasion. If taxable, need to address registering a taxpayer that is not a typical fuel dealer in the state and registering carriers that are not typical in the state. Also storage is not common. If exempt, need to address blending racing fuel for highway use or diversion to highway use.
- G. Nexus issues on remote dealers versus registration of users. The state may need a backup tax to enforce a user tax if fuel is otherwise exempt by use or as a result of no nexus on seller.
- H. If exempt from motor fuel tax, is racing fuel then subject to sales or use tax?
- I. If subject to refund, will the taxing authority offset motor fuels refund by sales or use tax due?

## 5. Clear or Dyed Kerosene

When considering the taxation or exempt status of kerosene, the following items should be addressed:

- A. Definition of Kerosene. The federal government classifies kerosene as diesel and follows the diesel guidelines for taxation (dyed - for off-highway use, undyed – taxable)
- B. Determine the status of the product, exempt or taxable. If kerosene is deemed to be exempt, is it exempt based on:
  - 1. The product, regardless of use, or
  - 2. By its use
 If undyed kerosene is deemed to be taxable, are there refund provisions for off-highway use?
- C. Determine if the exemptions are to be valid at the time of purchase, or refundable.
- D. If refundable, determine who files for the refund (i.e. distributor, retail or user), the filing frequency and documentation required.
- E. Determine requirements for invoice markings.
- F. Determine requirements for tank marking and blocking/locking.
- G. Determine the taxability of the prepackaged kerosene sold at locations such as hardware stores, convenience stores, etc.
- H. Enforcement - Regardless of the exempt or taxable status of the product, kerosene can be used in evasion schemes. If taxed at the rack, evasion may stem from refunds. If taxed below the rack, the typical evasion found in other fuels taxed below the rack can occur. Untaxed, untracked kerosene is susceptible to conversion to taxable use. Procedures should be established to address these issues.
- I. Be sure that dyed kerosene is not recognized as nontaxable. If the product is used for a taxable purpose a state would want to tax under backup tax provisions.
- J. If exempt from motor fuels tax, is kerosene then subject to sales or use tax?
- K. If subject to refund will the taxing authority offset motor fuels refund by sales or use taxes due?

## 6. Exempt Uses and Refunds

When considering exempt use and refund provisions, identify how the following items will be addressed:

- A. Exports
  - 1. Motor fuel sold to a licensed exporter.
  - 2. Motor fuel exported by a licensed supplier.
  - 3. Motor fuel sold to a person for immediate export to a state for which the destination state taxable motor fuel tax has been paid to the supplier and proof of export is available in the form of a destination state shipping paper.
  - 4. Tax-paid motor fuel which has been placed in storage within this state and is subsequently exported to another state.
  - 5. Tank wagon deliveries exported to another state from a bulk plant within the state.
- B. K-1 kerosene
- C. Motor fuel sold to the United States or its agencies or instrumentalities.
- D. Diesel fuel used to operate equipment attached to a motor vehicle.
- E. Diesel fuel used as heating oil or in trains, or used for other non-highway purposes.
- F. Motor fuel used on a farm for farming purposes.
- G. Diesel fuel which has been accidentally contaminated by dye.

- H. Motor fuel used in state owned school buses and in state owned administration and service vehicles used in the pupil transportation program.
- I. Motor Fuel sold or dispensed for use in commercial fishing boats.
- J. Diesel fuel sold or dispensed for use by state and local government highway vehicles.
- K. Erroneous payment refunds.
- L. Refund claim procedures, in general.
- M. Destination state diversion procedures.
- N. Federal considerations (always review current laws).
  - 1. No power take-off exemption (cannot use dyed fuel).
  - 2. Allows state and local government to use dyed fuel in highway vehicles.
  - 3. Federal agencies should not use dyed fuel in highway vehicles and are subject to federal tax.
  - 4. Highway Vehicles are not allowed to use dyed diesel and must pay all federal taxes, even if used off road.
  - 5. Vessels of all types are exempt from federal diesel fuel taxes and may use dyed diesel.
  - 6. Federal Ultimate Vendor (Class UV) refunds are limited to state and local governments and (Class UP) retailers selling kerosene from a blocked pump.
  - 7. Kerosene and kerosene equivalents are considered to be forms of diesel and are treated basically the same for federal tax purposes.
  - 8. Clear aviation grades of kerosene may be sold tax exempt over the terminal rack. Only qualifying airlines may be exempt from federal aviation tax.

**Note:** Research and preparation when drafting dyed fuel legislation can lessen conflicts and confusion that may occur. If a state simply adopts a dyed fuel statute without addressing these issues there is likely to be an unintended burden on the taxpayer or the state.

- O. Sales to Third Party Credit Card Companies - Third party credit card companies are defined as card companies not wholly owned by an oil company, which use a credit card for motor fuel transactions.

Considerations for legislation include:

- 1. Registration or licensing of these companies.
- 2. Bonding of these companies.
- 3. Addition of special enforcement and audit processes.
- 4. Allow exemptions that apply to eligible governmental entities only.
- 5. Determine if the third party company must hold title to the product to be eligible to file the claim.
- 6. Establish a retail identification number that is unique to a specific retail location and is used by all credit card companies.
- 7. Require reporting of the volume and type of fuel by each retail outlet handling the transaction.
- 8. Determine who is eligible to file the refund claim and to whom it will be paid.
- 9. Establish a refund process to meet your business need.

## 7. Licensing and Bonding Requirements.

Effective licensing and bonding of motor fuel taxpayers helps ensure financial responsibility and protects the millions of dollars of tax liability with which licensees are entrusted each month. Taxpayers are likely to become more trustworthy and reliable when the licensing body performs thorough background checks on potential licensees and requires surety for tax liabilities. These measures will help to identify potential tax evaders and places the necessary safeguards on entities that are licensed.

When taxing authorities are considering fuel tax licensing requirements, they should consider licensing every person dealing in motor fuel within their state.

The following licenses should be considered:

- A. Supplier license.
- B. Permissive supplier license.
- C. Terminal operator license.
- D. Exporter license.
- E. Carrier license.
- F. Importer license.
- G. Tank wagon operator importer license.
- H. Fuel vendor or retail dealer license.

Other licensing requirements that should be considered are:

- A. License application forms.
- B. Thorough investigation of a person or persons applying for a license.
- C. License application fees.
- D. License denial hearings.
- E. How long is the license valid (one year; three years; or until suspended, revoked, or cancelled).
- F. License nontransferable notice.
- G. How the license should be displayed.
- H. License surrender upon discontinuance of a business.
- I. Publishing and distribution of a license listing to all licensees within the state.

Surety bonds protect taxing authorities from major tax dollar losses resulting from bankruptcy or tax evasion. The following bonding requirements and issues should be considered when bonding provisions are written.

- A. Dollar amount of the surety bond.
- B. Issued by a surety company approved by the taxing authority.
- C. Bond must name the applicant as the principal and the taxing authority as the obliged.
- D. Be on forms approved by the taxing authority.
- E. New or increase in bond requirements if the liability on the previous bond is discharged or reduced by a judgment rendered, payment made, or if any surety on the previous bond becomes unsatisfactory.
- F. Provision to release an existing surety bond.
- G. Allowance for cash deposits or an irrevocable letter of credit to be used in lieu of a Surety bond.
- H. Taxpayer's prior payment and audit history.

***Note: Be cognizant of federal bankruptcy statutes. In almost all instances, the approval of a bankruptcy declaration by a Federal Bankruptcy Court will cause ANY security you may have received (except for a third party surety bond) to revert to the Court. The state will then have no coverage.***

## 8. Fuel Tax Fraud Penalties

Existing penalty provisions in most state taxing jurisdictions have not kept pace with the growing magnitude of state revenue losses. States that have recently passed new motor fuel tax legislation or are in the process of changing existing laws, are strengthening motor fuel tax fraud penalties. Motor fuel tax fraud penalties should be strong enough to provide a sufficient deterrent to prospective tax evaders, but should be flexible enough to allow a waiver of penalties for unintentional errors made by honest taxpayers. If criminal penalties are strong deterrents and the laws are clear and enforceable, cases against fuel tax evaders can be prosecuted more effectively.

The following are some items to consider when a state taxing authority is trying to strengthen criminal and civil penalties:

- A. Allow for the seizure of fuel and property used in illegal operations.
- B. Establish personal liability of individual company/corporate officers for the willful evasion of motor fuel tax.
- C. Designate that collected fuel taxes constitutes a trust fund and make failure to remit a felony.
- D. Establish other offenses as felonies, including:
  - 1. Meter tampering or conspiracy to elude metered output for the purpose of evading taxes.
  - 2. Willful nonpayment of fuel taxes.
  - 3. Illegal collection of fuel taxes.
  - 4. Illegal importation of fuel.
  - 5. Conversion of fuel tax by licensees or their representatives for their own use, or attempting to covert with intent to evade taxes.
  - 6. Importing fuel, or conspiracy to import fuel, with intent to evade taxes.
  - 7. Failure to place dye in fuel intended to be non-taxable.
  - 8. Removal of dye from previously dyed fuel for any purpose.
- E. Other offenses that should be considered are:
  - 1. Willfully remitting or maintaining any false or forged records.
  - 2. Refusing to permit authorized seizures.
  - 3. Transporting motor fuel without a bill of lading, manifest or shipping documents.
- F. Strengthen civil penalties for failure of bulk users, jobbers, distributors, exporters, and resellers to file tax reports.

## 9. Enforcement

While it is imperative that a state has a comprehensive motor fuel tax audit program backed up by proper laws, those factors alone will not control tax evasion. Effective audit procedures depend on records being kept and motor fuel shipments being reported. Tax evaders, of course, will intentionally distort documents or avoid keeping records. Detection of illegal activity calls for vigorous surveillance and enforcement provisions. For example, a common evasion technique is the shipping of motor fuel from a state with a low tax rate to one with a high tax rate. The bills of lading will show the delivery to the origin state with the lower tax rate being paid in that state. When states do not cross check interstate deliveries, tax is sometimes not paid to either state. States should consider establishing a tax evasion "Hot Line" allowing anyone who suspects a person is evading motor fuel taxes to call a toll free telephone number to report the incident.

Other enforcement provisions that should be considered are:

- A. Establishing a fuel tax investigative unit devoting full time efforts to curb fuel tax evasion.
- B. Providing sworn members of the enforcement or investigative unit with police power to enforce criminal statutes during the performance of their official duties.
- C. Providing the personnel administering the fuel tax and investigating fuel tax evasion with the equipment and resources needed to be effective.
- D. Strengthening shipping document requirements and requiring transporters of motor fuel to carry these documents on board where they can be examined by an investigator.

There are a number of recommendations that may be considered in order to reduce the incidence of motor fuel tax evasion:

- A. Adequate control of licensing.



- B. Increasing audit staff.
- C. Clearly define the point of taxation.
- D. Balanced inventory reporting.
- E. Information sharing between states.
- F. Cross checking between licensed suppliers, distributors, wholesalers, etc.
- G. Adopt Point 6 of the Fuel Tax Evasion 11 Point Plan.

## 10. Records, Reports, and Payment

Tracking the shipment of fuel from the terminal to its ultimate destination is an important way to intercept and eliminate illegal fuel imports. Bills of lading are issued at the time fuel is pumped from the terminal into tank trucks for delivery, indicating destination state. Driver manifests indicate a more precise destination of the delivery, such as street address and city. Both documents provide solid proof of where the delivery is bound and can be used to verify the intentions of the transporter.

Information on product movements and transactions provide the records necessary to determine the amount of taxes due. Reporting inadequacies and delays provides opportunities for motor fuel tax evasion to go undetected long enough to be successful. The reporting, tax payment and verification process is frequently tested by tax evaders who find weak spots that can be exploited.

Requiring prompt reporting, precise tax payments improves the tracking process and can help identify companies that have not remitted taxes due. Computerization of tax returns and tax payments through electronic filing can further speed up the reporting process and allows for more timely cross-matching of shipments.

Records, reports, and tax payments provisions that should be considered are:

- A. Require the following information on all bills of lading and/or manifests:
  - 1. Address of the terminal or bulk plant from which the motor fuel was removed.
  - 2. Date the motor fuel was removed.
  - 3. Type of motor fuel removed.
  - 4. Number of gallons of motor fuel removed.
  - 5. State of destination as represented to the terminal operator by the purchaser/transporter.
- B. Bills of lading and driver manifests must accompany each delivery.
- C. Require licensees to retain records long enough for audit purposes.
- D. Adopt the uniform forms for reporting the movement and tax of motor fuel.
- E. Allow for uniform electronic reporting systems by adopting the ANSI ASC X12 standards.

## 11. Import/Export Cross Border Issues

When enacting changes to existing fuel tax statutes, tax authorities should consider how the statutory definitions, reporting requirements and tax status of imports and exports will affect their taxpayers and neighboring state.

Issues to be considered are as follows:

Rack State Issues:

- A. If tax is imposed at the rack will in-state position holders/suppliers be required to collect tax based on out-of-state destinations?
  - 1. This will require supplier/position holders to register and file in bordering states.

2. This will cause the tax-paid purchases in neighboring states to dramatically increase.
  3. Neighboring state laws may prohibit the pre-collection of tax when removed at the rack, possibly causing double taxation problems.
  4. Tax-paid purchases could reduce tracking and matching efforts in the neighboring states.
  5. Neighboring states with additional locally imposed taxes may now need a separate mechanism to collect these taxes.
  6. This may put taxpayers in an over paid position in the neighboring state, forcing the taxpayer and the neighboring state to process refunds.
  7. Exporters may be required to register and file returns, reporting their destination state tax-paid withdrawals.
  8. It will be important to define how you will handle products that may be exempt from tax in the destination state but taxable in your state, example kerosene?
- B. If tax is imposed at the rack, will out-of-state position holders/suppliers be required to collect tax based on in-state destinations.
1. This will require attempting to register out-of-state position holders/suppliers. These businesses may not have nexus in your state and may be willing to voluntarily collect your tax.
  2. If there are non-nexus out-of-state sources of fuel for in-state dealers, a process of registering and reporting imported gallons must be established (license category, returns, bonding, etc.).

#### **General Issues (Applicable to all Levels of Taxation)**

- C. Will you provide a mechanism to exchange data with neighboring states?
- D. Will you require specific paper work requirements such as destination state on bill of lading and invoices?
- E. Will you require tax to be separately stated on invoices and the state to be identified?

## **12. Refunds and Credits for Bad Debts**

As taxing jurisdictions implement the tax at the terminal rack option, the marketers of motor fuel who had previously been taxpayers suddenly will lose their cash flow by having to pay the motor fuel tax to their suppliers. Some states have addressed this problem by allowing suppliers to defer collection of motor fuel taxes from their customers until the tax is due the taxing authority. Some supplier customers do not want to defer taxes. This tax deferment program could place a heavy burden on suppliers who find that the taxes become uncollectible from a purchaser. A provision to allow a bad debt credit or refund would protect suppliers from losses due to bankruptcy. Regulations could be written to specify if the supplier could take credit on the tax return or if the supplier has to file a refund claim. The regulations could also adopt rules establishing the evidence the supplier must provide to receive the deduction or refund. The state taxing authority would be covered by the bonding requirements that were established at the time of licensing the distributor/wholesaler. Also, something to consider is handling allowances that should be given to tax collectors to offset increased administrative costs.

## **13. License Listing**

A detailed listing of all licensed suppliers, distributors, wholesalers, importers, exporters, retail dealers, motor fuel carriers, and pipeline terminal operators should be furnished no less than annually to each licensee within the taxing authority. The listing should include the name of the company, street address, city, state, FEIN number, and the license number for each license held within the taxing authority. If the listing is published less than monthly, a monthly update should be furnished,

listing any new licensees, or companies whose licenses have been cancelled, suspended, or revoked since the last published listing. If a monthly listing of changes is furnished, then the monthly listing should be cumulative and should be considered the most recent status. Another item that should be considered is listing all federally approved motor fuel terminals located within a taxing authority. The listing should include the name of the terminal operator, street address, city, state, FEIN number, and the federal terminal code. All listings should clearly indicate additions, deletions, and other changes to assist suppliers in checking against their customer lists. Some taxing jurisdictions consider these listings confidential and, if this is the case, the legislation should address this concern and make it legal to distribute these license listings.

## 14. Alternative Fuels

As defined in the glossary, alternative fuels are typically products other than gasoline, gasohol, diesel or kerosene. This section provides cross-references to other sections or separate provisions, as necessary, for successful administration.

### A. Taxpayer Options

When enacting changes to motor fuel laws, taxing authorities need to consider taxation of alternative fuels and the point of taxation. Sales of alternative fuels are typically exempt at the terminal level. The nature of the fuel is for heating purposes therefore not conducive to taxing at the terminal. There are three common points of taxation for alternative fuels.

1. **Tax at the Wholesale Level**  
A state may license and/or bond an alternative fuels dealer who makes sales to retail dealers or to the end user for highway purposes.
2. **Tax at the Retail or User Level**  
A tax may be imposed on retail dealers or end-users of alternative fuels that deliver or place Alternative fuels into the fuel supply tank or other device of a vehicle for highway purposes. Fuel sold to each licensee is sold tax-free and the licensee who places the alternative fuels into the supply tank or other device of a highway vehicle becomes the taxpayer. Each state determines how and who should be licensed.
3. **Registration Fee**  
In lieu of licensing and reporting sales of alternative fuels, a state may elect to issue a decal and/or license the registration fee of a vehicle when that vehicle is registered for license plate. The state determines the fee.

### B. Collection and Payment of Tax/Fee

The point of taxation or fee collection will determine who and how many remitters a jurisdiction will have.

Other items that may need to be addressed are:

1. Collection of monies to be held in trust,
2. Cross border movements,
3. Bad debt allowance,
4. Collection allowance,
5. Exempt entities,
6. Refunds,
7. Conversion rates keeping IFTA requirements in mind.

### C. Exempt Uses and Refunds

When considering exempt use and refund provisions, the following are some items to be addressed:

1. US Government
2. State Government and political subdivisions
3. Other states and their political subdivisions
4. Non-profit organizations

5. Farm Use
6. Heating Fuel or other non-highway use
7. School buses
8. Local or Inter-city buses
9. Exports
10. Erroneous payment refund
11. Refund claim procedures, in general
12. Interest on refunds
13. Penalty and/or interest on over-refunded tax

#### **D. Licensing and Bond Requirements**

Effective licensing and bonding of alternative fuels taxpayers helps ensure financial responsibilities and protects the tax liability with which licensees are entrusted each month. Taxpayers are likely to become more trustworthy and reliable when the licensing body performs thorough background checks on potential licensees and require surety for tax liabilities.

Licenses should be considered for the following:

1. Alternative Fuels Provider or Dealer.
2. Retailer of Alternative Fuels or Fuel Vendor.
3. Bulk-end User of Alternative Fuels.

Licensing requirements that should be considered are:

1. Application forms and instructions.
2. Background investigation of license applicant.
3. Application fees.
4. License denial hearings.
5. Period of license validity (one year; three years; or until suspended, revoked or cancelled).
6. License nontransferable notice.
7. Display of license.
8. License surrender upon discontinuance of a business.
9. Publication and distribution of license listing to all licensees within the state.

Surety bonds protect the taxing authorities from major tax dollar losses resulting from bankruptcy or tax evasion. The following bonding requirements and issues should be considered when bonding provisions are written:

1. Dollar amount of the bond.
2. Taxing authority approval of issuing Surety Company.
3. Bond must name the applicant as the principal and the taxing authority as the obliged.
4. Taxing authority approved bond forms.
5. New or increase in bond requirements if the liability on the previous bond is discharged or reduced by a judgment rendered, payment made, or any surety on the previous bond becomes unsatisfactory.
6. Provision to release existing surety bonds.
7. Allowance for cash deposits or an irrevocable letter of credit to be used in lieu of a surety bond.
8. Prior filing, payment and audit history of the taxpayer.

#### **E. Fuel Tax Fraud Penalties**

See Section 8 of the Model Legislation Checklist

**F. Enforcement**

See Section 9 of the Model Legislation Checklist.

**G. Refunds and Credits for Bad Debts**

Each state will determine if a refund or credit will be given to the Provider/Dealer or Retailer/Vendor if it is determined that the tax is uncollectible from the customer. Areas of concern should be:

1. Deferred collection on taxes.
2. Handling allowance.
3. Refund request for bad debts.
4. Credit request for bad debts.
5. Factors used to determine the uncollectible status.
6. Prorating consideration and collection of product and tax.
7. Recapture provision for write-offs.

**H. License Listing**

Each state will determine if a detailed listing of all alternative fuel licensees will be made available.

The listing should include, but not be limited to:

1. Account Number.
2. Legal Name.
3. Trade Name.
4. Address.
5. License Type.
6. FEIN (if not part of the account number).
7. Effective date.
8. Closed date.
9. Change to license (update listing only).

Some jurisdictions consider these listings confidential and, if this is the case, the legislation should address this concern and make it legal to distribute these license listings both to licensees and on the Internet.

**I. Reduced Tax Rates**

When considering reduced tax rate provisions for specific alternative fuel blends or fuel uses, the following are some items to be addressed:

- A. There is an increase potential for evasion if:
  1. Fuel may be purchased at a specific blend to receive a reduced tax rate. The reduced rate is remitted, then the fuel may be further blended and sold at the higher rate, or
  2. Fuel may be purchased at a reduced tax rate based on specific use, then later used for a different purpose, which should be taxed at a higher rate.
- B. Consider a credit or refund to allow for ease in fuel taxation. This will further ensure accuracy of reduced tax rates/credit situations for specific fuel blends and uses.

**15. Two Party Exchanges**

Introduction:

Two-party exchange is a transaction in which petroleum product is transferred from one supplier to another supplier pursuant to an exchange agreement.

Exchange Agreement is an agreement between two terminal suppliers whereby a terminal supplier agrees to deliver fuel to the other party or the other party's customer at the loading rack. The transaction is reconciled and financially settled by trading a product at another location and is recorded by the terminal operator as a terminal removal by the receiving supplier.

Simple example of two-party exchange transaction:

Supplier A is a position holder in Terminal X. Supplier B has a customer taking delivery of product in Terminal X, but Supplier B is not a position holder in Terminal X. Supplier A agrees to exchange product with Supplier B so Supplier B can sell product to the customer. Likewise, Supplier B will exchange product in another terminal where Supplier A is not a position holder.

Items to consider:

- A. Your state's taxation point.
  1. Tax at the terminal rack (including position holder, modified position holder, or first receiver).
 

Position holder = the one who owns inventory according to the records of the terminal operator.

Modified position holder = The position holder delivers on exchange and the exchange receiver remits the tax; or if no exchange is involved the position holder remits the tax.

First receiver = The person physically receiving accountable product/motor fuel at the rack remits tax to the taxing jurisdiction, if licensed. If not licensed, then variations of position holder and modified position holder should be considered.
  2. Tax below the rack (including distributor/wholesale level, retail level, or upon importation)
    - a. If taxing below the rack, you should consider the number of pass-throughs allowed and whether two-party exchanges will affect the number of pass-throughs on all products, including ethanol blended with gasoline. (An example of a "pass through" is when the distributor could collect and report the tax to the state, but chooses to sell tax-free product to the wholesaler, who then becomes responsible for reporting and paying the tax to the state.) Keep in mind that if you decide to limit the number of pass-throughs, the person in the middle may not know that their the taxable party.
- B. How to handle "stacking" exchange agreements. You might encounter a series of two-party exchanges prior to the product leaving the terminal. States should consider how they want to handle these "stacking" exchange agreements on a single movement of fuel.
- C. Tracking and cross matching issues.
  1. Will you be able to track and cross match transactions involving two-party exchanges?
  2. Does fuel lose identity through a series of two-party exchanges? (This means not being able to identify the fuel type, losing track of the original bill of lading number, or not being able to track the product from the original position holder through the exchange partner to the final recipient.)
  3. Does terminal disbursement information properly match recipient's receipt information? Does the terminal-issued bill of lading reflect the exchange-receiver as the supplier of record as opposed to the position holder? The position holder should not be reported on the bill of lading as the supplier of record.

4. Does the terminal operator report reflect the exchange receiver as the supplier of record as opposed to the position holder?
- D. Enforcement and auditing issues.
1. Is product transferred via a two-party exchange or is the transaction actually a sale? When does title actually transfer?
  2. Does possession transfer directly from the exchange supplier to the exchange receiver's customer; title passes instantaneously from the exchange supplier to the exchange receiver to the exchange receiver's customer.
  3. Are both parties properly reporting the transaction?
  4. Do participants have proper supporting documentation?
  5. If the fuel is exported to an at-the-rack state, will the proper tax be collected and remitted?

## EMERGENCY/DISASTER READINESS CHECKLIST

When creating your Emergency Readiness Plan, consider the different threat scenarios to ensure your plan fits any type of emergency/disaster. Potential scenarios include, but are not limited to, weather (tornado, flood, mudslide, earthquake, blizzards, hurricanes, ice storms), bombing, fire, power plant threat, terrorist threats, gun fire and a pandemic situation.

The following is a 'readiness' checklist which can be used as a tool to assist with preparation for a potential emergency or disaster.

- ✓ Alternative Work Location
  - Other state office buildings or satellite offices.
  - Could employees work from home?
  - Alternative working hours.
- ✓ Hardware
  - Computer.
  - Printer.
  - Telephone.
  - Fax machine.
  - Calculator.
  - Microfilm/imaging machine.
- ✓ System
  - System back-up's.
    - Location of back-up data.
    - Location of system/paper files (if applicable).
  - Deposit system.
  - Processing system.
  - Refund system.
  - Electronic services (e-file, e-pay).
  - Passwords and logins kept secure at an offsite location
- ✓ Software
  - Network files/folders.
  - Word.
  - Excel.
  - E-mail.
  - Access.
  - Internet/Intranet.
  - Access to statutes, rules, regulations, policy and procedural databases.
- ✓ Critical Processes/Tasks
  - Determine minimum processing requirements and priorities. (What tasks must be performed)?
    - Deposit.
    - Licensing.
    - Payment processing.
    - Refunds. (To avoid refund interest being paid).
    - Return processing. (Are returns available on the internet)?
  - Determine the impacts of a critical task not being completed.
  - Determine what the requirements should be for filing fuel tax returns in an industry disaster/threat (Blanket order for some states). This should determine the penalty, due dates etc.



- Determine the minimum IFTA and regulatory requirements in order to transport fuel to the affected areas such as waiving the requirements, bonds and taking the applications by any means.
- ✓ Emergency Notification
  - Notify needed stakeholders.
    - Media.
    - Employees.
      - Develop employee phone call 'trees'.
    - State agencies.
    - Other States.
    - Federal Government (IRS, FHWA).
    - Petroleum Marketers.
    - Attorney's, CPA's.
    - State contractors and/or vendors (Supplies, etc.).
    - Temporary agency (for the full time employees who can not make it in)
    - Website posting of the disaster/threat.
- ✓ Evacuation
  - Develop an evacuation plan.
    - Employee meeting location.
    - Method to 'account' for all employees.
    - Consider special needs or disabled employees.
    - Practice the plan.
- ✓ Other Considerations
  - Employee safety.
  - Employee emergency contact information.
    - Employee allergies?
  - First Aid.
    - Are kits available in the office?
    - Flashlight.
    - Extra batteries.
    - Emergency numbers and address.
    - Battery operated radio.
  - Communication Plan.
    - Distribution of all readiness plans to employees, including visual posting of the plans.
    - Clear chain of command.
    - Ability to shut off breakers in case of smoke, anthrax or any other airborne illnesses or threats.
  - Disaster Recovery.
    - Develop a plan for restoring the institutions ability to operate.
  - Business Resumption.
    - Develop a plan to identify the tasks and resources required to bring the institution back to full service.
    - Develop a plan for reopening the institution.
  - Test Your Plan.
    - Perform simulation disaster tests to ensure your plan is complete.

## Motor Fuels and Alternative Fuels Tax License Registration Information

(State's Name)

### Purpose

The registration application enables the states to properly register an applicant for a motor fuels or alternative fuels license and identifies the responsible parties of the business. Information gathered may be used to determine the bond amount for the license type, if applicable. *This application form is intended as a guide for each state when updating the motor fuels application. States with motor fuel or alternative fuel license types, other than those listed below, will need to add those license types to their application. States may need to modify the instructions or questions based on that state's requirements. This application is not intended as the only source for gathering information for licensing and bonding purposes.*

### Who Must Apply

Companies engaged in the fuel distribution business may be required to file an application for license. Refer to the laws of the state(s) in which the company does business. This application covers registration information for the following license types: Refiner, Terminal Operator, Supplier, Distributor, Special Fuels Supplier, Importer, Exporter, Retailer, Blender, Alternative Fuels Provider, and Transporter. *Each state should identify its required licenses in this section.*

### Examples

**Refiner** - Any person who owns, operates or controls a refinery.

*If a bond is required of this license type, each state should identify the bonding requirements for this license type here.*

**Terminal Operator** - A person who owns, operates or controls a terminal.

*If a bond is required of this license type, each state should identify the bonding requirements for this license type here.*

**Supplier** - Any person required to collect and remit tax on accountable product removed from a terminal/refinery rack.

*If a bond is required of this license type, each state should identify the bonding requirements for this license type here.*

**Distributor/Wholesaler** - A person who either produces, refines, blends, compounds, or Manufactures motor fuel, transports fuel into a state (imports) or exports fuel out of state, or who is engaged in distribution of motor fuel primarily by tank car or tank truck, or both, and who operates a bulk plant where he has active motor fuel bulk storage (capacity may be specified by individual state). It does not, however, include a person who receives or transports into this state and sells or uses motor fuel under such circumstances as preclude the collection of the tax herein imposed, by reason of the provisions of the Constitution and Statues of the United States.

Furthermore, a person operating a motor vehicle into the state, may transport motor fuel in the ordinary fuel tank attached to the motor fuel vehicle, and used for the operation of the motor vehicle, without being considered a distributor.

*If a bond is required of this license type, each state should identify the bonding requirements for this license type here.*

**Special Fuels Supplier** - A person who does one or more of the following:

1. Acquires accountable product/motor fuel other than gasoline, gasohol, or alternative fuels for sale or delivery to an end user.
2. Who maintains an inventory of fuel, part of which the person uses or sells to someone other than the end user.
3. Imports into the state, by means other than the usual tank or receptacle connected with the engine of a motor vehicle, for use by that person.

*If a bond is required of this license type, each state should identify the bonding requirements for this license type here.*

**Importer** - Any person engaged in the practice of importing accountable product/motor fuel. Accountable product/motor fuel delivered into (name of state) from out-of-state by or for the seller constitutes an import by the seller. Accountable product/motor fuel delivered into (name of state) from out-of-state by or for the purchaser constitutes an import by the purchaser. *Each state should list and explain the types of importer licenses.*

*If a bond is required of this license type, each state should identify the bonding requirements for this license type here.*

**Exporter** - Any person engaged in the practice of exporting accountable product/motor fuel. Accountable product/motor fuel delivered out-of-state by or for the seller constitutes an export by the seller. Accountable product/motor fuel delivered out-of-state by or for the purchaser constitutes an export by the purchaser. *Each state should list and explain the types of exporter licenses.*

*If a bond is required of this license type, each state should identify the bonding requirements for this license type here.*

**Retailer** - Any person who operates any location from which motor fuel is sold to an end user by direct delivery into fuel supply tanks.

*If a bond is required of this license type, each state should identify the bonding requirements for this license type here.*

**Blender** - Any person who engages in the process of mixing together by any process whatsoever, of any one or more products with other products, and regardless of the original character of the products so blended, provided the resultant product so obtained is suitable or practicable for use as a motor fuel, except such blending as may occur in the process known as refining by the original refiner of crude petroleum. The commingling of products during transportation in a pipeline is not considered blending.

*If a bond is required of this license type, each state should identify the bonding requirements for this license type here.*

**Alternative Fuels Provider** - Any person who does one or more of the following:

1. Acquires alternative fuel for sale or delivery to a bulk-end user or a retailer.
2. Maintains storage facilities for alternative fuel, part or all of which the person uses or sells to someone other than a bulk-end user or a retailer to operate a highway vehicle.
3. Sells alternative fuel and uses part of the fuel acquired for sale to operate a highway vehicle by means of a fuel supply line from the cargo tank of the vehicle to the engine of the vehicle.

4. Imports alternative fuel to the state, by means other than the usual tank or receptacle connected with the engine of a highway vehicle, for use by that person to operate a highway vehicle.

*If a bond is required of this license type, each state should identify the bonding requirements for this license type here.*

**Transporter** - Any person who engages in the business of transporting for hire, reportable Petroleum products by pipeline, marine vessel, railroad tank car, or transport truck.

*If a bond is required of this license type, each state should identify the bonding requirements for this license type here.*

## Registration Application Motor Fuel Tax License (State's Name)

### Part I. Identifying Information

1. Type of Ownership: ☐ Proprietorship ☐ C Corp. ☐ S Corp. ☐ LLC Partnership ☐ LLP Fiduciary ☐ Other(Identify)

If a corporation or LLC, State of Incorporation: \_\_\_\_\_ Date \_\_\_\_\_ Corporate or LLC Number: \_\_\_\_\_

**Attach copy of Articles of Incorporation, LLC Operating Agreement, Charter or Certificate of Authority To Do Business**

2. Legal Name

3. Trade Name (DBA Name)

Business Location: Street

(Not P.O. Box Number)

City

State

Zip Code

5. Preparer Mailing Address:

Name

Street or P.O. Box

City

State

Zip

Code

E-Mail Address

6. MAILING

Street or P.O. Box

ADDRESS:

City

State

Zip Code

7. E-Mail Address:

8. Location of Records:

Street

City

State

Zip Code

9. Licensing Contract:

Name

Telephone Number

Fax Number

10. Filing Contract:

Name

Telephone Number

Fax Number

11. FEDERAL EMPLOYER'S

IDENTIFICATION NUMBER (FEIN):

□ □ - □ □ □ □ □ □

**Part II. Ownership Information**

**Each corporate officer, principal, manager, partner or owner must complete the information requested below.**

***If needed, attach additional sheet(s) to provide the information requested in this application.***

<b>(Mark applicable box for title)</b> <input type="checkbox"/> President <input type="checkbox"/> Manager <input type="checkbox"/> Member <input type="checkbox"/> Partner Owner	
1. Full Name <i>(first, middle, last)</i>	
2. Residence Address <i>(street address, city, state and zip code)</i>	
3. Telephone <i>(residence)</i> (   )	4. Telephone <i>(business)</i> (   )
5. Social Security Number □ □ □ - □ □ - □ □ □ □	6. Driver's License Number & State

***I certify that the information contained on Lines 1 through 6 is correct to the best of my knowledge.***

7. Signature <i>(Recommended for companies not publicly traded)</i>
---

<b>(Mark applicable box for title)</b> <input type="checkbox"/> President <input type="checkbox"/> Manager <input type="checkbox"/> Member <input type="checkbox"/> Partner Owner	
8. Full Name <i>(first, middle, last)</i>	
9. Residence Address <i>(street address, city, state and zip code)</i>	
10. Telephone <i>(residence)</i> (   )	11. Telephone <i>(business)</i> (   )
12. Social Security Number □ □ □ - □ □ - □ □ □ □	13. Driver's License Number & State

<b>(Mark applicable box for title)</b> <input type="checkbox"/> President <input type="checkbox"/> Manager <input type="checkbox"/> Member <input type="checkbox"/> Partner Owner	
14. Full Name <i>(first, middle, last)</i>	
15. Residence Address <i>(street address, city, state and zip code)</i>	
16. Telephone <i>(residence)</i> (   )	17. Telephone <i>(business)</i> (   )
18. Social Security Number □ □ □ - □ □ - □ □ □ □	19. Driver's License Number & State

<b>(Mark applicable box for title)</b> <input type="checkbox"/> President <input type="checkbox"/> Manager <input type="checkbox"/> Member <input type="checkbox"/> Partner Owner	
20. Full Name <i>(first, middle, last)</i>	
21. Residence Address <i>(street address, city, state and zip code)</i>	
22. Telephone <i>(residence)</i> (   )	23. Telephone <i>(business)</i> (   )
24. Social Security Number □ □ □ - □ □ - □ □ □ □	25. Driver's License Number & State
26. List full name of directors. (Attach additional sheets if necessary)	Address (mailing address, city, state, zip)
27. List full name of shareholders with controlling interest in corporation	. * Address (mailing address, city, state, zip)

If there are 15 or less shareholders, all shareholders have a controlling interest. If there are more than 15 shareholders, shareholders with 5% or more ownership have a controlling interest.

