



*FTA Motor Fuel Tax Section*

Federation of Tax Administrators • 444 North Capitol Street, N.W., Washington, D.C. 20001 • 202-624-5890

---

**TO:** Uniformity Subcommittee Participants

**FROM:** Cindy Anders-Robb  
Manager – Motor Fuel Tax

**SUBJECT:** Uniformity Meetings

**DATE:** December 26, 2013

The **January 2014** Motor Fuel Tax Section Uniformity Committee meeting is scheduled for Myrtle Beach, South Carolina. The Subcommittees will meet all day **January 24, 2014**. The Main Uniformity meeting is scheduled for **January 25, 2014**. (*The meetings are on Friday and Saturday*) The meeting will be at the Myrtle Beach Marriott. The special rate at the Marriott is \$83.00 plus 13% tax. Make your reservations directly with the hotel by calling **(843) 449-8880**. Make certain to inform the hotel that you will be attending the “Federation of Tax Administrators” meeting to receive the special rate. The address of the hotel is 8400 Costa Verde Drive, Myrtle Beach, South Carolina. Please note that the cut-off date for the hotel reservation is **January 3, 2014**.

The **April or May 2014** Motor Fuel Tax Section Uniformity Committee meeting is currently being scheduled for the end of April or first of May.

The **September 2014** Motor Fuel Tax Section Uniformity Committee meeting is scheduled for Jackson, Wyoming. The Subcommittees will meet all day **September 26, 2014**. The Main Uniformity meeting is scheduled for **September 27, 2014**. (*The meetings are on Friday and Saturday*) The meeting will be at the Snow King Hotel. The special rate at the Snow King is \$117.00 plus 15% tax. Make your reservations directly with the hotel by calling **(800) 522-King or (307) 733-5200**. Make certain to inform the hotel that you will be attending the “Federation of Tax Administrators” meeting to receive the special rate. The address of the hotel is 400 E Snow King Avenue, Jackson Hole, Wyoming 83001. Please note that the cut-off date for the hotel reservation is **September 3, 2014**.

**PRELIMINARY AGENDA**  
**FTA Motor Fuel Tax Uniformity Committee**  
**Myrtle Beach, South Carolina**  
**January 24-25, 2014**

---

**Friday 8:00am – 5:00pm**  
**January 24, 2014**

**Subcommittee**

**Room One**

1:00pm – 5:00pm  
Communication & Coordination  
Compliance  
**(Both subcommittees are  
meeting together in the afternoon)**

**Room Two**

8:00am – Noon  
Electronic Commerce  
Forms Management  
**(Both subcommittees are  
meeting together in the morning)**

1:00pm – 5:00pm  
Electronic Commerce  
**(Technical Session)**

---

**Saturday 8:00 am to noon**  
**January 25, 2014**

**FTA Full Uniformity Committee**

1. Introduction
2. Approval of minutes
3. Presentations
4. Subcommittee Reports and Recommendation  
Each subcommittee will give a report of the subcommittee and any recommendations for the Full Uniformity Committee to vote on.
  - Communication & Coordination
  - Compliance
  - E-Commerce
  - Forms Management
5. Old Business
6. New Business
7. Next Meeting
8. Adjourn

**1:00 pm to 5:00 pm**  
**Subcommittee will continue to meet if necessary**

**PRELIMINARY AGENDA**  
**FTA Motor Fuel Tax Uniformity Committee**  
**Jackson, Wyoming**  
**September 26, 2014**

---

**Friday 8:00am – 5:00pm**  
**September 26, 2014**

**Subcommittee**

**Room One**

1:00pm – 5:00pm  
Communication & Coordination  
Compliance  
**(Both subcommittees are  
meeting together in the afternoon)**

**Room Two**

8:00am – Noon  
Electronic Commerce  
Forms Management  
**(Both subcommittees are  
meeting together in the morning)**

1:00pm – 5:00pm  
Electronic Commerce  
**(Technical Session)**

---

**Saturday 9:00 am to noon**  
**September 27, 2014**

**FTA Full Uniformity Committee**

9. Introduction
10. Approval of minutes
11. Presentations
12. Subcommittee Reports and Recommendation  
Each subcommittee will give a report of the subcommittee and any recommendations for the Full Uniformity Committee to vote on.
  - Communication & Coordination
  - Compliance
  - E-Commerce
  - Forms Management
13. Old Business
14. New Business
15. Next Meeting
16. Adjourn

**1:00 pm to 5:00 pm**  
**Subcommittee will continue to meet if necessary**

# FTA MOTOR FUEL UNIFORMITY COMMITTEE

Fargo, North Dakota

September 21, 2013

## Minutes

The FTA Motor Fuel Tax Section Uniformity Committee met at the Holiday Inn Fargo, Fargo, North Dakota. Jeremy Neeck (MN) Uniformity State Chair called the meeting to order. **Fifty (50)** were in attendance. (See attached list of attendees)

## Minutes

The minutes of the May 2013 Uniformity Committee meeting in Houston, Texas were approved.

## Uniformity Chairs

State Co-Chair Jeremy Neeck – State of Minnesota

Industry Co-Chair Bob Donnellan – Global Companies LLC

## Subcommittee Chairs

Compliance Subcommittee

State Co-Chair Cindy Mongold – State of Kansas

Industry Co-Chair Rae Taki – Shell Oil

Communication and Coordination Subcommittee

State Co-Chair Christy Dixon – State of Oklahoma

Industry Co-Chair Anne Nicholson, Exxon Mobil

Electronic Commerce Subcommittee

State Co-Chair Hal Lovell – State of California

Industry Co-Chair Gene Holland, ConocoPhillips

Forms Management Subcommittee

State Co-Chair Lee Gonzalez, State of Florida

Industry Co-Chair Scott Louie – Chevron

## Presentation – Open Discussion

- Diversions
- Terminal Operator Reports-ExSTARS only shows supplier and not the next level. A problem for first (1<sup>st</sup>) receiver at the rack. IRS has the information, but it is not given to the states.
- Consignee
- Refunds-Regenerated Diesel Fuel
- New Funding Sources for Transportation-sales tax on motor fuel-State of Minnesota is looking at adding sales tax to motor fuel. Effective 1/1/14, Indiana is going from prepaid sales tax to use tax for gasoline.
- Bonded Jet Fuel-no taxes due (fuel used for international flights)
- Gains and Losses for alternative fuels (CNG, LNG, etc.)
- Prior Period Adjustments
- V-Grade Sub-Octane Gasoline-Magellan only 84 grade available and is mixing with ethanol to 87 octane.-RINS is driving this.
- Racing Fuel

## **Subcommittee Reports**

### **The Compliance Subcommittee**

Cindy Mongold (KS) reported there were thirty-four (34) in attendance. The committee discussed:

**Training Schedule Update**-Motor Fuel Basic Training will be October 24-27, 2013 in Sacramento, California.

**Dyed Diesel Stats**-The dyed fuel stats spreadsheet was provided. The category with the most violations continues to be personal vehicles.

