

The Uniformer

**MESSAGE FROM THE
FTA MOTOR FUEL TAX
SECTION CHAIR -
JOE O'GORMAN**

Over the Thanksgiving weekend Donna and I moved into a new house. I'm not a big one for change, so you can imagine what a traumatic experience this was for me. But, when the boxes – several of which were perched on "my" chair – were finally emptied and I realized this was a move for the better, I began to feel comfortable.

In many ways the challenges and the tasks we have in front of us in the Motor Fuels Section are the same way, a new beginning. Not from the capable leadership or steady guidance of the past, but to assure that it continues in the future. One of the things that guarantee's our future is the commitment we continue to make. We must continue to stand up to every challenge, every task and every question. The greatest thing about the Section is that it's only as strong and as effective as we the partners make it. It's not one state, one company or even one chair – it's all of us. Your thoughts and concerns, both positive and negative, is the foundation this great organization is built upon. If there was a theme that I would like to see attached to this year, it would be one of awareness. Aware that the Section is only as strong as we make it.

Aware that everyone's thoughts and opinions matter.
Aware that we must never fall into a sense of complacency.
Aware that we must prepare for every challenge.

Aware that we must work together, industry and government, to continue to be effective.

Several years ago a determined group of people were faced with a mountain of problems, but through their efforts those mountains became the stepping stones to the future. Now we must show the same zeal and determination as we look to use those stepping stones to pave the way to an even brighter future. There's work to be done with alternative fuels. There's work to be done to stay a step ahead of those looking to find ways to evade motor fuels tax. There's plenty of work to be done in the e-commerce area as states inch towards electronic filing.

We are very fortunate to have Christy Dixon and Bill Gray accept the position of Uniformity Co-Chairs. Christy has given a great deal to the Section over the years and certainly will not only be one of the most capable state chairs, but truly one of the most deserving. Several times I've had to pick up the phone and ask Bill to take on another responsibility within Uniformity and each and every time he has willingly accepted. No matter what the task the Uniformity Committee has been better for it because of his knowledge and work ethic.

A few years ago Angela Altice made my life a lot easier when she was the Uniformity Vice-Chair. Again I find myself surrounded by great support with Robynn Wilson as the Section Vice-Chair. Her guidance – and thoughts - will be deeply

appreciated and needed, as are those of the Section Coordinator Cindy Anders-Robb. A debt of gratitude is owed to Eddie McCormick for his sacrifice, dedication and continued friendship. Just as Bob Beck, Jack Crago, Don Paswater, Peter Steffens, Cindy Anders-Robb, Dale Shuirmann, Julian Fitzgerald, Janet Lake, Steve Miller and Rollie Marr, to name a few, the Section is better because of Eddie's efforts. Now we certainly wish Eddie McCormick the best in his new efforts as he moves to the private sector.

In closing let me thank you all so much for everything you do to make Motor Fuels the envy of the FTA – and it's all because of you.

**NOTE FROM THE UNIFORMITY
COMMITTEE INDUSTRY
CO-CHAIR
BILL GRAY**

I consider it a great honor to be named as the new Uniformity Committee Industry Co-Chair. I have worked with Excise Taxes for 26 years, 17 as Sinclair's Excise Tax Manager and have been active in the Uniformity Committee since it was reestablished about ten years ago. In my experience, this partnership of government and industry is unique. I sincerely appreciate the many state motor fuel tax administrators that willingly give industry an opportunity to express its views and especially appreciate the fact that so many of you sincerely want to understand industry's

perspective as you consider your policies and procedures.

This past year has been very productive for each of the Uniformity subcommittees. As the past co-chair of the Electronic Commerce subcommittee I've watched the growth of electronic filing and tracking systems across the country. This yields many advantages to fuel tax compliance but also has brought with it some challenges.

As the states begin to obtain data in a more useable format and use IT systems to cross-match the data, industry has experienced a very large increased burden as demands from the states and from ExSTARS escalate. This has manifested itself in various forms including: increased inquiries regarding loads not matching with other parties; assessments of interest and penalties and burdensome requirements relating to prior period transactions; an expectation of 100% compliance in reporting destination states, FEINS for all parties, IRS terminal control numbers (TCNs); and other data requirements relating to regrades (product reclassifications), etc. While much of this is understandable from the state's perspective, much of industry is feeling increasingly overburdened and punished for its efforts to comply and assist in identifying fuel tax evasion.