28. Has the corporation, LLC, LLP, partnership, or any officers, members, controlling shareholders of the corporation or owners of the business been convicted of any felony or misdemeanor involving motor fuel?

☐ Yes ☐ No (If yes, please explain)

29. Name of bank or financial Institution which you will use to pay the motor fuels Name \_\_\_\_\_ Account Number \_\_\_\_\_  
Street or P.O. Box \_\_\_\_\_

tax: \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
Telephone Number \_\_\_\_\_ Fax Number \_\_\_\_\_

30. Other business licenses or permits held by the corporation, LLC, partnership, or proprietorship.

31. If your business is based in another state, list name, address, telephone number, and fax number of this state's registered agent.

Name \_\_\_\_\_

Street or P.O. Box \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Telephone Number \_\_\_\_\_ Fax Number \_\_\_\_\_

32. Indicate the states in which you do business \_\_\_\_\_ 33. Date business started in this state for which a license is requested. \_\_\_\_/\_\_\_\_/\_\_\_\_

34. Has the corporation, LLC, LLP, partnership or proprietorship now or in the past conducted any other business using a DBA?

☐ Yes ☐ No (If yes, please explain)

35. Does the corporation, LLC, LLP, partnership, or proprietorship own any property in this state?

☐ Yes ☐ No (If yes, please explain)

36. Does any officer, director, member, controlling shareholder, partner, or owner own or control any petroleum business which operates in this state or any other state? (e.g., other refiners, suppliers, distributors, transportation company, retail outlets, terminal operations, etc.)

☐ Yes ☐ No (If yes, please explain)

37. Does any officer, director, member, controlling shareholder, partner, or owner own or control any petroleum transport equipment which operates in this state or any other state?

☐ Yes ☐ No (If yes, please explain)

38. List any current or previous officer, director, member, controlling shareholder, partner, or sole proprietor of any entity who holds or has held, within the last seven years, a (*state's name*) motor fuel license.

**Please provide the information requested to the right for each person listed.**

State

Account Number

Relationship to account holder

9. If business was acquired, from whom was it acquired?

List type of fuel and number of gallons in the storage tanks at the time of purchase. (*Attach additional sheets, if necessary.*)

	State	Account Number	Relationship to account holder

### Business Operations Information

List the type of license for which you are applying. Complete the section(s) below for license type requested. (*See instructions.*)

**Refiner License** List federal (637) Number (*If applicable*): \_\_\_\_/\_\_\_\_/\_\_\_\_

☐ Yes ☐ No

1. Do you have any petroleum product refining capabilities? List each state.

2. List the locations of all refineries in this state from which you intend to refine petroleum products. (*Attach additional sheets if necessary.*) \_\_\_\_\_

\_\_\_\_\_

3. Estimated monthly gallons of refined petroleum products disbursed from in-state refineries only.

Gasoline \_\_\_\_\_ High Sulfur \_\_\_\_\_ Methanol \_\_\_\_\_  
Kerosene \_\_\_\_\_

Low Sulfur \_\_\_\_\_ Jet Fuel \_\_\_\_\_ Alcohol \_\_\_\_\_  
Diesel \_\_\_\_\_

High Sulfur \_\_\_\_\_ Aviation \_\_\_\_\_ Propane \_\_\_\_\_  
Diesel \_\_\_\_\_ Gasoline \_\_\_\_\_

Low Sulfur \_\_\_\_\_ Ethanol \_\_\_\_\_  
Kerosene \_\_\_\_\_

☐ Yes ☐ No

4. Do you lease storage facilities in a terminal in this state?

5. From whom and where do you lease the storage facilities? (*Attach additional sheets if necessary.*)

☐ Yes ☐ No

6. Do you plan to import petroleum products into this state?

7. Indicate the type of petroleum products imported into this state?

☐ Gasoline ☐ Low Sulfur Kerosene ☐ Aviation Gasoline ☐ Alcohol  
☐ Low Sulfur Diesel ☐ High Sulfur Kerosene ☐ Ethanol ☐ Propane  
☐ High Sulfur Diesel ☐ Jet Fuel ☐ Methanol



8. Indicate the means of transport for this imported product.

- ☐ Seagoing Vessel/Barge    ☐ Transport Truck    ☐ Tankwagon Truck  
☐ Pipeline    ☐ Railroad Tank Car    ☐ Other – Describe \_\_\_\_\_

9. List the states from which you import petroleum products and your license number in that state.  
*(Attach additional sheets if necessary.)*

\_\_\_\_\_

\_\_\_\_\_

☐ Yes    ☐ No

10. Do you plan to export petroleum products out of state?

11. Indicate the type of petroleum products exported from this state?

- ☐ Gasoline    ☐ Low Sulfur Kerosene    ☐ Aviation Gasoline    ☐ Alcohol  
☐ Low Sulfur Diesel    ☐ High Sulfur    ☐ Ethanol    ☐ Propane  
☐ High Sulfur Diesel    ☐ Jet Fuel    ☐ Methanol

**Terminal Operator License** List federal (637) Number *(if applicable)*: \_\_\_\_/\_\_\_\_/\_\_\_\_

☐ Yes    ☐ No

12. Do you own or operate a terminal in this state?

☐ Yes    ☐ No

13. Do you own or operate a terminal in another state from which petroleum products are delivered to this state?

14. List the location, along with the federal terminal control number, for each terminal selling petroleum product with this state's destination. *(Attach additional sheets, if necessary.)*

\_\_\_\_\_

\_\_\_\_\_

15. List all position holders/suppliers owning product in your terminal(s).  
*(Attach additional sheets, if necessary.)*

\_\_\_\_\_

\_\_\_\_\_

16. Indicate the type of petroleum products exported from this state?

- ☐ Gasoline    ☐ Low Sulfur Kerosene    ☐ Aviation Gasoline    ☐ Alcohol  
☐ Low Sulfur Diesel    ☐ High Sulfur Kerosene    ☐ Ethanol    ☐ Propane  
☐ High Sulfur Diesel    ☐ Jet Fuel    ☐ Methanol

**Supplier License** List federal (637) Number *(if applicable)*: \_\_\_\_/\_\_\_\_/\_\_\_\_

☐ Yes    ☐ No

17. Do you lease facilities in a terminal in this state.

18. From whom and where do you lease the storage facilities? *(Attach additional sheets if necessary.)*

\_\_\_\_\_

\_\_\_\_\_



30. Provide the following information about suppliers from whom you purchase motor fuels and exchange partners from whom you receive motor fuels. **(Attach additional sheets if necessary.)**

Name	Supplier exchange partner	Shipping/Delivery Point	Product
_____	<input type="checkbox"/> <input type="checkbox"/>	_____	_____
_____	<input type="checkbox"/> <input type="checkbox"/>	_____	_____

**Supplier election (Tax at the Rack)**

Suppliers may elect to collect this state's excise tax on imported fuel from out-of-state terminals. Once this election is made, suppliers must collect excise taxes on all reportable petroleum products removed from out-of-state terminals which reflect this state as the destination state on the shipping documents.

31. Indicate the type of supplier license you are requesting.

\_\_\_\_\_ **Elective Supplier** is required to be licensed in this state and elects to collect motor fuel excise tax on fuel imported from out-of-state terminals that have this state as its destination.

\_\_\_\_\_ **Permissive Supplier** is an out-of-state supplier that is not required to be licensed in this state but elects to be licensed and collect motor fuel excise tax on fuel imported from out-of-state terminals that have this state as its destination.

\_\_\_\_\_ **In-State Only Supplier** is required to be licensed in this state but does not elect to collect motor fuel excise tax on fuel imported from out-of-state terminals that have this state as its destination.

**Distributor License or Special Fuels Supplier/Dealer License** List Federal Regulation (637) Number (If applicable)

☐ Yes ☐ No

32. Do you maintain bulk storage facilities in this state?

33. Where is your bulk storage located?

\_\_\_\_\_

34. Fuel Storage Capacity: Above Ground \_\_\_\_\_ Below Ground \_\_\_\_\_

35. If no bulk storage facility is owned, explain storage arrangements. \_\_\_\_\_

\_\_\_\_\_

☐ Yes ☐ No

36. Do you plan to import petroleum products into this state?

37. Indicate the type of petroleum products imported into this state.

☐ Gasoline ☐ Low Sulfur Kerosene ☐ Aviation Gasoline ☐ Alcohol  
☐ Low Sulfur Diesel ☐ High Sulfur Kerosene ☐ Ethanol ☐ Propane  
☐ High Sulfur Diesel ☐ Jet Fuel ☐ Methanol

38. Indicate the means of transport for this imported product.

☐ Seagoing Vessel/Barge ☐ Transport Truck ☐ Tankwagon Truck  
☐ Pipeline ☐ Railroad Tank Car ☐ Other – Describe \_\_\_\_\_

39. List the states from which you import petroleum products and your license number in that state.  
*(Attach additional sheets if necessary.)*

\_\_\_\_\_

\_\_\_\_\_

40. Estimate the number of taxable gallons that will be sold or used in this state during an average month.

Gasoline \_\_\_\_\_ High Sulfur \_\_\_\_\_ Methanol \_\_\_\_\_  
Kerosene \_\_\_\_\_

Low Sulfur \_\_\_\_\_ Jet Fuel \_\_\_\_\_ Alcohol \_\_\_\_\_  
Diesel \_\_\_\_\_

High Sulfur \_\_\_\_\_ Aviation \_\_\_\_\_ Propane \_\_\_\_\_  
Diesel \_\_\_\_\_ Gasoline \_\_\_\_\_

Low Sulfur \_\_\_\_\_ Ethanol \_\_\_\_\_  
Kerosene \_\_\_\_\_

☐ Yes ☐ No

41. Do you plan to export petroleum products out of this state?

42. Indicate the type of petroleum products exported into this state.

☐ Gasoline ☐ Low Sulfur Kerosene ☐ Aviation Gasoline ☐ Alcohol  
☐ Low Sulfur Diesel ☐ High Sulfur Kerosene ☐ Ethanol ☐ Propane  
☐ High Sulfur Diesel ☐ Jet Fuel ☐ Methanol

43. Indicate the means of transport for this exported product.

☐ Seagoing Vessel/Barge ☐ Transport Truck ☐ Tankwagon Truck  
☐ Pipeline ☐ Railroad Tank Car ☐ Other – Describe \_\_\_\_\_

44. List the states from which you import petroleum products and your license number in that state.  
(Attach additional sheets if necessary.)

☐ Yes ☐ No

45. Are you a shipper of record on one of the commercial pipelines serving this state?

46. What other types of operations will you be engaged in?

☐ Exchanges ☐ Direct shipments ☐ Other (describe) \_\_\_\_\_  
☐ Sales on consignment ☐ Sell petroleum products  
☐ Operate service stations ☐ Trade petroleum products

47. Provide the following information about suppliers from whom you purchase motor fuels and exchange partners from whom you receive motor fuels. (Attach additional sheets if necessary.)

Name	Supplier exchange partner	Shipping/Delivery Point	Product
_____	<input type="checkbox"/> <input type="checkbox"/>	_____	_____
_____	<input type="checkbox"/> <input type="checkbox"/>	_____	_____

**Importer License** List Federal Registration (637) Number (If applicable): \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

48. List the states from which you import accountable product/motor fuel and the motor fuels license numbers in those states. \_\_\_\_\_

☐ Yes ☐ No

49. Do you maintain bulk storage facilities in this state?

50. Where will your bulk storage be located? \_\_\_\_\_

51. Fuel Storage Capacity: Above Ground \_\_\_\_\_ Below Ground \_\_\_\_\_

52. If no bulk storage facility is owned, explain storage arrangements. \_\_\_\_\_

☐ Yes ☐ No

53. Do you plan to import petroleum products into this state from a supplier not licensed in this state?

☐ Yes ☐ No

54. Do you plan to import racing fuel into this state from a supplier not licensed in this state?

☐ Yes ☐ No

55. Do you plan to import petroleum products into this state from your bulk plant located in another state?

56. Indicate the type of petroleum products imported into this state.

<input type="checkbox"/> Gasoline	<input type="checkbox"/> Low Sulfur Kerosene	<input type="checkbox"/> Aviation Gasoline	<input type="checkbox"/> Alcohol
<input type="checkbox"/> Low Sulfur Diesel	<input type="checkbox"/> High Sulfur Kerosene	<input type="checkbox"/> Ethanol	<input type="checkbox"/> Propane
<input type="checkbox"/> High Sulfur Diesel	<input type="checkbox"/> Jet Fuel	<input type="checkbox"/> Methanol	

57. Indicate the means of transport for the imported product.

<input type="checkbox"/> Seagoing Vessel/Barge	<input type="checkbox"/> Transport Truck	<input type="checkbox"/> Tankwagon Truck
<input type="checkbox"/> Pipeline	<input type="checkbox"/> Railroad Tank Car	<input type="checkbox"/> Other – Describe _____

58. List the states from which you import petroleum products and your license number in those states.  
(Attach additional sheets if necessary.)

59. Estimate the number of taxable gallons that will be sold or used in this state during an average month.

Gasoline _____	High Sulfur _____	Methanol _____
	Kerosene _____	

Low Sulfur _____	Jet Fuel _____	Alcohol _____
Diesel _____		

High Sulfur _____	Aviation _____	Propane _____
Diesel _____	Gasoline _____	

Low Sulfur _____	Ethanol _____
Kerosene _____	

☐ Yes ☐ No

60. Do you plan to export petroleum products out of this state?

61. Indicate the type of petroleum products exported out of this state.

<input type="checkbox"/> Gasoline	<input type="checkbox"/> Low Sulfur Kerosene	<input type="checkbox"/> Aviation Gasoline	<input type="checkbox"/> Alcohol
<input type="checkbox"/> Low Sulfur Diesel	<input type="checkbox"/> High Sulfur Kerosene	<input type="checkbox"/> Ethanol	<input type="checkbox"/> Propane
<input type="checkbox"/> High Sulfur Diesel	<input type="checkbox"/> Jet Fuel	<input type="checkbox"/> Methanol	

62. Indicate the means of transport for the exported product.

<input type="checkbox"/> Seagoing Vessel/Barge	<input type="checkbox"/> Transport Truck	<input type="checkbox"/> Tankwagon Truck
<input type="checkbox"/> Pipeline	<input type="checkbox"/> Railroad Tank Car	<input type="checkbox"/> Other – Describe _____

63. List the states to which you import petroleum products and your license number in those states.  
(Attach additional sheets if necessary.)

☐ Yes ☐ No

64. Are you a shipper of record on one of the commercial pipelines serving this state? \_\_\_\_\_

65. What other types of motor fuel operations will you be engaged in?

- ☐ Exchanges                      ☐ Direct shipments                      ☐ Other (describe) \_\_\_\_\_  
☐ Sales on consignment                      ☐ Sell petroleum products  
☐ Operate service stations                      ☐ Trade petroleum products

66. Provide the following information about suppliers from whom you purchase motor fuels and exchange partners from whom you receive motor fuels. **(Attach additional sheets if necessary.)**

Name	Supplier exchange partner	Shipping/Delivery Point	Product
_____	<input type="checkbox"/> <input type="checkbox"/>	_____	_____
_____	<input type="checkbox"/> <input type="checkbox"/>	_____	_____

**Exporter License** List Federal Registration (637) Number (if applicable): \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

67. List the states to which you import accountable product/motor fuel and the motor fuels license numbers in those states. \_\_\_\_\_

☐ Yes ☐ No

68. Do you maintain bulk storage facilities in this state?

69. Where will your bulk storage be located? \_\_\_\_\_

70. Fuel Storage Capacity: Above Ground \_\_\_\_\_ Below Ground \_\_\_\_\_

71. If no bulk storage facility is owned, explain storage arrangements. \_\_\_\_\_

☐ Yes ☐ No

72. Do you plan to export petroleum products out of this state?

73. Indicate the type of petroleum products exported out of this state.

- ☐ Gasoline                      ☐ Low Sulfur Kerosene                      ☐ Aviation Gasoline                      ☐ Alcohol  
☐ Low Sulfur Diesel                      ☐ High Sulfur Kerosene                      ☐ Ethanol                      ☐ Propane  
☐ High Sulfur Diesel                      ☐ Jet Fuel                      ☐ Methanol

74. Indicate the means of transport for the exported product.

- ☐ Seagoing Vessel/Barge                      ☐ Transport Truck                      ☐ Tankwagon Truck  
☐ Pipeline                      ☐ Railroad Tank Car                      ☐ Other – Describe \_\_\_\_\_

75. List the destination states for exported petroleum products and your license number in those states. **(Attach additional sheets if necessary.)**

☐ Yes ☐ No

76. Are you a shipper of record on one of the commercial pipelines serving this state?

77. Estimate the number of taxable gallons that will be exported from this state during an average month.

Gasoline \_\_\_\_\_ High Sulfur \_\_\_\_\_ Methanol \_\_\_\_\_  
Kerosene \_\_\_\_\_

Low Sulfur \_\_\_\_\_ Jet Fuel \_\_\_\_\_ Alcohol \_\_\_\_\_  
Diesel \_\_\_\_\_

High Sulfur \_\_\_\_\_ Aviation \_\_\_\_\_ Propane \_\_\_\_\_  
Diesel \_\_\_\_\_ Gasoline \_\_\_\_\_

Low Sulfur \_\_\_\_\_ Ethanol \_\_\_\_\_  
Kerosene \_\_\_\_\_

**Retailer License** List Federal Registration (637) Number (If applicable): / /

78. Estimate the number of taxable gallons that will be exported from this state during an average month.  
 Gasoline \_\_\_\_\_ High Sulfur \_\_\_\_\_ Methanol \_\_\_\_\_  
 Kerosene \_\_\_\_\_

Low Sulfur \_\_\_\_\_ Jet Fuel \_\_\_\_\_ Alcohol \_\_\_\_\_  
 Diesel \_\_\_\_\_

High Sulfur \_\_\_\_\_ Aviation \_\_\_\_\_ Propane \_\_\_\_\_  
 Diesel \_\_\_\_\_ Gasoline \_\_\_\_\_

Low Sulfur \_\_\_\_\_ Ethanol \_\_\_\_\_  
 Kerosene \_\_\_\_\_

79. List the states from which motor fuel is imported. \_\_\_\_\_

80. List all retail and bulk storage locations for motor fuels. (Attach additional sheets if necessary.)

Location	Fuel Type	Tank Capacity	Highway Use	Non-highway Use	Common Storage

**Blender License** List Federal Registration (637) Number (If applicable): / /

☐ Yes ☐ No 81. Do you intend to blend taxed motor fuel with an untaxed blending component?

☐ Yes ☐ No 82. Do you plan to purchase gasoline blending stocks such as natural gas?

☐ Yes ☐ No 83. Do you plan to purchase transmix?

☐ Yes ☐ No 84. Do you plan to blend gasoline and alcohol?

85. Where will the blending be done? \_\_\_\_\_

86. Describe blending operation. \_\_\_\_\_  
 \_\_\_\_\_

**Alternative Fuels Provider License** List Federal Registration (637) Number (If applicable): / /

☐ Yes ☐ No 87. Do you maintain bulk storage for alternative fuels in this state?

88. Where will your bulk storage be located? \_\_\_\_\_

89. Fuel Storage Capacity: Above Ground \_\_\_\_\_ Below Ground \_\_\_\_\_

90. If no bulk storage facility is owned, explain storage arrangements. \_\_\_\_\_  
 \_\_\_\_\_

☐ Yes ☐ No 91. Do you plan to import alternative fuels into this state?

92. Indicate the type of petroleum products imported into this state.

☐ Compressed Natural Gas ☐ Propane ☐ A-55 ☐ E-55  
☐ M-85 ☐ Other – Describe \_\_\_\_\_

93. Indicate the means of transport for this exported product.

☐ Seagoing Vessel/Barge ☐ Transport Truck ☐ Tankwagon Truck  
☐ Pipeline ☐ Railroad Tank Car ☐ Other – Describe \_\_\_\_\_

94. List the states from which you import alternative fuels and your license number in these states.  
(Attach additional sheets if necessary.)

\_\_\_\_\_

95. Estimate the number of taxable gallons that will be sold or used in this state during an average month.  
Compressed \_\_\_\_\_ Propane \_\_\_\_\_ A-55 \_\_\_\_\_  
Natural Gas \_\_\_\_\_

E-55 \_\_\_\_\_ M-55 \_\_\_\_\_ Other \_\_\_\_\_

☐ Yes ☐ No

96. Do you plan to export alternative fuels out of this state?

97. Indicate the type of petroleum products exported out of this state.

☐ Compressed Natural Gas ☐ Propane ☐ A-55 ☐ E-55  
☐ M-85 ☐ Other – Describe \_\_\_\_\_

98. Indicate the means of transport for this exported product.

☐ Seagoing Vessel/Barge ☐ Transport Truck ☐ Tankwagon Truck  
☐ Pipeline ☐ Railroad Tank Car ☐ Other – Describe \_\_\_\_\_

99. List the destination states for exported alternative fuels and your license number in those states.  
(Attach additional sheets if necessary.)

\_\_\_\_\_

☐ Yes ☐ No

100. Are you a shipper of record on one of the commercial pipelines serving this state?

101. What other types of operations will you be engaged in?

☐ Exchanges ☐ Direct shipments ☐ Other (describe) \_\_\_\_\_  
☐ Sales on consignment ☐ Sell petroleum products  
☐ Operate service stations ☐ Trade petroleum products

102. Provide the following information about suppliers from whom you purchase motor fuels and exchange partners from whom you receive motor fuels. (Attach additional sheets if necessary.)

Name	Supplier exchange partner	Shipping/Delivery Point	Product
_____	<input type="checkbox"/> <input type="checkbox"/>	_____	_____
_____	<input type="checkbox"/> <input type="checkbox"/>	_____	_____

☐ Yes ☐ No

103. Do you operate vehicles that are fueled from the cargo tank of an alternative fuels vehicle?

<b>Common or Contract Petroleum Carrier License</b> List Federal Registration (637) Number (If applicable):
---

☐ Yes ☐ No

104. Do you transport motor fuel for hire in this state?



☐ Yes ☐ No

105. Do you transport motor fuel by rail?

106. List number of this state's licensed vehicles operating on this state's highways.

Greater than 10,000 lbs. But less than 26,001 lbs. \_\_\_\_\_

Greater than 26,000 lbs. \_\_\_\_\_

107. Complete the following if your vehicles are involved in a lease agreement

Name and address of Lessor \_\_\_\_\_ Telephone Number \_\_\_\_\_

Name and address of Lessor \_\_\_\_\_

108. List the International Fuel Tax Agreement (IFTA) registration state and account number for the motor carrier operations. \_\_\_\_\_

109. List the International Registration Plan (IRP) base state and account number for the motor carrier operations. \_\_\_\_\_

110. List the US DOT Number. \_\_\_\_\_

**Part IV. Certification***Each State's Certification Statements*

<b>Signature</b>	<b>Title</b>
<b>Name (type or print)</b>	<b>Date</b>

**Mail to:**

STATE'S DEPARTMENT NAME

Division Name

Mailing Address

City, State and 9 Digit Zip Code

**Questions:**

Contact the Division at:

Telephone Number: ( XXX ) XXX-XXXX

Fax Number: (XXX) XXX-XXXX

**Motor Fuels Tax Irrevocable Letter of Credit**  
(Your State's Name and Department)

We, \_\_\_\_\_,  
(Financial Institution)

being authorized to conduct business in the State of **(State's Name)**, hereby establish our Irrevocable Letter of Credit (No. \_\_\_\_\_) in favor of the **(State Agency Commissioner or Secretary Name)**, and agree to pay to you any liabilities, up to an aggregate amount \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), hereinafter found by you to be due from \_\_\_\_\_  
(Principal - Legal Entity)

under **(Place your state's statute reference in this location)**, as the same may be from time to time amended, modified, recodified, or otherwise rewritten, to the payment of which, well and truly to be made, we bind ourselves, our heirs, administrators, successors and assigns firmly by these presents to be effective as to acts or omissions occurring on or after the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ hereinafter referred to as the effective date.

Said payment shall be made upon written demand accompanied by a copy of the official notice of assessment or other document upon which the taxpayer's obligation to pay is based. We engage with you that any demand or presentment made under and in compliance with the terms of this credit shall be duly honored by us, as specified, covering acts or omissions occurring on or after the above-stated effective date on or before the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, hereinafter referred to as the expiration date, or any extended expiration date of this Irrevocable Letter of Credit as set forth below.

It is a condition of this Irrevocable Letter of Credit that it shall be deemed automatically extended annually without amendment, with approval of the **(State Agency Commissioner or Secretary)**, for additional period of one year from the above or any extended expiration date unless we shall notify **(State Agency Commissioner or Secretary)** by registered mail postmarked sixty (60) days prior to such expiration date or from future expiration date that we elect not to renew this Irrevocable Letter of Credit for such additional period. Such annual election shall not relieve, release, or discharge us from any obligations under this Irrevocable Letter of Credit for any tax, penalty, or interest accrued by the Principal after the effective date and prior to the expiration date or any extended expiration date, and with respect to any such tax, penalty, or interest, this Irrevocable Letter of Credit shall remain fully in effect. If for any reason this Irrevocable Letter of Credit is not renewed, **(Your State's Name and Department Address)**, will have the right to draw for the outstanding balance of the Letter of Credit prior to its expiration.

We shall be released from this Irrevocable Letter of Credit three (3) years of the expiration date or extended expiration date stated above, hereinafter, referred to as the release date, or after a final audit of the Principal's records has been cleared, whichever comes first.

We hereby engage with the drawers of drafts drawn under and in compliance with the terms of this credit that such drafts will be duly honored upon presentation of drafts and documents to us on or before the release date of the Irrevocable Letter of Credit.

We shall accept demand by you in compliance with the terms of this Irrevocable Letter of Credit on its face, and we shall have no duty, responsibility, or liability to the Principal with respect to the underlying validity of said demand.

This \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
(Financial Institution)

By: \_\_\_\_\_  
(Institution's Officer) (Title)

Attest:

\_\_\_\_\_  
(Title)

# FTA Subcommittee Accomplishments and Goals 2012-2013

## FTA MOTOR FUEL TAX SECTION September 2013

Gale Garriott, FTA Executive Director  
Cindy Anders-Robb, Motor Fuel Tax Associate

### FTA Motor Fuel Tax Section

Edie Martin, Chair – Kansas Dept of Revenue  
Jim Oliver, Vice Chair – Kentucky Dept of Revenue

### FTA Motor Fuel Tax Uniformity

Jeremy Neeck, Co-Chair – Minnesota Dept of Revenue  
Bob Donnellan, Co-Chair – Global Companies, LLC

### Subcommittees as of September 2013

#### Compliance

State – Cindy Mongold- State of Kansas  
Industry – Rae Takai - Shell Oil Company

#### Communication and Coordination

State – Christy Dixon - State of Oklahoma  
Industry – Anne Nicholson - ExxonMobil

#### Electronic Commerce

State – Hal Lovell - State of California  
Industry – Gene Holland – Phillips 66

#### Form Management

State – Lee Gonzalez - State of Florida  
Industry – Scott Louie – Chevron/Texaco

**FTA Motor Fuel Subcommittee Contact List  
September 2013**

<b>Compliance</b>	
Cindy Mongold, State Co-Chair (KS) Phone: (785) 296-7048 E-Mail: <a href="mailto:cindy.mongold@kdro.ks.gov">cindy.mongold@kdro.ks.gov</a>	Rae Takai, Industry Co-Chair (Shell) Phone: (713) 241- E-Mail: <a href="mailto:rae.takai@shell.com">rae.takai@shell.com</a>
<b>Communication and Coordination</b>	
Christy Dixon, State Co-Chair (OK) Phone: (405) 522-4197 E-Mail: <a href="mailto:cdixon@oktax.state.ok.us">cdixon@oktax.state.ok.us</a>	Anne Nicholson, Industry Co-Chair (ExxonMobil) Phone: (713) 431-2844 E-Mail: <a href="mailto:anne.w.nicholson@exxonmobil.com">anne.w.nicholson@exxonmobil.com</a>
<b>Electronic Commerce</b>	
Hal Lovell, State Co-Chair (CA) Phone: (916) 324-2301 E-Mail: <a href="mailto:hal.lovell@boe.ca.gov">hal.lovell@boe.ca.gov</a>	Gene Holland, Industry Co-Chair (Phillips 66) Phone: (918) 977-5118 E-Mail: <a href="mailto:gene.p.holland@p66.com">gene.p.holland@p66.com</a>
<b>Forms Management</b>	
Lee Gonzalez, State Co-Chair (FL) Phone: (850) 488-7268 E-Mail: <a href="mailto:gonzalee@dor.state.fl.us">gonzalee@dor.state.fl.us</a>	Scott Louie, Industry Co-Chair (Chevron/Texaco) Phone: (925) 827-6286 E-Mail: <a href="mailto:scottlouie@chevron.com">scottlouie@chevron.com</a>

## **Compliance Subcommittee**

The Compliance Subcommittee promotes point 11 of the 11 Point Plan.

### **2012 – 2013 Annual Report**

The Compliance Sub-committee continues to identify, research, discuss and resolve compliance issues. It is important for states and industry to work together to reduce motor fuel tax evasion. Uniformity meetings are a great forum for discussion of current events, issues and trends. If you are not able to travel, then please feel free to contact any of the State or Industry Co-Chairs regarding issues, concerns or new compliance methods to be discussed at the meetings. If you would like to participate in the discussions and are unable to travel then teleconferencing may be an option.

#### **Training**

The FTA conducted an Advanced Training class in Savannah, Georgia on November 25 – 29, 2012 and had 30 attendees.

Basic Training is being scheduled for October 2013, however, at this time not all details have been finalized.

No Investigation Training was scheduled for this year.

If your state wishes to sponsor a training class you should contact Cindy Anders-Robb with the FTA.

#### **Dyed Fuel Project**

The Dyed Fuel Project continues to be a good deterrent to tax evasion. The use of dyed fuel on the roads and highways is an issue we all deal with, which negatively impacts highway funds that support the infrastructure needs.

Dyed fuel violation statistics are gathered quarterly, compiled and presented at the Uniformity meetings. There are many states that have a dyed fuel program and range from State Highway Patrol officers to dedicated fuel inspectors and auditors taking fuel samples. A comparison of 2012 to the 2011 statistics show fuel samples taken and violations were down, however, dollars assessed increased.

The committee received clarification regarding the IRS Form 916. This form is not to be distributed or referenced by states as their authority to stop and test for dyed fuel. States should not be taking samples as IRS authorized agents, but should be sharing the samples with the IRS.

#### **CNG & LNG Taxing Issues**

The committee continues to discuss potential taxing issues regarding alternative fuels such as CNG and LNG. These fuels continue to become more popular as people look for domestically produced fuels and those that are more environmentally friendly. The sub-committee continues to distribute articles as it pertains to the market growth of these products. As seen in these articles several transportation fleets have converted to CNG or LNG and others are planning to convert in the near future. Transport companies are working with natural gas companies to build fueling stations at or near their locations for easy access. In some cases, these fueling stations are not just dedicated to the fleets but are open for public access.

Industry dispensing of these products is not in gallon measurement as we're all accustomed to in the motor fuel arena, but sold in cubic feet or pounds. This has spurred many conversations regarding conversions of these fuels to Gasoline Gallon Equivalent (GGE) or Diesel Gallon Equivalent (DGE). Issues regarding how to tax these products and who is the taxpayer in some cases, such as home fueling equipment are also topics of discussion.

**New Projects**

The committee began work on a “Compliance Tool” document. It will help states understand the different tools available in order to reduce motor fuel tax evasion. This document is not a detailed, step by step, how to, but the document is meant to explain different options states can utilize to discourage and reduce motor fuel tax evasion. The sections within the document originally agreed on are:

Audits  
Terminal Manifest Matching  
Diversion Review  
Import/Export Information Exchange Between States  
Dyed Fuel Enforcement Programs  
Publicity of Prosecuted Fuel Tax Cases  
ExSTARS

The document was presented and a first review completed. The sub-committee hopes to have the White Paper finalized within the next couple of meetings so it can be published in the 2014 Uniformity book.

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## **Communication and Coordination Subcommittee**

The Communication and Coordination Subcommittee promotes points 1, 8 and 10 of the 11 Point Plan.

### **2012 - 2013 Annual Report**

The Communication and Coordination Subcommittee had a very busy and productive year.

The full Uniformity Committee approved the following requests:

1. Approved the following White Paper Document:

### **Shipping Documents Points to Consider Relative to Fuel Tax Administration September 2012**

**Introduction:** What is a Bill of Lading? It is a document signed by a carrier (a transporter of goods) or the carrier's representative and issued to a consignor (the shipper of goods) that evidences the receipt of goods for shipment to a specified designation and person.

Carriers in all modes of transportation issue bills of lading when they undertake the transportation of cargo. A bill of lading is, in addition to a receipt for the delivery of goods, a contract for their carriage and a document of title to them. Its terms describe the freight for identification purposes; states the name of the consignor and the provisions of the contract for shipment; and directs the cargo to be delivered to the order or assigns of a particular person, the consignee, at a designated location. The Code of Federal Regulation Title 49, part 172.201 authorizes the data requirement for common carriers.

In the motor fuel industry, a manifest or bill of lading is the document that must be issued by the refinery, terminal and/or bulk plant for each withdrawal from that specific location. The manifest or bill of lading shall show the following information: a unique number for the document, date shipped, name of carrier, origin (name and address of the terminal, refinery or bulk plant where product was loaded), the terminal or refinery control number (as issued by the IRS), name of the supplier, the receiving party (consignee), the destination, particular description of the product loaded, and the number of gallons. Some states may require supporting documentation or a separate bill of lading for split loads.

Any manifest, bill of lading, shipping paper or invoice for special fuel which is indelibly dyed in accordance with regulations prescribed pursuant to 26 U.S.C. 4082 shall include the statement **"DYED DIESEL FUEL, NONTAXABLE USE ONLY, PENALTY FOR TAXABLE USE."**

Some states require the tax due and/or the responsible party for tax to be included on the shipping document. Most states require printed bills of lading although few will authorize the use of hand written bills of lading.

**Problem:** One of the biggest problems with shipping documents is that shipping document formats vary by industry and by terminal operator. When printing several copies of the bill of lading, the print becomes illegible. The format of some documents does not clearly identify the physical address of the terminal, refinery and/or bulk plant. The bill of lading number may not be legible or may be confused with other numbers on the document because it is not required to be uniform. The name of the supplier may or may not be on the shipping document.

**Solution:** A standardized shipping document with a uniform format that designated a specified area for: the name and address of the location where the fuel was loaded; the unique document number; the supplier name; the date product was loaded; identification of product; gallons loaded (net and gross). Any other information required by the domiciled state or the Federal government could be placed on the shipping document in an area according to each terminal's specification.

Much of the information on a bill of lading is already transmitted electronically to the suppliers. This format must already be standardized. The idea solution would be to transfer that information to a standardized hardcopy which is printed for the transporter.