**IRS Update**-There was no representative from the IRS.

**White Paper Document "Compliance Tools"**-the subcommittee discussed and approved the final draft of the "Compliance Tools" document.

**Refineries not delivering regular no lead gas to terminals** - open discussion regarding this issue indicates that due to federal blending requirements, RIN's and cost of refining 84 octane vs 87 octane is the driving trend.

**Natural Gas taxation when sold to customer for taxable and non-taxable use**- request for how states handle these types of sales:

- Drilling Rigs
- Railroad
- Marine

The committee discussed this and will report back to the requestor that state statutes and regulations govern this.

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

The subcommittee watched the following three (3):

- Renewable natural gas from landfill power refuse vehicles
- CNG stations being built
- Home Phil station installation and use

Articles distributed:

- "CNG and LNG and the present & future use of these fuels by commercial fleets"
- "The New Way to Tax: Pay Per Mile Driven"

(See the minutes of this subcommittee for more details)

**Approved by the Full Committee**

•**The following White Paper Document to be added to the 2014 Uniformity Book**

**Compliance Tools  
2013**

•**Audits**

The Webster dictionary defines audit as ‘a formal or official examination and verification of an account book’.

There are many points in the motor fuel distribution chain between refinery and the retail pump at your local station or truck stop in which audits are performed. Even if your state’s point of taxation is at the rack you may not want to rule out auditing other points in the distribution chain. At all points of the distribution chain the objective of an audit is to verify that all gallons are accurately reported and tax paid to the proper taxing authority.

- |                     |                           |
|---------------------|---------------------------|
| ❖ Refiner           | ❖ Producer/Manufacturer   |
| ❖ Terminal Operator | ❖ Alternative Fuel Dealer |
| ❖ Supplier          | ❖ User                    |
| ❖ Distributor       | ❖ Liquid Fuel Carrier     |
| ❖ Retailer          | ❖ IFTA Licensee           |
| ❖ Blender           |                           |

Audits are performed at customer sites or through virtual means (see Virtual Audits white paper document in the FTA Motor Fuel Tax Section Uniformity Book), but with either method a good audit plan is necessary to result in a good audit, however an audit does not always result in an assessment of tax.

A good audit plan includes;

- ✓ Pre-Planning
- ✓ Understanding the Industry
- ✓ Understanding Accounting System
- ✓ Interviewing individual(s) responsible for accounting for and filing motor fuel reports
- ✓ Determining type of system in use
- ✓ Assessing internal controls
- ✓ Knowing your source documents
- ✓ Determining what the system captures, records and reports
- ✓ Understanding transaction flow
- ✓ Verifying how system handles each type of transaction
- ✓ Keeping an open mind, eyes and always alert, looking for areas that carry the highest risk for error or fraud
- ✓ Tracking transactions and payments
- ✓ Validating third party records
- ✓ Maintaining detailed notes and documentation

You may also find it beneficial to perform a joint audit with the IRS or other states.

**•Fuel Tracking**

Fuel Tracking is the process of reconciling data elements reported on a source return to the information reported by a third party. A source return or third party data is defined as receipt, disbursement, or delivery schedules that are filed with a taxing jurisdiction. These schedules are found on terminal operator, terminal supplier, distributor, and petroleum carrier reports, among others. The reconciliation process typically links the source record to third party data by means of a license and document (bill of lading) number. If the transaction is found on one report, but not on the other, it is identified as an exception. Exceptions identify recording errors (i.e. source document had the wrong purchaser or seller Federal Employer Identification Number (FEIN)) or transactions that were never reported. Exceptions may be a sign of lost revenue and should be reviewed by a taxing jurisdiction.

Fuel Tracking can also be used to find discrepancies in source or third party data. This is accomplished by comparing the data elements reported on a schedule of receipts (customer) to the data elements reported on a schedule of disbursements (seller). Taxing jurisdictions can also reconcile data elements on an information report (petroleum carrier, terminal operator, etc.) to source returns to identify discrepancies. Data elements include product type, point of destination and origin, mode of transportation, date shipped/received, carrier FEIN, and gallons. If the tracking system is able to link a transaction by document number, product type, and FEIN, all other data elements should match. Discrepancies in data elements, such as gallons, point of origin, or point of destination, may identify lost revenue and should be reviewed by a taxing jurisdiction.

Note - Due to the volume of data that is matched, fuel tracking is typically an automated process that relies on internal or external software.

**Example 1:** The following is an example of an exception. In this case, the distributor failed to report the correct seller FEIN. Instead of listing 104523504 as the seller FEIN, the purchaser listed 104523506. Therefore, the receipt and disbursement schedules could not be linked and an exception was generated.

Terminal Supplier (Disbursement) <b>Seller FEIN – 104523504 ***** Error</b>	Wholesaler (Receipt) Purchaser FEIN - 161353957
Document Number – 123AAC	Document Number – 123AAC
Purchaser FEIN - 161353957	<b>Seller FEIN – 104523506 ***** Error</b>
Carrier FEIN - 581456987	Carrier FEIN – 581456987
Product Type - 124	Product Type - 124
Point of Destination - 18500001	Point of Destination - 18500001
Point of Origin - 138734427	Point of Origin - 138734427
Mode of Transport - J	Mode of Transport - J
Date Shipped – 01/01/2013	Date Received – 01/01/2013
Gallons – 4,000	Gallons - 4,000

**Example 2:** The following is an example of a detailed exception. In this case, the terminal supplier reported 4,000 gallons instead of 400. Therefore, additional tax is due on 3,600 gallons of gasohol.