I hear from some states that some companies, including large well-known ones have serious reporting problems. I understand that there has been a tremendous

strain placed on industry personnel due to mergers, layoffs, and other pressures, but I hope now that the dust is settling a little that any companies having recurring reporting problems will be able to get this under control. It's important that we fully cooperate and comply with the fuel tax reporting requirements; not just to comply with the law, but also to maintain the trust and respect of the state administrators.

I also hope the states and the ExSTARS administrators will mentally step back and consider again the burden that is placed on industry with each request and demand. Please ask yourself if this policy, request or demand will truly further the overriding goals of collecting 100% of the tax due, or will it simply satisfy some technical requirement. Do some of the technical requirements need to be reconsidered?

I hope that industry and government will continue to enjoy the good relationship we've had through the FTA Motor Fuel Tax Section and specifically through Uniformity Committee participation. Such cooperation and understanding is beneficial to all of us.

Thank you to everyone that spends so many hours in contributing to this effort. While it is a tremendous commitment and investment by our states and our companies I feel that it is an investment that yields great dividends.

***NOTE FROM THE UNIFORMITY
COMMITTEE STATE CO-CHAIR
CHRISTY DIXON***

First, I would like to take this opportunity to thank my colleagues for allowing me the privilege of serving as the Uniformity State Co-Chair for 2003.

I anticipate the upcoming year being very busy as the Uniformity Committee continues to work towards achieving uniformity, improving state fuel tax administration, and minimizing fuel tax evasion. The goals and challenges before us cannot be achieved without the continuing support and success of the partnership between industry and government.

I will strive to do my best in the following year to follow in the footsteps of my predecessors and to work with the Executive Committee and the Subcommittees to ensure the success of the Motor Fuel Tax Section Uniformity Project.

Thank you again for the privilege, honor, and confidence of serving as your Uniformity Committee State Co-Chair for 2003. I look forward to working with each of you in the coming year. If I can be of any assistance, please do not hesitate to contact me.

***NEW COLUMN IN THE
UNIFORMER***

Starting with this edition, we will have a new column entitled "Ask Dave." Dave Skinner (Florida) has volunteered to do a column on inquiries he receives regarding

Comprehensive Fuel Tax Reporting (CFTR)

The Canadian Fuel Tax Project has made some progress recently on the CFTR project. The sub-committee has developed the fuel tax reporting framework, including the information to be filed and the reporting reconciliation and control features that they would like in a fuel tax reporting model and to provide for improved overall fuel accountability. This has been reviewed and general agreement provided by all provinces and the federal government (the Canada Customs Revenue Agency). The next phase of work on this project will be to undertake an Opportunity Assessment to describe the data requirements including alternatives and recommendations on dataflow and data exchange. This will include a "gap" assessment of the information (data) requested to the legislative requirement for the information, to the current filing of the information or to the ability of industry to provide the information that is being requested. Another key part of the Opportunity Assessment Phase of work will be to undertake a peer experience sharing review of the lessons that have been learned for both industry and for state level governments or the IRS in the significant amount of work that has been undertaken south of the 49th parallel. Plans to take advantage of the lessons learned by the "US experience" are being formulated.

This phase of work will also develop a business case to proceed with the next phases of development, and a work plan to

undertake the next phases of work. The Canadian Fuel Tax Project has agreed to contract with an independent consultant to undertake this Opportunity Assessment phase of work, and in the course of doing this work, this consultant plans to employ or consult with knowledgeable experts involved in automating fuel tax software on behalf of governments or industry.

If anyone would like any information on this matter, please contact Ken Duggan at 780-427-9994 or Ken.Duggan@gov.ab.ca

UNIFORMITY COMMITTEE

The FTA Motor Fuel Tax Section Uniformity Committee met at the Sheraton Anchorage Hotel, in Anchorage, Alaska on September 21, 2002. National Past Chair Steve Miller (ID) called the meeting to order. Sixty-one were in attendance.

Minutes

The minutes from the May Uniformity Committee meeting in Portsmouth, Virginia were approved.

SUBCOMMITTEE REPORTS

Compliance Subcommittee

Carol Player (South Carolina) reported twenty-two (22) attended the meeting. The committee discussed the responses to the "Best Practice Survey". Twenty-four states have responded. The committee also discussed the taxation and tracking of jet fuel along with dyed fuel enforcement.