2. The project for the Buy/Sell Agreements and Flash Title has been discussed at great lengths this year. An email was sent out to all of the Rack States stating that if they were unable to attend this meeting, please try to call in at 1:30 to join in on the discussion. At 1:30 the following people called in and joined in on our discussion:

Phillip Kirkpatrick, ExxonMobil  
Joe Ross, Phillips 66  
Bob Johnson, Phillips 66  
Vicki Phillips, 66  
Sharlene Peterson, Sinclair Oil  
Bonita Calhoun, State of Alabama  
Randy Winkler, State of Alabama  
Ray Grigsby, State of Tennessee  
David Reed, State of Texas  
Tammy West, State of Virginia

Between this meeting and the January, 2013 meeting, the following questions were put on the Motor Fuel 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.

Example:

Company A sells to Company B, then Company B sells to Company C, Company C exports to another state (note: Company C physically picks up the product at the rack). For your State, what taxes would you expect to see?

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

Received nine (9) responses from the states and industry from the listserv questions.

Bob Donnellan led the discussion. He tried to explain how industry has changed the way they do business and the states need to look at their current statutes to see if they can make an administrative ruling or if a legislation change will need to be done in order to accommodate the way industry has changed their practices of doing business.

Rich Little and Ashley Scheele, Deloitte Tax. put together four scenarios concerning Buy/Sell Agreement and Flash Title Issues. They also provided definitions for Buy/Sell Agreement, Flash Title and Ultimate Exporter.

The working group also provided a draft document for the Model Legislation Section of the Uniformity Book which included definitions for Buy/Sell Agreement and Flash Title.

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

1. Another question will be put out on the Motor Fuel Listserv with the four scenarios that were provided by Rich Little and Ashley Scheele
2. Rich Little and Ashley Scheele are going to 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.
3. The working group will continue to work on a section for Model Legislation, definitions, etc based on the responses from the listserv and the compiled information that is submitted to them concerning definitions.
4. Bill Gray, Sinclair Oil will also get copies of different Bill of Ladings and provided them to working group before the next meeting.

The working group will provide drafts of definitions and model legislation at our next meeting in September, 2013.

The following is a revised list of the working group for this project:

Scott Louie, Chevron  
 Carol Player, South Carolina  
 Ann Nicholson, ExxonMobil  
 Bob Donnellan, Global Companies, LLC  
 Ashley Scheele, Deloitte Tax  
 Rich Little, Deloitte Tax  
 Bill Gray, Sinclair Oil  
 Ashley Scheele, Deloitte Tax

3. The Uniformer – The subcommittee published three (3) issues of the Uniformer.
4. The 2012 Taxation, Alternative Fuels, Diversion Booklet was printed and was available at the 2012 FTA Motor Fuels Annual Meeting. The 2013 Taxation, Alternative Fuels, Diversion Booklet will include tax rates and conversion rates, etc for Compressed Natural Gas, Liquefied Natural Gas, Propane, etc. Also, the Canadians will be included in the booklet.

The subcommittee recommended again that someone from each region be the contact person to send out the questionnaire for the Taxation, Alternative Fuels, Diversion Booklet to each of the states in their region and then send the responses back to Christy Dixon to compile the information for the 2013 FTA Motor Fuels Annual Meeting. The following is the list of the volunteers from each region:

Chuck Ulm – Northeast Region  
 Lee Gonzalez – Southern Region  
 Edie Martin – Midwest Region  
 Dawn Lietz – Pacific Region

5. The subcommittee is currently working on a White Paper Document for Inventory Gains and Losses. Wilda Ice, State of West Virginia heading up this project.
6. The 2011 Native American Survey were sent out to the following regional contacts on April 30, 2013 to be sent out for updates, edits, revisions, etc so that the survey can be updated and the 2013 Native American Survey can be available at the FTA 2013 Motor Fuels Tax Section Annual Meeting:

Midwest-Marcia Leichner-State of Nebraska  
 Northeast-Scott Bryer, State of New Hampshire  
 Pacific-Lou Feletto-State of California  
 Southern-Lee Gonzalez-State of Florida

7. The subcommittee has been reviewing a draft of revisions/updates for the current White Paper document "Motor Fuel Tax Issues with Natural Gas and Other Alternative Fuels 2009". We will continue with this project in 2013-2014.

8. Cindy Anders-Robb reported that the states' will not be able to use the FTA's Website in order to exchange import/export information.

The subcommittee will also continue working on the following projects for the next year:

- A. Continue to review the 11 Point Plan
- B. Add a section to the Model Legislation concerning forfeitures of motor fuel relating to tax issues.
- C. Add a section to the Model Legislation concerning Information for Safeguarding of IRS Data. Cindy Anders-Robb is currently working with the IRS on putting together a standardize document for this.
- D. Current definitions need to be looked at on a yearly basis to insure that they are still correct.
- E. Continue publishing the Uniformer
- F. Continue tracking the Project Tracking Forms for each of the subcommittees.
- G. Analysis of revenue derived from various taxation methods and compliance tools.
- H. Report of Accomplishments of the FTA Uniformity Committee (This has still been postponed until the Battelle study is fully completed).

If you need further information regarding committee activities or need further assistance, please contact the co-chairs of this committee.

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## **Electronic Commerce Subcommittee**

The Electronic Commerce Subcommittee promotes point 6 of the 11 Point Plan.

### **2012 – 2013 Annual Report**

#### **Working Groups**

The working groups have successfully focused efforts on ongoing issues. Many of the groups are challenged with obtaining and maintaining active participants. But the groups continue to provide the output needed to support the full subcommittee.

The current working groups and their team leaders are:

- Update to Motor Fuel E-filing Guide to include XML Standards for Motor Fuel – Stan Whaley, Florida
- EC Survey (Planning, Implementation and Evaluation) – Ray Rhoads, Kansas
- EDI/EC Implementation Review – Traci Bullock, South Carolina
  - Maintains the FTA EDI Guide
  - Reviews and approves state EDI implementation guides

More participation is needed in each of the working groups. Contact any team leader to join a working group.

#### **ExSTARS Data**

The EC Subcommittee continues working to ensure that the FTA and IRS - ExSTARS EDI guides are in sync. The September 2011 EDI Guide deviates from the current ExSTARS guide by the reporting of County information. States interested in implementing the ExSTARS fully compliant version should implement the September 2003 map. The ExSTARS guide will incorporate the county reporting information with the next revision.

#### **State's use of ExSTARS data**

States are encouraged to review terminal reports through the ExSTARS database. The EC Subcommittee formed an ExSTARS user group to determine the most efficient use of the detail provided through ExSTARS reporting. State participants represent Kansas, Colorado, and Mississippi. The IRS and Industry will work with the participating states to review the 4030 data coming from ExSTARS as questions or issues arise. We anticipate an interactive review and updates at future meetings. The last update on ExSTARS data still indicates the majority of the reported terminal data to the IRS is stored under the 826 Files (marked IRS Confidential) rather than 813 Files (state confidential disclosure rules) for our sample states. Due to a majority of the files continuing to be 826, the review is now limited to a 'count' of files by type for statistical tracking purposes

#### **Annual Electronic Commerce Survey**

Each year the Electronic Commerce Survey provides beneficial information on each state's point of taxation, electronic filing implementation processes, training needs and much more. The survey results include maps and detailed responses, and are available by contacting Ray Rhoads of the Kansas Department of Revenue at (785) 296-4011 or [Ray.Rhoads@kdor.ks.gov](mailto:Ray.Rhoads@kdor.ks.gov).

#### **XML Standards**

The XML committee continues to work closely with TIGERS to ensure compliance to the national standards and also to create a XML Implementation Guide. Several states have been exploring or starting XML projects and the EC group and TIGERS group have been working with them to assist in their efforts to be FTA complaint. The "rewrite" update to the FTA e-file guide was completed this summer in time for publication in the Sept 2013 annual release.

**State Implementation of E-file projects (X12 EDI Guides and XML Guides)**

The EC Subcommittee continues to encourage states to submit their EDI guides and/or XML guides for approval to ensure consistent reporting requirements throughout the states. One of the State reps went over some question related to their EDI guide at the May 2013 meetings. States that do not meet the FTA requirements are asked to include a footnote at the beginning of their guide to indicate the differences. The EC committee is actively working on an update to the FTA Guide to add more written guidance on the XML Standards.

**Motor Fuel E-filing guide**

Completely redone for the 2013 publication. The Motor Fuel E-filing Guide was revised to include and XML section and updates to all other sections of this guide. We also reformatted the whole document for ease of maintaining going forward.

**Joint Efforts**

The EC and Forms Subcommittees continued holding joint meetings to ensure states can efficiently implement uniform forms and electronic filing. The two subcommittees have worked diligently with states as they implement uniform forms and uniform electronic filing.

For further information regarding committee activities or for further assistance, contact the co-chairs of the Electronic Commerce Subcommittee:

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## **Forms Management Subcommittee**

The Forms Management Subcommittee promotes points 2, 3, 4, 5 and 9 of the 11 Point Plan.

### **2012 - 2013 Annual Report**

The Forms Management Subcommittee was directed by the Uniformity Committee to promote the accountability of fuel that is imported, exported, or sold within a taxing jurisdiction. This directive requires the subcommittee to oversee changes such as the addition or deletion of product codes, schedule types, filing instructions, or best practices. The Forms Management Subcommittee completed major projects, started new projects, and continued to work on one project during the 2012 – 2013 year. The following is a brief overview of the items that were addressed during the annual reporting period.

#### Completed Projects

1. **Uniform Alternative Fuels Tax Report** - Alternative Fuel Tax Report Team designed a form that could be used by states to report and pay tax on alternative fuels such as CNG and LNG.
2. **Mode Code Discrepancies** – Committee identified problems in the Uniformity Guide regarding mode codes. The following suggestions were made by the Forms Management 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 form instructions.
  - Add a list of all mode codes with definitions to the Uniformity Guide.

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

3. **Uniformity Guide and Electronic Commerce Implementation Guide Comparison** - Committee identified inconsistencies between the Uniformity Guide and the Electronic Commerce Implementation Guide. The following suggestions were made by the Forms Management committee.
  - Add Uniformity Guide to the title page.
  - Add sub-committee 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.
4. **Eliminating Unused Schedule Codes (Uniformity)** - Forms Sub-Committee was tasked with identifying schedule codes that were no longer being used by states on motor fuel tax returns. Unused schedule codes would be eliminated from the Uniformity Guide. Survey indicated four codes (1D, 5O, 5U, and 13L) are currently not being used. Committee determined that it would not be cost effective to eliminate only 4 codes. However, notes will be added to the uniformity guide that will classify the four schedules as inactive.

The following projects are currently outstanding and will be addressed by the Forms Subcommittee in the near future.

1. **Georgia Forms Review** - Georgia created a new distributor return. The Forms Management Subcommittee was asked to review the return for compliance with uniformity. The Forms Review Team led by Tracy Lenius identified potential problems with the return. Suggestions were provided to the state of Georgia.
2. **Cross Walk (FTA and STCC Codes)** - A team led by Michael Grammer was tasked with creating a cross walk between FTA and STCC (rail) product codes. The cross walk will identify similar products reported by states and the railroad industry and create uniform product codes that could be used by both entities. The team completed a draft cross walk that was presented to the committee for review. A recommendation on the draft will be made during the 2013/2014 cycle.

If you need further information regarding committee activities or need further assistance with the Uniform Report Forms, please contact the co-chairs of this committee:

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# FTA Subcommittee Accomplishments and Goals 2001 - 2012

## **Compliance Subcommittee**

The Compliance Subcommittee promotes point 11 of the 11 Point Plan.

### **2001 - 2002 Annual Report**

The Enforcement Subcommittee and the Education Subcommittee were merged to create the Compliance Subcommittee in the fall of 2001.

The Compliance Subcommittee's directive is to enhance compliance of motor fuel laws and regulations through educating and advising government agencies and industry.

The subcommittee met in Charleston, South Carolina, in February 2002, and decided that the task of compiling a "Best Practices" catalogue would be the groups' first goal. The members agreed that the drafting of a survey to be used to solicit input from fuel administrators and industry representatives would be the first step towards achieving our goal. Suggestions were entertained as to the content of the survey.

The committee discussed the training schedule for 2002, which included two basic fuel tax classes, two advanced fuel tax classes and the new investigation class, which will be offered for the first time in December 2002. Bob Bray, Carol Player, and Peter Steffens of the subcommittee are instructors for these classes.

At the meeting in Portsmouth, Virginia, in May 2002, the subcommittee reviewed a draft version of the survey and offered input for improvement. The revised survey will be sent to potential respondents. The subcommittee will review and categorize survey responses, contact respondents for detailed input, and work toward the publishing of the catalogue in 2002-2003.

### **2002 - 2003 Annual Report**

The Compliance Subcommittee's directive is to enhance compliance of motor fuel laws and regulations through educating and advising government agencies and industry.

The subcommittee is working toward the publication of a motor fuel tax administration "Best Practices" catalogue. Committee members have solicited input from motor fuel administrators from every state in the country and from the Canadian provinces. The responses will be discussed by committee members and organized for publication. The committee hopes that the catalogue will serve as a valuable asset for motor fuel tax administrators.

Several enforcement initiatives were discussed including the monitoring of fuel being imported into the country and transported via inland waterways, tracking the sale and use of jet fuel/kerosene, insuring the security of terminal loading rack procedures, focusing on the potential danger of terrorist activity in relation to the distribution of motor fuel, and the development of dyed fuel inspection programs. We will continue to discuss these issues in order to enhance our efforts in reducing fuel tax evasion nationwide.

Training classes are continuing with great success. In 2002, seventy-eight students attended a basic motor fuel training class and sixty-five students attended the advanced class. The first investigation class had twenty-six participants and was very well received. The investigation class will be held annually. The first basic training class to be hosted by industry was held in February, 2003, and was attended by one hundred and one students, eighty-one from industry. Committee members are to be commended for dedicating their time and effort in the development and presentation of these classes.

### **2003 - 2004 Annual Report**

The Compliance Subcommittee's directive is to enhance compliance of motor fuel laws and regulations through educating and advising government agencies and industry.

The subcommittee is working toward the publication of a motor fuel tax administration "Best Practices" catalogue. Responses have been submitted from 30 states and several Canadian jurisdictions. The publication will refer to current practices that are in place and will not refer to a specific state or Canadian jurisdiction as requested by the majority of respondents. The committee hopes that the catalogue will serve as a valuable asset for motor fuel tax administrators.

Several enforcement initiatives were discussed this year including the monitoring of fuel transported via inland waterways, prevention of dye diversion schemes at terminal loading racks, developing an awareness as to the potential for monies netted from fuel tax evasion to be used in funding of terrorist activities, recognizing the potential for fuel tax evasion at the retail level, implementation of tracking and reporting procedures for alternative fuels such as biodiesel and gasohol, and the continued success of dyed fuel inspection programs. We will focus on these activities, and discuss any new issues that impact the enforcement of motor fuel tax initiatives as they develop.

Training classes are continuing with great success. In 2003, two hundred and nine students were educated in motor fuel tax administration and enforcement. Four classes were conducted during the year: (2) basic classes, (1) advanced class and (1) investigations class. The classes have been well received and the efforts of all those who have worked to achieve this success are greatly appreciated. Three training classes are scheduled for 2004: Basic, August 8-11 in Portsmouth, Virginia; Advanced- August 22-26 in Salt Lake City, Utah; Investigations- September 12-15 in Little Rock, Arkansas.

### **2004 - 2005 Annual Report**

The Compliance Subcommittee's continuing directive is to enhance compliance of motor fuel laws and regulations through educating and advising government agencies and industry.

The subcommittee has completed the best practices manual and are in the process of formulating a standard formatting for the document. The document will continue to be reviewed for updates.

The subcommittee began distributing articles and information as it pertains to potential evasion schemes. An e-mail distribution list was created to better serve committee members will be kept up-to-date. Presentations included the importance of working together with industry and between states. Information was passed out in regards to how easy it is to make BioDiesel.

An important theme in regards to this subcommittee is to exchange information between members to uncover merging trends in motor fuel tax evasion. During each meeting there was open discussion concerning this matter. It was determined the use of BioDiesel needs to be monitored to assure compliance with various motor fuel tax laws.

Training classes continued to be a success. In 2004, 110 people were educated in motor fuel tax administration and enforcement. Three classes were conducted during the year, (1) basic class, (1) advanced class and (1) investigations class. There is now discussion in regards to preparing an advanced investigation's class which will give participants a more "hands on" approach to investigation. All meetings are open for discussion as to how to make the classes better and the need for instructors.

### **2005 - 2006 Annual Report**

The Compliance Subcommittee's continuing directive is to enhance compliance of motor fuel laws and regulations through educating and advising government agencies and industry.

The subcommittee has been unable to distribute the best practices manual due to formatting changes and updates. It is planned the manual will be distributed soon.

The subcommittee continued to distribute articles and information as it pertains to potential evasion schemes. An email distribution list was continued from 2004 to better serve committee members with being kept up to date. Presentations included the importance of communicating with each other (industry and states) when new laws are enacted. It was also discussed the potential enforcement issues concerning the ability of fuel delivery drivers to change the destination state on the bill of lading at the terminal.

The transportation of fuels via railroads was discussed. A set of questions were compiled from members of the compliance subcommittee. Railroads were contacted and the lack of response to these questions was a concern to the committee. Currently Canada and the Northeastern States were trying to understand the flow of fuels through this transportation system.

Dyed fuel issues were a constant theme in the subcommittee meetings. The results of Hurricane Katrina and the permission to use dyed fuel for a time period led to many discussions concerning the potential for evasion.

Interstate smuggling of fuel or "bootlegging" was also a large concern to committee members. Throughout the years the opportunity to pay one state's motor fuel taxes at a lower rate and bring that fuel into a higher tax state has been a constant source of evasion.

A continuation of an important theme in regards to this committee is to exchange information between members to uncover merging trends in motor fuel tax evasion. During each meeting there was open discussion concerning this matter. It was determined the use of Biodiesel needs to continue to be monitored to assure compliance with various motor fuel tax laws.

Training classes continued to be a success. In 2005, 158 people were educated in motor fuel tax administration and enforcement. This is over a 33 % increase from 2004. Four classes were conducted (an increase of one class). During the year, (1) basic class, (1) advanced class and (1) investigations class and (1) class on ExTOLE was held. There were 126 students representing the states, 8 representing the Federal Government, 2 representing the Canadian Government, 15 representing the Petroleum Industry, 1 representing the Transportation Industry, 2 representing reporting firms and 4 representing vendors. The advanced Investigation class was well in the planning stage with the mock to be in 2006 and the first class in January 2007. All meetings are open for discussion as to how to make the classes better and the need for instructors.

## **2006 - 2007 Annual Report**

The Compliance Subcommittee's continuing directive is to enhance compliance of motor fuel laws and regulations through educating and advising government agencies and industry.

The subcommittee has been unable to distribute the best practices manual due to formatting changes and updates. Carol Player will be working on reformatting the manual and will distribute it when completed.

The subcommittee continued to distribute articles and information as it pertains to potential evasion schemes and will continue as articles become available. An email distribution list has been continued from 2004 to better serve committee members with being kept up to date. Presentations were given by Rick Shirk about making Bio Diesel at home. Bruce Johnson gave a presentation about how the barges transport fuel in the inland rivers and how to track the fuel as it moves through the river. This committee also discussed enforcement issues concerning the ability of fuel delivery drivers to change the destination state on the bill of lading at the terminal.

The transportation of fuels via railroads was discussed. A set of questions were compiled from members of the compliance subcommittee. Railroads were contacted and the lack of response to these questions was a concern to the committee. At this time this project has been put on hold due to the lack of cooperation from the railroads. This committee will take another look at this subject as soon as we can obtain a contact with the railroad to help answer the questionnaire.

Dyed fuel issues are a constant theme in the subcommittee meetings. During this time period West Virginia reported about a 4% rate in violations while California, Pennsylvania, Ohio all reported about a 1% rate in violations. Throughout this reporting period many schemes were discussed from blending different types of fuel together to steeling fuel from the pumps in broad daylight.

Some current trends in evasion were discussed and border smuggling seems to be a constant subject. The higher taxed states are seeing allot of border smuggling coming from the lower taxed states.

We discussed Bio Diesel and how each state should keep an eye on the back yard producers and what they are doing. We discussed the Fuel Miser and the web site Greasecar.com in relation to Back yard Bio Diesel Producers. There has been some of discussion about how each state is going to license them and keep track of the Bio produced. It was determined the use of Bio Diesel needs to continue to be monitored to assure compliance with various motor fuel tax laws.

Training classes continued to be a success, the following is the results of the 2006 and 2007 training year.

### **2006 Training Statistics**

During 2006, FTA presented four training classes. Two of the classes were co-sponsored. One hundred and twenty-nine (129) students were educated. The breakdown is as follows:

States	111	Petroleum Industries	14
Canadian Government	1	National Energy	1
Organization	1	Reporting Firm	1

**Basic Training  
Boise, Idaho  
August 13-16, 2006**

The State of Idaho hosted the Basic Motor Fuel Tax training course on August 13-16, 2006 in Boise, Idaho. We had sixty-seven (67) in attendance. Fifty-two (52) represented States, thirteen (13) represented the Petroleum Industry, one (1) represented Canadian Government and one (1) represented the National Energy Control Services. The following is a breakdown:

**Investigation Training  
Portland, Oregon  
September 10-13, 2006**

The Investigation Motor Fuel Tax training course was held in Portland, Oregon on September 10-13, 2006. We had twenty (20) in attendance.

**Mock Advanced Investigation Class  
Austin, Texas  
July 31 – August 3, 2006**

The State of Texas hosted the Mock Advanced Investigation Class. We had nineteen (19) in attendance.

**Advanced Training  
Myrtle Beach, South Carolina  
November 12-16, 2006**

The Advanced Motor Fuel Tax training course was held in Myrtle Beach, South Carolina on November 12-16, 2006. We had twenty-three (23) in attendance. Twenty (20) represented States, one (1) industry, one (1) reporting firm and one (1) organization.

**Motor Fuel Tax Training Courses for 2007**

The Motor Fuel Tax Section training classes have been scheduled for the calendar year 2007. The Advanced Investigation Course was presented on January 28—February 1 with 17 in attendance. The State of North Carolina presented the Basic Training Course April 10-12 for North Carolina employees only with 20 in attendance. The Basic Training Course being sponsored by the State of Montana is scheduled for July 30—August 1, 2007 in Helena, Montana. The Advanced Training is scheduled for August 26-30, 2007 in St. Louis, Missouri. The Basic Investigation Class is scheduled for September 9-12, 2007 in Cleveland, Ohio.

If you need further information regarding committee activities or need further assistance, please contact the co-chairs of this committee.

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## **2007 - 2008 Annual Report**

The Compliance Subcommittee's continuing directive is to enhance compliance of motor fuel laws and regulations through educating and advising government agencies and industry. The co-chairmen for the Compliance sub-committee are: Wilda Ice, state co-chair from WV and Sharon Templin, industry co-chair from Shell.

Bio-diesel and other alternative fuels have taken the front burner in discussion. The treatment of bio-diesel is not uniform among the states. Several states have requirements for registration and reporting as a producer of alternative fuels. Many states do not have requirements for reporting the alternative fuels until they become a motor fuel or are blended with another known motor fuel product. The committee has been discussing the different ways that alternative fuels are treated in their states. One compliance problem is the blending of biodiesel and ethanol with tax-paid product (without reporting the blending). All committee members were assigned by co-chair Wilda Ice to look into ethanol movement in their states and report back to the committee. They were to determine if the product was moving by truck, rail, or barge as well as determine how it was being used. Not all committee members have reported their findings yet. It appears that there are various evasion schemes out there involving the alternative fuels. The committee is hoping to tabulate a report on the schemes in the near future.

The committee discussed how ethanol is being transported into the states. The product appears to be transported via rail cars and transport trucks. Donna Alderman (NC) discussed the current project in NC in which they are attempting to stop the dispensing of ethanol from railcars directly into transport vehicles. WV had investigated all the rail yards in their state and did not find this problem. Dan Farish (Murphy Oil) stated that many states do not recognize ethanol as a product. States have various ways to treat ethanol (for tax reporting purposes): some treat ethanol as gasoline, some do not consider it a motor fuel and do not track it nor require reporting of the exports. There is also a product known as fuel grade ethanol. This product should be treated as a motor fuel. The committee discussed that if ethanol is taxed as a blend only, the states should require anyone who moves, stores, or sells the ethanol to report the activities so there will be a paper trail. Bob Donnellan had contacted the states and inquired how they treated ethanol. He sent a spreadsheet to Wilda Ice which was then emailed to all committee members for discussion at the September 2008 Compliance meeting.

All committee members with inland waterways were assigned to contact the US Army Corp of Engineers to get the barge movement reports. There may be tax not paid product being used on the highways due to the availability of this product from barges. The State of MD reported that they have been tracking barge movement of motor fuel for several years. They have an ongoing case in which MD identified an unlicensed supplier (via verification reporting) bringing untaxed diesel into Maryland and delivering the product to multiple freight companies. Early assessment numbers are approaching two million dollars. Several other states have been working on evasion problems with barges as well. The states of WV and OH contacted the OH State Highway Patrol to provide a helicopter to fly over the OH River to look for possible barge off-loading locations. There were at least two suspicious locations on the OH and WV sides of the river. At one location (a non-IRS terminal), a transport truck could be seen obtaining something from a barge. That location is under investigation at this time.

The committee continues to discuss the use of dyed diesel fuel in highway vehicles. It appears that the number of offenders has gone up. Most states have reported an increase in the number of violations, possibly due to the increased price of diesel fuel. The type of vehicle with the greatest number of violations is still pickup trucks, followed by flat bed delivery trucks and construction related vehicles (dump trucks, cement trucks, drilling rig trucks).

In the interest of education several presentations were made to the committee. Herman Wisniski presented an update on communicating with the railroads. The railroads are a vital link in the movement of motor fuels products. They should be monitored more closely to ensure that all product is accounted for. Herman explained that railroads use the STCC codes for their bills of lading. They do not differentiate between the different types of diesel products. They are not concerned with FTA approved codes. Additionally, Herman stated that a solution to future fuel shortages in the northern mid-western states could have been alleviated by having permanent railroad terminals for the off-loading of fuel.

A presentation was given to the entire committee by a guest speaker for Gilbarco Veeder-Root Systems. The speaker, Virgil Sandoval, using a power point presentation explained how the system, which was designed for EPA compliance, could be used to verify purchases and inventory at retail stations.

Dan Farish (Murphy Oil) presented a power point about a training program that API has developed to train the IRS in how to audit the major oil companies more efficiently. The presentation gave an overview of the training – how an agent could better conduct the audit. The sub-committee would like to see something developed along the same lines to train the states.

The committee had started a discussion on developing an evasion database (how we found the offenders, how we worked the tax case, and the results) but were told that the Federal Highways are working on a website (FHWA Compliance Outreach Website) that will include a database of fuel evasion. The first Motor Fuels Forum concerning the proposed website was held in Dallas. Mike Dougherty sent a report on the forum to the Compliance committee for discussion at the May 2008 meeting.

### **2007-2008 Training Classes**

During 2007, FTA presented four training classes. Two of the classes were co-sponsored. One hundred and fifty-three (153) students were educated.

The State of Montana hosted the Basic Motor Fuel Tax training course on July 29 through August 1, 2007 in Helena, Montana. They had fifty-four (54) in attendance. Forty-five (43) represented States, eleven (11) represented the Petroleum Industry and one (1) represented a Canada Province.

The State of North Carolina held the Basic Motor Fuel Tax Training course for their staff on April 10-12, 2007. They had 29 in attendance.

The Investigation Motor Fuel Tax training course was held in Cleveland, Ohio on September 9-12, 2007. They had twenty (24) in attendance. Twenty (20) represented States, two (2) represented the Navajo Nation, one (1) represented a Canadian Province and one (1) represented an investigation company.

The Advanced Motor Fuel Tax training course was held in St. Louis, Missouri on August 26-30, 2007. They had twenty-nine (29) in attendance. Twenty-two (22) represented States, three (3) Canadian Governments, four (4) industry.

The Advanced Investigation Course was held in Austin, Texas on January 28 - February 1, 2008. They had seventeen (17) in attendance. This course is open only to government employees.



If you need further information regarding committee activities or need further assistance, please contact the co-chairs of this committee.

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## **2008 - 2009 Annual Report**

The Compliance Subcommittee's continuing directive is to enhance compliance of motor fuel laws and regulations through educating and advising government agencies and industry. The co-chairs for the Compliance sub-committee are: Wilda Ice, state co-chair from WV and Sharon Templin, industry co-chair from Shell.

Due to budget constraints most states have had to cut back on travel expenses this year. For that reason, many of the regular participants in Uniformity have not been able to attend the meetings.

There were only two training classes offered this year due to the economic slow down which has resulted in poor attendance. The Advanced Investigators class was held January 25-29 in Austin, TX. The Basic Motor Fuels Class was held August 23-27 at Portsmouth, VA.

The Committee discussed taxing issues for alternative fuels which included discussion on the Oregon study and the current alternative tax experiment underway in six states: MD, NC, CA, ID, IA, and TX. Cindy Anders-Robb presented information on the Mileage Base Fee Study at the University Transportation Center for Mobility (Texas Transportation Institute).

The Committee also had a round table discussion on audit techniques – what has worked to find audit assessments which will increase state revenue. Some of the techniques discussed included:

- 1) Eliminate exemptions – make everyone pay the tax up front then apply for any refunds that would be pertinent to them.
- 1) Use the diversion reports
- 2) Match the export information from other states
- 3) Use tips generated by industry, other audits, taxpayers; consider a “tax hot line”
- 4) Research
- 5) Track fuel from retailer back to supplier; reconcile the inventory
- 6) Work with other states on cross border issues
- 7) Work with other agencies

MN has volunteered to become the keeper of the stats for dyed diesel inspections. Herman Wisniski and Jeremy Neeck have been contacting each state to obtain the statistics. They are compiling the information regarding: number of samples conducted, number of violations, type of industry or type of vehicle, and amount of fines.

Quebec has requested a questionnaire to be completed by all states on “Status of Inspectors in Your State with Regard to Fuel and Tobacco”. This will be disseminated directly to the states by Cindy Anders-Robb.

The committee will begin meeting along with the Communication and Coordination subcommittee but will retain the status as a separate committee. Some of the projects for the compliance subcommittee for next year include: looking more closely at alternative fuels, determine how to track the use of alternative fuels for taxation purposes, compile a list of the available tools to detect non-filers, non-

remitters and tax cheats, continue the compilation and comparison of dyed diesel fuel stats, and continue to strive for the enhanced compliance of the motor fuel laws.

If you need further information regarding committee activities or need further assistance, please contact the co-chairs of this committee.

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## **2009 - 2010 Annual Report**

The last year in the FTA Motor Fuels Section has been one of many changes. We lost our Compliance subcommittee chairperson, Wilda Ice, to become the National Chair of Motor Fuels. Her hard work and dedication will surely be missed in the Compliance subcommittee. With the hard economic times and constraints on industry and states attendance to uniformity meetings has been down. But with change and misfortune, there are always positives to look at. This year we were able to spread the word of the good work that comes from our uniformity meetings and with that, we have representatives from industries that have not been involved in the past regularly attending the meetings. These industries include a barge shipping company, a railroad company, and representatives from the service station/truck stop industry. This shows that what we do in the FTA Motor Fuels Section is a positive, cooperative effort between industry and states for the betterment of all participants that are involved in the production, distribution, and taxation of motor fuel products. At the National Meeting last September in Oklahoma City, Wilda Ice accepted the nomination to be the National Chair for motor fuels that opened up her co-chair seat on the Compliance subcommittee, the committee asked me (Jeremy Neeck, MN) to fill that seat and this has been one decision that I have found very fulfilling and rewarding. I am blessed to work with a great group of people that want to work hard together and achieve a common goal. Without that type of participation, this group would not be as successful as it is. Thank you all for time and effort!

Since the 2009 National Motor Fuel Conference, the FTA has offered an advanced auditor training class in Raleigh, NC in Oct. 2009, with 18 in attendance. In January 2010, there was an advanced investigator training class in Austin, TX, with 18 in attendance.

There will be motor fuel tax basic training class August 1-5, 2010 in Portsmouth, VA and a motor fuel tax advanced training class August 22-26, 2010 in Savannah, GA. Both the basic and advance classes are open to both government and industry employees.

In the past year, the Compliance Subcommittee has been working on several projects that have tax implications that effect all states and Federal Highway funding. The dyed fuel violation statistics spreadsheet is kept to report by state all violations that are found in licensed motor vehicles using dyed fuel. This report has shown that there is a serious problem in tax evasion and that we need to continue to enforce our dyed fuel laws and complete field inspections of diesel powered vehicles to prevent further use of dyed fuel in licensed motor vehicles. It has been discussed in the committee to expand the details of the spreadsheet to include types of vehicles violations are being found in and also what type of industry the violations are being found. This was tabled currently and will be a part of the 2011 spreadsheet.

In late 2010, electric vehicles are going to be available in large quantities and this will pose an issue of how to collect tax for their use on highways. The Chevy Volt which is a gas/electric hybrid and the Nissan Leaf which is 100% electric have been introduced and between government incentives and the manufacturers selling them under \$30,000 people might be attracted to purchase these "Green" vehicles.

There has been a lot of discussion in our committee about the proposed "VMT" taxing system to replace the gallon based system. VMT is vehicle mileage tax that would charge drivers for miles traveled instead of gallons purchased. We are working on bring a speaker to the National meeting in Helena, MT to discuss this topic and offer additional information to us.

Other topics we are currently exploring include, exemption certificates and either eliminating them or having states ease their strict requirements on the timing of them. Several states are trying to setup collaborative efforts with surrounding state on sharing information of imports and exports in their states with each other. Dyed fuel use by Canadian exempt vehicles and crossing the border into the U.S. and how our laws apply to them. What is "G" diesel and the use and taxation of this new product.

The compliance subcommittee was also working on a project of collecting tax data for ethanol and biodiesel from each state and making a matrix of that data. It was decided to add this to a project that is currently being done in the communication subcommittee.

2010 has been a very successful year for this committee and I look forward to continue to work with the people that make up the FTA and this uniformity committee to reach our common goals. Please help spread the word of what good this group does and invite new people to attend our meetings because with large group participation great things can be achieved.

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## **2010 - 2011 Annual Report**

2011 has been a year of many new beginnings with the Motor Fuel Tax Section of the Federation of Tax Administrators. Starting with Rosemary Cleary becoming the National Chair in Helena, MT, Sharon Gostovich (WY) became the State Uniformity Co-chair replacing Marcia Leichner (NE), thank you Marcia for all your hard work and dedication to the success of the motor fuel tax section. The Compliance Sub-Committee is also saying goodbye to industry co-chair Sharon Templin from Shell Oil and will be welcoming Heather Golden from Shell Oil as our new industry co-chair for our committee. 2011 has still be a year of many challenges with the economy and restricted travel to our meetings. We have been able to keep some participation via teleconferencing of the meetings and on positive note, I think that there has been at least one new attendee to every meeting this year. This shows that what we do in the FTA Motor Fuels Section is a positive, cooperative effort between industry and states for the betterment of all participants that are involved in the production, distribution, and taxation of motor fuel products.

In 2011, FTA did not offer any training classes as of June 1<sup>st</sup>. Cindy Anders-Robb is currently working with both Oregon and Idaho on state sponsored classes. Oregon would like the class to be tailored to their tax laws and practices. Idaho would be willing to allow attendees from other states for a nominal fee. Cindy is also working with the IRS to set up training classes for both ExStars and ExToles.

2011 has seen better participation in the dyed fuel statistics reporting and we wanted to add additional data fields on the report that was tabled again until 2012. These fields will be type of vehicle and industry of the violator. Currently the IRS has MOU's with 29 states and ND is going to

be signing their soon and begin dyed fuel inspections in mid-June. Myself, David Savard (MN Revenue) and John Arroyo from the IRS went to Bismarck and Fargo to train both revenue agents and the ND State patrol on dyed fuel best practices and once their MOU is signed, they will receive formal IRS training. It was a very rewarding and positive experience for all parties involved. The important thing to remember about dyed fuel enforcement is not the fines that are being collected but to get people educated on the proper use of fuels and that the state is collecting the proper tax for the proper use.