Terminal Supplier (Disbursement) <b>FEIN - 104523504</b>	Wholesaler (Schedule 1A) FEIN - 161353957
Document Number – 123AAC	Document Number – 123AAC
Purchaser FEIN - 161353957	<b>Seller FEIN - 104523504</b>
Carrier FEIN - 581456987	Carrier FEIN - 581456987
Product Type - 124	Product Type - 124
Point of Destination - 18500001	Point of Destination - 18500001
Point of Origin - 138734427	Point of Origin - 138734427
Mode of Transport - J	Mode of Transport - J
Date Shipped – 01/01/2013	Date Received – 01/01/2013
<b>Gallons – 4,000 ***** Error</b>	<b>Gallons - 400 ***** *Error</b>

**•Diversion Review**

Diversion is defined as product shipped from a terminal to a state or jurisdiction other than the destination state or jurisdiction indicated on the original bill of lading issued at the terminal.

Diversion reporting may or may not be required in your state, but reviewing diversion information even when not required by state law can be a deterrent to motor fuel tax evasion.

If your state subscribes to the National Fuel Diversion Registry Program you will receive notification whenever your state is impacted due to a diversion being filed with the registry, when your state is the origin or destination. This will allow you to review the affected customer’s filing(s) to ensure the proper gallons and tax are reported.

There is an annual fee to subscribe to the National Fuel Diversion Registry Program. Contact the FTA.

Diversion review is a good compliance tool even if your state does not statutorily require diversion reporting.

**•Import/Export Information Exchange Between States**

Exchanging import/export information between states is an important part of monitoring compliance. Cross-border evasion has been an issue for many years. It is especially true when a state is surrounded by state(s) with lower fuel tax rate(s). Many states exchange export information with destination states today. There are a few different options available for the exchange of information. EDI files can be transmitted safely and translated by the receiving state for review. Other states not using EDI have found exchanging information through e-mail in flat file format to work for them. However, since the discontinuation of ExTOLE, states have found it to be more cumbersome due to the need for multiple passwords for various states secure e-mail systems. There are some states that still wish to receive export information through the postal service either by printed reports or the export schedules submitted with the monthly return by the customer.

You should contact those states that you need to exchange information with to determine what method works best for both states.



## •Dyed Fuel Enforcement Programs

Effective January 1, 1994, in an effort to reduce fraudulent use of untaxed diesel fuel, the federal government required diesel fuel sold for off-road use to be dyed red. Penalties were imposed for the use of dyed fuel in highway vehicles of \$1,000 or \$10 per gallon, whichever is greater. In addition to the penalty, the road tax would also be assessed. The penalty is for each occurrence and is increased for subsequent violations. The federal government's statute also allows for a penalty of \$1,000 if an individual refuses to allow an inspection. If a fuel sample is tested and contains any trace of red dye, the IRS considers this to be a violation. The federal government fuel inspectors are Fuel Compliance Officers (FCO) and Fuel Compliance Agents (FCA) and are employed by the IRS.

Many states have developed their own dyed fuel programs. In some states the diesel fuel compliance programs often involve participation of multiple state agencies. It is preferable for fuel inspectors to have the authority to stop vehicles traveling on the highway in order to check for the use of dyed fuel. Law enforcement personnel such as State Highway Patrol officers or Motor Vehicle Inspectors who routinely inspect vehicles for safety violations may be the best choice to perform inspections for use of dyed diesel. States must determine the penalty amounts that will be assessed at the state level for violations. Some state programs have adopted the federal penalties.

Testing of samples to determine presence of dye may be performed in a petroleum laboratory. These labs are often operated by the state's Department of Agriculture. States also have the option of contracting with the Internal Revenue Service to do the testing at their labs.

If your state is considering developing a dyed fuel program there are several things that should be considered. Some examples are;

- ✓Do your statutes support the taking of fuel samples?
- ✓Do you have an MOU (Memorandum of Understanding) signed with the IRS to partner with them in dyed fuel enforcement?
- ✓Who has the authority to stop a vehicle?
- ✓Where will the laboratory testing take place?
- ✓Have penalties been determined?
- ✓Who will train your fuel inspectors or enforcement personnel?
- ✓Talk to states that have an existing dyed fuel program

If your state does not have a dyed fuel enforcement program today, chances are there is dyed fuel being used on your state highways and roads. When dyed fuel programs are first developed you may see a high percentage of violations; but as time goes on, percentages should diminish due to the presence of fuel inspectors in the field.

## •Publicity of Prosecuted Fuel Tax Cases

States have found that publicizing prosecuted fuel tax cases can be a deterrent to evading motor fuel tax. Publicity has ranged from local to national news media and even state websites. When cases are made public, both states and industry can benefit from the

information provided. The more known about current trends, evasion schemes and individuals involved, the more diligent we can all be in the fight against motor fuel tax evasion. State confidentiality statutes should always be considered before releasing any information regarding tax evasion.

### •ExSTARS

Excise Summary Terminal and Reporting System (ExSTARS) is a federal Internal Revenue Service (IRS) system. ExSTARS requires monthly reporting and focuses on the terminal distribution level and processes data reported by terminal operators and bulk carriers. Each taxable fuel facilities is issued a facility control number (FCN). Fuel terminals are issued a terminal control number (TCN), and refineries are issued a refinery control number (RCN) by the IRS. Each terminal (TCN), and vessel or pipeline operator is required to electronically file a monthly report in ExSTARS which includes inventory balances and detailed product distribution information.

To participate and review ExSTARS data, each state will need to sign an MOU with the IRS. Each state wishing to receive ExSTARS data will first have to pass the IRS security review. Once approved, individuals will receive a User ID and Password to be used to access the ExSTARS system on the Internet to download the data specific to your state. It is important to remember that ExSTARS is an IRS system and IRS confidentiality rules apply; therefore there are special handling guidelines depending on whether the data the state received according to IRC 6103(d), or IRC 6103 (c). If the data is subject to IRC 6103(d) provisions it must be secured to a higher level. Refer to IRS Publication 1075 Tax Information Security Guidelines for Federal, State and Local Agencies and Entities or contact your IRS security liaisons. For IRC 6103(c) data also referred to as 813 data, it is treated as state data, and can be handled with state confidentiality rules.