Electronic Commerce Subcommittee

Bill Gray (Sinclair) reported twenty-one (21) attended the meeting (5 by conference call). The new committee Co-chairs were introduced. State Co-Chair Doreen Warren (ID) and Eldon Andrus (Exxon Mobil). The subcommittee discussed the following:

- Electronic Data Interchange Implementation Guide, Version 4030, September 2002
- EC Guide, Version 4030, September 2003 Proposed Changes
- Prior Period Transactions and Amended Processing
- Training Needs
- Motor fuel E-Commerce Survey
- Uniform Flat File Format for State to State Exchange of Information
- Colorado EDI Checker
- Security Issues in Internet Based Motor Fuel Electronic Tax Filing

Forms Management Subcommittee

Christy Dixon (OK) reported that eighteen (18) attended the meeting. The subcommittee discussed the following:

- Blenders Report
- Miscellaneous Tax Report
- Product Codes for dyed bio-diesel and A-55 blends
- Reviewing the Uniformity Booklet
- Goals for 2003

Communication and Coordination Subcommittee

Ron Travis (BP) reported that the

committee discussed the following:

- Bio Diesel survey (31 States responded)
- Current Federal Energy Bill
- Cross Border Project
- Review the Eleven Point Plan
- Goals and objectives for 2003

The September 2002 Uniformer was passed out. (attached to minutes)

FHwA Update - Linda Morris said that Sherri Alston would be updating everyone on Tuesday at the annual meeting.

Canadian Update - Ken Duggan reported he would be updating everyone on Monday at the annual meeting.

IRS Update - Tim Torri reported that Ricky Stiff would be updating everyone on Tuesday at the annual meeting.

Old/New Business

Cindy mentioned that all information and minutes would be put out on FTA's web site. She also requested that all subcommittees have their minutes to her by October 14.

Next Meeting

The next Uniformity Committee meetings are scheduled:

- January 11-12, 2003
San Antonio, Texas
- May 2-3, 2003
San Diego, California
- September 19-20
Charlotte, North Carolina

REMINDER

Starting with the January meeting, the subcommittees will be meeting all day Friday and

continue until noon on Saturday. The Full Uniformity Committee meeting will start Saturday at 1:30 p.m. to 5:00 p.m. Make your travel plans accordingly.

The Meeting adjourned.

UPCOMING MEETINGS AND TRAINING

The **May 2003** Motor Fuel Tax Section Uniformity Committee meeting is scheduled for Subcommittee meetings on **May 2, 2003** and the morning of **May 3, 2003**. The Main Uniformity meeting is scheduled for the afternoon of **May 3, 2003** in San Diego, California. The meeting will be at the San Diego Downtown Courtyard. The special rate at the Courtyard is \$92 single/double plus 10.55% (current) tax rate. Make your reservations directly with the hotel by calling **(800) 321-2211**. Make certain to inform the hotel that you are attending the **Federation of Tax Administrators** meeting to receive the special rate. The address of the hotel is 530 Broadway, San Diego, CA 92101. The direct phone number is (619) 446-3000. Please note that the cut-off date for the hotel reservation is **April 1, 2003**.

The **September 2003** Motor Fuel Tax Section Uniformity Committee meeting is scheduled for Subcommittee meetings on **September 19, 2003** and the morning of **September 20, 2003**. The Main Uniformity meeting is scheduled for the afternoon of **September 20, 2003** in Charlotte, North Carolina. The meeting will be at the Hilton University Place

Hotel. The special rate at the Hilton is \$89.00 single/double plus 13% (current) tax rate. Make your reservations directly with the hotel by calling **(800) 445-8667**. Make certain to inform the hotel that you are attending the **Federation of Tax Administrators** meeting to receive the special rate. The address of the hotel is 8629 JM Keynes Drive, Charlotte, NC 28262. The direct phone number is (704) 547-7444. Please note that the cut-off date for the hotel reservation is **August 19, 2003**.

Training Classes

FTA and ExxonMobil, with the participation of state tax agencies and the petroleum industry, are offering the Motor Fuel Tax Basic Level Training Course February 2-5, 2003, in Houston, Texas.

The hotel selected is the Courtyard Houston near the Galleria but the seminar will take place at the ExxonMobil Training Facility in Houston.

For more information check FTA's web site at www.taxadmin.org

The Investigation Course will be offered in August 2003 and the Advanced Course will be offered in December 2003. Information will be mailed out shortly.

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