At the January meeting in Austin, TX, Rich Little from the IRS discussed the new version of Exstars and was asking for issues that we currently have with the program that we would like to see changed in the new version. We offered password issues, no log out button, consignee information not being provided (it is being provided, but filtered out). Rich also informed us that all password issues must go through Naomi Bancroft with the IRS. The rollout for the new Exstars version should be late 2011. The IRS is considering eliminating ExToles unless more state begin to use the system. Edie Martin was asked to present on the uses of ExToles and she did that at the April meeting in Oklahoma City. Other topics discussed throughout the past year are how states deal with exemption certificates, dyed fuel use in Canadian vehicles crossing the border, "G" diesel (Peter Gunnerman will be at the National Meeting in Charleston, WV to give a year later update), auto maker fuel exports, taxation of electric vehicles, white paper document on best practices for virtual audits, VMT what is it and how is it going to be implemented (a presentation on this topic will be presented at the national meeting in WV.)

2011 has been a very successful year for this committee and I look forward to continue to work with the people that make up the FTA and this uniformity committee to reach our common goals. Please help spread the word of what good this group does and invite new people to attend our meetings because with large group participation great things can be achieved.

Jeremy Neeck, State Co-Chair (MN)

Heather Golden, Industry Co-Chair (Shell Oil Company)

## **2011 – 2012 Annual Report**

It is apparent that change is inevitable and this year seemed to continue with the theme of change from last year. Jeremy Neeck of Minnesota has moved on from Compliance Subcommittee State Co-Chair to State Uniformity Co-Chair. Jeremy accepted the challenging position at the FTA Annual meeting in Sept 2011 in Charleston, WV. The Uniformity Group will be in good hands with Jeremy leading the way. I have accepted the State Co-Chair position of the Compliance Sub-Committee. Let me introduce myself, I'm Cindy Mongold and I have been with the State of Kansas for 35 years, 11 of those years have been in the position of Motor Fuel supervisor. In addition to the change in State Co-chair we've also had a change to the Industry Co-Chair. Rae Takai of Shell Oil is the new Industry Co-Chair and we both look forward to working with this committee to identify, research and resolve compliance issues. The economy continues to be an issue when it comes to traveling to the meetings. I would like to stress how important it is for both states and industry to meet and discuss current events, issues and trends. If you are not able to travel then please feel free to contact any of the State or Industry Co-Chairs to bring your issues, concerns or new compliance methods to the meetings. If you would like to participate in the discussions and are unable to travel then teleconferencing may be an option.

After a break in the FTA training schedule during 2011, the trainers updated the Basic and Advanced Training Courses. A Motor Fuel Basic Training Course was held in Minneapolis, MN. The training was provided July 29 – August 2, 2012 and had 62 attendees. In addition to the Basic Training Course the Advanced Training Course will be held November 25 – 29, 2012 in Savannah, GA. Cindy Ander-Robb continues to work with the IRS to schedule a training class for ExStars. Due to security issues and cost to upgrade ExTol the IRS has discontinued support, so training is no longer needed.

The discontinuation of ExTol will cause the exchange of export information between states to be more cumbersome. Exchange of export information is another important compliance tool.

The Dyed Fuel Project is an important compliance tool. Dyed fuel violations are an issue that all states and the federal government have in common. Jeremy Neeck of Minnesota collects statistical information quarterly from the states and maintains a spreadsheet that is shared at the motor fuel meetings throughout the year. The expanded version of the report introduced in 2012, which includes vehicle and industry type data collection, has been well received by the states. The dyed fuel statistical report may be added to the FHWA website in the near future. Dyed fuel programs range from state inspectors and auditors, Highway Patrol, local police, to sharing of violation information between states and the Federal government. Also reported at the June 2012 meeting, the IRS had taken 2,519 samples, 531 of those were taken at terminals and 273 samples resulted in a penalty. If your state does not have an active program and has questions regarding steps to get started or benefits we encourage you to contact the states that have active programs.

This year the committee has had presentations and discussions regarding fuels other than the traditional petroleum based products. Tracking and taxing of these fuels may be a real challenge. CNG, LNG & LPG have been topics that seem to be more readily available in the vehicle fuel market, from retail stations dedicated to alternative fuels to the home fueling station available. With possibly no regulation(s) in place regarding separate metering of the home stations, collecting road tax per gallon may be an issue. States are using other means to collect road tax such as fees at the time of registration of the vehicle, annual decals, to mileage based fees for these fuel types. If these fuel types are not challenging enough there is growing interest in electric vehicles. A White Paper on CNG, LNG & LPG has been suggested.

Blending pumps have also been a topic of discussion this year. There have been concerns in some states regarding the blending of E85, at a reduced tax rate, with gasoline to create an E10 blend which is taxed at a higher rate.

Other topics of discussion this year have been removal, tracking and taxing of "Stale" fuel from airports, disposal of "off spec" or theft of military fuel that has not been taxed, and motor fuel tax refund schemes.

The Uniformity Committee approved the following White Paper Document to be placed in the Uniformity Book at the September 2011 meeting:

## **VIRTUAL AUDITS**

### **Virtual Auditing**

With states facing more and more budget restrictions and travel being one area that is being cut from their budgets, state auditing departments need to come up with innovative constructive ways of continue to perform audits on Motor Fuel Accounts without the cost associated of traveling to the Taxpayers location.

### **What are Virtual Audits?**

Virtual audits are paperless, electronic audits that are conducted without face to face interaction between government and industry. All data is exchanged in electronic formats such as MS Word, Excel, PDF files, text files and EDI files.

### **Benefits of Virtual Audits:**

- Cost savings and efficiency – travel expenses, cost and storage of paper files, and postage.
- Accessibility of data by all personnel within an organization – Audit, Appellate, Litigation, etc.
- Reduction of physical storage space
- Minimize the possibility of losing files

- Faster access to files and information
- No auditing standards, rules, or regulations that prevent use of paperless auditing systems
- Improved performance with consistent data capture and analysis
- Ability to link work papers and evidence directly to audit report
- Disaster recovery capabilities

**Issues associated with virtual auditing:**

- Audit review process may be more difficult
- Equipment needs such as scanners and monitors – budget issues, compatibility issues with different software types
- Storage capacity limits
- Getting electronic results to the taxpayer – secure email, secure mail box
- Fear of change – resistance to re-engineering of business processes
- Fear of technology
- Requires training and keeping abreast of software developments

**What states need to address before performing virtual audits:**

- Identify how long to retain records
- Identify when and how to back up files
- Uniform rules for naming and categorizing files
- Know the electronic recordkeeping requirements and professional standards of the IRS, other federal agencies, and state and local governments
- Security systems to ensure authenticity, prevent manipulation of data, and improper access to confidential information
- Strong upper management commitment and resources for automation

**The audit process:**

When a state decides to begin virtual auditing, management and auditors need to develop procedures that can be followed to ensure all virtual audits are conducted on a consistent basis. The state would need to develop a list of expectations for the taxpayer that would provide, in advance, information on how the virtual audit process is going to work and what their responsibilities are during the audit. The list of expectations should include: what data is required from them, expectations of response time for both state and industry for all methods of communication, the scope of the audit, and back up phone number and email addresses.

When human interaction is eliminated in this type of auditing extra time and care needs to be dedicated to the taxpayer. This is an integral step as one-on-one communication and hands on training is lost during a virtual audit and these have been vital for on location field audits. All parties involved in the process need to make sure they understand each other completely, or they need to make sure that they are asking questions before specific topics are closed or communication has ended. This type of auditing can lead to longer audits and a lack of focus by both the taxing authority and industry on completion of the audit. Both parties need to be committed to completing the audit in a timely manner and keeping deadlines as they come due.

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## **Communication and Coordination Subcommittee**

The Communication and Coordination Subcommittee promotes points 1, 8 and 10 of the 11 Point Plan.

### **2001 - 2002 Annual Report**

This past year the subcommittee tackled three items:

- 1) Cross border - identify where the lack of uniformity between state laws affects the states' ability to enforce their law and collect taxes, and the industry's ability to properly collect and remit the taxes. This is an ongoing process that will continue in the next year.
- 2) Biodiesel - A survey was prepared and distributed to all states to how the fuel is being administered and taxed. As of July 2002 the District of Columbia and 29 states have responded to this survey. Survey results will be accumulated and shared with the full uniformity committee at the annual meeting in September 2002. The survey results will be submitted at a later date to the full committee to provide definition and model legislation guidelines in the project book.
- 3) The subcommittee submitted for approval to the full committee in May a rewrite of the Uniformity Committee goals to replace those shown on page 82 of the project book. These new goals were approved and will be included in a resolution at the annual meeting in September.

### **2002 - 2003 Annual Report**

The Communication and Coordination Subcommittee worked on 8 projects during the year.

Project 1, Cross Border - The subcommittee drafted a section for model legislation to list the points to be considered by states in handling exports in their state fuel tax law. The draft was adopted by the Uniformity Committee to be published in the September 2003 version of the FTA Uniformity Book.

Project 2, Federal Energy Bill - The subcommittee continued to monitor the proposals in the federal energy bill and to consider the potential impact on state fuel tax compliance programs.

Project 3, The Uniformer - The subcommittee published 3 issues of The Uniformer.

Project 4, Biodiesel White Paper - The subcommittee completed definitions of "biodiesel" and "biodiesel blend" which were adopted by the Uniformity Committee and will be added to the definitions section of the Uniformity Book. The subcommittee will continue to work on a white paper that will explore the impact of biodiesel on state tax administration and to develop model legislation.

Project 5, Comparison of Definitions - This task was assigned by the Steering Committee in January. The subcommittee started a new project to compare and reconcile the definitions contained in the Model Legislation section and also in the Canadian Fuel Tax Project. A comparison matrix was developed to begin this process. Additional terms were assigned for definitions: Kerosene, Dyed Kerosene, Racing Fuel, and/or Racing Gasoline.

Project 6, Review of 11 Point Plan - This task was assigned by the Steering Committee in January. The subcommittee reviewed the existing 11 Point Plan to determine whether it is still valid or needs to be updated. Work on this project is continuing.

Project 7, Analysis of Revenue Derived from Different Taxation Points and Compliance Methods - This task was assigned by the Steering Committee in January, and preliminary work was begun to discuss possible approaches to the project.

Project 8, Report of Accomplishments of FTA Uniformity - This task was assigned by the Steering Committee in January. The Subcommittee drafted a survey tool.

## **2003 - 2004 Annual Report**

The Communication and Coordination Subcommittee was very busy this year working on many projects.

The full Uniformity Committee approved the following requests:

1. Approved the following definitions

- A. **Bulk Plant** – A reportable fuel storage and distribution facility that is supplied by other than barge, pipeline or vessel, and from which reportable fuel may be removed at a rack. A Bulk Plant is not part of the Bulk Transfer System.
- B. **Bulk Transfer** – The physical movement of accountable product/motor fuel from one location to another by barge, pipeline or vessel.
- C. **Terminal Bulk Transfer** – A transfer of title of accountable product/motor fuel within a terminal from one position holder to another position holder.
- D. **Two-Party Exchange** – A transaction in which accountable product/motor fuel is transferred from one licensed supplier to another licensed supplier pursuant to an exchange agreement. The supplier that is the position holder agrees to deliver accountable product/motor fuel to the other supplier or the other supplier's customer at the rack of the terminal at which the delivering supplier is the position holder.

2. Approved the deletion of the following definition

- A. Highway Vehicle

3. The Uniformer – The subcommittee published three (3) issues of the Uniformer.

The subcommittee will continue working on the following projects for the next year:

- A. Definitions for the following:
  - Dyed Kerosene
  - Racing Fuel
  - Carrier
  - Fuel Transporter
  - Kerosene (the current approved definition will be reviewed)
- B. Comparison of the FTA to the Canadian Definitions
- C. Monitoring of the Federal Energy Bill
- D. Biodiesel White Paper and Model Legislation
- E. Review the 11 Point Plan
- F. Analysis of revenue derived from various taxation methods and compliance tools
- G. Report of accomplishments of the FTA Uniformity Committee
- H. Add a section to the Model Legislation concerning forfeitures of motor fuel relating to tax issues



If you need further information regarding committee activities or need further assistance, please contact the co-chairs of this committee.

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## **2004 - 2005 Annual Report**

The Communication and Coordination Subcommittee was again very busy this year working on many projects.

The full Uniformity Committee approved the following requests:

1. Approved the following definitions
  - A. **Carrier** – Any person who transports accountable product.
  - B. **Dyed Kerosene** – Kerosene that has been colored or marked with the appropriate dye or marker to the concentration specified by the jurisdiction for tax purposes.
2. Approved the deletion of the following definition
  - A. Motor Vehicle Fuel Transporter
3. Approved the following updated brochures:
  - A. Motor Fuel Tax Section Uniformity Report – Benefits of Motor Fuel Tax Uniformity.
  - B. Motor Fuel Tax Section Uniformity – Advisory Group Point 10 of the 11Point Plan
4. The Uniformer – The subcommittee published three (3) issues of the Uniformer.

The subcommittee will continue working on the following projects for the next year:

- A. Definitions for the following:
  - Racing Fuel
  - Kerosene (the current approved definition will be reviewed)
- B. Comparison of the FTA to the Canadian Definitions
- C. Monitoring of the Federal Energy Bill
- D. Biodiesel White Paper and Model Legislation
- E. Review the 11 Point Plan
- F. Analysis of revenue derived from various taxation methods and compliance tools
- G. Report of accomplishments of the FTA Uniformity Committee (This has been postponed until the Battelle study is completed)
- H. Add a section to the Model Legislation concerning forfeitures of motor fuel relating to tax issues
- I. Add a section to the Model Legislation concerning two-party exchanges
- J. Update the FTA Native American Survey
- K. Continue publishing the Uniformer
- L. Continuing reviewing and updating the current Model Legislation section

If you need further information regarding committee activities or need further assistance, please contact the co-chairs of this committee.

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## **2005 - 2006 Annual Report**

The Communication and Coordination Subcommittee was again very busy this year working on many projects.

The full Uniformity Committee approved the following requests:

- A. The comparison of the US definitions to the Canadian definitions white paper incorporated into the Uniformity Booklet
  - B. Updated and revised Model Legislation Checklist.
2. Completed the following updated brochures:
- A. Benefits of Motor Fuel Tax Uniformity.
  - B. Advisory Group Point 10 of the 11 Point Plan.
3. Completed the updated Native American Survey.
4. The Uniformer – The subcommittee published three (3) issues of the Uniformer.

The subcommittee will continue working on the following projects for the next year:

- A. Definitions for the following:
  - Racing Fuel
  - Kerosene (the current approved definition will be reviewed)
- B. Monitoring of the Federal Energy Bill
- C. Biodiesel and other Alternative Fuels White Paper and Model Legislation
- D. Review the 11 Point Plan
- E. Analysis of revenue derived from various taxation methods and compliance tools
- F. Report of accomplishments of the FTA Uniformity Committee (This has been postponed until the Battelle study is completed)
- G. Add a section to the Model Legislation concerning forfeitures of motor fuel relating to tax issues
- H. Add a section to the Model Legislation concerning two-party exchanges
- I. White Paper on the meaning and use of the term Bill of Lading
- J. Continue publishing the Uniformer

If you need further information regarding committee activities or need further assistance, please contact the co-chairs of this committee.

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## **2006 - 2007 Annual Report**

The Communication and Coordination Subcommittee was again very busy this year working on many projects.

The full Uniformity Committee approved the following requests:

1. Approved the following definition
  - A. **Diversion** – Product shipped from a terminal to a state or jurisdiction other than the destination state or jurisdiction indicated on the original bill of lading.

2. Approved the following addition to the Model Legislation Checklist:

- A. In Section 14. Alternative Fuels add:

### **I. Reduced Tax Rates**

When considering reduced tax rate provisions for specific alternative fuel blends or fuel uses, the following are some items to be addressed:

- A. There is an increase potential for evasion if:
      1. Fuel may be purchased at a specific blend to receive a reduced tax rate. The reduced rate is remitted, then the fuel may be further blended and sold at the higher rate, or
      2. Fuel may be purchased at a reduced tax rate based on specific use, then later used for a different purpose, which should be taxed at a higher rate.
    - B. Consider a credit a credit or refund to allow for ease in fuel taxation. This will further ensure accuracy of reduced tax rates/credit situations for specific fuel blends and uses.

3. The Uniformer – The subcommittee published three (3) issues of the Uniformer.

3. The subcommittee has been assigned a new on-going task of being responsible for monitoring and tracking all of the current and completed project tracking forms for each of the FTA Motor Fuel Uniformity Subcommittees.

The subcommittee will continue working on the following projects for the next year:

- A. Definitions for the following:
    - Racing Fuel
    - Kerosene (the current approved definition will be reviewed)
  - B. Monitoring of the Federal Energy Bill
  - C. Biodiesel and other Alternative Fuels White Paper and Model Legislation
  - D. Review the 11 Point Plan
  - E. Analysis of revenue derived from various taxation methods and compliance tools
  - F. Report of accomplishments of the FTA Uniformity Committee (This has been postponed until the Battelle study is completed)
  - G. Add a section to the Model Legislation concerning forfeitures of motor fuel relating to tax issues
  - H. Add a section to the Model Legislation concerning two-party exchanges
  - I. White Paper on the meaning and use of the term Bill of Lading
  - J. Add a footnote to the new definition of diversion clarifying that it is the intent for “state” and “jurisdiction” to have the same general connotation for the definition.
  - K. Continue publishing the Uniformer
  - L. Continue tracking the Project Tracking Forms for each of the subcommittees.

If you need further information regarding committee activities or need further assistance, please contact the co-chairs of this committee.

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## **2007 - 2008 Annual Report**

The Communication and Coordination Subcommittee had another very busy and productive year.

The full Uniformity Committee approved the following requests:

1. Approved the following definitions
  - A. Producer/Manufacturer – Any person who produces, refines, prepares, blends, distills, manufacturers or compounds accountable product/motor fuel. (see “accountable product/motor fuel”).
  - B. Jurisdiction or Taxing Jurisdiction – The United States of America, a state of the United States of America, the District of Columbia, Canada, a province or territory of Canada, Mexico, a state of the United Mexican States, or a city, county, city and county, municipality, district or other political subdivision this is authorized to levy a motor fuels tax.
2. Approved the following revised definition:
  - A. Distributor – A person who transports motor fuel into a state (imports) or exports motor fuel out-of-state; or who is engaged in distribution of motor fuel primarily by tank car or tank truck, or both; and who operates a bulk plant where he has active motor fuel bulk storage (capacity may be specified by individual state). May also includes a person who produces, refines, blends, compounds, or manufacturers motor fuel. It does not, however, include a person who receives or transports into this state and sells or uses motor fuel under such circumstances as preclude the collection of the tax herein imposed, by reason of the provisions of the Constitution of the United States. However, a person operating a motor vehicle into the state, may transport motor fuel in the ordinary fuel tank attached to the motor fuel vehicle, and uses the fuel for the operation of the motor vehicle without being considered a distributor.
3. Approved to add a section to the Uniformity Book between Point 11 and the Appendix that is called White Paper Documents.
4. Approved the following White Paper Documents:
  - A. Biodiesel Fuel (see section White Paper Documents)
  - B. Ethanol (see section White Paper Document s)
5. Approved Checklist to be added to Model Legislation for National/Natural Disasters.
6. Best Practices Guide – The Uniformity Committee members decided that the original responses were probably no longer current and since the states do not want their states reference, it was decided that it really would not be a benefit to the states since they would not be able to discuss any of the responses with anyone. This project has now been closed.
7. The Uniformer – The subcommittee published three (3) issues of the Uniformer.

8. The subcommittee has been asked to update the 2005 Native American Survey. The subcommittee members decided that someone from each region would contact the states within their region and get any changes or updates to the survey. The following people from each region volunteered to contact the states within their regions:

- A. Midwest – Marcia Leichner-State of Nebraska and Trent Knoles-State of Illinois.
- B. Northeast – Rosemary Cleary and Marc Papandrea-State of Connecticut
- C. Pacific – Ed King-State of California
- D. Southeast – Wilda Ice-State of West Virginia

9. Bill of Lading Project – This project has been completed and that there is no way to have a Uniform Bill of Lading. The subcommittee recommends that each individual state would need to train their employees on all of the different bills of lading.

10. The subcommittee decided that the current definitions need to be looked at on a yearly basis to insure that they are still correct.

The subcommittee will continue working on the following projects for the next year:

- A. Definitions for the following:
  - Racing Fuel
  - Kerosene (the current approved definition will be reviewed)
  - Two-Party Exchange
- B. Review the 11 Point Plan
- C. Add a section to the Model Legislation concerning forfeitures of motor fuel relating to tax issues.
- D. Add a section to the Model Legislation concerning Two-Party Exchanges
- E. Continue publishing the Uniformer
- F. Continue tracking the Project Tracking Forms for each of the subcommittees.
- G. Analysis of revenue derived from various taxation methods and compliance tools.
- H. Report of Accomplishments of the FTA Uniformity Committee (This has still been postponed until the Battelle study is fully completed).

If you need further information regarding committee activities or need further assistance, please contact the co-chairs of this committee.

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## **2008 - 2009 Annual Report**

The Communication and Coordination Subcommittee had another very busy and productive year.

The full Uniformity Committee approved the following requests:

1. Approved the following definitions

A. **Two Party Exchange:** A transaction in which petroleum product is transferred from one supplier to another supplier pursuant to an exchange agreement.

B. **Exchange Agreement:** An agreement between two terminal suppliers whereby a terminal supplier agrees to deliver fuel to the other party or the other party's customer at the loading rack.

2. Approved the following section to be added to Model Legislation for Two Party Exchanges:

Introduction:

Two-party exchange is a transaction in which petroleum product is transferred from one supplier to another supplier pursuant to an exchange agreement.

Exchange Agreement is an agreement between two terminal suppliers whereby a terminal supplier agrees to deliver fuel to the other party or the other party's customer at the loading rack.

Simple example of two-party exchange transaction:

Supplier A is a position holder in Terminal X. Supplier B has a customer taking delivery of product in Terminal X, but Supplier B is not a position holder in Terminal X. Supplier A agrees to exchange product with Supplier B so Supplier B can sell product to the customer. Likewise, Supplier B will exchange product in another terminal where Supplier A is not a position holder.

Items to consider:

- D. Your state's taxation point.
  - 1. Tax at the terminal rack (including position holder, modified position holder, or first receiver)
    - Position holder = the one who owns inventory according to the records of the terminal operator.
    - Modified position holder = The position holder delivers on exchange and the exchange receiver remits the tax; or if no exchange is involved the position holder remits the tax.
    - First receiver = The person physically receiving accountable product/motor fuel at the rack remits tax to the taxing jurisdiction, if licensed. If not licensed, then variations of position holder and modified position holder should be considered.
  - 2. Tax below the rack (including distributor/wholesale level, retail level, or upon importation)
    - a. If taxing below the rack, you should consider the number of pass-throughs allowed and whether two-party exchanges will affect the number of pass-throughs on all products, including ethanol blended with gasoline. (An example of a "pass through" is when the distributor could collect and report the tax to the state, but chooses to sell tax-free product to the wholesaler, who then becomes responsible for reporting and paying the tax to the state.) Keeping in mind that if you decide to limit the number of pass-throughs, the person in the middle may not know that their the taxable party.
- E. How to handle "stacking" exchange agreements. You might encounter a series of two-party exchanges prior to the product leaving the terminal. States should consider how they want to handle these "stacking" exchange agreements on a single movement of fuel.

## F. Tracking and cross matching issues.

1. Will you be able to track and cross match transactions involving two-party exchanges?
2. Does fuel lose identity through a series of two-party exchanges? (This means not being able to identify the fuel type, losing track of the original bill of lading number, or not being able to track the product from the original position holder through the exchange partner to the final recipient.)
3. Does terminal disbursement information properly match recipient's receipt information? Does the terminal-issued bill of lading reflect the exchange-receiver as the supplier of record as opposed to the position holder? The position holder should not be reported on the bill of lading as the supplier of record.
4. Does the terminal operator report reflect the exchange receiver as the supplier of record as opposed to the position holder?

## G. Enforcement and auditing issues.

1. Is product transferred via a two-party exchange or is the transaction Actually a sale? When does title actually transfer?
2. Does possession transfer directly from the exchange supplier to the exchange receiver's customer; title passes instantaneously from the exchange supplier to the exchange receiver to the exchange receiver's customer.
3. Are both parties properly reporting the transaction?
4. Do participants have proper supporting documentation?
5. If the fuel is exported to an at-the-rack state, will the proper tax be collected and remitted?

## 3. Approved the following Invitation Letter to be sent out by the Uniformity Co-Chairs:

FTA Letterhead which includes phone number, website

Date

Recipient

Name of Company/Organization

Address

State, City Zip Code

Dear Recipient:

RE: Federation of Tax Administrators Motor Fuels Tax Section  
Uniformity Committee

The FTA Motor Fuels Tax Section is pleased to invite your (company/organization) to participate at our next meeting on (Date) at (Location). There is no registration fee to attend.

The FTA Motor Fuels Tax Section is comprised of States, Industry, Federal and Foreign Governments and the Canadian Fuel Tax Council. The FTA Motor Fuels Tax Section Uniformity Committee meets three (3) times a year with one (1) meeting in conjunction with the FTA Motor Fuels Tax Section Annual Meeting. Its purpose is to provide an opportunity for government and industry to partner for the efficient and effective reporting and remittance of fuel taxes, to minimize fuel tax evasion and to act as an information resource to stakeholders.

The FTA Motor Fuels Tax Section would like to include other sectors involved with the manufacturing, distribution, administration and taxation of motor fuels, such as independent refiners, distributors and alternative fuel products.

**Benefit of Participation**

Your company/organization will have a voice in the development of common jurisdictional processes for a more flexible, simplified, efficient and effective fuel tax administration.

The Uniformity Committee which is comprised of four (4) subcommittees developed the Fuel Tax Evasion 11 Point Plan. (see enclosure) The major points of the Plan include uniform definitions for imports and exports; use of Federal numbers as a reference for reporting and information exchange; licensing of all resellers; total accountability of fuel and third party reporting on fuel movement; uniform electronic reporting; and training for auditors and investigators.

Thank you for taking the time to consider being a part of the FTA Motor Fuels Tax Section Uniformity Committee. Please see the attached document which provides you with the Roles and Missions of each of the four (4) subcommittees of the Motor Fuels Tax Section Uniformity Committee.

Should you wish to attend the next meeting, future meetings or require more information, please contact (name) at (website) or (telephone number).

Sincerely,

Your Name

Title

FTA Motor Fuels Tax Section Uniformity Committee

**FTA Motor Fuels Tax Section Uniformity SubCommittees:****Communication and Coordination Subcommittee promotes points 1, 8 and 10 of the 11 Point Plan.**

- Model legislation
- Definitions and terms
- Surveys
- STP Funding
- Publications
  - Uniformity Project Booklet
  - Uniformer
- Advisory groups
- Promote single point of filing
- 11 Point Plan maintenance

**Compliance Subcommittee promotes point 11 of the 11 Point Plan.**

- Educate and advise stakeholders by:
  - Publicizing case studies and best practices
  - A liaison to Law Enforcement
  - Involving stakeholders at all levels
  - A clearinghouse for effective tools to combat fuel tax evasion
  - Encourage industry to educate government on accounting and distribution processes
  - Provide guidance to stakeholders on how to integrate ExStars/ExTol in a tracking system

**Electronic Commerce Subcommittee promotes point 6 of the 11 Point Plan.**

- Develop and maintain a standard electronic filing and remittance process
- Facilitate and encourage the implementation of the standard electronic filing and remittance process



- Educate non-technical staff how to use the standard electronic filing and remittance process
- Monitor ExSTARS/ExTOLE for compatibility

**Forms Management Subcommittee promotes points 2, 3, 4, 5 and 9 of the 11 Point Plan.**

- Maintains forms and subschedules
- Creates new forms and schedules
- Provides reporting guidance for forms and schedules
- Product code control
- Sub-schedule control

4. Approved the following White Paper Document:

- A. Motor Fuel Tax Issues With Natural Gas and Other Alternative Fuels (see section White Paper Documents)

5. The subcommittee members are working on a booklet that is to be put together for Diversions. Greg Anderson with ConocoPhillips and Brian Serafino with Chevron provided several documents that they had put together concerning what the states' require or don't require for diversions. The subcommittee members discussed the documents and decided that all of the information needs to be combined and also to add the states' contact information and what diversion registry they use. Natalie Cabla will work on combining the document information for each state. It was suggested that we use the same type of format used for the Native American Survey. (Word Document-List each category and then state the response or answer from the state.)

6. The Uniformer – The subcommittee published three (3) issues of the Uniformer.

7. The subcommittee has been asked to update the 2008 Alternative Fuels Incentive and Laws booklet each year and the subcommittee decided that the best way to keep the booklet updated is to have a person from each region contact each of the states in their region for any updates or changes. It was decided that all updates and changes would be sent to the state co-chair by July 15<sup>th</sup> of each year.

The following people from each region volunteered to contact the states within their regions:

- A. Midwest – Edie Martin-State of Kansas
- B. Northeast –Marc Papandrea-State of Connecticut
- C. Pacific – Christy Dixon-State of Oklahoma
- D. Southeast – Carol Player-State of South Carolina

8. White paper document on price (tax) indexing & sales tax on motor fuel was tabled. A draft will be presented at the next meeting in September, 2009. Peter Steffens –State of Florida

The subcommittee will continue working on the following projects for the next year:

- A. Definitions for the following:  
Racing Fuel  
Kerosene (the current approved definition will be reviewed)
- B. Continue to review the 11 Point Plan
- C. Add a section to the Model Legislation concerning forfeitures of motor fuel relating to tax issues.
- D. Add a section to the Model Legislation concerning Information for Safeguarding of IRS Data. Cindy Anders-Robb is currently working with the IRS on putting together a standardize document for this.
- E. Current definitions need to be looked at on a yearly basis to insure that they are still correct.
- F. Continue publishing the Uniformer

- G. Continue tracking the Project Tracking Forms for each of the subcommittees.
- H. Analysis of revenue derived from various taxation methods and compliance tools.
- I. Report of Accomplishments of the FTA Uniformity Committee (This has still been postponed until the Battelle study is fully completed).

If you need further information regarding committee activities or need further assistance, please contact the co-chairs of this committee.

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## **2010 - 2011 Annual Report**

The Communication and Coordination Subcommittee had another very busy and productive year.

The full Uniformity Committee approved the following requests:

1. Approved the following definitions

A. **Voyage Number (FTA adopted 9-10)** – Is a manifest number or document number in the mariner time industry.

B. **Racing Fuel (FTA adopted 1-11)** – An accountable product, generally leaded gasoline of one hundred and five octane or more, for off-highway use in competition vehicles, e.g., race cars, snowmobiles and motorcycles (excludes aircraft).

C. **Buy-Sell Agreement (FTA adopted 4-11)** – An agreement between two terminal suppliers whereby a terminal supplier agrees to deliver fuel to the other party or the other party's customer at the loading rack. The transaction is reconciled and financially settled by cash and is recorded by the terminal operator as a terminal removal by the receiving supplier. This type of transaction may also be known as a "Supplier Product Authorization".

D. **Exchange Agreement (FTA adopted 1-09, Revised 4-11)** – An agreement between two terminal suppliers whereby a terminal supplier agrees to deliver fuel to the other party or the other party's customer at the loading rack. The transaction is reconciled and financially settled by trading for a product at another location and is recorded by the terminal operator as a terminal removal by the receiving supplier.

2. Greg Anderson with Conoco-Phillips is going to do work on something for Renewable Fuels along with some type of diagram.

3. The committee will continue to work on a section in Model Legislation for Buy/Sell Agreements and a section for Information Exchange Agreement.

4. The Uniformer – The subcommittee published three (3) issues of the Uniformer.

5. The Steering Committee has now asked that the subcommittee make one big booklet that contains the following:

- State Contact Information
- Reference to Statutes and Rules
- State Point of Taxation
- State Tax Rates
- Rate Updates
- Collection Allowance
- Alternative Fuels
- Diversions
- Taxability & Tax rates for Biodiesel and Ethanol

The changes will be made to the document before it is sent out to the states. The subcommittee recommended that someone from each region be the contact person and send out the questionnaire to each of the states in their region and then send the responses back to chair-or co-chair of the subcommittee to compile all of the information so that it can be printed each year and be handled out at the FTA Motor Fuel Annual Meetings. The following is a list of volunteers from each region:

Mark Papandrea – Northeast Region  
 Wilda Ice- Southern Region  
 Edie Martin-Midwest Region  
 Sharon Gostovich-Pacific Region

Please note that this project will be printed and handed out at the 2011 FTA Motor Fuel Annual Meeting.

6. Jeremy Neeck of Minnesota lead a discussion on the Uniform Bill of Lading project for Wilda Ice of West Virginia. Herman Wisneski started a draft of a white paper document for Uniform Bill of Ladings. After a lengthy discussion, it was decided that each state needs to send information to Wilda concerning their manifest requirements and also if they have any other items that they would like to have included on a manifest but is not required by their state. Wilda Ice continues to work on the Uniform Bill of Lading project in order to complete a White Paper Document or Best Practices for Bill of Ladings. Wilda Ice has asked each state to furnish her with any requirements they have on bills of Lading. (Rules, statutes, etc)

7. This year the Steering Committee has asked that the Native American Survey be updated, reprinted and handed out at the 2011 FTA Motor Fuels Annual Meeting. Again, the contact person from each region will send out the information to each of the states in their region and then send the responses back to the committee Chair-person to compile the information. The following is a list of the volunteers from each region:

Tracy Halubka – Pacific Region  
 Trent Knoles – Midwest Region  
 Donna Alderman – Southern Region  
 Rosemary Cleary – Northeast Region

The Native American Survey will be updated every two (2) years.

8. Cindy Anders-Robb led a discussion concerning the MOU for the Motor Fuels Tax Section. The committee will continue to work on a draft MOU for States to sign.

The subcommittee will continue working on the following projects for the next year:

- A. Definitions for the following:  
 Document Number-will need to include Bill of Lading, Manifest and Voyage Number with this definition.
- B. Continue to review the 11 Point Plan
- C. Add a section to the Model Legislation concerning forfeitures of motor fuel relating to tax issues.
- D. Add a section to the Model Legislation concerning Information for Safeguarding of IRS Data. Cindy Anders-Robb is currently working with the IRS on putting together a standardize document for this.
- E. Add a section to the Model Legislation concerning Buy/Sell Agreement.
- F. Add a section to the Model Legislation concerning Information Exchange Agreement.
- G. Current definitions need to be looked at on a yearly basis to insure that they are still correct.
- H. Continue publishing the Uniformer
- I. Continue tracking the Project Tracking Forms for each of the subcommittees.
- J. Analysis of revenue derived from various taxation methods and compliance tools.

- K. Report of Accomplishments of the FTA Uniformity Committee (This has still been postponed until the Battelle study is fully completed).

If you need further information regarding committee activities or need further assistance, please contact the co-chairs of this committee.

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## **2011 - 2012 Annual Report**

The Communication and Coordination Subcommittee had a very busy and productive year.