As a state, if you are relying on terminal reports, manifest and import information from other states, you may not be getting a complete picture of fuel movement in your state. ExSTARS is a national accounting system of all products entering and leaving terminals throughout the United States. ExSTARS allows you the opportunity to view information regarding loads of fuel leaving an out of state terminal destined for your state to verify proper reporting and tax calculations.

**For additional information regarding audits or any compliance tool, you may want to contact the FTA regarding available training opportunities.**

### **Forms Management Subcommittee**

Lee Gonzalez (Florida) reported that this committee met with Electronic Commerce. There were forty-three (43) in attendance. The subcommittee discussed the following:

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

**Georgia Forms Review**-The forms review team reviewed Georgia's Distributor Report for uniformity and found the following need to be resolved before the form will be considered uniform:

- General Instructions – Remove O (other) as possible mode code.
- Schedule of Receipts/Disbursements – Eliminate city/state from point of origin and destination.

After further discussion by the committee, it was determined city would be acceptable and Georgia indicated that it would remove the mode code "O" from the return. The committee approved Georgia's return as being uniform.

**Oregon Schedule Code Request**-the state of Oregon requested four (4) new schedule codes to be used on their Motor Vehicle Fuel and Aircraft License Tax Report.

- Gallons Received-Originating County and City Tax Paid. Used to identify gallons received tax paid.
- Gallons Sold for Export-Originating City and/or County Tax Paid. Used to identify gallons exported from city and county jurisdictions.
- Tax Exempt Sales in City Jurisdiction. Used to identify gallons sold tax exempt in jurisdictions at the city level.
- Tax Exempt Sales in County Jurisdiction. Used to identify gallons sold tax exempt in local jurisdictions at the county level.

The committee reviewed the request but have additional questions for Oregon. The requests were tabled until the January meeting.

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

**Uniform Motor Fuel Sales Tax Form**-the committee discussed the need for a uniform motor fuel sales tax return. The report would provide a means to track receipts and disbursements and calculate sales tax on gallons sold at wholesale. A team will design and propose a tax form at the January meeting.

**Schedule Code Request- (Mixed Gassy Liquids)**-A request was submitted to FTA for new product codes for mixed stream fuels. This request was considered at a previous uniformity meeting and the committee does not see the need at this time to track mixed stream fuels for taxing purposes. An email was sent to the requestor outlining this decision.

### **Industry Issues**

- Georgia-had a recent law change regarding an exemption of sales tax on aviation fuel. The state provided multiple interpretations of the law change, which caused industry to extend an exemption in error. A suggestion was made for industry to request a formal opinion/ruling prior to the initial billing.
- Oregon-moved forward with the VMT (vehicle mileage tax) pilot. Industry is concerned about how retail stations will distinguish between pilot and non-pilot vehicles and how will retail stations provide exemption?

*(See the minutes of this subcommittee for more details)*

**Approved by the Full Committee**

**•Georgia’s return as being uniform.**

The **Electronic Commerce Subcommittee**

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

**EDI REF Segment**-Group discussed the fact that the IRS might not need this segment anymore. The committee reviewed a release on the IRS website related to this segment and believe the best solution is to update the segment with a note in the FTA guide that the IRS no longer requires this field to be used at this time. The committee will leave the segment in the guide with this notation.

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

**Creation of Form on Obtaining FTA Approval for Efile System** –The committee is working on a simple handout that will summarize the steps that a state should follow to get FTA’s approval for their Efile systems (forms, Efile Guide, XML schema, etc).

**X12/EDI Guide for the State on North Carolina** –The committee approved the State of North Carolina’s EDI Implementation Guide.

*(See the minutes of this subcommittee for more details)*

**Approved by the Full Committee**

**•North Carolina’s EDI Implementation Guide**

The **Communication and Coordination Subcommittee**

Christy Dixon (OK) reported that thirty-four (34) were in attendance.

The subcommittee discussed the following and the September, 2013 *Uniformer* was distributed.

**2013 Taxation, Diversion and Alternative Fuels Booklet**-booklet was available at the 2013 FTA Motor Fuel Annual Meeting.

**2013 Native American Booklet**- booklet was available at the 2013 FTA Motor Fuel Annual Meeting:

**Buy/Sell Agreements and Flash Title Agreements**-this project was tabled until the January meeting.

**White Paper document “Motor Fuel Tax Issues with Natural Gas and Other Alternative Fuels 2009”**-The subcommittee discussed the revised document and a few more revisions were made. The committee approved the document.

**Alternative Fuels Section of Model Legislation**-the subcommittee approved the following revision to be added to the current Alternative Fuels Section of the Model Legislation:

**J. Conversion Rates**

When considering taxing CNG (Compressed Natural Gas), LNG (Liquefied Natural Gas) and other alternative fuels, we suggest using the applicable Federal Conversion rates.

**White Paper Document on “Motor Fuel Tax Issues with Natural Gas and Other Alternative Fuels 2009”**-the subcommittee discussed the revised document and the committee approved the document.

**White Paper Document on “Inventory Gains and Losses”**-this was tabled until the January meeting.

**Open Discussions**

None

*(See the minutes of this subcommittee for more details)*

**Approved by the Full Committee**

- **Revision to Alternative Fuels section of Model Legislation**
- **The following White Paper Document to be added to the 2014 Uniformity Book**

**Motor Fuel Tax Issues with Natural Gas  
and Other Alternative Fuels**

**Background**

Due to various market forces including fluctuating fuel prices 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
- Renewable Diesel
- Ethanol
- Natural Gas (CNG & LNG)
- Propane (LPG)
- 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), Alternative Fuel Vehicles and Alternative Fuels, U.S. Department of Energy website, <http://www.fueleconomy.gov/Feg/current.shtml>

**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.

**RENEWABLE DIESEL** - Produced from biological sources Renewable Diesel meets all diesel ASTM D975 (Diesel) or D396 (Fuel Oil) standards. This product can be transported in pipelines with no upgrades required, unlike biodiesel which requires truck or rail transports. Renewable diesel (or green diesel) has a structural difference from biodiesel; it contains no fatty acid methyl esters and has no cold flow issues. Renewable diesel is produced using similar refining processes for producing petroleum diesel.

