

# The Uniformer

## **MESSAGE FROM THE FTA MOTOR FUEL TAX SECTION CHAIR CAROL PLAYER**

As my tenure serving as National Chair draws to a close, it seems appropriate to reflect upon the past year. Let me just say that it is certainly true that time flies when you're having fun and come to think of it, time even flies even when you are not having so much fun.

I am truly thankful for the opportunity to have been involved in each of the regional meetings. I learned that geographical influences do shape the focus of each meeting and that we can educate each other through these differences. Participation in the Annual Meeting and Uniformity Committee throughout the year, provide us with the forum to work out solutions to the problems that we face together. I can attest to the fact that South Carolina has benefited from my involvement with you and encourage your continued participation.

Speaking of not having so much fun, what thoughts do you have when you hear the words "biodiesel" and "ethanol"? I have to confess that I seem to have more questions than answers as the challenge of addressing the emergence of these products continues. But I am not discouraged because I have some impressive resources at my disposal. Let me thank you in advance as I will likely have questions for you.

Thanks again to the Southern Region for having confidence in me and also thanks to Cindy for making sure that I was in the right city at the right time.

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

As the industry state Co- chair of Uniformity I would like to thank Mr. Bob Bray for all of his hard work and dedication to the Compliance Sub as well as Doreen Warren for her hard work and dedication to E-Commerce committee and at the same time I would like to welcome Richard Shirk who will be replacing Bob and Darrell Wissink who will be replacing Doreen. I would also like to thank all of the current co-chairs who have agreed to stay on for at least 1 more year. I feel it is to time to acknowledge the sacrifices you make in order to participate in the Uniformity program. Your knowledge is immense and dedication is apparent. I know I speak for Donna as well when I say we truly appreciate everything you do to make these meetings productive and we thank you and look forward to working with you over the next year.

## **MESSAGE FROM THE UNIFORMITY COMMITTEE STATE CO-CHAIR DONNA ALDERMAN**

Many people, working long hours over numerous years, have collectively developed the

Uniformity Project Book. This book is a working document for states and industry, which should be used as a road map for motor fuels administration. During the next year I plan to discuss various facets of the Project Book with this article focused on the Model Legislation Checklist.

The Legislative Checklist is intended to be a guide for states who are considering legislative changes to their motor fuels laws. It is not intended to identify one preferred method of filing or to supersede any state procedures. As other issues are presented this checklist will be modified. Issues discussed within the checklist are as follows:

- Who are the intended licensees?
- Licensing and bonding
- Who should file returns and pay the tax?
- Licensee lists
- Cross border fuel movement
- Documentation of fuel movement
- Electronic filing
- Electronic payment
- Clear or dyed diesel
- Clear or dyed kerosene
- Racing fuel
- Exempt uses and refunds
- Enforcement
- Penalties
- Refund or credits for bad debts
- Alternative fuels

Issues that are not included in checklist should be referred to either Uniformity Committee Co-Chair, who will then refer the request to the Co-chairs of the Communications and Coordination Subcommittee. All

thoughts and ideas are welcomed and appreciated.

**CANADIAN FUEL TAX  
COUNCIL (FTC) UPDATE  
CHARLES GREENOUGH**

During our semi-annual meeting in April, the Steering Committee gave their approval to establish sub-committees for the development of e-filing standards, and a field auditor training course. Our next meeting will be held in Ottawa, October 19<sup>th</sup> and 20<sup>th</sup>. At the meeting we will be introducing our web site, which will be launched before the end of the year. The final edits to the first edition of the Basic Fuel Tax Training Manual are completed.

**E-Filing**

The Fuel Tax Council (FTC) is moving forward with the development of standards for e-filing of fuel tax returns. The province of Alberta will be accepting electronic fuel tax returns within the next 2 years. Alberta has offered to play a lead role in this project.

The first meeting of the E-Filing Standards Sub-Committee was held in Mid-June. Using the Alberta system as the pilot, the Sub-Committee will be developing common business rules, data standards, and product codes. As the standards are developed we will be working with the FTA on common product codes. The first draft of the manual has been circulated to the jurisdictions and industry for their comments. The first tests of the Alberta system are planned for the fall of 2007.

**Field Audit Training**

The Field Audit Training Sub-Committee held its first working session in June. The Sub-Committee finalized the course outline, work assignment and milestones. The Mock Field Audit Training Session will be held June 12, 13 and 14, 2006.