The full Uniformity Committee approved the following requests:

1. Approved the following definitions
  - A. **Liquefied Natural Gas (LNG) (FTA adopted 6-12)** – Natural gas (primarily methane) that has been liquefied by reducing its temperature to -260 degrees Fahrenheit at atmospheric pressure.
  - B. **Compressed Natural Gas (CNG) (FTA adopted 6-12)** – Natural Gas compressed to a pressure at or above 200-248 bar (i.e., 2900-3600 pounds per square inch) and stored in high pressure containers. It is used as a fuel for natural gas-powered vehicles.
  - C. **Natural Gas:** A gaseous mixture of hydrocarbon compounds, the primary one being methane.
  - D. **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.
  - E. **Manifest number** – see document/bill of lading number – also see shipping or transport document.
  - F. **Bill of Lading** – see document/bill of lading number –also see shipping or transport document.
2. Approved the following White Paper Document:

## **Excise Tax Online Exchange (ExTOLE) 2011**

### **What is ExTOLE?**

ExTOLE is an internet based data repository administered by the IRS. ExTOLE allows states to exchange Motor Fuel data in a secure manner, based on exchange/disclosure agreements between states and/or applicable statutory authority. Only state data exists in ExTOLE.

### **Benefits of ExTOLE:**

- Not subject to IRS safeguards
- Free
- Secure
- Improves compliance
- Reduces revenue loss
- Enhances enforcement
- Allows for information sharing
- Reduces paper

- Multiple passwords are not needed
- Available to all states

**ExTOLE Functionality Includes:**

- Contact list  
The contact list provides contact information for participating states in key areas of fuel tax management, such as Audit, Administration, etc. Identified ExTOLE state administrators are responsible for updating needed information.
- Licensee information  
The licensee information includes Taxpayer (company), License (type of license) and Associate (owner/officer) data. The data can be uploaded and obtained by other states through queries.
- Import/Export observations
  - Diversions (no details)
  - Truck sightings
  - Retail/bulk plant/consumer information
- Standardized queries  
Data queries are available for Contact and Licensee information, Imports/Exports, Diversions, Truck Sightings, etc.
- File transfers  
The file transfers option allows states to exchange files/documents in a secure manner without the use of multiple passwords. The functionality includes the ability to transfer a file, download a file or upload flat files.

**NOTE: The ExTOLE system was taken off-line in October 2011. Per the IRS, the ExTOLE system/functionality is no longer feasible due to security issues, data/system vulnerability and the cost of needed programming changes.**

3. Ann Nicholson with Exxon/Mobil will continue to work on a section in Model Legislation for Buy/Sell Agreements and Renewable Fuels.
4. The Uniformer – The subcommittee published three (3) issues of the Uniformer.
5. The 2011 Taxation, Alternative Fuels, Diversion Booklet was printed and was available at the 2011 FTA Motor Fuels Annual Meeting.

The subcommittee recommended again that someone from each region be the contact person to send out the questionnaire for the Taxation, Alternative Fuels, Diversion Booklet to each of the states in their region and then send the responses back to Christy Dixon to compile the information for the 2012 FTA Motor Fuels Annual Meeting. The following is the list of the volunteers from each region:

Mark Papandrea – Northeast Region  
Mike Grammer – Southern Region  
Edie Martin – Midwest Region  
Christy Dixon – Pacific Region

6. Bill of Lading Project-Wilda Ice of West Virginia led a discussion of the information that she received from the states concerning statutes, rules, etc for items that are to be included on a manifest. She will continue to compile this information from the states that have not sent her the information. Once she has received the additional information, the subcommittee will decide what the next step is for this project. (White Paper Document, etc). This project has been tabled until October, 2012.
7. The Native American Survey was updated and available at the 2011 FTA Motor Fuels Annual Meeting. The Native American Survey will be updated again in 2013.

8. The subcommittee completed the task of doing a MOU for the Motor Fuels Section for agencies that administer Motor Fuel that are not a Revenue Agency. Cindy Anders-Robb led a discussion concerning the MOU for the Motor Fuels Tax Section. The committee will continue to work on a draft MOU for States to sign. Cindy reported that the MOU for the Motor Fuels Section will be sent out by FTA to be signed by the agencies that administer Motor Fuel Taxes that are not Revenue Agencies.

9. Cindy Anders-Robb led a discussion concerning how the states are going to exchange import/export information since we no longer have ExTol. The states can send the information through their secure e-mail; however, this would require a password for each state. Cindy is going check about using the FTA's Website, Tax Exchange which is a secure section of the website and this way the state would only have to have 1 password instead of passwords for each state.

Cindy reported that she is still checking with FTA about using the FTA's Website, Tax Exchange for states to use to exchange import/export

The subcommittee will also continue working on the following projects for the next year:

- A. Continue to review the 11 Point Plan
- B. Add a section to the Model Legislation concerning forfeitures of motor fuel relating to tax issues.
- C. Add a section to the Model Legislation concerning Information for Safeguarding of IRS Data. Cindy Anders-Robb is currently working with the IRS on putting together a standardize document for this.
- D. Current definitions need to be looked at on a yearly basis to insure that they are still correct.
- E. Continue publishing the Uniformer
- F. Continue tracking the Project Tracking Forms for each of the subcommittees.
- G. Analysis of revenue derived from various taxation methods and compliance tools.
- H. Report of Accomplishments of the FTA Uniformity Committee (This has still been postponed until the Battelle study is fully completed).

If you need further information regarding committee activities or need further assistance, please contact the co-chairs of this committee.

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## **Electronic Commerce Subcommittee**

The Electronic Commerce Subcommittee promotes point 6 of the 11 Point Plan.

### **2001 - 2002 Annual Report**

#### **Working Groups**

The committee established working groups to deal with the heavy workload and the very technical issues that need attention. This has proved successful in focusing the efforts of certain actively involved individuals, has encouraged more participation from others, and has formalized who will track and facilitate many of the ongoing issues. The working groups and their team leader are:

- \_ XML Schema for Motor Fuel - Stuart Beagles, Montana
- \_ EC Survey (Planning, Implementation and Evaluation) - Ray Rhoads, Kansas
- \_ Motor Fuel Web Site & Pages - Bill Gray, Sinclair Oil Corporation
- \_ EDI/EC Implementation Review - Doreen Warren, Idaho
- \_ EDI/EC Training - Dave Skinner, Florida

The committee needs more volunteers to help in the working groups. This is a good way to impact the direction the committee moves and to learn more about electronic commerce. We need your help - contact one of the co-chairs.

#### **FTA Motor Fuel Web Site Design & FTA Motor Fuel Links Page**

The Committee recommends that state tax administrators adopt a standard Internet interface for motor fuel taxpayers. A standard interface will help taxpayers to access the forms and information they need, regardless of the number of states in which they do business. Such access will also be helpful to other states as they look for comparable information. Each state motor fuel tax Web site will include a predictable number of links and a standard set of informational categories, although the precise look and feel of each site will remain specific to the state. This will also help states to build Web sites that include all the information taxpayers need, by providing a map to Web developers.

The standard interface will consist of a recommended set of links to pertinent motor fuel tax information, forms, and frequently asked questions. Templates for the standard interface are available in a text-only format, or in a drop-down (combo) box format. States may adopt either or both formats, in accordance with their own laws and guidelines, but the Subcommittee recommends that these categories be standard. Under each category, states may place links to whatever types of information they require.

When each state develops its Motor Fuel Tax Web Interface, it should forward the URL of the interface page to Jonathan Lyon at the FTA at [jonathan.lyon@taxadmin.org](mailto:jonathan.lyon@taxadmin.org) so that the link may be included on the FTA's motor fuel tax links to the states. If you already have such a web page, please forward the URL to FTA even though you may be changing the content.

The complete Uniform Guidelines were adopted by the Uniformity Committee and are included in the September 2002 Electronic Commerce Guide. Kansas and Florida have each developed such a web page which can be reviewed as examples.

#### **ExSTARS Data**

We've spent time considering how ExSTARS electronic data compares to FTA Uniform data maps, and other ExSTARS related issues. We have also just begun a discussion of what additional data is needed or changes would be needed in the Uniform EDI maps to facilitate a single point of filing.

## **Electronic Commerce Survey**

A wealth of information is updated each year by use of the state Electronic Commerce Survey. The survey includes information, by state, on the point of filing, EDI filing and EDI versions, EFT payments, and much, much more. The survey information includes maps and detailed responses, and is available by contacting Ray Rhoads of the Kansas Department of Revenue at (785) 296-4011 or Ray\_Rhoads@kdor.state.ks.us.

## **EDI Translators**

The committee has had extensive discussions, led by California, on the evaluation of EDI translator software. California has done an extensive review and has evaluated translators, their cost, any-to-any translation capability and so forth. This information may be obtained from James "JJ" Johnson at (916) 445-1859 or James.Johnson@boe.ca.gov.

## **XML Schema**

The committee has continued its work on the motor fuel XML Schema. Committee members are frontrunners in this area and California will be the first to accept XML electronic filing. There have been changes and refinements to the draft schema and the latest version will be included in the September 2002 FTA Electronic Commerce Guide. As part of this discussion, the committee discussed again the possibility of publishing a glossary of technical terms. We decided not to do that since there are many such glossaries available on line. For information on these web sites contact Bill Gray at (801) 524-2887 or bgray@sinclairoil.com.

## **Summary and TIA Codes**

There were some changes to Summary codes. It was also agreed, as a "best practice" that summary totals should not be required of the filer when the totals can be calculated or derived from the schedules. The latest list will be published in the September 2002 FTA Electronic Commerce Guide.

## **Training Needs**

The Training working group is anxious to give non-technical or facilitate technical training on electronic commerce issues where needed. Contact Dave Skinner, Florida, at (850) 922-0668 or skinnerd@dor.state.fl.us, to identify your interests and needs.

## **997 Functional Acknowledgment Transaction Set**

The committee has added a complete map and explanation of the 997 transaction set. It appears that the states are not using the 997 in a uniform way. It should be made available to the filer in a manner that file can be translated. The additional information published in September 2002 FTA Electronic Commerce Guide will assist in becoming uniform in the use of the 997.

## **Electronic Payment**

There have been requests to add the BPR segment back to the uniform map for including electronic funds transfer (EFT) information with the filing of the return. The committee discussed this and agreed that the 820 transactions set (ACH Debit) can be included with the 813 transaction set (Combined Reporting). This is the committee's recommended method so the BPR will not be added.

## **Mandates vs. Voluntary Electronic Filing**

The survey working group has gathered information regarding mandated vs. voluntary electronic filing. The committee discussed the various forms of mandates and incentives trying to identify the pros and cons of each and a chart was presented illustrating the percentage of electronic filing in various states in conjunction with the mandates and incentives. We have started a "best practices" paper that will be discussed again in the future.



## **Encryption Standards and Security**

Tim Blevins handed out a paper discussing ftp and encryption. He also gave us information on a book, "Handbook of EDI." PGP is still the standard of encryption, but there are a number of additional security procedures that various states have adopted, including stripping the data received off of the less-secure server as soon as possible. The committee will be working on completing a position paper.

## **Exchanging Import/Export Data Between States**

The 826 Tax Information Exchange Transaction Set is in use by a few states for exchanging information. The committee will also develop a flat-file, delimited, format for exchange of import/export data between states that don't have an EDI translator available.

## **New State Implementation**

The committee continues to review and comment on proposed Guides and maps submitted by states that are developing electronic filing for the first time or who are making changes. All states in such a position are encouraged to submit their Guides and maps to the EDI/EC Implementation Review Team. It is important to foster uniform methods between the states to ease the compliance burden on industry; also such states can benefit from the extensive experience and perspective of the committee members and the other states that have already been down that road.

## **Two States' Demonstrations**

We saw a demonstration of the new California motor fuel system and the tools that are available to the filer on line. We will see a demonstration of Wisconsin's on line (thin client) filing application at our next meeting.

A special thanks goes to Tim Blevins of the Kansas Department of Revenue for his sizeable and significant contributions and leadership as the state co-chair of the Electronic Commerce Subcommittee over the last few years. We'll sorely miss him.

For further information regarding committee activities or for further assistance contact the co-chairs of this Electronic Commerce Subcommittee:

### **Doreen Warren - State Bill Gray - Industry**

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## **2002 - 2003 Annual Report**

### **Working Groups**

The working groups have successfully focused efforts on ongoing issues. Many of the groups are challenged with obtaining and maintaining active participants, but the groups continue to provide the output needed to support the full subcommittee. A new working group was established to ensure a continued partnership with the IRS's ExSTARS program. The working groups and their team leaders are:

- \_ XML Schema for Motor Fuel - Stuart Beagles, Montana
- \_ EX Survey (Planning, Implementation and Evaluation) - Ray Rhoads, Kansas
- \_ Motor Fuel Web Site & Pages - Bill Gray, Sinclair Oil Corporation

- \_ EDI/EC Implementation Review - Darrell Wissink, Nebraska
- \_ EDI/EC Training - Dave Skinner, Florida
- \_ ExSTARS Single Point of Filing - Doreen Warren, Idaho

More participation is needed in each of the working groups. Contact any team leader to join a working group.

### **FTA Motor Fuel Web Site Design & FTA Motor Fuel Links Page**

Research continues to determine the usage of and compliance to the Web site guidelines. States are encouraged to adopt the standard to make it easier for industry and other states to research each state's motor fuel tax requirements.

### **ExSTARS Data**

The IRS and its contractor, Battelle, have been working closely with EC Subcommittee as the IRS moved to Version 4030 for ExSTARS reporting requirements. The joint effort has proven to be beneficial to both parties as the ExSTARS and FTA EDI guides have consistent reporting requirements that will make compliance easier for industry.

### **Electronic Commerce Survey**

Each year the Electronic Commerce Survey provides beneficial information on each state's point of taxation, electronic filing implementation processes, training needs and much more. The survey results include maps and detailed responses, and are available by contacting Ray Rhoads of the Kansas Department of Revenue at (785) 296-4011 or Ray\_Rhoads@kdor.state.ks.us.

### **XML Schema**

As changes are made to the EDI map, the XML Schema is updated to ensure consistency. The latest version of the XML Schema will be included in the September 2003 FTA Electronic Commerce Guide. Any questions on XML Schemas can be directed to Stuart Beagles, Montana, at (406) 444-7281 or sbeagles@state.mt.us or Larry Hansen, California, at Larry.Hanson@boe.ca.gov

### **Training Needs**

The Training working group participated at the 2003 Regional Meetings to solicit feedback on training needs for non-technical or technical training on electronic commerce issues. Training will be scheduled if a need is identified. Contact Dave Skinner, Florida, at (850) 922-0668 or skinnerd@dor.state.fl.us to identify your interest and needs.

### **151 Transaction Set**

The 151 Transaction Set has been eliminated from the Electronic Commerce Guide. The transaction set was included in the guide because of its use for the ExSTARS program. The decision was made to eliminate it from the FTA guide until a state is interested in using it.

### **Electronic Payment**

The BPR segment has been added back into the guide to provide another submission of payment information option for the submitter.

### **Encryption Standards and Security**

Darrell Wissink updated the "Security Issues in Internet Based Motor Fuel Electronic Tax Filing" white paper. The paper was approved at the May meeting and is available as a Best Practice.

### **Exchanging Import/Export Data Between States**

In addition to the 826 Transaction Set, the committee is in the process of developing an XML Schema to use in the transmission of Import/Export data. The committee decided to adopt an XML Schema in lieu of a flatfile format.

### **New State Implementation**

A new section will be added to the Electronic Commerce Guide listing all “approved” guides. The goal is to encourage states to submit their guides for approval through the EC Subcommittee to ensure consistent reporting requirements throughout the states.

### **Joint Efforts**

The change made to the meeting schedule has allowed EC Subcommittee members to meet with other subcommittees. The ability to communicate more effectively with the Forms Subcommittee has resulted in modifying the Summary/TIA Code Request form to include schedule requests also. The new form was approved at the May meeting and has been working well for both the Forms and EC Subcommittees.

### **Special Thanks**

A special thanks goes to Bill Gray, Sinclair Oil Corp for his contributions and leadership skills as the industry co-chair of the Electronic Commerce Subcommittee over the last few years. Bill has accepted the industry co-chair position for the Uniformity Subcommittee, but is still a very active member of the EC Subcommittee for which we are very grateful.

A special thanks also goes to Eldon Andrus, ExxonMobil for his contributions as a member of the Electronic Commerce Subcommittee and for his leadership skills contributed during his short tenure as Industry Co-chair of the EC Subcommittee last year. Eldon has been reassigned within ExxonMobil and will not be participating in the FTA motor Fuel Uniformity project. His participation and dedication will be sorely missed.

For further information regarding committee activities or for further assistance, contact the co-chairs of the Electronic Commerce Subcommittee:

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### **2003 – 2004 Annual Report**

#### **Working Groups**

The working groups have successfully focused efforts on ongoing issues. Many of the groups are challenged with obtaining and maintaining active participants, but the groups continue to provide the output needed to support the full subcommittee. We retired the EDI/EC Training team until training needs are identified. We appreciate the time Dave Skinner and Bill Gray took to solicit training needs. The current working groups and their team leaders are:

- XML Schema for Motor Fuel – Larry Hanson, California
- EC Survey (Planning, Implementation and Evaluation) – Ray Rhoads, Kansas
- Motor Fuel Web Site & Pages – Bill Gray, Sinclair Oil Corporation
- EDI/EC Implementation Review – Darrell Wissink, Nebraska
  - Maintains the FTA EDI Guide
  - Reviews and approves state EDI implementation guides
- ExSTARS Single Point of Filing – Doreen Warren, Idaho

More participation is needed in each of the working groups. Contact any team leader to join a working group.

### **FTA Motor Fuel Web Site Design & FTA Motor Fuel Links Page**

Research continues to determine the usage of and compliance to the Web site guidelines. States are encouraged to adopt the standard to make it easier for industry and other states to research each state's motor fuel tax requirements.

### **ExSTARS Data**

The IRS and its contractor, Battelle, have been working closely with the EC Subcommittee as the IRS moves to Version 4030 for ExSTARS reporting requirements. We appreciate the time and effort Rich Little and Marc Graves have devoted to FTA Uniformity project. The joint effort has proven to be beneficial to both parties as the ExSTARS and FTA EDI guides have consistent reporting requirements that will make compliance easier for industry. The September 2004 EDI Guide deviates from the current ExSTARS guide by the reporting of County information. States interested in implementing the ExSTARS fully compliant version should implement the September 2003 map. The ExSTARS guide will incorporate the county reporting information with the next revision.

### **Electronic Commerce Survey**

Each year the Electronic Commerce Survey provides beneficial information on each state's point of taxation, electronic filing implementation processes, training needs and much more. The survey results include maps and detailed responses, and are available by contacting Ray Rhoads of the Kansas Department of Revenue at (785) 296-4011 or [Ray.Rhoads@kdor.state.ks.us](mailto:Ray.Rhoads@kdor.state.ks.us).

### **XML Schema**

As changes are made to the EDI map, the XML Schema is updated to ensure consistency. This year we added the XML Schema for state-to-state sharing of export information. The latest version of the XML Schema will be included in the September 2004 FTA Electronic Commerce Guide. We appreciate Larry Hanson's effort to create and maintain the schema. Any questions on XML Schemas can be directed to Larry Hanson, California, at [Larry.Hanson@boe.ca.gov](mailto:Larry.Hanson@boe.ca.gov)

### **Training Needs**

The Training working group participated at the 2003 Regional Meetings to solicit feedback on training needs for non-technical or technical training on electronic commerce issues. We identified no specific training need, but we will continue to track interest in training through the EC Survey. As a training need is identified, we will establish a new training team.

### **Electronic Payment**

The BPR segment has been added back into the guide to provide another submission of payment information option for the submitter.

**Exchanging Import/Export Data Between States**

*In addition to the 826 Transaction Set, the committee is in the process of developing an XML Schema to use in the transmission of Import/Export data. The committee decided to adopt an XML Schema in lieu of a flat-file format.*

**New State Implementation**

The Electronic Commerce Guide lists all “substantially compliant” state EDI guides. The goal is to encourage states to submit their guides for approval through the EC Subcommittee to ensure consistent reporting requirements throughout the states.

**Joint Efforts**

The EC and Forms Subcommittees have been working closely to ensure states are able to efficiently implement uniform forms and electronic filing. The two subcommittees are currently working on a joint project that will produce a “best practice” that will illustrate the process by which a state will follow to implement uniform forms and uniform electronic filing. The intent is to encourage states to implement “uniformity” as a whole.

**Special Thanks**

A special thanks goes to Stuart Beagles for his contributions and the Electronic Commerce Subcommittee over the last few years. Stuart’s current duties keep him from being involved in Uniformity. Stuart is still an active proponent of the Uniformity cause for which we are very grateful.

For further information regarding committee activities or for further assistance, contact the co-chairs of the Electronic Commerce Subcommittee:

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**2004 – 2005 Annual Report****Working Groups**

The working groups have successfully focused efforts on ongoing issues. Many of the groups are challenged with obtaining and maintaining active participants, but the groups continue to provide the output needed to support the full subcommittee. We added a new working team to support the upcoming National Fuel Diversion Registry. The current working groups and their team leaders are:

- XML Schema for Motor Fuel – Larry Hanson, California
- EC Survey (Planning, Implementation and Evaluation) – Ray Rhoads, Kansas
- Motor Fuel Web Site & Pages – Bill Gray, Sinclair Oil Corporation
- EDI/EC Implementation Review – Darrell Wissink, Nebraska
  - Maintains the FTA EDI Guide
  - Reviews and approves state EDI implementation guides
- ExSTARS Single Point of Filing – Doreen Warren, Idaho
- National Fuel Diversion Registry (added June, 2005)

More participation is needed in each of the working groups. Contact any team leader to join a working group.

### **FTA Motor Fuel Web Site Design & FTA Motor Fuel Links Page**

States are encouraged to adopt the standard to make it easier for industry and other states to research each state's motor fuel tax requirements.

### **ExSTARS Data**

The IRS and its contractor, Battelle, have been working closely with the EC Subcommittee as the IRS moves to Version 4030 for ExSTARS reporting requirements. We appreciate the time and effort Rich Little and Marc Graves have devoted to the FTA Uniformity Project. We welcomed Greg Carlin as the newest IRS Service Center Representative. The joint effort has proven to be beneficial to both parties as the ExSTARS and FTA EDI guides have consistent reporting requirements that will make compliance easier for industry. The EC Subcommittee continues work in ensuring the FTA and ExSTARS EDI guides are in synch. The September 2005 EDI Guide deviates from the current ExSTARS guide by the reporting of County information. States interested in implementing the ExSTARS fully compliant version should implement the September 2003 map. The ExSTARS guide will incorporate the county information with the next revision.

### **State's use of ExSTARS data**

States are encouraged to review terminal reports through the ExSTARS database. The EC Subcommittee is considering forming an ExSTARS user group to determine the most efficient use of the detail provided through ExSTARS reporting.

### **Electronic Commerce Survey**

Each year the Electronic Commerce Survey provided beneficial information on each state's point of taxation, electronic filing implementation processes, training needs and much more. The survey results include maps and detailed responses, are available by contacting Ray Rhoads of the Kansas Department of Revenue at (785) 296-4011 or [ray\\_rhoads@kdor.state.ks.us](mailto:ray_rhoads@kdor.state.ks.us).

### **XML Schema**

As changes are made to the EDI map, the XML Schema is updated to ensure consistency. The September 2005 guide will not include the 813 related schema due to lack of interest. The schema will be maintained separately until a state intends to implement XML. The latest version of the XML Schema for state-to-state transfer of export information will be included in the September 2005 FTA Electronic Commerce Guide. We appreciate Larry Hanson's effort to create and maintain the schemas. Any questions on XML Schemas can be directed to Larry Hanson, California, at [larry.hanson@boe.ca.gov](mailto:larry.hanson@boe.ca.gov)

### **New State Implementation**

The 2005 FTA Electronic Commerce Guide includes the updated list of all 'substantially compliant' version 4030 state EDI guides. The goal is to encourage states to submit their guides for approval through the EC Subcommittee to ensure consistent reporting requirements throughout the states. States that do not meet the FTA requirements are asked to include a footnote at the beginning of their guide to indicate the differences.

## Joint Efforts

The EC and Forms Management Subcommittee continued holding joint meetings to ensure states are able to efficiently implement uniform forms and electronic filing. The two subcommittees are finalizing the joint project that will produce a “best practice” to illustrate the process by which a state will follow to implement uniform forms and uniform electronic filing. To that end, we have asked for guidance from the Forms and Compliance Subcommittees to resolve an issue relating to special circumstance returns. The intent is to encourage states to implement “uniformity” as a whole. The draft best practice is included in the 2005 FTA Uniformity Guide.

For further information regarding committee activities or for further assistance, contact the co-chairs of the Electronic Commerce Subcommittee:

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## **2005 – 2006 Annual Report**

### **Working Groups**

The working groups have successfully focused efforts on ongoing issues. Many of the groups are challenged with obtaining and maintaining active participants, but the groups continue to provide the output needed to support the full subcommittee. We disbanded the working team to support the National Fuel Diversion Registry. The current working groups and their team leaders are:

- XML Schema for Motor Fuel – Stan Whaley, Florida
- EC Survey (Planning, Implementation and Evaluation) – Ray Rhoads, Kansas
- Motor Fuel Web Site & Pages – Bill Gray, Sinclair Oil Corporation
- EDI/EC Implementation Review – Darrell Wissink, Nebraska
  - Maintains the FTA EDI Guide
  - Reviews and approves state EDI implementation guides
- ExSTARS Single Point of Filing – Greg Anderson, ConocoPhillips

More participation is needed in each of the working groups. Contact any team leader to join a working group.

### **FTA Motor Fuel Web Site Design & FTA Motor Fuel Links Page**

States are encouraged to adopt the standard motor fuels link page to make it easier for industry and other states to research each state’s motor fuel tax requirements. Adoption of this standard page is slow but is still requested by those researching state’s requirements.

## **ExSTARS Data**

The IRS has been working closely with the EC Subcommittee as the IRS moves to Version 4030 for ExSTARS reporting requirements. We appreciate the time and effort Rich Little has devoted to FTA Uniformity project. John Love participated this year also. The IRS was also a key participant in the product code discussion and eventual resolution. The joint effort has proven to be beneficial to both parties as the ExSTARS and FTA EC guides have consistent reporting requirements that will make compliance easier for industry. The EC Subcommittee continues work in ensuring the FTA and ExSTARS EDI guides are in sync. The October 2006 EDI Guide deviates from the current ExSTARS guide by the reporting of County information. States interested in implementing the ExSTARS fully compliant version should implement the September 2003 map. The ExSTARS guide will incorporate the county reporting information with the next revision.

## **State's use of ExSTARS data**

States are encouraged to review terminal reports through the ExSTARS database. The EC Subcommittee formed an ExSTARS user group to determine the most efficient use of the detail provided through ExSTARS reporting. State participants represent Kansas, Colorado, and Mississippi. The IRS and Industry will work closely with the participating states to review the 4030 data coming from ExSTARS. We will anticipate an interactive review and updates at the future meetings.

## **Electronic Commerce Survey**

Each year the Electronic Commerce Survey provides beneficial information on each state's point of taxation, electronic filing implementation processes, training needs and much more. The survey results include maps and detailed responses, and are available by contacting Ray Rhoads of the Kansas Department of Revenue at (785) 296-4011 or [Ray\\_Rhoads@kdor.state.ks.us](mailto:Ray_Rhoads@kdor.state.ks.us).

## **XML Schema**

The October 2006 guide will not include the 813 related schema, but interest in the schema has revived. Over the next year, the subcommittee will work closely with TIGERS to ensure compliance to the national schema standards. We anticipate approved versions of both the 813 related and state-to-state data sharing schemas included in the 2007 EC Guide. We appreciate Stan Whaley's involvement as we continue the approval process.

## **New State Implementation**

The EC Subcommittee continues to encourage states to submit their EDI guides for approval to ensure consistent reporting requirements throughout the states. States that do not meet the FTA requirements are asked to include a footnote at the beginning of their guide to indicate the differences. The subcommittee approved five state guides as "substantially compliant" during the 2005 – 2006 reporting period.

## **EDI Implementation Guide**

Changes to the October 2006 Electronic Combined Reporting Methods Implementation Guide include:

- Minor modifications to update Chapter 3 - Migration Strategies.
- Addition of Appendix J – Product Regrades, which illustrates the best practice for product reclassifications.
- General upkeep and corrections.

## **Joint Efforts**

The EC and Forms Subcommittees continued holding joint meetings to ensure states can efficiently implement uniform forms and electronic filing. The two subcommittees have worked diligently with states as they implement uniform forms and uniform electronic filing. This past year the two committees worked together to resolve the issue with the future of product codes (see Forms Subcommittee Annual Report).



For further information regarding committee activities or for further assistance, contact the co-chairs of the Electronic Commerce Subcommittee:

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## **2006 - 2007 Annual Report**

### **Working Groups**

The working groups have successfully focused efforts on ongoing issues. Many of the groups are challenged with obtaining and maintaining active participants, but the groups continue to provide the output needed to support the full subcommittee. We disbanded the Motor Fuel Web Site group. The current working groups and their team leaders are:

- XML Schema for Motor Fuel – Stan Whaley, Florida
- EC Survey (Planning, Implementation and Evaluation) – Ray Rhoads, Kansas
- EDI/EC Implementation Review – Scott Fitzgerald, Iowa
  - Maintains the FTA EDI Guide
  - Reviews and approves state EDI implementation guides
- ExSTARS Single Point of Filing – Greg Anderson, ConocoPhillips

More participation is needed in each of the working groups. Contact any team leader to join a working group.

### **ExSTARS Data**

The IRS has been working closely with the EC Subcommittee as the IRS moves to Version 4030 for ExSTARS reporting requirements. We appreciate the time and effort Rich Little has devoted to FTA Uniformity project. Tim Torri, IRS, is involved with ExSTARS 4030 upgrade and making sure industry is in compliance. He will be involved in our EC Subcommittee meetings. The EC Subcommittee continues work in ensuring the FTA and ExSTARS EDI guides are in sync. The October 2007 EDI Guide deviates from the current ExSTARS guide by the reporting of County information. States interested in implementing the ExSTARS fully compliant version should implement the September 2003 map. The ExSTARS guide will incorporate the county reporting information with the next revision.

### **State's use of ExSTARS data**

States are encouraged to review terminal reports through the ExSTARS database. The EC Subcommittee formed an ExSTARS user group to determine the most efficient use of the detail provided through ExSTARS reporting. State participants represent Kansas, Colorado, and

Mississippi. The IRS and Industry will work closely with the participating states to review the 4030 data coming from ExSTARS. We anticipate an interactive review and updates at the future meetings.

### **Electronic Commerce Survey**

Each year the Electronic Commerce Survey provides beneficial information on each state's point of taxation, electronic filing implementation processes, training needs and much more. The survey results include maps and detailed responses, and are available by contacting Ray Rhoads of the Kansas Department of Revenue at (785) 296-4011 or [Ray\\_Rhoads@kdor.state.ks.us](mailto:Ray_Rhoads@kdor.state.ks.us).

### **XML Schema**

The October 2007 guide will not include the production version of the XML schema(s), but will include an overview of the progress in XML. The subcommittee is working closely with TIGERS to ensure compliance to the national schema standards. We anticipate production versions of distributor, supplier, terminal operator, common carrier, and retailer schema(s) included in the October 2008 EC Guide. We appreciate Stan Whaley's involvement as we continue the approval process.

### **New State Implementation**

The EC Subcommittee continues to encourage states to submit their EDI guides for approval to ensure consistent reporting requirements throughout the states. States that do not meet the FTA requirements are asked to include a footnote at the beginning of their guide to indicate the differences.

### **EDI implementation guide**

Changes to the October 2006 Electronic Combined Reporting Methods Implementation Guide include:

- Deleted XML chapters in anticipation of new schemas. It will now include a high level overview of the XML revisions.
- Change schedule 10J to remove product description from schedule description.
- Remove paragraph regarding available templates in Chapter 13 – Motor Fuel Tax Web Pages, under guidelines.
- Add statement to page 1-4 for approving guides when there are major revisions.
- General upkeep and corrections.

### **Joint Efforts**

The EC and Forms Subcommittees continued holding joint meetings to ensure states can efficiently implement uniform forms and electronic filing. The two subcommittees have worked diligently with states as they implement uniform forms and uniform electronic filing. This past year the two committees worked together to resolve the issue with the future of product codes (see Forms Subcommittee Annual Report).

For further information regarding committee activities or for further assistance, contact the co-chairs of the Electronic Commerce Subcommittee:

#### **Darrell Wissink – State**

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## **2007 - 2008 Annual Report**

### **Working Groups**

The working groups have successfully focused efforts on ongoing issues. Many of the groups are challenged with obtaining and maintaining active participants, but the groups continue to provide the output needed to support the full subcommittee. We disbanded the Motor Fuel Web Site group. The current working groups and their team leaders are:

- XML Schema for Motor Fuel – Stan Whaley, Florida
- EC Survey (Planning, Implementation and Evaluation) – Ray Rhoads, Kansas
- EDI/EC Implementation Review – Traci Bullock, South Carolina
  - Maintains the FTA EDI Guide
  - Reviews and approves state EDI implementation guides
- ExSTARS Single Point of Filing – Greg Anderson, ConocoPhillips

More participation is needed in each of the working groups. Contact any team leader to join a working group.

### **ExSTARS Data**

The IRS has been working closely with the EC Subcommittee as the IRS moves to Version 4030 for ExSTARS reporting requirements. We appreciate the time and effort Rich Little has devoted to FTA Uniformity project. Tim Torri, IRS, is involved with ExSTARS 4030 upgrade and making sure industry is in compliance. He will be involved in our EC Subcommittee meetings. The EC Subcommittee continues work in ensuring the FTA and ExSTARS EDI guides are in sync. The October 2008 EDI Guide deviates from the current ExSTARS guide by the reporting of County information. States interested in implementing the ExSTARS fully compliant version should implement the September 2003 map. The ExSTARS guide will incorporate the county reporting information with the next revision.

### **State's use of ExSTARS data**

States are encouraged to review terminal reports through the ExSTARS database. The EC Subcommittee formed an ExSTARS user group to determine the most efficient use of the detail provided through ExSTARS reporting. State participants represent Kansas, Colorado, and Mississippi. The IRS and Industry will work closely with the participating states to review the 4030 data coming from ExSTARS. We anticipate an interactive review and updates at the future meetings.

### **Electronic Commerce Survey**

Each year the Electronic Commerce Survey provides beneficial information on each state's point of taxation, electronic filing implementation processes, training needs and much more. The survey results include maps and detailed responses, and are available by contacting Ray Rhoads of the Kansas Department of Revenue at (785) 296-4011 or [Ray\\_Rhoads@kdor.state.ks.us](mailto:Ray_Rhoads@kdor.state.ks.us).

**XML Schema**

The inclusion of the XML schema(s) has been moved to 2009. The XML committee continues to work closely with TIGERS to ensure compliance to the national schema standards. We appreciate Stan Whaley's involvement in the process.

**New State Implementation**

The EC Subcommittee continues to encourage states to submit their EDI guides for approval to ensure consistent reporting requirements throughout the states. States that do not meet the FTA requirements are asked to include a footnote at the beginning of their guide to indicate the differences.

**EDI implementation guide**

Changes to the October 2007 Electronic Combined Reporting Methods Implementation Guide include:

- Updated the product code table in the EC guide to reference that the codes are also used by Canada
- Inserted a table comparing product codes to the railroad STCC codes.
- General upkeep and corrections.

**Joint Efforts**

The EC and Forms Subcommittees continued holding joint meetings to ensure states can efficiently implement uniform forms and electronic filing. The two subcommittees have worked diligently with states as they implement uniform forms and uniform electronic filing.