The key difference between renewable diesel and biodiesel is its chemical structure. Biodiesel contains fatty acid methyl esters (FAME), which are long, complex chains containing carbon, hydrogen, and oxygen. Renewable diesel is made up of totally organic hydrocarbons (hydrogen and carbon atoms only) just like petroleum diesel. Another difference is renewable diesel can be made from the sugars, starches, and cellulose material abundant in plants versus just using the seeds. Furthermore, with renewable diesel, various types of sewage and otherwise unusable waste streams such as used motor oil, fats, greases, waste vegetable oil, waste plastic materials (grocery bags, water bottles, etc.), and municipal solid waste (MSW) can also be used as feedstock.

**Advantages & Disadvantage of Renewable Diesel**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>•Not reliant on a crude feedstock</li> <li>•Meets ATSM D975 and D396 standards</li> <li>•Can be transported via pipeline</li> <li>•Compatible with existing diesel engines</li> </ul>	<ul style="list-style-type: none"> <li>•Cost</li> <li>•Supply Availability</li> <li>•Labeling Requirements</li> </ul>

**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**, ASTM D5798-11 specifications for E85 is a gasoline-ethanol blend containing 51% to 83% ethanol and can be used in flexible fuel vehicles (FFVs), which are specially designed to run on gasoline, E85, or any mixture of the two. State statutes may require a different ethanol % in order to be considered E85. 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.

**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.

Compressed natural gas (CNG) is typically stored in a tank at a pressure of 3000 to 3600 psi.

Liquefied natural gas (LNG) is super-cooled and stored in its liquid phase at -260° F in special insulated tanks.

Natural gas is usually measured by volume and is stated in cubic feet. For taxing purposes, natural gas consumed as a fuel in motor vehicles would be converted to either gasoline gallon equivalent (GGE) or diesel gallon equivalent (DGE) based on the energy content or British Thermal Units (BTU's). Conversion equations vary between states, however the Uniformity Committee (January 2013) is researching the issue and hopes to provide guidance to the states when converting natural gas to GGE/DGE gallons. (This paper will be revised to reflect the decision.)

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 growing in popularity in the US. Currently, Natural Gas Cars are in production in many European and South American countries. People are looking for alternative energy vehicles. Natural gas vehicles are gaining demand with about 120,000 NGV's on U.S. roads today and more than 15.2 million worldwide, but are still way behind other alternative energy vehicles primarily because of the difficulty in refueling these vehicles. In recent years, companies have successfully driven natural gas vehicle use by building fueling stations and supplying natural gas under multi-year contracts to fleets at costs significantly less than the per-gallon cost of gasoline or diesel. Many companies have either purchased Natural Gas Vehicles or are converting their existing fleet to run on natural gas. With the increase in Fleet use, there are large companies with distribution outlets across the country issuing

Request for Proposal to heavy-duty CNG Station Operators that are able to provide heavy-duty CNG fueling stations at or nearby their locations. Fleet use should lead to greater consumer use in the future.

Public transportation across the country has been using CNG for decades. Currently, about 12-15% of public transit buses in the U.S. run on natural gas (either CNG – compressed natural gas or LNG – liquefied natural gas). That number is growing, with nearly one in five buses on order today slated to run on natural gas. States with the highest consumption of natural gas for transportation are California, New York, Texas, Georgia, Massachusetts and Washington, D.C.

In the U.S. alone, NGV’s offset the use of nearly 360 million gallons of gasoline in 2011.

At present there **are limited natural gas stations available nationwide, but are showing steady growth.** Refueling at a fast-fill CNG station takes no longer than tanking up with gasoline. As the fueling infrastructure builds for CNG, the inconvenience of limited public fueling opportunities is softened by the availability of filling up at home. There is at least one company that currently offers an in-home refueling station. This refueling appliance can be installed in a garage or outside a home to allow refueling using a home's natural gas supply. The refueling appliance requires an extended period of time to fill the fuel tank. In many cases, vehicles fueled up at favorable natural gas home rates can operate at a reduced rate per gallon than gas or diesel.

**Advantages & Disadvantage of CNG & LNG**

<b>Advantages</b>	<b>Disadvantages</b>
<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 &amp; diesel</li> <li>• Convenient slow fill home fueling</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> <li>• Slow fill home fueling can take an extended period of time</li> <li>• Motor fuel tax billing for home refueling stations</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.

**At this time only light-duty propane fleet trucks and vans are available with OEM (original equipment manufacturer); however LPG-fueled light duty passenger cars and trucks can be purchased in the U.S. from a dealer with prep-ready engine packages and be converted to run LPG.** In addition 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 & Disadvantage of LPG

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>•85% of LPG used in U.S. comes from domestic sources</li> <li>•Fewer toxic and smog-forming air pollutants</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>

**ELECTRICITY** – While the EPA site does not list electricity as a fuel type, for purposes of this discussion it’s 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 & Disadvantage 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 &amp; long distance travel)</li> <li>•Emissions shifted to electric plants</li> <li>•Electricity billing issues</li> </ul>

**HYDROGEN (H2)** - 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 can be produced domestically from several sources, reducing our dependence on petroleum imports. Several significant challenges must be overcome before it can be widely used.

### Advantages & Disadvantage of Hydrogen

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>•Can be produced domestically from several sources</li> <li>•Environmentally Friendly</li> </ul>	<ul style="list-style-type: none"> <li>•Expensive to produce</li> <li>•Limited availability</li> <li>•Limited vehicle availability</li> <li>•Cost of vehicle</li> <li>•Contains much less energy than gasoline</li> <li>•Danger from very high pressure, low temperature storage tanks</li> </ul>

Various costs, efficiencies, ability to be renewable and other benefits have increased use of these fuels. For example, ethanol, has public acceptance and is widely used, not only due to price and its ability to be renewable, but as an additive to gasoline as an oxygenate. The primary use is to reduce the production of carbon monoxide in the burning of the fuel. While the ester compound MTBE was previously used as an oxygenate, it has been found that it

contaminates groundwater, especially during leaks of underground storage tanks, and states have moved to ban its use. A blend of gasoline and ethanol, usually E10, is used as a replacement for MTBE.