**Web Site**

In co-operation with the Canada Revenue Agency, the FTC will be launching their web site in the late fall. The web site will be located on the *Canada Revenue Agency Secure Partnership Intranet Web Site*. Postings for the web site will include training calendar, common definitions, contact lists, and FTC Binder.

**FTC Basic Fuel Tax Training**

In April, the Council held its first Basic Training Session. Participants from both industry and government, from all across Canada were in attendance. Based on the responses to the course evaluation, the Basic Training Sub-Committee expanded the return preparation, review and desk audit sections of the course

Courses are scheduled for Calgary, November 28, 29 and 30; Vancouver, December 14, 15 and 16; and Edmonton, January 9, 10, and 11.

The FTC Basic Training Sub-Committee would like to thank Cindy and the FTA for their assistance in providing materials for this course. For those

interested, this course will be available to the FTA.

**Alternate Fuels**

Currently, the generic fuel tax return has no means of reporting alternate fuels. As jurisdictions mandate the use of alternate fuels, the reporting of these on the generic return has become a reporting issue. The government and industry Sub-Committee will be making recommendations at our fall Steering Committee meeting for the preferred method of reporting alternate fuels.

**JOINT FEDERAL/STATE  
MOTOR FUEL TAX  
COMPLIANCE PROJECT  
STEERING COMMITTEE**

**New England Task Force and  
New Jersey Task Force**

Representatives from six states (Connecticut, Maryland, New Jersey, New York, Pennsylvania, and Rhode Island), three Canadian provinces (New Brunswick, Ontario, and Quebec), The Federal Highway Administration, and the Internal Revenue Service attended the task force meeting held in Philadelphia on December 6<sup>th</sup> and 7<sup>th</sup> 2005.

Each representative provided a summary of their unit's activities. Topics discussed at the meeting included imports/exports between the U.S. and Canada, the memorandum of understanding being developed between the States and Canadian provinces, and information on EXTOLE.

A key issue that concerns the task force is fuel that comes into

the U.S. from Canada and the fuel that is exported from the U.S. to Canada. The task force is concentrating on ways to improve the exchange information not only between States, but between the States and Canadian provinces.

#### **California Task Force and Northwest Task Force**

The Northwest Task Force (NWTF) and the California Task Force held 2 combined meetings in the past year. On September 25, 2005, met in Omaha, Nebraska, coinciding with the National FTA Motor Fuels Tax Section annual meeting. 17 people attended the meeting, representing from Oregon, Nevada, Washington, Montana, California, Wyoming, Utah, Idaho, Alaska, and the IRS. In addition to updates on audits of mutual interest, licensing issues, and other compliance information sharing, the task force discussed biodiesel movement between states, Nevada's new EDI mandate, and updates on court rulings related to fuels taxation of Native American tribes. The task force also began discussions on the impact of dwindling federal tax compliance funding from the Federal government and the impact it may have on joint activities and attendance at task force meetings.

NWTF and the California Task Force also met in Jackson Hole, Wyoming on April 30, 2006, coinciding with the FTA Pacific Region Motor Fuels Tax Conference. 32 people attended the meeting, representing the states previously listed and IRS. Regular agenda topics related to

audits and compliance issues were augmented by discussions of the recent Supreme Court ruling on the Kansas / Native American case, the impact of biodiesel on compliance activities, current and potential state tax incentives for alternative fuel production / use and their impact on compliance activities, a discussion of Texas's law related to collection of other states' taxes based the destination, and other topics.

At the conclusion of the conference, the NWTF and the California Task Force reconvened to discuss the possibility of combining the task forces given the broader collaborative needs of both groups. The 2 task forces also agreed to apply for new Federal compliance funding under SAFETEA-LU.

#### **North Carolina Task Force and Florida Task Force**

Over the years, the NC Task Force and the FL Task Force have been holding joint task force meetings to discuss motor fuels related issues. Since the member states of each of these task forces face similar problems and concerns, it was more feasible to hold joint task force meetings to address these issues. This allowed more members to participate in larger meetings addressing issues concerning motor fuels tax administration and enforcement efforts.

During the past three years, six (6) joint task force meetings have

been held at the following locations: April 2003- New Orleans, LA; October 2003- Charleston, WV; December 2004- Charleston, SC; April 2005- Destin, FL; December 2005- Nashville, TN; and May 2006- Louisville, KY.