For further information regarding committee activities or for further assistance, contact the co-chairs of the Electronic Commerce Subcommittee:

Darrell Wissink – State  
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**2008 - 2009 Annual Report****Working Groups**

The working groups have successfully focused efforts on ongoing issues. Many of the groups are challenged with obtaining and maintaining active participants, but the groups continue to provide the

output needed to support the full subcommittee. We disbanded the Motor Fuel Web Site group. The current working groups and their team leaders are:

- XML Schema for Motor Fuel – Stan Whaley, Florida
- EC Survey (Planning, Implementation and Evaluation) – Ray Rhoads, Kansas
- EDI/EC Implementation Review – Traci Bullock, South Carolina
  - Maintains the FTA EDI Guide
  - Reviews and approves state EDI implementation guides
- ExSTARS Single Point of Filing – Greg Anderson, ConocoPhillips

More participation is needed in each of the working groups. Contact any team leader to join a working group.

### **ExSTARS Data**

The IRS has been working closely with the EC Subcommittee as the IRS moves to Version 4030 for ExSTARS reporting requirements. We appreciate the time and effort Rich Little has devoted to FTA Uniformity project. Tim Torri, IRS, is involved with ExSTARS 4030 upgrade and making sure industry is in compliance. He will be involved in our EC Subcommittee meetings. The EC Subcommittee continues work in ensuring the FTA and ExSTARS EDI guides are in sync. The October 2009 EDI Guide deviates from the current ExSTARS guide by the reporting of County information. States interested in implementing the ExSTARS fully compliant version should implement the September 2003 map. The ExSTARS guide will incorporate the county reporting information with the next revision.

### **State's use of ExSTARS data**

States are encouraged to review terminal reports through the ExSTARS database. The EC Subcommittee formed an ExSTARS user group to determine the most efficient use of the detail provided through ExSTARS reporting. State participants represent Kansas, Colorado, and Mississippi. The IRS and Industry will work closely with the participating states to review the 4030 data coming from ExSTARS. We anticipate an interactive review and updates at the future meetings.

### **Electronic Commerce Survey**

Each year the Electronic Commerce Survey provides beneficial information on each state's point of taxation, electronic filing implementation processes, training needs and much more. The survey results include maps and detailed responses, and are available by contacting Ray Rhoads of the Kansas Department of Revenue at (785) 296-4011 or [Ray\\_Rhoads@kdor.state.ks.us](mailto:Ray_Rhoads@kdor.state.ks.us).

### **XML Schema**

The 2009 EDI Guide has been updated to include the XML schema(s). The XML committee continues to work closely with TIGERS to ensure compliance to the national schema standards. We appreciate Stan Whaley's involvement in the process.

### **New State Implementation**

The EC Subcommittee continues to encourage states to submit their EDI guides for approval to ensure consistent reporting requirements throughout the states. States that do not meet the FTA requirements are asked to include a footnote at the beginning of their guide to indicate the differences.

### **EDI implementation guide**

Changes to the October 2009 Electronic Combined Reporting Methods Implementation Guide include:

- EDI Implementation Guidelines – Best practices for both State and Industry that includes testing procedures/requirements. Thanks to Brian Serafino's involvement in the process.
- Import/Export file layout provided by Ray Grimm.
- XML Schema(s) provided by Stan Whaley.

- Inserted EDI to Paper Comparison examples.
- New Hampshire Guide approved by Full Committee.
- General upkeep and corrections.

### **Joint Efforts**

The EC and Forms Subcommittees continued holding joint meetings to ensure states can efficiently implement uniform forms and electronic filing. The two subcommittees have worked diligently with states as they implement uniform forms and uniform electronic filing.

For further information regarding committee activities or for further assistance, contact the co-chairs of the Electronic Commerce Subcommittee:

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### **2009 - 2010 Annual Report**

#### **Working Groups**

The working groups have successfully focused efforts on ongoing issues. Many of the groups are challenged with obtaining and maintaining active participants, but the groups continue to provide the output needed to support the full subcommittee. We disbanded the Motor Fuel Web Site group. The current working groups and their team leaders are:

- XML Schema for Motor Fuel – Traci Bullock, South Carolina
- EC Survey (Planning, Implementation and Evaluation) – Ray Rhoads, Kansas
- EDI/EC Implementation Review – Traci Bullock, South Carolina
  - Maintains the FTA EDI Guide
  - Reviews and approves state EDI implementation guides
- ExSTARS Single Point of Filing – Greg Anderson, ConocoPhillips

More participation is needed in each of the working groups. Contact any team leader to join a working group.

## **ExSTARS Data**

The IRS has been working closely with the EC Subcommittee as the IRS moves to Version 4030 for ExSTARS reporting requirements. We appreciate the time and effort Rich Little has devoted to FTA Uniformity project. He will be involved in our EC Subcommittee meetings. Tim Torri, IRS, is involved with ExSTARS 4030 upgrade and making sure industry is in compliance. The EC Subcommittee continues work in ensuring the FTA and ExSTARS EDI guides are in sync. The September 2010 EDI Guide deviates from the current ExSTARS guide by the reporting of County information. States interested in implementing the ExSTARS fully compliant version should implement the September 2003 map. The ExSTARS guide will incorporate the county reporting information with the next revision.

## **State's use of ExSTARS data**

States are encouraged to review terminal reports through the ExSTARS database. The EC Subcommittee formed an ExSTARS user group to determine the most efficient use of the detail provided through ExSTARS reporting. State participants represent Kansas, Colorado, and Mississippi. The IRS and Industry will work closely with the participating states to review the 4030 data coming from ExSTARS. We anticipate an interactive review and updates at the future meetings.

## **Electronic Commerce Survey**

Each year the Electronic Commerce Survey provides beneficial information on each state's point of taxation, electronic filing implementation processes, training needs and much more. The survey results include maps and detailed responses, and are available by contacting Ray Rhoads of the Kansas Department of Revenue at (785) 296-4011 or [Ray\\_Rhoads@kdor.state.ks.us](mailto:Ray_Rhoads@kdor.state.ks.us).

## **XML Schema**

The 2010 EDI Guide has been updated to include the XML schema(s). The XML committee continues to work closely with TIGERS to ensure compliance to the national schema standards. We appreciate Stan Whaley's involvement in the process.

## **New State Implementation**

The EC Subcommittee continues to encourage states to submit their EDI guides for approval to ensure consistent reporting requirements throughout the states. States that do not meet the FTA requirements are asked to include a footnote at the beginning of their guide to indicate the differences.

## **EDI implementation guide**

Changes to the September 2010 Electronic Combined Reporting Methods Implementation Guide include:

- Verbiage changed in Schedule 13J
- Schedules added to include Schedules 13M, 13N and 5AD
- General upkeep and corrections.

## **Joint Efforts**

The EC and Forms Subcommittees continued holding joint meetings to ensure states can efficiently implement uniform forms and electronic filing. The two subcommittees have worked diligently with states as they implement uniform forms and uniform electronic filing.

For further information regarding committee activities or for further assistance, contact the co-chairs of the Electronic Commerce Subcommittee:

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## **2010 - 2011 Annual Report**

### **Working Groups**

The working groups have successfully focused efforts on ongoing issues. Many of the groups are challenged with obtaining and maintaining active participants, but the groups continue to provide the output needed to support the full subcommittee. We disbanded the Motor Fuel Web Site group. The current working groups and their team leaders are:

- XML Schema for Motor Fuel – Stan Whaley, Florida
- EC Survey (Planning, Implementation and Evaluation) – Ray Rhoads, Kansas
- EDI/EC Implementation Review – Traci Bullock, South Carolina
  - Maintains the FTA EDI Guide
  - Reviews and approves state EDI implementation guides
- ExSTARS Single Point of Filing – Greg Anderson, ConocoPhillips

More participation is needed in each of the working groups. Contact any team leader to join a working group.

### **ExSTARS Data**

The IRS has been working closely with the EC Subcommittee as the IRS moves to Version 4030 for ExSTARS reporting requirements. We appreciate the time and effort Rich Little has devoted to FTA Uniformity project. He will be involved in our EC Subcommittee meetings. Tim Torri, IRS, is involved with ExSTARS 4030 upgrade and making sure industry is in compliance. The EC Subcommittee continues work in ensuring the FTA and ExSTARS EDI guides are in sync. The September 2011 EDI Guide deviates from the current ExSTARS guide by the reporting of County information. States interested in implementing the ExSTARS fully compliant version should implement the September 2003 map. The ExSTARS guide will incorporate the county reporting information with the next revision.

### **State's use of ExSTARS data**

States are encouraged to review terminal reports through the ExSTARS database. The EC Subcommittee formed an ExSTARS user group to determine the most efficient use of the detail provided through ExSTARS reporting. State participants represent Kansas, Colorado, and



Mississippi. The IRS and Industry will work closely with the participating states to review the 4030 data coming from ExSTARS. We anticipate an interactive review and updates at the future meetings.

### **Electronic Commerce Survey**

Each year the Electronic Commerce Survey provides beneficial information on each state's point of taxation, electronic filing implementation processes, training needs and much more. The survey results include maps and detailed responses, and are available by contacting Ray Rhoads of the Kansas Department of Revenue at (785) 296-4011 or [Ray\\_Rhoads@kdor.state.ks.us](mailto:Ray_Rhoads@kdor.state.ks.us).

### **XML Schema**

The XML committee continues to work closely with TIGERS to ensure compliance to the national schema standards and also to create a XML Implementation Guide. We appreciate those that are dedicating their time and effort to this process.

### **New State Implementation**

The EC Subcommittee continues to encourage states to submit their EDI guides for approval to ensure consistent reporting requirements throughout the states. States that do not meet the FTA requirements are asked to include a footnote at the beginning of their guide to indicate the differences.

### **EDI implementation guide**

Changes to the September 2011 Electronic Combined Reporting Methods Implementation Guide include:

- Dealer Report Code "DLR" added to EDI Report Codes
- General upkeep and corrections.

### **Joint Efforts**

The EC and Forms Subcommittees continued holding joint meetings to ensure states can efficiently implement uniform forms and electronic filing. The two subcommittees have worked diligently with states as they implement uniform forms and uniform electronic filing.

For further information regarding committee activities or for further assistance, contact the co-chairs of the Electronic Commerce Subcommittee:

Traci Bullock – State  
Motor Fuel EDI Coordinator  
South Carolina Department of Revenue  
301 Gervais Street  
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Gene Holland - Industry  
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Global Financial Services  
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Bartlesville, OK 74004  
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## **2011 - 2012 Annual Report**

### **Working Groups**

The working groups have successfully focused efforts on ongoing issues. Many of the groups are challenged with obtaining and maintaining active participants. But the groups continue to provide the output needed to support the full subcommittee.

This year we disbanded the ExSTARS Single Point of Filing group and changed the focus of the XML schema work group to focus on updating the E-File Guide to incorporate the XML Standards.

The current working groups and their team leaders are:

- 1) Update to Efile Guide to include XML Standards for Motor Fuel – Stan Whaley, Florida
- 2) EC Survey (Planning, Implementation and Evaluation) – Ray Rhoads, Kansas
- 3) EDI/EC Implementation Review – Traci Bullock, South Carolina
  - 4) Maintains the FTA EDI Guide
  - 5) Reviews and approves state EDI implementation guides

More participation is needed in each of the working groups. Contact any team leader to join a working group.

### **ExSTARS Data**

The EC Subcommittee continues working to ensure that the FTA and IRS - ExSTARS EDI guides are in sync. The September 2011 EDI Guide deviates from the current ExSTARS guide by the reporting of County information. States interested in implementing the ExSTARS fully compliant version should implement the September 2003 map. The ExSTARS guide will incorporate the county reporting information with the next revision.

### **State's use of ExSTARS data**

States are encouraged to review terminal reports through the ExSTARS database. The EC Subcommittee formed an ExSTARS user group to determine the most efficient use of the detail provided through ExSTARS reporting. State participants represent Kansas, Colorado, and Mississippi. The IRS and Industry will work closely with the participating states to review the 4030 data coming from ExSTARS. We anticipate an interactive review and updates at future meetings. The last update on ExSTARS data still indicates the majority of the reported terminal data to the IRS is stored under the 826 Files (marked IRS Confidential) than 813 Files (state confidential disclosure rules) for our sample states.

### **Annual Electronic Commerce Survey**

Each year the Electronic Commerce Survey provides beneficial information on each state's point of taxation, electronic filing implementation processes, training needs and much more. The survey results include maps and detailed responses, and are available by contacting Ray Rhoads of the Kansas Department of Revenue at (785) 296-4011 or [Ray.Rhoads@kdor.ks.gov](mailto:Ray.Rhoads@kdor.ks.gov).

### **XML Standards**

The XML committee continues to work closely with TIGERS to ensure compliance to the national standards and also to create a XML Implementation Guide. Several states this year started XML projects and the EC group and TIGERS group have been working with them to assist in their efforts to be FTA complaint. We also, in June 2012, approved the new Version 2.0 XML Schemas. New members were added and the new focus on updating the FTA e-file guide is underway to add more information on the XML Standards. This is the #1 EC working group project currently being worked

by members of EC committee.

### **State Implementation of E-file projects (X12 EDI Guides and XML Guides)**

The EC Subcommittee continues to encourage states to submit their EDI guides and/or XML guides for approval to ensure consistent reporting requirements throughout the states. States that do not meet the FTA requirements are asked to include a footnote at the beginning of their guide to indicate the differences. The EC committee is actively working on an update to the FTA Guide to add more written guidance on the XML Standards.

### **EDI implementation guide**

Changes approved for the September 2012 Electronic Combined Reporting Methods Implementation Guide include:

- Supplier Code “SUR” added to EDI Report Codes in Appendix I
- Distributor Code “DIS” added to EDI Report Codes in Appendix I
- General upkeep and corrections.

### **Joint Efforts**

The EC and Forms Subcommittees continued holding joint meetings to ensure states can efficiently implement uniform forms and electronic filing. The two subcommittees have worked diligently with states as they implement uniform forms and uniform electronic filing.

Big thanks go out to Traci Bullock (South Carolina) for all her hard work over the years on our committee. Traci has been the Co-Chair of this sub-committee for many years as the State representative. Newest State Co-chair added this year to the E-Commerce committee is Hal Lovell from California.

For further information regarding committee activities or for further assistance, contact the co-chairs of the Electronic Commerce Subcommittee:

Hal Lovell – State  
Data Analysis Manager  
California Board of Equalization  
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## **Forms Management Subcommittee**

The Forms Management Subcommittee promotes points 2, 3, 4, 5 and 9 of the 11 Point Plan.

### **2001 - 2002 Annual Report**

The subcommittee was very busy this year with completing the subschedule project, requests for subschedules from the states of California, Florida, North Carolina, Tennessee and Virginia and Product Code requests for undyed biodiesel and soy oil.

The full Uniformity Committee approved the following requests:

1. Approved Subschedule Requests for 2002:

- 2D Gallons Received Using a Tax-Exempt Card/Code.
- 3X Imports Below the Terminal Rack.
- 4B Gallons Imported or Transferred From In-State Storage Tax-Free Into in-State Refinery Storage.
- 5W Untaxed Products Blended With or Added to Fuel Resulting in a Product which is Used as or is Usable as a Taxable Fuel.
- 6H Gallons Sold to or Exchanged Tax-Free With a Qualified Refiner.
- 6J Gallons Delivered Tax-Free Into Refinery Storage.
- 7F Exports of Reportable Products Below the Terminal Rack.
- 9G Gallons Sold to Community Colleges.
- 10Z Blendstocks Removed Tax-Exempt not in Connection With a Sale Which will not be Used to Produce Finished Fuel.
- 10AB Blendstocks Removed Tax-Exempt in Connection With a Sale When the buyer Has Issued a Certificate Stating the Blendstocks Will not be Used to produce Finished Fuel
- 11A Diversion to State of \_\_\_\_\_.
- 11B Diversion From State of \_\_\_\_\_.

#### **Schedule 12 Vendor Schedule**

#### **Schedule 13 Schedule of Credits and Refunds**

- 13A Tax-Paid Fuel Exported.
- 13B Tax-Paid Fuel Sold to a Consulate Officer or Employee by Credit Card.
- 13C Tax-Paid Fuel Sold to the United States Government.
- 13D Tax-Paid Fuel Sold for Use on Farms.
- 13E Tax-Paid Fuel Sold to Exempt Bus Operators.
- 13F Schedule of Bad Debts
- 13G Tax-Paid Fuel Sold to Train Operators

2. Approved Subschedule Changes for 2002:

- 6F Gallons Sold for Tax-Exempt Purposes From In-State Terminals.
- 7C Gallons Sold for Free Trade Zone
- 7D Gallons Exported in Bulk.

3. Approved Product Code Numbers for 2002:

- 284 Undyed Bio-Diesel
- 285 Soy Oil

4. Approved New Design of FTA Uniformity Subschedules for 2002 to be Printed in the FTA Motor Fuel Product Book.

This includes showing the intended use of each subschedule and the states that are currently using each subschedule.

## 5. Approved Deletion of the Following FTA Subschedules for 2002:

- 1G Gallons Imported From Another State Tax Paid Direct to Customer.
- 1H Gallons Received Tax-Paid Within the State and Shipped Direct to Customer
- 6G Dyed Diesel Gallons Sold for Tax-Exempt Purposes for Imports From.
- 8B Gallons Sold to U.S. Government Tax-Exempt for Import.
- 9B Gallons sold Directly to the State for Imports From.
- 9D Gallons Sold Directly to Local Public Schools for Imports From.
- 10L Gallons of Kerosene Delivered for Heating or Production Tax-Free.
- 10N Gallons of Unenhanced Diesel Product Delivered for Commercial Heating and Production, Other Than Manufacturing and Utilities.
- 10P Gallons Delivered for Residential Heating (Totals Only)
- 10Q Gallons Delivered to Utilities.
- 10S Gallons of Kero-Jet Sales Other Than to Airlines and Self Use (Sales to Non-Airlines)
- 10U Rural Water District Use.
- 10V Electric Coop Use.
- 10W Volunteer Fire Departments.
- 10X Rural Ambulance Districts.
- 10Z Gallons Sold to Exempt Organizations for Heating Purposes.

The subcommittee still has several projects to continue working on in the next year.

They are as follows:

1. Uniform Fuel Blenders Report
2. Uniform Miscellaneous Fuel Tax Report
3. Product Code Numbers for Dyed and Undyed A-55, Dyed Bio-Diesel and Organic Oils.
4. Re-look at the Terminal Operator and Carrier Reports to ensure that the schedules being used on these reports are in line with our FTA approved Subschedules.

If you need further information regarding committee activities or need further assistance with the Uniform Report Forms, please contact the co-chairs of this committee:

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Robert Donnellan, Industry Co-Chair  
Global Companies LLC  
Phone: (781) 398-4354  
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## **2002 - 2003 Annual Report**

The subcommittee was very busy this year with completing requests for subschedules, product codes, and creating several request forms.

The full Uniformity Committee approved the following requests:

### 1. Approved Subschedule Requests for 2003:

#### **14 Common Carrier Petroleum Products Carrier Report - Schedule of Deliveries**

- 14A Total all deliveries of fuel from in-state locations to outside the state (exports)
- 14B All deliveries of fuel from out-of-state locations to inside the state (imports)
- 14C All deliveries of fuel between points in the state (intrastate)

#### **15 Terminal Operator Reports/Schedules**

- 15A Terminal operator schedule of receipts (provides detail in support of the amount(s) shown as receipts on the terminal report.)

- 15B Terminal operator schedule of disbursements (provides detail in support of the amount(s) shown as disbursements on the terminal report.)
- 15C Terminal operator schedule of Inventories (provides detail in support of the amount(s) shown as beginning inventory and actual ending inventory on the terminal report.)

2. Approved requested Product Codes

- A.960 - Organic Oils
- B.290 - Biodiesel Dyed (B100)
- C.284 - Biodiesel UnDyed (B100)

3. Approved the following new forms:

- A. Developed a uniform sub-schedule request form that both Forms Management and Electronic Commerce can use and share between the two subcommittees.
- B. Developed a new product code request form.

The subcommittee still has several projects to continue working on in the next year. They are as follows:

- 1. Uniform Fuel Blenders Report
- 2. Updating the information, wording and grammar errors in the current motor fuel uniformity project book
- 3. Work with Electronic Commerce on subschedule codes to help states/industry Transfer from paper to electronic filing
- 4. Re-Look at developing a Uniform Alternative Fuels Report
- 5. Looking at developing a Uniform Surety Bond
- 6. Product Code Numbers for Dyed and Undyed A-55, Low Sulfur Heating Oil, and Biodiesel Emulsified Dyed and Undyed.
- 7. Subschedules for Oil Inspection Fees
- 8. Do we need to have definitions for product codes?

If you need further information regarding committee activities or need further assistance with the Uniform Report Forms, please contact the co-chairs of this committee:

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## **2003 - 2004 Annual Report**

The subcommittee was very busy this year with completing requests for subschedules and product codes.

The full Uniformity Committee approved the following requests:

1. Approved Subschedule Requests for 2003:

- 5V Gallons disbursed tax collected and subject to oil inspection fee
- 5X Gallons delivered and partially taxed
- 5Y Tax paid sales to railroads
- 5HW Aviation fuel converted to highway use
- 5LO Fuel distributor subject to local option taxes
- 6V Gallons Disbursed tax not collected and subject to oil inspection fee
- 13H Tax-paid fuel sold to state or local government
- 13J Tax-paid fuel sold tax-free for temperature control units (reefer) and PTO or with exemption certificate
- 14D Carrier Receipts
- 14E Carrier Deliveries

2. Approved requested Product Codes  
A. 280 – Marine Gas/Oil

The subcommittee still has several projects to continue working on in the next year. They are as follows:

1. Uniform Fuel Blenders Report
2. Work with Electronic Commerce on subschedule codes to help states/industry transfer from paper to electronic filing
3. Compare the Canadian Product Code List to the FTA Product Code List.
4. Obtain rollup Product Codes for Dyed and Undyed Biodiesel
5. Continue to work to get the PIDX and FTA Product Code List differences worked out.
6. Obtain a Product Code for Natural Gasoline
7. Do we need to have definitions for product codes?

If you need further information regarding committee activities or need further assistance with the Uniform Report Forms, please contact the co-chairs of this committee:

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## **2004 – 2005 Annual Report**

2005 was a good year for the Forms Subcommittee. A lot of things were finished and will be voted on at the annual meeting. Some items are still being worked on and the future looks like a lot of work ahead.

The items have been approved by the full Uniformity Committee:

1. Rollup product code for Undyed Biodiesel #170.
2. Rollup product code for Dyed Biodiesel #171.
3. Product code for Natural Gasoline #061.
4. Uniform Blenders Report Section.
5. North Carolina forms were reviewed and approved.
6. New Mexico forms were reviewed and approved.
7. Product Code List change “dye added” to “dyed”.
8. The IRS and FTA product code comparison.

The items that are still being worked on are as follows:

1. Translation of Paper return information to Electronic information. This will be a section in the manual and will explain who, what, where and when information from a paper return would be shown on an electronic return.
2. The IRS request for product codes for Ag-based and Non Ag-based B-100. The problem is that this is the same product.
3. The comparison of the FTA and Canadian product codes.
4. A survey of the states tax returns to determine how many are in accordance with uniformity.

The future looks like the following:

1. The IRS is looking at product codes for blends of Biodiesel starting with B-1 and going to B-99 with product codes for each point. This would mean codes for dyed and undyed diesel.
2. Ultra low sulfur diesel, both dyed and undyed need product codes.
3. More states are bringing their forms to the subcommittee for review and approval as more states move to electronic filing.

If you want to be part of this interesting and challenging committee just show up at the meeting. We can always use a helping hand and I guarantee that your input will be welcome.

If you need further information regarding committee activities or need further assistance with the Uniform Report Forms, please contact the co-chairs of this committee:

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## **2005 - 2006 Annual Report**

The Forms Subcommittee had a busy year culminating in the adopting of a new product code system. At the January meeting Iowa requested a product code for E-70 and a schedule code for "products fully taxed but at a lower rate". The sub-committee recommended product code E70 and schedule code 1G respectively. The IRS requested codes for "Crude" and "Asphalt". The subcommittee recommended product code 001 and 188 respectively. New Hampshire requested approval for its' new motor fuel forms. The forms were reviewed and approved. At that meeting there was a great deal of discussion about the future of product codes in light of what the IRS, states, non-tax governmental agencies (EPA, DOT) and industry needed to report in detail for the ever-changing requirements of the various agencies. The IRS was looking for product codes that were based on the amount of ethanol, methanol, undyed and dyed Biodiesel blended with gas or diesel. An ad-hoc committee was set to work out a solution to the need for more and more product codes for more and more detailed products. This ad-hoc committee had two conference calls and a report was made at the June meeting.

The June meeting had a busy agenda with Kansas requesting a schedule code "Credit or deduction for alternative fuel". The subcommittee recommended schedule 13K for this purpose. Because of the title of this schedule other states should be able to use this schedule to account for E85, E70 or other alternative fuels. Michigan requested a product code for "Racing Gas". There was much discussion about just exactly was "Racing Gas". So many states have different definitions for this product. It was suggested that a schedule code may be more helpful than a product code. Michigan will be looking at that solution and will report back at the October meeting. The issue of Ultra-Low Sulfur diesel product codes was discussed and it was noted the PIDEX has already issued product codes for these products. The ad-hoc committee gave a report the subcommittee about the product code issue. There was much discussion with the result being that FTA and IRS would merge their respective product code lists and the FTA would be the "Keeper of the Codes". A presentation at the annual meeting will be made to explain the new code system. Maryland requested approval of their new motor fuel forms however, there were some issues that needed to be ironed out before the forms could be approved. These issues will be discussed at the October meeting.

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## **2006 - 2007 Annual Report**

The Forms subcommittee bids a sweet goodbye to Vicki Babcock, Industry co-chair, from Chevron/Texaco who has accepted a different position with the company. Vicki was co-chair for the past two years. The subcommittee welcomes Brian Serafino, Chevron/Texaco who will be the industry co-chair.

The subcommittee has had a somewhat busy year. The projects that the subcommittee have worked or are working on include the following.

- A. Kentucky's request for 4 schedule codes. The state was able to use 3 existing codes as listed in the FTA Uniformity book. The other schedule code was handled by changing the name of an existing code. Schedule 10J will be renamed to reflect a more generic use. This change will be voted on at the annual meeting.
- B. Maryland forms approval. Maryland requested approval of its new forms in accordance with the Uniformity guidelines. The full committee recommended approval.
- C. Michigan's product code request. Michigan requested a product code for "Racing Gas". The state has a new law requiring the tracking of a number of fuels, one of which is "racing gas" thus the need for a product code. After much discussion within the subcommittee it was decided that a schedule code rather than a product code was the proper method to track this product. The problem was the definition for "Racing Gas". FTA Uniformity has not defined this product due to the fact that there are some many possible mixtures, blends and structures for "Racing Gas".
- D. Massachusetts forms approval. Massachusetts requested approval of its new forms. The state is not at this time going to EDI and is still using paper forms. The full committee recommended approval.
- E. Louisiana forms approval. The state requested approval for its forms however, there have been many changes in the state personnel and this project has been put on hold until the state is able to put more effort into the project.
- F. New York forms approval. New York requested approval for its forms. After reviewing the forms the state co-chair suggested a number of changes to the forms in order to meet the Uniformity requirements at this point these changes have not been acted upon by the state.
- G. Arizona forms approval. Arizona requested approval of its new forms. Arizona has designed its new forms using a spreadsheet format. Since Uniformity does not recognize a spreadsheet format as an acceptable filing format the state forms were not approved and will not be approved until the format is changed.
- H. STCC/FTA product comparison. Wyoming requested a comparison chart for the product codes listed in the Uniformity book and the product codes used in the railroad industry (STCC). Some states are getting information from the railroads where the FTA product is being used these states were contacted regarding what information was given and in what format.
- I. Canadian/FTA product code comparison. Pat Platt had previously done this comparison, the state co-chair and the Canadian representative will be doing an update to this list.

The Forms sub-committee would like to remind all states that if they are planning on changing forms or schedules they should review the FTA Uniformity book to make certain that the changes meet the guidelines. The FTA has an EDI guide book with all the required EDI information so the state does not have to "reinvent the wheel" regarding EDI. Both books are available on one CD.

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**2007 - 2008 Annual Report**

The Forms sub-committee worked on the following issues this last year:

1. Michigan request for a product code for racing gas. The state originally requested a product code for "racing gas", however since a uniform definition of racing gas is not available and since states have the "racing gas" term covering a wide array of products the sub-committee recommended that rather than a product code for these types of products a series of schedule codes would be more effective. The following is the recommended codes.
  - A. Schedule 5Z: Gallons sold for Racing Use-tax collected
  - B. Schedule 6Z: Gallons sold for Racing Use-tax not collected
  - C. Schedule 13L: Credit for gallons sold for Racing Fuel-tax collected.
2. Idaho requested 2 schedule codes for sales to Native Americans. After researching the available schedules the sub-committee recommended the following codes.
  - A. Schedule 10T: Gallons delivered to Indian Tribes.
  - B. Schedule 10U: Gallons delivered fees-exempt.
3. Wyoming requested a comparison of the FTA product codes with the codes used by the railroad industry (Standard Transportation Commodity Codes (STCC)). After much information exchange with the governing body of the STCC codes the result was a comparison that will be in the Uniformity book of these 2 product code systems. This comparison is for information purposes only and the FTA codes should be used by states, industry, IRS and any other organization reporting product for tax purposes.
4. The FTA and Canadian Motor Fuel Council have been working on and have completed a comparison of the product codes used by both entities. The result of this comparison is in the Uniformity book. The council adopted all of the product codes that are being used by the FTA.

Other states requested new schedule codes from the sub-committee however after researching the available codes these request were handled by using the codes that were already in the Uniformity book.

The sub-committee has in progress the following issues:

- A. Uniform Blenders Report
- B. Producers and Manufacturers report for Alcohol and Biodiesel.
- C. Possible uniform refund report.

The new state co-chair for this subcommittee will be Lee Gonzalez of Florida. The current state co-chair will be stepping down to become the National Chair. The industry co-chair will remain the same, Brian Serafino of Chevron/Texaco.

Herman Wisneski-Minnesota Dept of Revenue

Brian Serafino-Chevron/Texaco

**2008 - 2009 Annual Report**

The Forms subcommittee worked on the following issues this last year:

1. Forms Review Committee - A forms review committee was appointed to insure new forms are in accordance with uniformity guidelines. The committee consists of Sharon Gostovich, Lou Feletto, Bill Grey, Marcia Lechner, Charles Zwettler, and Wilda Ice. The chairperson of the committee is Cindy Mongold.

2. New Hampshire forms approval - New Hampshire requested approval of its distributor and transporter report in accordance with the uniformity guidelines. Motion made and passed to recommend approval to the full committee.
3. Corrections to the Uniformity Guide - Upon review of the Uniformity Guide, the Forms Review Committee discovered errors and discrepancies in the proposed forms and instructions. A project was started to review each form, correct non-substantive errors, and recommend changes. The committee has completed its review of the Terminal and Supplier/Permissive Report and recommended changes. full committee approval will be pursued at the September of 2009 uniformity meeting.
4. Fuel Blenders Report – The forms subcommittee received an inquiry to create a uniform blenders report. The report would include the ability to assess tax on blend stocks. The committee determined the reporting of blended product may be achieved in one of two ways. A taxpayer may include blended product on a distributors report or design a blender's form utilizing the same format as a distributors report. This recommendation was placed on page 62 of the Uniformity guide, along with a listing of other states that currently utilize a blenders report.
5. Amendment to Schedule 13K – FTA forms subcommittee suggested changing the title of schedule 13K (Page 127) from "Credit or Deduction for Alternative Fuel" to "Credit or Deduction for Reduced Tax Rate". This change allowed states to use schedule 13K to report any product, not just alternative fuel, where credit is granted on fuel that was assessed at a higher tax rate. Motion made and passed to recommend approval to the Uniformity Committee.
6. Forms subcommittee designed documents outlining "best practices" for states creating an electronic filing program. Document outlined the importance of advance notification, uniform forms, testing requirements, etc.

The sub-committee has in progress the following issues:

Producers and Manufacturers report for Alcohol and Biodiesel

- A. Corrections/Additions to the Uniformity Guide
- B. Virginia - Proposed schedule changes
- C. Utah – Forms Approval

Lee Gonzalez, Florida Department of Revenue

Brian Sefarino, Chevron

## **2009 - 2010 Annual Report**

The Forms subcommittee was very busy this year considering requests for schedule changes, new subschedules, new form types, and working on corrections to the uniformity guide. The following is an overview of the items that were approved by the full Uniformity Committee.

Uniform Forms – The Forms Review Committee, chaired by Cindy Mongold, was tasked with reviewing all reports and schedules contained in the uniformity guide to identify errors or discrepancies. The committee recommended changes to the Supplier/Permissive, Terminal, Distributor Fuel Tax, Retailer's Fuel, Bulk Dealer, and Common and Contract Petroleum Products Carrier Reports. The changes included, but were not limited to, grammar, terminology, and structure. Committee also recommended the elimination of the Combined Supplier's, Common or Contract Carrier's, and Terminal Operator's Report from the Uniformity Guide.

Uniform Producers Report - Steering committee requested a uniform report that would capture detail and calculate tax on the production of fuel alcohol and biodiesel. Upon review of proposed forms designed by committee members and the Internal Revenue Service, a decision was made to utilize existing supplier, operator, and distributor reports currently in the Uniformity Guide. Proposed

language outlining this recommendation and a list of existing uniform reports currently used by states were drafted for entry into the uniformity guide.

Utah forms approval - Utah requested approval of its distributor report (TC-109 / Utah Fuel Tax Return) in accordance with the uniformity guidelines. Motion made and passed to recommend approval to the full committee.

Subschedules were requested by the states of Virginia, Utah, and California. The full uniformity committee approved the following:

#### New Subschedules

- 5XA - Gallons delivered to an airport and partially taxed
- 13M - Refund or credit for the second tax paid when tax paid fuel is removed from a terminal as a second taxable event
- 13N - Tax paid fuel used to produce a nontaxable product such as a fuel additive
- 13J – Tax paid fuel sold tax-free for temperature control units (reefer) and PTO or with exemption certificate or used in an exempt manner
- 3Y - Imports below the terminal rack not subject to tax
- 5AA – Gallons received tax paid and sold to an Unlicensed Distributors, Retailers, Bulk Users, and Users
- 5AB – Gallons received tax paid and sold to a Licensed Distributor or Importer
- 5AC – Gallons received tax paid and sold to a Licensed Supplier

#### Name Change of existing Subschedule

- Amendment to Schedule 3X – FTA forms sub-committee suggested changing the title of schedule 3X (Page 96 - Version 2009) from "Imports below the terminal rack" to "Imports below the terminal rack subject to tax".

The subcommittee is still working on the following subschedule code request:

- 12A Gallons of Tax-paid Product Sold or Used Below the Terminal Rack,
- 12B Gallons of Ex-tax Product Sold or Used Below the Terminal Rack, and
- 12C Gallons of Ending Physical Inventory of Product Below the Terminal Rack

If you need further information regarding committee activities or need further assistance with the Uniform Report Forms, please contact the co-chairs of this committee:

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### **2010 - 2011 Annual Report**

The Forms Management Sub-committee worked diligently to review state forms for uniformity, review schedule code requests, update the uniformity guide, and research uniform ways to report alternative fuels. The following is a brief overview of the items that were addressed during the 2010 to 2011 annual reporting period.

First, the uniformity guide was updated to address three items the committee felt were best practices.

- 1) Verbiage was added to several pages of the uniformity guide recommending the use of gross, net, and billed gallons on each receipt and disbursement schedule. Adding each gallon type will facilitate the sharing of information among states.
- 2) A survey was conducted that captured information on which gallon type (gross, net, or billed) each state was using on their receipt and disbursements schedules. Information captured in the survey was added to the uniformity guide.
- 3) Modifications were made to the existing language outlining how states should address "prior period reporting transactions".