## 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 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.

**Renewable Diesel:** The product is often interchanged with biodiesel. States need to have a clear understanding of which product is before them before any categorization occurs. The origin of the feedstock, plant or animal vs. crude, seems to be one determining factor for categorization. As well as the fact that renewable diesel meeting ASTM D975 standards is another.

**Compressed and Liquefied Natural Gas** – Conversion of CNG and LNG to GGE and DGE varies between states and the federal government which causes reporting issues for industry.

Each jurisdiction would need to determine how to collect the motor fuel taxes on the fuel dispensed into vehicles from refueling stations at an individual’s home. If your state does not require separate metering for the home fill units it will be difficult to determine gallons dispensed into a motor vehicle. 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 ever 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. Fuel type may be determined by characters in the VIN, however this may not be a reliable or complete picture given the number of aftermarket conversions. 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.

### **Canadian Update**

Report to be given at the Annual Meeting

### **New Business**

Announced the new 2014 Uniformity Committee Chairs and Co-Chairs:

State Co-Chair Lee Gonzalez, State of Florida  
Industry Co-Chair Bob Donnellan – Global Companies LLC

### **Subcommittee Chairs**

Compliance Subcommittee  
State Co-Chair Jeremy Neeck – State of Minnesota  
Industry Co-Chair Rae Taki – Shell Oil

Communication and Coordination Subcommittee  
State Co-Chair Christy Dixon – State of Oklahoma  
Industry Co-Chair Anne Nicholson, Exxon Mobil

Electronic Commerce Subcommittee  
State Co-Chair Hal Lovell – State of California  
Industry Co-Chair Gene Holland, ConocoPhillips

Forms Management Subcommittee  
State Co-Chair Cindy Mongold – State of Kansas  
Industry Co-Chair Scott Louie – Chevron

### **Next Meeting**

The next Uniformity Committee meeting is scheduled for January 24 and 25, 2014 in Myrtle Beach, South Carolina. The meeting was adjourned.

# FTA UNIFORMITY COMMITTEE

## Fargo, North Dakota

21-Sep-13

Present?	State/Company	Phone	Email Address
	Albin, Michael	ACS Government Solutions	602-412-2011 <a href="mailto:mike.albin@xerox.com">mike.albin@xerox.com</a>
<b>XX</b>	Anders-Robb, Cindy	Federation of Tax Administrators (FTA)	307-632-4144 <a href="mailto:cindy.anders-robb@taxadmin.org">cindy.anders-robb@taxadmin.org</a>
<b>XX</b>	Arndt, Doug	ND Tax Commission	701-328-2050 <a href="mailto:darndt@nd.gov">darndt@nd.gov</a>
	Autry, Beth	Musket Corp/Love's Truck Stop	405-302-6522 <a href="mailto:betha@loves.com">betha@loves.com</a>
	Baldwin, Sarah	Husky Marketing & Supply Company	614-210-2326 <a href="mailto:sarah.baldwin@huskyenergy.com">sarah.baldwin@huskyenergy.com</a>
<b>XX</b>	Bakshi, Ashwani	Arizona Department of Transportation	602-712-7626 <a href="mailto:abakshi@azdot.gov">abakshi@azdot.gov</a>
	Benton, Linda	Kentucky Dept of Revenue	502-564-3853 <a href="mailto:linda.benton@ky.gov">linda.benton@ky.gov</a>
	Bianchi, Donald	PA Department of Revenue	717-783-2518 <a href="mailto:dbianchi@pa.gov">dbianchi@pa.gov</a>
	Bickle, Michelle	Shell Oil Company	713-241-9489 <a href="mailto:michelle.bickle@shell.com">michelle.bickle@shell.com</a>
	Bock, Maureen	OR Dept of Transportation	503-378-2934 <a href="mailto:maureen.bock@state.or.us">maureen.bock@state.or.us</a>
<b>XX</b>	Bonaccorso, Shirley	Louisiana Dept of Revenue	225-219-2690 <a href="mailto:shirley.bonaccorso@la.gov">shirley.bonaccorso@la.gov</a>
	Bowers, Kristin	Musket Corp/Love's Truck Stop	405-254-3408 <a href="mailto:kristinb@loves.com">kristinb@loves.com</a>
<b>XX</b>	Boyete, Glenn	Mississippi Department of Revenue	601-923-7151 <a href="mailto:glenn.boyette@dor.ms.gov">glenn.boyette@dor.ms.gov</a>
	Branch, Melanie	Shell	713-241-1845 <a href="mailto:melanie.branch@shell.com">melanie.branch@shell.com</a>
<b>XX</b>	Breland, Josh	Shell	713-241-2213 <a href="mailto:josh.breland@shell.com">josh.breland@shell.com</a>
	Bryer, Scott	New Hampshire Dept of Safety	603-271-2387 <a href="mailto:bryers@safety.state.nh.us">bryers@safety.state.nh.us</a>
	Bullock, Traci	SC Department of Revenue	803-896-1748 <a href="mailto:bulloct@sctax.org">bulloct@sctax.org</a>
	Bujno, David	NH Department of Safety	603-233-8075 <a href="mailto:david.bjuno@dos.nh.gov">david.bjuno@dos.nh.gov</a>
	Burdick, Doug	Fuel Quest/ZyTax	850-294-0084 <a href="mailto:doug.burdick@fuelquest.com">doug.burdick@fuelquest.com</a>
<b>XX</b>	Callaway, Rick	Canadian Fuel Tax Council	403-471-7022 <a href="mailto:rick.callaway@fueltaxcouncil.com">rick.callaway@fueltaxcouncil.com</a>