The attendees of these meetings have been representatives from the following state and federal agencies, as well as from various industry groups: eleven (11) different states Departments of Revenue and/or Departments of Transportation; three (3) federal agencies; various states' Law Enforcement and State Attorney Generals' offices; and various industry members, consultants, and industry groups. The joint task force meetings have also included members of SASHTO (Southeastern Association of State Highway Transportation Officials) because both groups attempt to address issues with regard to motor fuel tax administration.

The meetings are held for 1 ½ day sessions. In addition to individual states, federal agencies, and industry reporting on what is happening in regard to motor fuels tax administration in their agency/company, guests have made presentations concerning various motor fuels topics. In addition to the presentations, the group takes on action items that each member is asked to research with regard to their individual agency/company and to discuss the results at the next meeting. Members have benefited from the networking of individuals in discussing common issues and concerns. Also, a

point of contact has been identified for each state or federal agency to discuss matters should they arise in the normal course of business.

The topics discussed at these meetings include, but are not limited to, the following topics: audit/enforcement efforts in dealing with fuel tax evasion; fuel tracking systems; legislation; case studies; motor fuels projects initiated; funding issues; bills of lading; bio-diesel and ethanol; state/federal reactions to the recent various disasters; high gas prices; and best practices.

Due to limited travel budgets and the time constraints of the various members of the task force, it has been determined that one meeting will be held in the early spring of each year and that a second meeting will be held prior to the FTA Southern Region Annual meeting held in June of each year. This meeting format will begin in 2007.

#### **NETASK Task Force Nebraska**

The NETASK session was hosted by the Indiana Department of Revenue, with Mark Ratliff and Kathy Raikes presiding. They began the session with slides of a bus which produced biodiesel within the confines of the converted bus to be used to propel the bus on the highway.

This was followed by discussion of the results of a biodiesel field test which Indiana conducted in late 2005. They started by passing a biodiesel test kit around, followed by discussion of the test results. This test kit identifies the presence of

biodiesel in diesel fuel. Of 261 trucks tested, 24 (9%) indicated the presence of biodiesel in concentrations ranging from 1% to over 7%. They also tested several retail locations. One station which indicated they were selling biodiesel, showed no biodiesel in the test!

Indiana also handed out a "Terminal Visit Report" used when visiting terminals. Several states indicated that this appeared to be a good "checklist" and they would consider using it when visiting their own terminals.

The various task forces were asked for any reports or updates. None were presented.

The State of Ohio provided a copy of a video showing how water can be broken down into its components, hydrogen and oxygen, and used as HOH gas as a power source. The video began by demonstrating how the gas could be used to replace acetylene and ended by demonstrating how the gas could be used to propel motor vehicles.

The session ended with Nebraska's discussion of the continuing audit issue of gains on retail inventory. Iowa indicated they have begun to look for this phenomenon and have identified it as an issue on a current audit.

Closed session attendance was approximately 40. Attendance at the general MSATA session was 66, comprised of 49 state representatives, 14 industry representatives, and one each from the IRS, FHWA, and the FTA.

#### **Texas Task Force and PUBLICUS Task Force**

No reports submitted by the cutoff date.

#### **UNIFORMITY COMMITTEE**

The FTA Motor Fuel Tax Section Uniformity Committee met at the Marriott in Oklahoma City, Oklahoma on June 3, 2006. Uniformity Chair Donna Alderman (NC) called the meeting to order. Fifty-two (52) were in attendance.

#### **Minutes**

The minutes of the January 2006 Uniformity Committee meeting in Dana Point, CA were approved.

#### **Presentation**

Donna Alderman (NC) gave a presentation on "Out of Period Transactions".

#### **SUBCOMMITTEE REPORTS**

##### **Compliance Subcommittee**

Rick Shirk (OH) reported that twelve (12) were in attendance. The committee discussed the following:

- Best Practices Manual (disclosing sensitive information)
- Dyed Fuel Issues
- Current trends in evasion
- Railroad Issues
- Training

### **Electronic Commerce Subcommittee**

Doreen Warren (ID) reported the two sessions discussed the following:

### **Not Too Technical**

*(35 in attendance) (this was combined with Forms Management meeting).*

- Paper Returns translated to EDI
- State EDI Guides
  - Iowa was approved
  - South Carolina's updates were approved
- FTA Guide, version 4030
- IRS Update
- ExSTARS Update

### **Technical**

*(38 in attendance)*

This time was devoted to the Product Code Committee. See Forms Subcommittee minutes for details.