Second, sub-schedules were requested by the states of California. The full uniformity committee approved the following:

#### New Sub-schedules

- 12A Gallons of Tax-paid Product Sold or Used Below the Terminal Rack,
- 12B Gallons of Ex-tax Product Sold or Used Below the Terminal Rack, and
- 12C Gallons of Ending Physical Inventory of Product Below the Terminal Rack

Finally, the committee began working on the following projects. These projects are currently outstanding and will be addressed by the Forms Sub-committee in the near future.

- Cross walk (FTA and STCC Codes) – A team lead by Ray Mattson-Grimm will create a cross-walk between FTA and STCC product codes.
- New Jersey Forms Review – Forms Review Team lead by Cindy Mongold has been tasked with reviewing new forms for compliance with uniformity guidelines. New forms are based on moving tax to the rack. Suggestions will be forwarded to New Jersey upon completion.
- Reporting Alternative Fuel - A team lead by Bill Gray will create a document outlining "methods for reporting alternative fuel" utilizing uniform forms. Team will be responsible for making recommendations on new product codes and schedules by return type.
- Terminal Operator Report – Forms Sub-team will review a proposal to add gross gallons to the terminal operator report.

If you need further information regarding committee activities or need further assistance with the Uniform Report Forms, please contact the co-chairs of this committee:

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### **2011 - 2012 Annual Report**

The Forms Management Subcommittee has been tasked with developing a uniform means to report taxpayer information associated with fuel tax. This directive requires the subcommittee to oversee changes such as the addition or deletion of product codes, schedule types, filing instructions, or best practices. The Forms Management Subcommittee completed 6 major projects, started two new projects, and continued to work on one project during the 2011 – 2012 year. The following is a brief overview of the items that were addressed during the annual reporting period.

## Projects Completed

- 1) **New Jersey Forms Review** – New Jersey created new tax returns to accommodate tax at the rack. The Forms Management Subcommittee was asked to review the returns for compliance with uniformity. The Forms Review Team led by Cindy Mongold provided suggestions to improve the forms. Committee also invited New Jersey to participate in future uniformity meetings.
- 2) **Reporting Alternative Fuel** - A team lead by Bill Gray was asked to look at the feasibility of replacing FTA codes with EIA codes to accommodate the recent trend towards alternative fuels. Due to the cost and complexity of converting to new product codes, the team recommended that we should not convert to EIA codes at this time.
- 3) **Alabama Forms Review** - Alabama asked the Forms Management Subcommittee to review 5 forms for uniformity. The Forms Review Team led by Cindy Mongold reviewed returns and forwarded comments to Alabama. Alabama updated returns and provided revisions to the Forms Review Team. Team reviewed changes and could not find additional problems. The following forms were approved as uniform.
  - Terminal Operator
  - Transporter
  - Supplier / Permissive Supplier
  - Importer/Exporter
  - Blender
- 4) **Terminal Report** – The Forms Management Subcommittee was asked to consider adding gross gallons to the receipt schedule of the existing uniform terminal report. The request was made to accommodate receipts of fuel at a terminal by rail or truck. A motion was made to add gross gallons to the schedule of receipts and to recommend that each state require a taxpayer to provide net and gross gallons on their schedules of receipts to facilitate the sharing of tax information among states”. Changes were approved by Forms Management Subcommittee and submitted to the Uniformity Committee for approval.
- 5) **Uniformity Guide** - The Forms Management Subcommittee was asked to review best practices associated with reporting prior period transactions. The committee agreed to amend the following language that pre-existed in the uniformity guide.

## Page 59 of the 2011 Uniformity Book

- 1) Remove the word “proposed” from “Proposed Best Practice Prior Period Transaction Reporting”.
- 2) Delete the word goal from “Goal: To create a suggested practice to benefit both States and industry, regarding prior period transaction reporting issues”.
- 3) Remove the word “proposed” from “Proposed Best Practices”.

## Table of Contents

- 1) Remove the word “proposed” from “Proposed Best Practice Prior Period Transaction Reporting”.

Changes were approved by Forms Management Subcommittee and submitted to the Uniformity Committee for approval.

- 6) **Product Codes** - The Forms Management Subcommittee was asked to consider adding the following product codes to the uniformity guide.

## Blending components:

- CBOB (meets the definition of a taxable product)
- CBOB (does not meet the definition of a taxable product)
- RBOB (meets the definition of a taxable product)
- RBOB (does not meet the definition of a taxable product)

## Stand-alone product codes:

- Ultra low sulfur diesel (undyed)
- Ultra low sulfur diesel
- Mixed stream NGLs requiring further processing
- Mixed stream NGLs not requiring further processing

After much deliberation, the committee felt there was a need to separately identify ultra low sulfur diesel and blending components typically associated with ethanol. However, the committee decided there was not a need to distinguish taxable from non-taxable blending components. The applicable schedules would identify the taxability of the product. In addition, the committee did not see a need to track mixed stream fuels due to the fact they are not considered a reportable or taxable product at this time. The uniformity committee recommended the following additions to the uniformity guide.

Product Code	Product Description
313	Ultra low sulfur diesel (undyed)
314	Ultra low sulfur diesel (dyed)
301	CBOB
302	RBOB

The following projects are currently outstanding and will be addressed by the Forms Subcommittee in the near future.

- **Cross Walk (FTA & STCC Product Codes)** – A team led by Michael Grammer was tasked with creating a cross walk between FTA and STCC (rail) product codes. The cross walk will identify similar products reported by states and the railroad industry and create uniform product codes that could be used by both entities.
- **Schedule Survey** - The Forms Management Subcommittee was asked to conduct a survey of states. The survey would identify uniform schedules and sub-schedules that are currently being used by each state. Schedules that are not being used by a state will be considered for elimination from the uniformity guide.
- **Alternative Fuel Tax Return** - The Forms Management Subcommittee was asked to consider adding an alternative fuel tax return to the uniformity guide. A decision was made by the committee to create a team with the following mission.
  1. Determine if a uniform form is necessary.
  2. If necessary, design a form with instructions that can be used to file and pay alternative fuel tax.

The Forms Management Subcommittee would like to thank Cindy Mongold for the outstanding work she performed as team lead on the Forms Review Team during the past few years. Her committee helped numerous states construct uniform returns that are used by taxpayers to file and pay fuel taxes. Cindy has accepted a new role as state co-chair of the Compliance Subcommittee. Tracy Lenius will be taking her place as team lead of the Forms Review Team.

If you need further information regarding committee activities or need further assistance with the Uniform Report Forms, please contact the co-chairs of this committee:

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# FTA Subcommittee Accomplishments and Goals 1994 - 2001

## **Uniform Forms Subcommittee**

Given the need for total accountability of motor fuel transactions, the Uniformity Committee has a subcommittee devoted to developing a uniform/consistent means of reporting taxpayer information. The Uniform Forms Subcommittee has developed a complete package of uniform tax reports and schedules, which would enable states to collect similar information and totally account for fuel sales. These forms are designed to allow each state to document the different types of transactions and record tax payments regardless of the point of taxation or how the state calculates the fuel tax. The committee has created six different types of forms to collect data from all segments of the fuel distribution system. They include the supplier, distributor, terminal operator, bulk dealer, retailer, and common/contract carriers. A complete set of these forms is enclosed.

### **1994 - 1995 Uniform Forms Subcommittee Report**

1. The committee recommends the adoption of the following forms:
  - \_ Distributor's Fuel Tax Report
  - \_ Retailer's Fuel Tax Report
  - \_ Bulk Dealer Report
    - a) Schedule of Receipts
    - b) Schedule of Disbursements
  - \_ Flowcharts Depicting
    - a) Cross States Border Movement
    - b) Fuel Accountability
    - c) Terminal Receipts
    - d) Terminal Deliveries
2. The committee recommends the adoption of the words "Document Number" to replace the words "Manifest Number" on the Distributor Schedules of Receipts and Disbursements. These forms were adopted in September 1993.
3. The committee has been studying the bill of lading form to determine what federal or state agencies put requirements on these documents. The committee does not anticipate recommending or dictating information on the bill of lading.
4. The committee recommends the adoption of two Mode of Transport Codes on the Terminal Report and Instructions: BA=Book Adjustment and ST=Stock Transfers.
5. There are now 26 states using some or all of the uniform forms. One of our biggest challenges has been to assist states in the implementation of these forms. In all cases, we have been able to show them the flexibility of the forms and how they can adapt these forms to their needs.
6. In the next year, the committee sees its responsibilities more as a liaison; that is, to negotiate issues that will come up, to maintain uniformity on adopted forms and to ensure there is a parallel process for automation that complements the forms. We also see a need to ensure that the numbering of subschedules is maintained between states. If a state has a need for a subschedule and numbers it 2A, we need to ensure that another state using a subschedule for the same purpose uses the same number.

### **1995 - 1996 Uniform Forms Subcommittee Report**

As states have adopted and implemented the uniform forms, there has been a proliferation of subschedules developed. Unfortunately, the subcommittee has not provided any guidance as to how these should be numbered to maintain consistency between the states. A proposal to number those subschedules will be submitted to the full Uniformity Committee during the October 1996 meeting.

At the request of various states, the two modes of transportation BA and ST shown on the Terminal Report will also be recommended for adoption for the Distributor Report.

The bill of lading was analyzed. This analysis resulted in the committee's recommendation against adopting a uniform bill of lading form.

The subcommittee continues to encourage states adopting uniformity to allow us to review new forms and schedules. During 1996, North Carolina, Florida, Ohio and Alaska requested a review of their new forms against the official adopted uniform forms. We appreciate the opportunity to help any state. The subcommittee will look at a proposal to adopt a "Supplier or Position Holder" return over the next year.

### **1997 - 1998 Uniform Forms Subcommittee Report**

The Uniform Forms Subcommittee started the year with a small agenda, but ended up keeping quite busy with new issues. The committee has been working with the Electronic Commerce Subcommittee to develop a uniform method and form for use by those who have to report the same loads as a distributor or supplier, as a carrier and also as a terminal operator. The concepts and the form are still under discussion. The committee discussed and approved the following mission statement, "The Uniform Forms Subcommittee of the Fuel Tax Uniformity Committee will develop reporting methods, forms and schedules that foster implementation of the 11Point Plan with an eye to curbing fuel tax evasion."

The committee considered developing a uniform form for refund claims, but it was ultimately decided that the various states' requirements differed too much to make this practical. The states are encouraged to pattern such forms after the existing uniform forms, and to provide a copy to the committee. The committee has also requested a copy of all states' fuel tax forms and has them on file for future reference. All states are encouraged to use this resource and to keep it up to date when changes are made. New product codes were adopted for dyed and undyed kerosene and for gasoline blended with MTBE.

Finally, the committee has developed and approved a "Uniform Guidelines for Reporting Credit Card Transactions." This will be printed in the new Uniformity Booklet with the notation "Circulating for Comment." This is designed to explain how to report such transactions and to develop uniformity in the procedure using the existing uniform forms.

### **1998 - 1999 Uniform Forms Subcommittee Report**

As more states are implementing uniform forms and schedules, we have added two more sub-schedules to our list. We have also corrected and clarified a number of product codes on the "Uniform Forms FTA Product List."

Last year we requested copies of states' forms and schedules with the intent of keeping a file for all states' to reference and to review them for uniformity. After reviewing, it was found that many of the forms appeared to be outdated. We will make another request to update the forms. As states start implementing uniform forms and schedules, we will continue to provide feed back, as requested.

In the upcoming year, the subcommittee will review states' license applications. We will determine if it is possible to provide a uniform license application for the states to use. This will allow the states to collect similar information as well as allow industry members a uniform application to complete.

We agree to review and provide feedback to any state updating or changing forms. A four-member industry/state panel will review the forms and provide comments or suggestions, which may make the forms more uniform or easier to use by industry.

We will continue to work on a uniform Combined Supplier and Combined Distributor reporting form as well as instructions. Also, we will provide input on ExSTARS reporting forms once they are near completion.

### **1999 - 2000 Uniform Forms Subcommittee Report**

With the ExSTARS project moving toward completion and work on the new 4030 version of the EDI map, the committee works jointly with the Electronic Commerce Committee on the TIA code versus The subschedule issue. Also, new product codes were issued to replace some of the old codes that contained alpha characters.

Work continued throughout the year on the uniform license application. The subcommittee members offered many suggestions for change. We hope to approve this document and move to the full committee early next year. The subcommittee also devoted much of its time to two other significant projects. The combined reporting form for the supplier/distributor, carrier, and terminal operator, after several revisions, was approved and moved to the full committee. Likewise, the committee worked on an example of how a supplier, blending different products, would show the receipts and disbursements on the uniform schedules. This guide for reporting was approved and moved to the full committee.

The Internal Revenue Service presented new forms 720-TO and 720-CS to the committee for review and approval. A new "Mode of Transportation" code was also adopted by the committee.

Cindy Anders-Robb, FTA, suggested that the committee review the use of sub-schedules with the idea that some of the schedules are not currently in use. The committee selected a small subcommittee to review all sub-schedules. This will be a major emphasis of the committee over the next year. Also, the committee will be looking at bank letters of credit and possible uniform use.

### **2000 - 2001 Uniform Forms Subcommittee Report**

As the committee entered the new year, there were several projects still outstanding that needed additional work. The Uniform License Application was distributed for comment and was then approved and moved to the full committee. We completed work on the Letter of Credit and will send this out for comment before moving to the full committee. The Combined Reporting Form was moved back to the working committee and was distributed for comment and finally approved and moved to the full committee this year. The same was also true of the working example for blending different products and subsequent reporting on the uniform schedules. The full committee finally approved both the Combined Reporting form and the working example for blending.

The committee recognized the need to review all the sub-schedules that had been approved over the years to determine the schedules each state uses. This involved sending surveys to each state for their response. This was a large project and is still in process. We should be able to finalize the results and recommend some action by the start of the next year. In addition to the existing sub-schedules, there were several additional requests that came before the committee this year. Those states requesting new sub-schedules requests this year include New York, Michigan, Kansas, Pennsylvania, Tennessee, and Missouri.

The committee reviewed both the FTA product codes list and the product codes for ExSTARS to insure that the codes in use were consistent and that the lists were the same. We also reviewed the final draft of the ExSTARS information reporting forms, 720-TO and 720-CS and approved several requests for new product codes and a new transport code.

The new Forms Management Subcommittee will continue work on the sub-schedule review project and establish new goals based on the new organizational structure and new mission of the Uniformity Committee.

### **Information Sharing Subcommittee**

The information Sharing Subcommittee is compiling information on the states' ability to share information. Through this, the subcommittee expects to identify any problems concerning the ability of states to share taxpayer information. The subcommittee also expects to propose several recommendations to the Uniformity Committee on ways to improve the flow of information among states.

#### **1994 - 1995 Information Sharing Subcommittee Report**

The subcommittee conducted a survey with the critical data elements directly relevant to why so many joyous get togethers occurred concerning "The 11-Point Plan;" how many states have adopted all or some points of the plan, as well as timing on adoption; implementation and use of incredibly crafted "Uniform Forms;" problems, if any, with sharing highly sensitive confidential information with other state and federal organizations, and creation of advisory groups made up of state and industry gurus to discuss and resolve sensitive fuel reporting matters.

The response was overwhelming and the results realized were beneficial for several segments of the Uniformity Committee. The Committee can now focus on specific targets to achieve nationwide and eventually international implementation of the full plan and use of the forms. The dynamic subcommittee can now direct full attention to existing information sharing road blocks. This may be accomplished by expanding the use of existing Memorandums of Understanding (MOU).

The subcommittee was excited about acting as the information repository for the Committee of all related state and federal news or accomplishments concerning "Fuel Tax Fraud." At this time nothing has developed but the concept is a dandy one and needs to be used and participation encouraged for the upcoming year.

#### **1995 - 1996 Information Sharing Subcommittee Report**

This year the subcommittee was giving three new projects that expanded its focus beyond doing surveys and being the information repository for the Uniformity Committee.

The first project was to publish a newsletter following each Uniformity Committee meeting to report on the committees' and various subcommittee's activities and accomplishments. Co-chairs of each subcommittee that meets prepares summaries of their meetings to be included in the newsletter. The first edition of "***The Uniformer***" was published in February 1996, the second edition was published in April, and the next edition will be published following the annual meeting in Harrisburg, Pennsylvania in October. This is an excellent way to communicate what is being worked on and what has been accomplished. All committee and subcommittee members are encouraged to contribute ideas, articles, etc.

The other two projects are evaluating the feasibility of a below the rack tracking system and a destination state concept. Discussion on these began in March in Raleigh, North Carolina and continued in July at a subcommittee meeting in Denver, Colorado. At the meeting in July the attendees got a technical overview of a tracking system and identified some pros and cons of three potential destination state concepts. With the interstate movement of fuel, the different point of taxing fuel and different tax rates there appears to be a realistic application for these ideas.

### **1996 - 1997 Information Sharing Subcommittee Report**

The subcommittee began focusing on specific areas of concern in continuing its responsibility to improve the flow of information. Those specific areas are the “destination state tax-concept” and a viable “fuel tracking system.”

A need was also felt to conduct a survey to review the progress of each state with “The 11-Point Plan” and compare with surveys conducted earlier.

During subcommittee meetings input was received from states that are presently working with a destination state tax program. With an issue such as a destination state concept, it has become necessary for interaction from the other subcommittees, most notably model legislation, electronic data interchange and uniform forms. In conjunction with the methods utilized in a destination state tax program the subcommittee will continue to address the situation to achieve uniformity in the taxation and reporting of fuel.

With the movement of fuel it becomes a necessity to develop a tracking system that not only deals with uniformity, but fairness in reporting.

The subcommittee discussed the need to account for the product on a per load basis and this information should be collected at several points in the distribution chain. The subcommittee, as is all of uniformity, is a joint effort of industry and government and any fuel tracking system could never reach a high level of success without this cooperation. Uniformity’s own, Peter Steffens provided the subcommittee with reports showing the tracking methods presently in place in the State of Florida. These tracking forms were distributed at the March meeting. In the coming year the subcommittee intends to begin work on the mapping needed to develop a tracking system.

A survey was prepared and mailed to all states to further establish the status of each state on the original “11 Point Plan.”

The survey also concerns itself with several issues facing states as we head into the next millennium. Those issues are funding, the changing of the point of taxation and electronic filing.

The subcommittee looks forward to the upcoming year with more projects, greater plans and even more production. Even “The Uniformer” is expected to make its presence felt once again.

### **1997 - 1998 Information Sharing Subcommittee Report**

The subcommittee undertook the task of developing a fuel tracking system to fulfill the needs of both government and industry. Presentations were given showing a prototype terminal tracking system and an existing system tracking fuel through the entire fuel chain. The prototype system dealt with the movement of fuel above the rack. Fuel is tracked from its entrance to the terminal and its removal from the terminal, be it by pipeline or tank truck. The existing system tracks the fuel through its physical movement and the resolution of all filed returns. The subcommittee has sent a survey to each state inquiring as to the present tracking status of the states and the states needs in the fuel tracking area. The subcommittee is looking forward to working on the ExFirs projects of the IRS in the next year.

### **1998 - 1999 Information Sharing Subcommittee Report**

The information sharing subcommittee has been assigned resolution eleven for review. Resolution eleven was referred to the uniformity committee at the 1998 annual meeting in Denver, Colorado to study the impact of the terminal operator becoming the tax collector. After discussion at the subcommittee meeting in June 1998, it was agreed that a survey would be developed and sent to both the states and industry to evaluate the advantages and disadvantages of this method of tax collection. The survey will be finalized by the September 1999 meeting in South Carolina with distribution to the states and industry during the fourth quarter of 1999.

The Information Sharing Subcommittee is continuing to review the feasibility of a base state reporting concept and plans to include questions relating to this issue on the survey mentioned above. Two states have shown an interest in participating in a pilot study.

The Information Sharing Subcommittee has also discussed the dissemination of ExSTARS information to the states. It was agreed that no action would be taken until the Outreach Subcommittee of ExSTARS developed the brochure for distribution to the states. It was also agreed that a copy of the current ExBAT (ExSTARS Benefit Analysis Team) issues paper would be attached to the Information Sharing Subcommittee minutes of the June 1999 meeting as a means to provide information to the states during the interim period.

### **1999 - 2000 Information Sharing Subcommittee Report**

The information Sharing Subcommittee sent to all the states and industry a survey on base jurisdiction reporting by the terminal operator or the position holder. Once the surveys are returned, the subcommittee will put together a summary of the survey.

The subcommittee reviewed and revised an ExSTARS training questionnaire.

The Information Sharing Subcommittee has reinstated the publishing of "The Uniformer." The newsletter is published after each Uniformity meeting and includes summaries of the previous meetings. We have found this to be an excellent way to communicate. The newsletter explains what projects the Uniformity Subcommittees are working on. It also provides information in connection with enforcement efforts relating to fuel tax evasion and other notable accomplishments. All committee and subcommittee members are encouraged to contribute ideas, articles, etc.

### **2000 - 2001 Information Sharing Subcommittee Report**

The Information Sharing subcommittee continued to publish "The Uniformer" (The Uniformity Newsletter) each quarter, which provides updates on the work of the uniformity subcommittees and other fuel tax administration articles of general interest. The subcommittee continues to work on finalizing the results from the survey on the impact of the terminal operator becoming the tax collector and base state reporting. We are waiting on responses from some states and industry. The subcommittee has started a new project in an effort to increase communications between Canadian provinces and the border states. A task force was developed with members from the Information Sharing subcommittee and the Canadian Fuel Tax Project and will be looking at state and province memorandums of understanding.



### **Fuel Accountability Subcommittee**

Another important subcommittee working to improve fuel tax compliance is the Fuel Accountability Subcommittee. This subcommittee is responsible for developing uniform definitions states' can use when sharing taxpayer information. These definitions are very important in ensuring that all states speak the same language. Several key definitions developed by this subcommittee include exports and imports, which are part of the 11 Point Plan (point 2) and have been formally adopted by 25 states.

The Fuel Accountability Subcommittee is currently working on definitions for gross and net gallons, and other terms referenced on the uniform forms. They are also developing a survey on states' use of carrier reports in order to understand their effectiveness and how to utilize this information.

One of the missions of the Fuel Accountability Subcommittee is to provide model definitions of terms for use by both state taxing authorities and the motor fuel industry, to promote understanding by federal and state governments, the transportation industry and the petroleum distribution industry, and to allow the advancement of uniformity through a clear understanding of universally used terms.

The Fuel Accountability Subcommittee develops surveys to determine the implementation level of the 11 Point Plan among the states. Information gathered from these surveys provides guidance for the direction of the Uniformity Committee.

The Fuel Accountability Subcommittee stays abreast of alternative fuel development and the potential impact on fuel accountability and taxation issues for the states.

### **1994 - 1995 Fuel accountability Subcommittee Reports**

1. Alternative Fuels Survey  
Fifty-one surveys were sent requesting the individual state's interpretation of "Alternative Fuels". Forty-one states responded.
2. Approval of Uniform Motor Fuel Definitions (1994 - 1995)  
Diesel fuel/kerosene, position holder, net/gross, retail station, sale, accountable product/motor fuel, bulk dealer, dyed diesel fuel, pipeline, retailer, import/export, gasoline, gasoline blend stock, point of delivery, terminal, terminal operator.
3. Carrier Report Survey (1995)  
Forty-nine surveys were sent requesting information on state use of carrier reports. Forty-nine states responded.

### **1995 - 1996 Fuel Accountability Subcommittee Report**

The subcommittee is working on the definitions for distributor, blending, blender, stationary transfer, book adjustment and kerosene.

### **1996 - 1997 Fuel Accountability Subcommittee Report**

The subcommittee finished the definitions for distributor, blending, blender, stationary transfer and kerosene.

The subcommittee is working on definitions for:

Alternative Fuels, Blended Fuel Bulk End User, Bulk Transfer, Bulk Transfer System, Elective Supplier, Exporter, Heating Oil, Highway Vehicle, Import Verification Number, Motor Vehicle, Permissive Supplier, Person, Rack, Refiner, Refinery, Removal, Special Fuel, Supplier, Tank

Wagon, Terminal Bulk Transfer, Terminal Transfer System, Transmix, Transport Truck, Two Party Exchanges, Ultimate Purchaser, Ultimate Vendor, Undyed Diesel Fuel and Wholesaler.

### **1997 - 1998 Fuel Accountability Subcommittee Report**

The Fuel Accountability Subcommittee adopted the following definitions during 1997: Distributor, Blending, Blender, Stock Transfer, Book Adjustment, and Kerosene. The definitions were presented to the full committee for adoption at the Houston, Texas meeting in December 1997.

The Fuel Accountability Subcommittee were assigned 28 new terms to be defined for 1998. The full Uniformity Committee in Pittsburgh, PA approved eighteen terms. The eighteen terms are:

Alternative Fuels, Blended Fuel, Bulk End User, Diversion Number, Exporter, Importer, Heating Oil, Import Verification Number, Permissive Supplier, Person, Rack, Refiner Refinery, Removal, Special Fuel, Supplier, Transmix and Undyed Diesel Fuel.

The focus and direction of Fuel Accountability Subcommittee is to provide model definitions of terms which are used by state taxing authorities and motor fuel industry to promote understanding and assist in communications. The definitions we recommended are not considered to be legislative or legal and may be modified at the discretion of the users. Our mission is to offer motor fuel related definitions in the simplest form possible, as we strive to eliminate communication barriers among those of us sharing information.

The FTA Fuel Accountability subcommittee welcomes any interested participant at our meetings. Current Co-Chairs are:

Roland Marr - State Co-chair - Illinois Department of Revenue,  
Ann Price - Industry Co-chair - American Petroleum Industry

#### **Committee Members**

Donna Alderman - North Carolina; Dick Beckner - Ohio; Wilda Briggs Ice - West Virginia; Tim Keigher - Illinois Petroleum Marketers Association; Joe O'Gorman - New Jersey; John Panza - West Virginia; Don Paswater - Maryland; Carol McCord Player - South Carolina; Paul Sload - Pennsylvania; Tina Towsley, Illinois Department of Revenue.

### **1998 - 1999 Fuel Accountability Subcommittee Report**

The Motor Fuel Accountability Subcommittee met in Pittsburgh prior to the full Committee meeting in September 1998, to finalize definitions for **19** terms. Those **19** definitions were presented to the Uniformity Committee on September 12th, with **18** definitions being approved by the Committee. The **18** definitions were adopted by the Uniformity Committee at the FTA Annual Business Meeting in November 1998, in Denver, Colorado. The **18** definitions were:

Alternative Fuel, Blended Fuel, Bulk End User, Diversion Number, Exporter, Importer, Heating Oil, Import Verification Number, Permissive Supplier, Person, Rack, Refiner, Removal, Special Fuel, Supplier, Transmix, Undyed Diesel Fuel.

The Subcommittee met next in St. Louis on April 16 and 17, 1999, to refine the one remaining term from Pittsburgh, and define 13 additional terms. Those **14** definitions were presented in Edmonton, Alberta, Canada on June 26th, to the Full Committee. Ten were approved, four were returned to the Subcommittee for further refinement and will be addressed during the upcoming year. The **10** definitions approved in Edmonton are being offered for adoption at the FTA Annual Business Meeting in Myrtle Beach in September 1999. The **10** definitions are:

Bulk Transfer, Bulk Transfer System, Elective Supplier, Tank Wagon, Terminal Bulk Transfer, Terminal Transfer System, Transport Truck, Ultimate Purchaser, Ultimate Vendor, Wholesaler.

The Motor Fuel Accountability Subcommittee requests that future terms identified for definition be forwarded in writing by the requesting party to the Chair of the Fuel Accountability Subcommittee via Uniformity Committee Chair with an explanation of the need for the definition.

### **1999 - 2000 - Fuel Accountability Subcommittee Report**

Having served for nine years as Government Co-Chair of the Fuel Accountability Subcommittee, Roland Marr (Illinois) was nominated for and voted in as Vice-Chair of the FTA Motor Fuel Tax Section. Linda Dollens (Indiana) was chosen to succeed Mr. Marr as Government Co-Chair of the Fuel Accountability Subcommittee. Ann Price (Tax Council American Petroleum Institute) continues to serve as Industry Co-Chair.

In Myrtle Beach, South Carolina, Resolution Number 7 was adopted, which included the following 10 definitions to assist states in the exchange of information:

Bulk Transfer, Bulk Transfer System, Elective Supplier, Tank Wagon,  
Terminal Bulk Transfer System, Transport Truck, Ultimate Purchaser,  
Ultimate Vendor, Wholesaler

At the Tallahassee, Florida meeting, the Motor Fuel Accountability Subcommittee submitted a "Procedure For Requesting Definitions" to the Uniformity Committee for acceptance. The procedure was approved.

The following four terms, under review by the Motor Fuel Accountability Subcommittee, were returned to the Uniformity Committee so they may be resubmitted under the new procedure:

Buy/Sell Agreement, Highway Vehicle/Motor Vehicle, Motor Vehicle,  
Two Party Exchange

In Lincoln, Nebraska, the Motor Fuel Accountability Subcommittee met to further define the subcommittee's purpose and goals. Additionally, the Model Legislation Subcommittee, using the "Procedure for Requesting Definitions," submitted the following two terms for our defining:

Kerosene, Racing Fuel

Initial discussions of these terms lead to a request for a clarification from the Model Legislation Subcommittee as to whether they intended for "racing gasoline" to be defined, rather than all "racing fuel".

### **2000 - 2001 - Fuel Accountability Subcommittee Report**

The Fuel Accountability Subcommittee set several goals for the 2000/2001 year. One of the primary goals was to look at the Canadian Project definitions and compare them to the FTA Uniformity definitions. In addition, we still have kerosene to define.

At the Portland, Oregon meeting in February, the Fuel Accountability subcommittee looked at the new IRS definition for kerosene and began to review Canadian definitions. A checklist of terms was prepared to give us an ideal as to what terms we were looking at and which group or groups had existing definitions. It was determined at that meeting that we would begin the review of the definitions by looking at only those terms where both groups had a published definition.

By the Portland, Maine meeting, a list of the 20 or so terms that have been defined was provided. In reviewing both the Canadian Project and FTA Uniformity definitions, it was decided that we needed more time and some additional resource material to review the terms properly. Each committee member will provide an analysis of his or her comparison to the co-chair for review. A draft definition for kerosene will be prepared and sent to the Model Legislation Subcommittee for review. A

discussion was also entertained on “biodiesel” and the committee determined that the process should be started to obtain a definition. A request will be sent to the Uniformity Committee Chair. Because of some changes within the Uniformity Committee, it was not known if this subcommittee would meet again or would become part of another subcommittee, therefore no final determination as to the next step was made.

## **Electronic Commerce (Reporting) Subcommittee**

The vast amount of information necessary to totally account for all fuel transactions has led some states to explore the using of electronic reporting of data. Indeed, four states Florida, Illinois, Nebraska and Wisconsin currently have electronic filing programs for motor fuel taxes in operation, and several other states are exploring this option. Thus, the Uniformity Committee has created a subcommittee to coordinate states' implementation of electronic reporting.

### **1994 - 1995 Electronic Reporting Subcommittee Report**

The Electronic Reporting Subcommittee has already completed several important projects. At the recommendation of this subcommittee, the full FTA Motor Fuel Section has endorsed the ANSI ASC X12 standard for motor fuel tax reporting using EDI (see point 6 of the 11 Point Plan). It has also developed a uniform list of TIA codes for EDI mapping which will be maintained by the subcommittee. Adoption of this list by states will ensure that all current and future electronic filing programs use a common format (map), easing the burden on multi-state taxpayers. This would also enable each state's system to communicate information to other states. Any state planning to implement an EDI program is encouraged to participate in this subcommittee.

### **1995 - 1996 Electronic Reporting Subcommittee Report**

The Uniform Maps of the EDI Transaction Set 813 for the Motor Fuel Excise Tax Distributor's Fuel Tax Report and the Terminal Operator's Report, with one slight amendment, were formally adopted by the full Uniformity Committee. The one amendment made to the proposed Version 1.0, date February 1996, was with the Position Holder Name segment of the Terminal Operator Schedule of Receipts. The original proposal for a "Mandatory" segment was changed to an "Optional" segment. It should be noted that any segments designated as "Mandatory" represent the preferred manner in reporting information electronically. Those segments designated as "Optional" indicate various items of information which each taxing state may or may not require to be reported. Those companies filing either report should contact the states individually to determine whether the segment is required.

The next item on the subcommittee's agenda is formulation of a Uniform Map for EDI Transaction Set 813 for the "Motor Fuel Carrier Report."

### **1996 - 1997 Electronic Reporting Subcommittee Report**

The full Uniformity Committee formally adopted the Uniform Maps of the EDI Transaction Set 813 for the "Motor Fuel Carrier Report." Modifications to the "Motor Fuel Excise Tax Distributor's Fuel Tax Report" were adopted by the full Uniformity Committee.

The next item on the subcommittee's agenda is formulation of a Uniform Map for EDI Transaction Set 813 for the "Motor Fuel Supplier/Permissive Supplier Report."

### **1997 - 1998 Electronic Commerce Subcommittee Report**

The subcommittee worked on an EDI Combined Reporting Map that was formally adopted by the full Uniformity Committee.

Worked closely with the TIGERS ANSI 12 group on electronic commerce issues.

Working on a solution to the electronic transmission problems.

The subcommittee changed their name to Electronic Commerce Subcommittee, which was formally adopted by the full Uniformity Committee.

### **1998 - 1999 Electronic Commerce Subcommittee Report**

**Electronic Commerce Survey** - Maps and overheads were presented at the January 1999 meeting showing the results of two Electronic Commerce surveys. The two EC surveys were an extrapolation of Information Sharing Subcommittee and the Electronic Commerce Subcommittee surveys that were sent out in August and October 1998. Twenty-eight states responded to the EC survey. Forty-five states responded to the Information Sharing Subcommittee survey. The survey results are the starting point for continuing discussions about what each state is doing and how they can communicate. The goal of the survey process is to establish focused measurement questions around activities concerning electronic commerce and electronic tax filing as related to motor fuel taxation. The results of this survey can be reviewed on the FTA Home Page.

**FTA EDI Combined Reporting Map Modifications** - There was a discussion at the January, and June 1999 meetings on the specific implementations of the EDI Transaction Set 813 for motor fuel tax filing. While several states have now implemented EDI motor fuel filing, there is not a single consistent standard on how to implement a "pure" EDI transaction set on the filers end and then specifically tailor the EDI translation software on the receiver (or State's) end. This type of standardized implementation would eliminate a multistate motor fuel tax filer from needing different specific EDI maps to file the same EDI transactions set to different states on the same map version. This is a confusing topic that is just now becoming understood by the states and private sector entities who are involved with EDI tax filing for motor fuel.

**Update on IRS Activities Focusing on ExSTARS** - There was a briefing given at the June 1999 meeting on the IRS program on the ExSTARS project. The briefing was focused on implementation time lines, current issues being worked, the network which is being envisioned to run ExSTARS, and the hardware and software that will be provided to each state.

The current direction for the ExSTARS physical transmission system is by use of a Virtual Private Network running on the Internet. The network diagram and technical configuration documents were distributed and discussed. These documents describe the relationship from the Internet to the servers that will hold the transmission data as it is received from the motor fuel tax filers. The servers are outside the IRS firewall and will be available for individual states to sign on to the system and bring data down to the state level.

Confidentiality issues were also discussed and the IRS is currently in a review process on how confidentiality will be handled on this information.

There was a discussion of how the ExSTARS EDI map was implemented. There was additional discussion on the issue of how to roll out a new map after you get several hundred filers up in a production environment. Wisconsin is presently going through this transition. It was agreed that the Motor Fuel Electronic Commerce Subcommittee would create a white paper with best practices and avoidance strategies to use as other states go through this map migration process.

**Electronic Commerce Security Architectures** - A security briefing on current issues and strategies for security architectures was presented.

The presentation focused on three issues: 1) What Security Risk is there in the EDI process? 2) What could actually happen with your EDI file when you transmit it to the state? 3) How much of a risk are you taking?