FTA UNIFORMITY COMMITTEE  
 Fargo, North Dakota

21-Sep-13

Present?	State/Company	Phone	Email Address
	Cano, Martin	Texas Comptroller of Public Accounts	713-426-8288 <a href="mailto:martin.cano@cpa.state.tx.us">martin.cano@cpa.state.tx.us</a>
	Cheung, Tella	Shell Oil Products	713-241-2917 <a href="mailto:tella.cheung@shell.com">tella.cheung@shell.com</a>
	Compton, Deborah	Exxon Mobil Corporation	713-431-2737 <a href="mailto:deborah.compton@exxonmobil.com">deborah.compton@exxonmobil.com</a>
	Davenport, Kirk	Texas Comptroller of Public Accounts	512-463-3849 kirk.davenport@cpa.state.tx.us
	Dearie, Erin E	International-Matex Tank Terminals	504-619-2420 <a href="mailto:erindearie@imlt.com">erindearie@imlt.com</a>
<b>XX</b>	Dixon, Christy	Oklahoma Tax Commission	405-522-4197 cdixon@oktax.state.ok.us
<b>XX</b>	Donnellan, Robert	Global Companies LLC	781-398-4247 <a href="mailto:rdonnellan@globalp.com">rdonnellan@globalp.com</a>
<b>XX</b>	Dougherty, Michael	FHwA	202-366-9234 <a href="mailto:michael.dougherty@dot.gov">michael.dougherty@dot.gov</a>
	Drewry, Amy	Louis Dreyfus Commodities	816-218-2336 <a href="mailto:amy.drewry@ldcom.com">amy.drewry@ldcom.com</a>
	Dudek, Sabrina	NuStar Energy LP	210-918-3654 <a href="mailto:sabrina.dudek@nustarenergy.com">sabrina.dudek@nustarenergy.com</a>
	Engelken, David	Tank Management Service Inc	785-233-1414 <a href="mailto:david@tankmagmt.com">david@tankmagmt.com</a>
<b>XX</b>	Evanston, Carolyn	Indiana Department of Revenue	317-615-2510 <a href="mailto:cevanston@dor.in.gov">cevanston@dor.in.gov</a>
	Farish, Dan	Murphy Oil USA Inc	870-864-6466 <a href="mailto:dan_farish@murphyoilcorp.com">dan_farish@murphyoilcorp.com</a>
<b>XX</b>	Feletto, Lou	CA Board of Equilization	916-323-9401 <a href="mailto:lou.feletto@boe.ca.gov">lou.feletto@boe.ca.gov</a>
	Fitzgerald, Julian Sr.	North Carolina Dept of Revenue	919-733-8200 <a href="mailto:julian.fitzgerald@dornrc.com">julian.fitzgerald@dornrc.com</a>
<b>XX</b>	Fitzgerald, Scott	Iowa Department of Revenue	515-242-6033 <a href="mailto:scott.fitzgerald@iowa.gov">scott.fitzgerald@iowa.gov</a>
	Friedman, Vickie	CSX Transportation	904-63-5232 <a href="mailto:vickie_friedman@csx.com">vickie_friedman@csx.com</a>
	Garza, Oscar	Oscar L. Garza & Associates	832-758-9034 <a href="mailto:olgarza@olgarza.com">olgarza@olgarza.com</a>
	Gast, Keith	MO Dept of Revenue	573-751-5902 <a href="mailto:keith_gast@mail.dor.state.mo.us">keith_gast@mail.dor.state.mo.us</a>
<b>XX</b>	Gilson, Cheryl	FuelQuest	920-617-7626 <a href="mailto:cheryl.gilson@fuelquest.com">cheryl.gilson@fuelquest.com</a>

FTA UNIFORMITY COMMITTEE  
 Fargo, North Dakota

21-Sep-13

Present?	State/Company	Phone	Email Address
	Glaser, Kim PA Department of Revenue	717-787-3644	<a href="mailto:kglaser@pa.gov">kglaser@pa.gov</a>
	Golden, Heather Shell Oil Company	713-241-1919	<a href="mailto:heather.golden@shell.com">heather.golden@shell.com</a>
	Gonzalez, Augustine Innovative Software Solutions	210-602-4477	<a href="mailto:agonzalez@innsoftinc.com">agonzalez@innsoftinc.com</a>
<b>XX</b>	Gonzalez, Lee Florida Department of Revenue	850-488-7268	<a href="mailto:gonzalee@dor.state.fl.us">gonzalee@dor.state.fl.us</a>
<b>XX</b>	Grammer, Michael Kentucky Dept of Revenue	502-564-1234	<a href="mailto:michael.grammer@ky.gov">michael.grammer@ky.gov</a>
<b>XX</b>	Gray, Bill Sinclair Oil Corporation	801-524-2887	<a href="mailto:bgray@sinclairoil.com">bgray@sinclairoil.com</a>
	Grigsby, Ray Tennessee Dept of Revenue	615-532-6914	<a href="mailto:ray.grigsby@state.tn.us">ray.grigsby@state.tn.us</a>
	Grizzle, Jonna Shell	713-241-2786	<a href="mailto:jonna.grizzle@shell.com">jonna.grizzle@shell.com</a>
	Hales, Frank Utah State Tax Commission	801-297-4638	<a href="mailto:fhales@tax.state.ut.us">fhales@tax.state.ut.us</a>
<b>XX</b>	Halubka, Tracy MT Dept of Transportation	406-444-0806	<a href="mailto:thalubka@mt.GOV">thalubka@mt.GOV</a>
	Hapa, Joselito Shell Oil Company	712-241-0103	<a href="mailto:Joselito.hapa.shell.com">Joselito.hapa.shell.com</a>
<b>XX</b>	Hennig, Drew FuelQuest	210-643-1946	<a href="mailto:dhennig@fuelquest.com">dhennig@fuelquest.com</a>
<b>XX</b>	Hernandez, David Valero Energy	210-345-2127	<a href="mailto:david.hernandez@valero.com">david.hernandez@valero.com</a>
	Hicks, Arlanda Deloitte Tax LLP	713-982-3940	<a href="mailto:arhicks@deloitte.com">arhicks@deloitte.com</a>
	Hook, Stan Wisconsin DOR	608-261-8985	<a href="mailto:stanley.hook@revenue.wi.gov">stanley.hook@revenue.wi.gov</a>
<b>XX</b>	Holland, Gene Phillips66	918-815-0242	<a href="mailto:gene.p.holland@p66.com">gene.p.holland@p66.com</a>
	Humphrey, Nick Missouri Dept of Revenue	573-751-4689	<a href="mailto:nick.humphrey@dor.mo.gov">nick.humphrey@dor.mo.gov</a>
	Humphries, Stephen Exxon Mobil Corporation	713-431-2777	<a href="mailto:stephen.a.humphries@exxonmobil.com">stephen.a.humphries@exxonmobil.com</a>
	Ice, Wilda West Virginia Dept of Tax & Revenue	304-558-8533	<a href="mailto:wilda.b.ice@wv.gov">wilda.b.ice@wv.gov</a>
	Johnson, Bruce WV State Tax Dept	304-558-8533	<a href="mailto:bruce.a.johnson@wv.gov">bruce.a.johnson@wv.gov</a>