### **Full Committee Approved**

Paper return translated to EDI

### **Full Committee Approved**

Guide to reporting on "Products Received Different than Products Sold Below the Rack" on the Uniform Distributors Schedules

### **Full Committee Approved**

Updates to the EDI Guide for 2006

### **Forms Management Subcommittee**

Herman Wisneski (MN) reported that this committee met with

Electronic Commerce. There were thirty-five (35) in attendance. The subcommittee discussed the following:

- Ultra-Low Sulfur Diesel
- Product code requests
  - Iowa
  - Michigan
  - IRS vs. FTA
- Use of multiple returns
- Schedule code request from Kansas
- Review of Maryland's tax returns
- Product code ad-hoc Committee

### **Full Committee Approved Sub-Schedules**

Credit or Deduction for Alternative Fuel – 13K

### **Full Committee Approved Product Code**

259 – Hydrogen

### **Full Committee Approved**

FTA Uniformity Committee will be the "keeper of the codes". The committee will be responsible for determining and assigning any product codes requested by any taxing authority.

### **Full Committee Approved**

FTA adopted the IRS 4 letter blended product codes (B, D, E & M) and issue future percentage blended product codes beginning with an alpha character.

### **Full Committee Approved**

The existing numeric codes will be retained in the Uniformity

Booklet except where there is a conflict with the percentage blending codes.

### **Communication and Coordination Subcommittee**

Bob Crawford (MD) reported that twenty-two (22) were in attendance. The subcommittee discussed the following and the January 2006 *Uniformer* was passed out. (See minutes for the publication)

- White paper/issue paper on bio diesel and other alternative fuels
- Comparison of the US/Canadian definitions
- Update of the two brochures
- Review the Model Legislation section of the Uniformity Booklet
- Define Racing Fuel

### **Full Committee Approved**

The comparison of the US definitions to the Canadian definitions white paper be incorporated into the Uniformity Booklet

### **Full Committee Approved**

Motor Fuel Tax Section Uniformity Brochures on the Benefits of the Motor Fuel Tax Uniformity Committee and Advisory Groups

### **Full Committee Approved**

Revision of the Model Legislation Checklist

### **FHwA Update**

No update.

**Canadian Update**

Charles Greenough reported that the mock class went really well. The Canadian Fuel Tax Council is working on the following items:

- Inventory Reporting
- MOU's
- Generic Returns and Alternate Fuels Reporting
- Field Audit Training
- EDP Audit Project
- E Filling Project
- Joint Audit

**IRS Update**

Rich Little gave this update at the EC Subcommittee on Friday. See EC minutes for details.

**Old/New Business**

Carol Player, National Chair gave a brief update on the Diversion Registry. The Steering Committee and Subcommittee chairs will be the advisory board for the Diversion Registry.

Carol Player, National Chair **THANKED** everyone that worked on the Product Code and Diversion Registry ad hoc committees.

The full committee discussed the following:

- 2290 Heavy Vehicle Tax Form
- Heavy Crane movement using Dyed Diesel Fuel

The full committee discussed having a presentation on what is Hydrogen and P series fuel.

Cindy Anders-Robb requested that all minutes, agenda, project tracking forms and year end

reports be submitted to her by July 14.

**Next Meeting**

The next Uniformity Committee meetings are scheduled as follows:

**Uniformity**

October 6-7, 2006  
Hyatt Regency Albuquerque  
Albuquerque, NM

**Annual Meeting**

October 8-11, 2006  
Hyatt Regency Albuquerque  
Albuquerque, New Mexico

The meeting was adjourned.

**UPCOMING TRAINING 2006****Advanced Training**

November 12-16, 2006  
Myrtle Beach, South Carolina

**UPCOMING MEETINGS 2007****Uniformity Meeting**

January 19-20, 2007  
Renaissance Portsmouth  
Portsmouth, Virginia

**Advanced Investigation Training**

January 28-February 1, 2007  
Austin, Texas

**Pacific Region**

April 29-May 1, 2007  
University Marriott  
Tucson, Arizona

**Northeastern Region**

May 20-22, 2007  
New Jersey

**Uniformity Meeting**

June 1-2, 2007  
Pittsburgh Marriott  
Pittsburgh, Pennsylvania

**Southern Region**

June 17-19, 2007  
Wilmington Hilton  
Wilmington, North Carolina

**Uniformity Meeting**

September 28-29, 2007  
Baton Rouge Hilton  
Baton Rouge, Louisiana

**Annual Meeting**

September 30- October 3, 2007  
Baton Rouge Hilton  
Baton Rouge, Louisiana

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