The objective of the presentation was to: 1) provide an overview of Internet terminology; 2) review the potential file transmission methods; 3) make a recommendation to the uniformity committee.

The presentation is specifically oriented to how competitors might try to get at your data. It does not discuss issues like disgruntled employees of your own organization who comprise roughly 70% of the security threat to all organizations. There is a brief discussion on Internet basics: how Internet traffic flows across the world wide web; different networks traversed when going over the network; file interception techniques for both line taps and network sniffers; the IP packet physical transmission; encryption techniques; and different protocols.

Specific encryption levels are discussed and issues related to specific transport technologies are reviewed such as FTP, HTTP, EMAIL, VAN, and VPN. There are recommendations for security policies and practices and gives some product data and pricing information.

**Y2K Electronic Commerce Subcommittee Survey Draft/Fall 1999** - The goal of the survey process is to establish focused measurement questions around activities related to electronic commerce and electronic tax filing as related to motor fuel taxation. The FTA Motor Fuel Uniformity survey questions will be developed for the September meeting. At the September meeting, the Motor Fuel Uniformity Electronic Commerce subcommittee will review and agree on the questions it would like asked the states in the yearly survey process. After the Electronic Commerce questions are agreed upon, they will be coordinated with questions from other Motor Fuel subcommittees. The answers to the survey questions for Electronic Commerce Subcommittee will be reviewed at the February 2000 meeting.

**FTA Motor Fuel Uniformity Electronic Commerce Planning Document** - Began process during the past year of developing planning document to benefit states that are considering implementing of EDI for motor fuels within the next 24 months. Developed write-ups on various transmissions methods currently in use by states with EDI programs. Created a model that could be used for evaluating VANs. Will be including a security white paper for reference and use by states and industry who are interested in EDI Motor Fuel filing.

### **1999 - 2000 Electronic Commerce Subcommittee Report**

**Electronic Filing Status:** We have gathered a large amount of information from 48 states regarding their electronic filing status and methods. The information is available from Ray Rhoads at the Kansas Department of Revenue at phone number (785) 296-4011 or email (ray\_rhoads@kdor.state.ks.us). The survey indicated eight states currently have motor fuel EDI programs, and within 24 months, an additional fourteen states expect to implement motor fuel EDI programs. We plan to add IRS program participation to future survey results. If you have any additional questions that you would like included in the survey, please send them to the email address noted earlier. We have allocated time on the September 2000, agenda to review the upcoming Electronic Commerce survey and make modifications to the survey instrument where needed. Your participation and suggestions would be appreciated.

**TIA Codes:** We continue to discuss different strategies when using TIA codes. Unused and unnecessary codes are being eliminated and additional codes are being added, as needed. We have made a proposal about the possibility of having a tax or fee type, along with the tax, penalty and interest, and possible other fields to identify tax type, rather than having a separate set of codes for each tax or fee. We believe the proposal is a way to make it generic and differentiate somehow with a tax or fee type. We drafted a form for requesting a TIA code. The form and procedural process to request new TIA codes will be published in Appendix D and the EDI Implementation Guide, Version 4030. The background information and proposals are available from Bill Gray at Sinclair Oil Corporation at phone number (801) 524-2887 or email (bgray@sinclairoil.com).

**813 Map, Version 4030:** The full committee adopted the EDI Implementation Guide with the following changes or caveats:

- The TIA code list will be reviewed, modified and approved by the committee (via email).
- Add a Map Migration Document to the EDI Implementation Guide.

- The TS 151, Validation Acknowledgment will do data validations, and errors will be noticed to the taxpayer with a TX 151, notice. Appendix G shows the error codes that will be used on TX 151 and will be updated prior to publication of the EDI Implementation Guide.
- TX 826, Tax Information Exchange Between States should be marked in the EDI Implementation guide as “draft.”

This version will be the easiest, most uniform map yet and should handle virtually any situation. We are trying to make the “EDI Implementation Guide” more user-friendly and readable by technical as well as non-technical users.

**TS 826 Map for Information Exchange between Government Agencies:** We initially anticipated the use of this map for exchanging import and export information between states. The IRS indicated their plan to use TX 826 to forward ExSTARS data to the state when it is confidential (the filer has not signed a 6103 consent form). They suggested mirroring the TS 813 format. It can also be used to exchange other information between states. Kansas and Nebraska plan to initiate an EDI exchange of export information between states using the TX 826 and report back at the EC Subcommittee meeting September 22, 2000.

**TS 151, Validation Acknowledgment:** The IRS is developing the TS 151 map for sending error resolution notices to filers in the ExSTARS program.

- TX 151 was set up to mirror TX 813 in structure. Each of the areas in TS 813 transmission could cause an error, and thus notices could be issued on each of these areas.
- TX 151 notice includes a problem identification “PBI” loop that indicates what the problem is. There is a PBI loop, the transaction header, the TFS loop and the FGS loop.
- Appendix G shows the error codes.
- The PB101 code has a primary and secondary code. The first four digits are the primary code; the last two digits are the secondary code.
- There are four levels of remedies required, see PB103 (which needs to be changed in our EDI Guide) showing what the filer must do.
  - (1) Fatal Error - file not accepted by the IRS as a filed report;
  - (2) Major Error - filing is unusable by the IRS. The file must be corrected and resubmitted. File is accepted as a filed report.
  - (3) Correction Error - error must be corrected and resubmitted with your next month’s filing. File is accepted as a filed report.
  - (4) Minor Error - information provider will not have to resubmit the correction, just correct the system for next month’s filing. File is accepted as a filed report.
- There was some discussion on how TX 151 information would be provided to the states, what they might do with it, how they could avoid sending same notice if they so choose. TS 151 notice is still pretty much a data validation process, checking FEINs, and such, and some minor edits on large truckloads, small pipeline movements, etc. The 151 notice does not include “tracking exceptions” such as cross-checking terminal operator reports against carrier reports. There will be an entirely different evaluation and notice process for these types of cross-checking exceptions.

**EDI Map Migration Strategic Document:** As state agencies, it is important to consider all the implications when moving to new map versions. Two states - Wisconsin and Nebraska have migrated to new map versions and other states are expected to follow in the near future. A ‘white paper’ was presented in Lincoln with best practices and avoidance strategies to use as other states go through this map migration process. This document is available from Ray Rhoads at the Kansas Department of Revenue at phone number (785) 296-4011 or email (ray\_rhoads@kdor.state.ks.us).



**Implementing a Uniform EDI Map and Process:** Presented by Stan Farmer of the Missouri Department of Revenue, for Tax Information Group for E-commerce Requirements Standardization (TIGERS). Purpose of TIGERS is to foster data standards and develop consensus implantation conventions. Stan reviewed the many issues faced by tax administrators related to E-Commerce issues. Talked about some tools to decide how to deal with each of the issues.

- Volume I of TIGERS' "EDI Business Reference Model for Taxing Authorities," says to consider the business issues, legal considerations, environments, maintain standards, data communications, and business models. (available at <http://www.disa.org/>)
- Volume II has of TIGERS' "Technical Reference Model for Taxing Authorities" (will be available at <http://www.disa.org/>, and has
- Standards, reference models and conventions
- Interchange control
- Electronic filing of tax return data - TS 813
- Mapping choices - form faithful vs. logical
- Where do codes come from?
- Functional acknowledgments such as 997
- Other transactions sets
- Models and examples
- Volume III Draft, "Electronic Commerce Best Practices Guide" (included in today's handout)
- Documents tax E-Commerce technologies and methods in use today
- Documents "Best Practices" in tax E-Commerce with examples of what states have used successfully
- Raises issues to be considered.
- Suggests areas of corporation among tax agencies within or across states.
- Makes recommendations that may facilitate and encourage more rapid mass adoption of tax Ecommerce of customers.
- One size does not fit all. There are a variety of possible and desirable methods to transmit the data, pay the tax, etc. Data formats - one that is rising in prominence is Extensible Markup Language (XML).

**FTA Fuel Tax Web Site:** The FTA web site (<http://www.taxadmin.org/>) has links to state revenue departments, state tax forms, and EFT information, but does not link well to similar motor fuel issues. We believe it is better to organize these issues under the motor fuel section of the FTA web site (see the link at the former site or go directly to (<http://www.taxadmin.org/fta/mf/>). We ask that all states email their web site addresses for fuel tax form, EDI Implementation Guides, and licensee lists, to Jonathan Lyon of FTA at ([jonathan.lyon@taxadmin.org](mailto:jonathan.lyon@taxadmin.org)). These sites can then be catalogued and linked under the fuel tax section for easier access by states and industry.

For further information regarding subcommittee activities or for further assistance contact the co-chairmen of the Electronic Commerce Subcommittee:

Tim Blevins, Kansas Department of Revenue  
Phone: (785) 296-5041  
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## **2000 - 2001 Electronic Commerce Subcommittee Report**

The Electronic Commerce Subcommittee initiated a new practice with the September 2000 meeting by dividing up the day into two sessions, an Administrative (not too technical) Session and a Technical Session.

Issues addressed during the Administrative Sessions have included a tutorial on how to read an EDI map, a discussion and overview of "What is XML?", updates on the progress being made with the ExSTARS /ExTOLE projects by representatives from the Internal Revenue Service, presentation and handouts from the Electronic Commerce Survey, and continued discussions to improve the FTA motor fuel web site.

Technical Session have provided opportunities for states that are in the planning stages to present their EDI map and guides to the subcommittee for review and comments. Missouri and Tennessee have both made presentations during the past year. Indiana, Virginia and California have worked with the Electronic Commerce Subcommittee members in developing their implementation plans. Continued effort to enhance the "North American Combined Reporting Methods, X.12 and XML Electronic Data Exchange Implementation Guide". Reviewed various views of XML Schema Development, including Logical Data Model.

### **Administrative (Not Too Technical) Session**

**Electronic Filing Status:** We have gathered a large amount of information from 50 states regarding their electronic filing status and methods. The information is available from Ray Rhoads at the Kansas Department of Revenue at phone number (785) 296-4011 or email (ray\_rhoads@kdor.state.ks.us). The survey indicated ten states currently have Motor Fuel EDI programs and within 24 months an additional fourteen states expect to implement motor fuel EDI programs. If you have any additional questions that you would like included in the survey, please send them to the email address noted earlier. We have allocated time on the agenda to review the upcoming EC survey and make modifications to the survey instrument where needed. Your participation and suggestions would be appreciated.

**Implementing a Uniform Map:** Ray Grimm, Synergy Inc. substituting for Stuart Beagles, Montana Department of Transportation explained the value of implementing a uniform map.

- States that have implemented EDI filing started with the FTA Uniform EDI map. Based on their individual requirements, each state and the IRS created and published an EDI implementation guide with a map that is a subset of the FTA Uniform EDI Map. These subsets created unique maps for each state and the IRS. We do not have uniformity.
- The Electronic Commerce Subcommittee goal is one map, the FTA Uniform EDI map, populated by the fuel reporting industry and used by all states and the IRS.
- To achieve this goal - Industry needs each state and the IRS to produce an implementation guide that contains the complete and full FTA Uniform EDI map with data requirements to populate the map. The state receiving the software then only reads the data required by the state. This allows a uniform map implementation on the industry side and a unique receiving map on the state side (i.e. only read data redo).
- Industry populates the map based on the data requirements published in the implementation guides for each state and the IRS. One method for industry is to look at all the data requirements of the states where they operate and create a super set of the data element requirements. In your application, flag each record associated with the appropriate state. Translate the records associated with a given state based on the element super set to the FTA EDI map. The file industry transmit in a Uniform EDI file.
- Example: Montana receives EDI files based on the full FTA Uniform map. The EDI file received by Montana may contain more information than required by Montana. Montana only requires information for Fuel Distributors and schedules associated with distributors. All other information is not translated into Montana's applications.
- Final thought, if there is anything that the 4030 map does not handle, it needs to be brought to the EC Subcommittee's attention so it can be addressed.

This version will be easiest, most uniform map yet and should handle virtually any situation. We are trying to make the "Electronic Data Exchange Implementation Guide" more user-friendly and readable by nontechnical as well as technical users.

**ExSTARS Update:** Tim Torri and John Love, IRS provided updates on ExSTARS activities at the three EC Subcommittee meetings.

- ExSTARS

The EDI Guide will be officially known as IRS Publication 3536.

Disclosure provision IRC 6103(c)

New requirement to specifically identify state agency

**IRS will send TXT files if a state does not have an EDI translator.**

6103 disclosure. Agree to rules & regulations, point of contracts, and significant testing process.

6103(c) data industry signed affidavit

6103(d) if industry does not sign affidavit, use of information will be somewhat limited. States will have the understanding how to handle TS 151 if they eliminate terminal filing to them and go to the single point of filing concept.

- John Love, IRS, indicated that they expect 100% ExSTARS compliance. They do not know yet how many will file EDI and how much paper they will receive. Their strategy on dealing with the paper filers is an open issue. They will *not*, at least initially, be keypunching the paper-filed returns in detail. They may at some point provide a web-based input for these forms, but this could be a political issue where they would be completing with software providers. There was also a discussion of when they can expect data to be available.
- It is contemplated that the FTA will sponsor further ExSTARS/ExTOLE training in about a year, after the states have had a chance to work with the training.
- There were 146 attendees at the ExSTARS query screens. Dave Skinner gave an overview of the workshops and what was taught.
- There should be a flag on each record provided to the states, indicating whether the record is 6103(c) or 6103(d) data. This was a requirement of the system, but we are not sure whether it has actually been incorporated. John Love will follow up.

**What is XML? XML Overview:** Jonathan Lyon did an Introduction to XML, using Terry Garber's Power Point Presentation

- XML=Extensible Markup Language (Extensible, means the user makes up the tags.)
- XML= is a way of marking up a document to indicate what the data is. Selected language has start and end tags. (start) <> (end) <>. XML is a recommendation of the World Wide Web consortium (W3C). XML itself is NOT a standard. Some browsers will display it in a readable list format.
- Tamino is the database California is using for XML. It can interact with other databases. California will take X.12 formats, and they will data-enter paper returns and convert them to XML for their own data storage.
- Business rules in XML - you can use
- Data type definitions, and
- Schema - you can check rules against the data to validate it according to defined Business rules and structure.
- The schema can include URLs that will allow interactive exchange of data; example - when a filer connects, the state will automatically send a new tax rate, which will automatically be incorporated in the filer's data.
- There were many examples of where XML is currently being used or under development.
- There are a number of organizations (including TIGERS) working on standardized tags.
- X.12 to XML translator - We discussed the possibility of either creating a service bureau to do such translations or should FTA or some other group

develop a translator that all states could use, rather than buying more expensive commercial software. Most of the translator companies claim they can translate anything to anything (flat file, X.12, XML). Each state needs to evaluate their own current translator's capabilities in this regard and be ready for further discussion at the next meeting. California is evaluating what translator they will use. They hope to make a decision by the end of May.

- In XML, your schema can reference other schema, i.e. entity information such as being developed by other groups. Jonathan Lyons therefore feels we should concentrate on motor fuel specific schema; we can use the schema being developed by other groups for non-motor fuel specific information.
- XML could be an excellent tool for exchange of data between states. There's a free parser available to read XML files; since many states do not have translation software this will open up state-to-state data exchange. States will still have development costs for storing the data once they get it. Nebraska and Kansas will be discussing XML possibilities for state-to-state data exchange before the next meeting.

Future XML discussion items; *Migration Strategies, Common Implementation Strategies and Translation software*. The migration strategy is important so that industry will not be forced by any state, in the near future, to an XML only filing when they currently have put all their resources into X.12 filing. Timing for the "single point of filing" is important in what the "standard(s)" would be.

**FTA Fuel Tax Web Site:** The FTA web site (<http://www.taxadmin.org/>) has links to state revenue departments, state tax forms, and EFT information, but does not link well to similar motor fuel issues.

- Ray Watley showed a draft boiler-plate (motor fuel page) web page that the FTA web page would link. Each state would maintain their standardized page linking to their existing or to-be-developed resources on the state's webs.
- Missouri, Florida, Idaho and Kansas will try putting together a functional mock-up to look at next time.
- We should consider whether any of the links at [www.homestead.com/grayexcise/home](http://www.homestead.com/grayexcise/home) ought to be included on the FTA Motor Fuel page. We are also soliciting industry comments on what they would like to see added to the FTA motor fuel page - links, etc.

## **Technical Session**

**Review/Discussion of Enhancements to the EDI Implementation Guide:** Ray Grimm, Synergy, Inc. substituted for Stuart Beagles, Montana Department of Transportation.

- Indicated that IRS would use TS 826 to transfer confidential information.
- SUM added to map - Developed to allow taxing authority to pass summary information. Information that is not derivable from the schedule section of the map. i.e. gaseous permit fee. Can report this summary information to handle non-uniform reporting. Attempt to reduce the number of TIA codes. Different way to get standardized TIA code for information, interest and penalty. Just loop through again for each change.
- Most significant change made was to reduce the number of TIA codes.
- **If you do not plan to use a segment in your state, then just gray it out. That way it keeps it uniform among states.** It makes it easier for industry trading partners.
- Action item -Electronic Commerce Subcommittee needs to make a proposal that Forms Subcommittee and Electronic Commerce Subcommittee make a detailed analysis of the schedules and sub-schedules.

**EDI 4030 Implementation Guide:** Stuart Beagles reviewed the Draft September, 2001, Version 4030 EDI guide.

- Added Chapter II - Implementing the Uniform EDI Process
- Added XML chapter - Draft Schema for Motor Fuel

- Added TX 997
- Removed TS 820
- Modify TS 826
- The glossary is still blank. California will work on it.
- Stuart Beagles will use Missouri and ExSTARS examples as a basis for adding data examples to each segment for TS 813. He also will create TS 826 examples for each segment for TS 826. Stuart will adapt the IRS TS 151 examples.
- We will ask the full committee at the annual meeting to approve the September 2001 "North American Combined Reporting Methods, X.12 and XML Electronic Data Exchange Implementation Guide." (ANSI ASC X.12 V.4030; W3C XML Version 1.0) The Version.4030 map is not changing. We are adding further clarification, a glossary and data examples.

**Tennessee EDI Implementation Guide, Version 4030:** Presented by Ray Gribbsby, Tennessee Department of Revenue, Cheryl Gilson and Michele Schilawski, ZyQuest

- Eight pilots scheduled to start filing via EDI in Tennessee.
- Tennessee is providing ZyQuest software to trading partners.
- Light version of software distributed free to trading partners.
- EDI Program scheduled to start with distributors in Jan. 2001. Other filers (terminals) to start in 2002.
- With their Full Version (system receives imported detail), they have received successful filings from 2 partners.
- They also have a web filing option and a fax option where the return is faxed to the vendor who in turn keys the return.
- Phase 1 (distributors filing electronically) will be completed by the fall. They expect approximately 160 distributors to file.
- Electronic filing is mandatory. There are no incentives except that software is provided. Penalties do apply if a distributor does not file electronically.
- Their Lite Version (system receives information from filer keying it in) has some problems. It is not compatible with ZyQuest's application.

**Missouri Implementation Guide: Presented by Pat Gifford**

- Implementation of EDI (Version 4030) in Missouri is on a volunteer basis with testing beginning in July, 2001. They are also looking at possible incentives.
- The files will be sent ftp over the Internet.
- This implementation will be our first test Version 4030 to see if a taxpayer sends more data than required and whether the state can ignore the information that it does not require.
- They have learned a few things about the EDI guide. Some of the things that are required for IRS and by other states, if Missouri does not need they do not have to use data. If not used, Missouri will gray them out in their guide.

**Indiana EDI Implementation Plans: Presented by Linda Dollens**

- Hope to have their whole new fuel tax system up by January 1, 2002.
- They will be testing through July, 2002, which is their planned implementation date.
- They had a good response on their EDI survey to Indiana filers.

**Transaction Set 826:** Darrell Wissink reviewed Transaction Set 826. They are using it to share export reports with other states.

- Recommendation was made for states to receive and store net,

billed and gross gallons. This makes it possible to share information with neighboring states that may require gallons to be reported differently.

- No place in the TS 826 to report "No Activity". Stuart will fix this!
- Need to know if the TS 826 can be sent through ExTOLE. Bob will take this question to ExTOLE.
- Nebraska and Kansas are currently testing this.
- Decision was made to define ISA06 and ISA08 (ID qualifier) to be the 2-character state abbreviation code.

#### **Secure Environment to Transmit ExSTARS/ExTOLE Data and Data File Naming Conventions:**

- John Love indicated that once you are logged in, you are in a secure environment whether you are on-line querying data, or submitting information. There is no email in this system, but there is a secure messaging system when you are logged onto the system.
- Naming conventions in ExTOLE are necessary to avoid overwriting a file someone else had sent to the same state. John Love suggests adding a data/time stamp to your file name to make it unique.
- He says ExSTARS will put something in the file names for the files they post for the states indicating that it is 6103(d) data.
- We will look for their naming conventions, then consider using this for ideas on developing further standards.

#### **TIGERS - XML**

- XML is a tagged file not connected to the Internet until the file is ready to be submitted.
- Architecture has to be discussed.
- XML itself is more self-explanatory than EDI, easier for people to learn how to read more efficiently, and does not need as much staff to implement.
- California is implementing Motor Fuel XML by January 2002. They are working closely with TIGERS and the Electronic Commerce Subcommittee.
- Stuart has started the draft of the base schema for motor fuels by starting with the 813 map and modifying it from their building on the current EDI rules.
- XML and EDI need to be aligned
- Electronic Commerce Subcommittee will spend 80% of the time working on EDI issues and 20% of the time looking into and developing XML.
- Need to create an XML document by the end of this year.
- An XML overview (What is XML?) will be covered in the May agenda.
- The reason to move forward with XML now is to create a uniform standard before states start adopting unique standards.

#### **Development of a Motor Fuel XML Schema:** Stuart Beagles led the discussion on developing the Motor Fuel XML schema.

- EC Subcommittee spent over an hour reviewing various views of the XML development, including a Logical Data Model.
- TIGERS is working on having general tax XML guidelines by June, 2001. Other groups are working on name schema, etc., but we can not wait for them. California is actively working with TIGERS and has already developed a sales tax XML procedure.
- The motor fuel Schema can incorporate name schema, etc. as sort of plug-ins to its schema. You can also incorporate a URL in XML schema.
- California is now testing volume, stress, etc., on the impact XML file size increases over 813 file sizes. They will report the results at the Rapid City meeting on September 21, 2001.

For further information regarding committee activities or for further assistance contact the co-chairs of this Electronic Commerce Subcommittee:

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### **Model Legislation Subcommittee**

The Model Legislation Subcommittee is currently developing model legislation for diesel fuel dyeing. State and federal officials have long recognized the benefits of working together in their efforts at combating fuel tax evasion. With the recent changes at the federal level to move the taxation point to the terminal and requiring dyeing of untaxed diesel fuel, many states are working with the IRS to enforce specific provisions of this new law. While states can sign an agreement to enforce the federal law, additional strength is provided through enactment of individual state laws.

The model legislation being developed in this subcommittee would require all untaxed fuel to be dyed and make it illegal for unauthorized vehicles to use dyed fuel on the states' highways. It will give the state tax agency the authority to check vehicle fuel tanks and levy fines for using dyed fuel on the road. A possible *option* to be included would move the state taxation point to the terminal, following the federal standard. However, the dye enforcement provision would be separate from any *optional* provision on moving the point of taxation.

### **1994 - 1995 Model Legislation Subcommittee Report**

Currently, this subcommittee is working on model legislation for dyed diesel fuel and moving the point of taxation to the terminal rack.

### **1995 - 1996 Model Legislation Subcommittee Report**

The Model Legislation Subcommittee decided, and gained approval from the FTA Uniformity Committee, in Williamsburg, Virginia, in September 1995, for the model legislation document to be a legislation checklist instead of draft legislation.

The first draft of the Model Legislation Checklist was presented at the FTA Uniformity Committee meeting in Scottsdale, Arizona, in December 1995. Many excellent suggestions were made by the members of the Model Legislation subcommittee to improve upon the first draft of the document. These changes were incorporated into the checklist and presented again to the subcommittee in March 1996 in Raleigh, North Carolina. Again, many changes were recommended and incorporated into the draft checklist. The subcommittee presented these suggestions to the full FTA Uniformity Committee, in Raleigh, and they were approved. Most of the changes in the checklist dealt with definitions. After long discussions, it was decided to leave the definitions in the checklist and place a statement at the beginning of the definitions section that these definitions are for reference only and should be modified to fit any taxing authority legislative changes. The definitions used in the checklist have been defined for tax reporting purposes only and are not intended to be used as legal definitions. Other minor changes to the checklist were as follows:

- Place the "introduction" before the "Table of Contents."
- Move the "Definitions" section to the end of the document.
- List the different taxpayers' variations on tax-at-the-rack legislation and reference the states that use the different variations. The different variations are *Position Holder*, *Modified Position Holders*, and *First Receiver*.

The Model Legislation Checklist is still in draft form and the subcommittee will be working 1996-97 to finalize the document and have it ready to be adopted at the 1997 FTA Annual Motor Fuel Conference.



### **1996 - 1997 Model Legislation Subcommittee Report**

The subcommittee completed the Model Legislation Checklist and it was adopted July 97 by the full Uniformity Committee in St. Louis.

### **1997 - 1998 Model Legislation Subcommittee Report**

The Motor Fuel Tax Section adopted the Model Legislation Checklist in St Louis.

Since the adoption, the subcommittee has been working on seven topics that will eventually be included in the Model Legislation Checklist. The items are as follows: 1) Clear and Dyed Kerosene, 2) Buy/Sell Agreements between Suppliers, 3) Taxation of Alternative Fuels, 4) Racing Fuel, 5) Bad Debt Credits, 6) Exemptions, and 7) Third Party Credit Card Sales.

### **1998 - 1999 Model Legislation Subcommittee Report**

The subcommittee has been working on the seven topics that will eventually be added to the checklist. The main discussion has been on "Third Party Credit Card Sales". Future plans are to complete analysis of all items plus review the current checklist to make sure it is up to date.

### **1999 - 2000 Model Legislation Subcommittee Report**

The subcommittee has reviewed various checklist topics during this year. The majority of the discussion has centered on third party credit card sales, racing fuel, alternative fuels and tax on dyed kerosene. At the meeting in Lincoln, Nebraska, the subcommittee approved three checklists that were presented to the full committee and approved. **The approved checklists are Racing Fuel, Tax on Dyed Kerosene and Alternative Fuel.**

A change was requested to the motor fuels checklist in the Licensing and Bonding Requirements. under bonding requirements for sureties, section H should read "Taxpayer's prior filing, payment and audit history." The full Uniformity Committee approved this change.

The subcommittee also referred two requests for definitions to the Uniformity Chair, along with proposed definitions, for review.

The goals of the subcommittee for the next year will be to complete the third party credit card sales checklist and develop a checklist for the following issues:

1. Exemptions different from the Federal
2. Legislation to accept data through ExSTARS
3. Payment by credit cards
4. ACH Payment (Warehousing)

The subcommittee will also review the motor fuels checklist for consistency and propose corrections as necessary.

**2000 - 2001 Model Legislation Subcommittee Report**

The subcommittee completed three of the four agenda items left over from the previous year. Three checklists were worked on in Portland, Oregon, and completed at the Portland, Maine, meeting. These checklists were submitted and adopted by the full Uniformity Committee. They are:

- Federal and State Exemption Differences
- Accepted Third Party Credit Cards
- Electronic Payments

The goals of the subcommittee are not defined for the next year due to the merging of this subcommittee with various other subcommittees.

### **Advisory Group Subcommittee**

The Advisory Group Subcommittee (Point 10) is currently developing information on which states have not formed advisory groups. This subcommittee is expected to propose ways to improve the coverage of advisory groups.

#### **1994 - 1995 Advisory Group Subcommittee Report**

Currently, this subcommittee is working on achieving advisory groups in all states.

#### **1995 - 1996 Advisory Group Subcommittee Report**

This subcommittee is continuing working on achieving advisory groups in all states.

#### **1996 - 1997 Advisory Group Subcommittee Report**

No activities. Plan to start again late 97.

#### **1997 - 1998 Advisory Group Subcommittee Report**

The subcommittee completed the Advisory Group Member Checklist on September 12, 1998, and the full Uniformity Committee recommended that this document be adopted at the FTA Annual Motor Fuel Tax Conference in Denver, Colorado.

The subcommittee sent an Advisory Group Survey to all of the states. Once these surveys are returned, the subcommittee will start working in 1999 to put together a brochure to send out to all states to assist them in forming an Advisory Group.

#### **1998 - 1999 Advisory Group Subcommittee Report**

The subcommittee received all the Advisory Group Surveys from all of the States.

The subcommittee worked on taking the information from the surveys to put together a brochure to send out to all of the States.

The subcommittee will continue to work in 2000 to complete the brochure.

#### **1999 - 2000 Advisory Group Subcommittee Report**

The subcommittee completed the Advisory Group Brochure and the letter to be sent out with the brochures. The results of the Advisory Group Survey will accompany this mailing. The mailing is scheduled for fall of 2000.

In 2000-2001 the subcommittee will work on a new project focusing on how states handle compliance issues.

In 2000-2001, the subcommittee will continue their efforts to promote advisory groups in each state.

**2000 - 2001 Advisory Group Subcommittee Report**

The subcommittee did not start any new projects for this year. The subcommittee met and worked with the Information Sharing Subcommittee, since both subcommittees could jointly work on some of the projects.

The subcommittee did send out letters to all levels of the petroleum distribution chain and related entities for their participation and attendance at the September, 2001 Uniformity Meetings and the 2001 Motor Fuel Annual Meeting.

The Advisory Group Subcommittee has been merged with the Communication and Coordination Subcommittee.

## **Enforcement Subcommittee**

### **1997 - 1998 Enforcement Subcommittee Report**

Recognizing the efforts of the Uniformity Committee to curb tax evasion and to reduce inefficiency in state fuel tax administration, this subcommittee was announced at the last annual meeting. Janet Stege, Nebraska agreed to chair. Al Howard serves as the Industry Co-Chair.

Obviously, no program is successful without enforcement. Enforcement and education must go hand in hand. Education ensures taxpayers are aware of their responsibilities, and enforcement ensures taxpayer compliance.

It could be said that there are actually two aspects to law enforcement. One is the carrier enforcement officer actually on the road, checking for dyed diesel and for appropriate documentation for those hauling fuel. The second aspect is more administrative: processors knowing what to refer to investigators; auditors knowing when an audit should become an investigation; profiling information from processing information; sufficient penalties in place to warrant compliance.

This group should first focus on the coordination of the efforts of law enforcement officials. At this time, it appears many tax-collecting agencies do not have a close relationship with their carrier enforcement agencies. This committee could help the administrators become more aware of issues faced when checking on road vehicles.

Some goals for this subcommittee:

1. Serve to increase communication between tax administrators and law enforcement agencies.
2. Review the work of all other subcommittees to ensure the enforcement aspects are realistic.
3. Work toward having a breakout session at our annual meetings.
4. Share information to learn both success stories and failures.
5. Develop recommended guidelines for penalties for fuel tax.

Toward achieving goal number 5, a survey was distributed regarding penalty and enforcement issues. We have also been working with carrier enforcement officers to understand the many different organizations they already belong to. It appears our best way of working with these officers is to develop a coordinated effort with other organizations such as IFTA and IRP.

### **1998 - 1999 Enforcement Subcommittee Report**

The subcommittee met in January 1999 in Norfolk, Virginia, with 20 persons in attendance and again in June 1999 in Edmonton, Alberta, with 22 percent. Responses from the Enforcement Survey were distributed to all.

Al Howard, co-chair participated in the IFTA Law Enforcement training held in October 1998. We find this an effective way of reaching many officers who are also responsible for checking for dyed diesel violations and hope to continue our good working relationship with this group. We continue to look for ways to identify other organizations with enforcement committees to coordinate our efforts. The group continues to discuss enforcement issues on the Canadian and Mexican borders. We are also studying possible forged documents.

The group studied Resolution 9 from 1998 and recommended revisions in the language.

The Enforcement Subcommittee will sponsor a panel of audit and enforcement personnel in a breakout session at the annual meeting in South Carolina.

We are trying to monitor proposed federal legislation. Senator Chafee has introduced a transportation bill in the Senate containing a national weight distance tax.

### **1999 - 2000 Enforcement Subcommittee Report**

Suzanne Heidenreich serves as State Co-Chair and Al Howard serves as Industry Co-Chair for the FTA Enforcement Subcommittee. A special thanks to Janet Lake, Nebraska, for all her past work as co-chair. The Enforcement Subcommittee encourages attendance and welcomes any interested participants at our meetings. Participation has increased three-fold over the short life of the subcommittee.

The subcommittee sponsored an enforcement breakout session at the 1999 FTA Motor Fuel Annual Meeting in Myrtle Beach, South Carolina. A panel comprised of investigative, administrative, and audit speakers addressed various aspects of enforcement.

The subcommittee met in February 2000 in Tallahassee, Florida with 21 persons in attendance. During this meeting, the subcommittee focused on developing a list of objectives for the upcoming year. The objectives defined were:

- Develop clearinghouse for enforcement tools
- Identify Best Practices, What worked? - What didn't?
- Identify ExSTARS & ExTOLE successes
- Publicize case law successes and failures
- Publish Enforcement guides
- Identify Best use of limited enforcement personnel
- Gain Industry involvement
- Promote interest from Department of Transportation
- Encourage joint operations and/or audits
- Develop core group to train and inform
- Encourage more on-road enforcement officers to attend
- Don't overlook gasoline tax

The subcommittee again met in June 2000 in Lincoln, Nebraska with 38 persons in attendance. The goal of this meeting was to prioritize the list of objectives and select major objectives to focus efforts on during the next year.

At the September 2000 subcommittee meeting in Rochester, New York, team leaders will be chosen to develop strategies for each objective. The objectives defined for the upcoming year are:

- Train and Inform
- Encourage Joint Operations and Cooperative Efforts
- Import and Border Issues
- Promote Interest from Department of Transportation
- Encourage Use of ExTOLE
- Encourage Use of ExSTARS
- Encourage Industry participation

This subcommittee continues to serve as a "clearinghouse" for successful enforcement practices and to facilitate information sharing concerning new trends in fuel tax evasion. It has been the goal of the subcommittee to present a special guest speaker at each meeting to discuss successful programs/procedures in enforcement. These speakers are from state and federal agencies recognized for strong enforcement programs and to serve as models to other states. Feedback from participants has been very positive. We will continue to schedule guest speakers for future meetings.

**2000 - 2001 Enforcement Subcommittee Report**

Suzanne Flynn (Heidenreich) served as State Co-Chair and Al Howard served as Industry Co-Chair for the FTA Enforcement Subcommittee. The Enforcement Subcommittee has become part of the Compliance Subcommittee. Enforcement will continue to be a major concern for the Uniformity Committee.

The Enforcement Committee has been very active in the following objectives during the last 12 months:

- Encourage Joint Operations and Cooperative Efforts  
Leader -- Amber Carpenter (Montana)
- Import and Border Issues  
Leader -- Dina Hay (California)
- Promote Interest for/from Department of Transportation personnel  
Leader -- J.W. Bryan (Kentucky)
- Encourage Use of ExTOLE  
Leader -- Angela Altice (North Carolina)
- Encourage Use of ExSTARS  
Leader -- Dave Skinner (Florida)
- Encourage Industry Participation in Subcommittee  
Leader -- Eldon Andrus (Exxon-Mobil)

The Enforcement Subcommittee pledges its support to the Compliance Subcommittee.

## **Education Subcommittee**

### **2000 - 2001 Education Subcommittee Report**

This was a new subcommittee created in 2000 - 2001. The Subcommittee worked on the Motor Fuel Tax Advanced Training and revising the Motor Fuel Tax Basic Training.