**FTA UNIFORMITY COMMITTEE**  
**Fargo, North Dakota**

21-Sep-13

Present?	State/Company	Phone	Email Address
<b>XX</b>	Johnson, Paul	WA Dept of Licensing	360-664-1844 <a href="mailto:pajohnson@dol.wa.gov">pajohnson@dol.wa.gov</a>
	Jones, Julie	Utah State Tax Commission	801-297-7575 <a href="mailto:juliejones@utah.gov">juliejones@utah.gov</a>
	Keel, June	Colonial Oil Industries	912-443-6594 <a href="mailto:jkeel@colonialgroupinc.com">jkeel@colonialgroupinc.com</a>
	Kirkpatrick, Phillip	Exxon Mobil Corporation	713-431-2796 <a href="mailto:phillip.b.kirkpatrick@exxonmobil.com">phillip.b.kirkpatrick@exxonmobil.com</a>
<b>XX</b>	Knoles, Trent	Illinois Dept of Revenue	217-785-2645 <a href="mailto:trent.knoles@illinois.gov">trent.knoles@illinois.gov</a>
	Kron, bill	Mississippi Department of Revenue	601-923-7152 <a href="mailto:bill.kron@dor.ms.gov">bill.kron@dor.ms.gov</a>
	Lagunas, Manuel	AZ DOT	602-712-7626 <a href="mailto:mlagunas@azdot.gov">mlagunas@azdot.gov</a>
	Legaspi-Seils, Melody	Alliance Energy LLC	203-315-7188 <a href="mailto:mlegaspi-seils@allianceenergy.com">mlegaspi-seils@allianceenergy.com</a>
	Leichner, Marcia	Nebraska Department of Revenue	402-595-2013 <a href="mailto:marcia.leichner@nebraska.gov">marcia.leichner@nebraska.gov</a>
<b>XX</b>	Lenius, Tracy	Minnesota Department of Revenue	218-846-7437 <a href="mailto:tracy.lenius@state.mn.us">tracy.lenius@state.mn.us</a>
	Levasseur, Marc	Rhode Island Division of Taxation	401-222-2953 <a href="mailto:mlevasseur@tax.state.ri.us">mlevasseur@tax.state.ri.us</a>
<b>XX</b>	Lewis, Scott	Rhode Island Division of Taxation	401-574-8892 <a href="mailto:scott.lewis@tax.ri.gov">scott.lewis@tax.ri.gov</a>
<b>XX</b>	Little, Richard	Deloitte Tax LLP	818-281-6470 <a href="mailto:rlittle@deloitte.com">rlittle@deloitte.com</a>
<b>XX</b>	Lietz, Dawn	Nevada Dept of Motor Vehicles	775-684-4626 <a href="mailto:dlietz@dmv.nv.gov">dlietz@dmv.nv.gov</a>
	Ligotino, Cecilia	Shell Oil Products	713-241-8065 <a href="mailto:cecilia.ligoino@shell.com">cecilia.ligoino@shell.com</a>
<b>XX</b>	Louie, Scott	Chevron Corporation	925-827-6286 <a href="mailto:scottlouie@chevron.com">scottlouie@chevron.com</a>
<b>XX</b>	Lovell, Hal	California Board of Equalization	916-324-2301 <a href="mailto:hal.lovell@boe.ca.gov">hal.lovell@boe.ca.gov</a>
	Lupisan, Christopher Joseph	Shell Oil Company	713-241-4010 <a href="mailto:c.lupisan@shell.com">c.lupisan@shell.com</a>
	Lyon, Jonathan	FTA	202-624-5894 <a href="mailto:jonathan.lyon@taxadmin.org">jonathan.lyon@taxadmin.org</a>
<b>XX</b>	McClain, Shanda	Louisiana Dept of Revenue	225-219-2780 <a href="mailto:shanda.mcclain@la.gov">shanda.mcclain@la.gov</a>



**FTA UNIFORMITY COMMITTEE**  
**Fargo, North Dakota**

21-Sep-13

Present?	State/Company	Phone	Email Address	
	McInerney, Bill	WY Dept of Audit	307-777-6460	<a href="mailto:bmcinerney@wyaudit.state.wy.us">bmcinerney@wyaudit.state.wy.us</a>
<b>XX</b>	McInerney, Jessica	Cargill Incorporated	952-742-7095	<a href="mailto:jessica-mcinerny@cargill.com">jessica-mcinerny@cargill.com</a>
<b>XX</b>	Martin, Edie	Kansas Department of Revenue	785-296-5327	<a href="mailto:edie.martin@kdor.ks.gov">edie.martin@kdor.ks.gov</a>
	Martin, Wally	Exxon Mobil Corporation	713-431-2817	<a href="mailto:wally.l.martin@exxonmobil.com">wally.l.martin@exxonmobil.com</a>
	Martinez, Pitter A	Gavilon, LLC	713-496-3911	<a href="mailto:pitter.martinez@gavilon.com">pitter.martinez@gavilon.com</a>
<b>XX</b>	Mattson-Grimm, Ray	Xerox Government Solutions	608-567-8156	<a href="mailto:ray.mattson-grimm@xerox.com">ray.mattson-grimm@xerox.com</a>
	Milledge, Nick	Gavilon, LLC	713-496-3901	<a href="mailto:nick.milledge@gavilon.com">nick.milledge@gavilon.com</a>
	Miller, Ron	R & L Consulting	920-342-0036	<a href="mailto:rwinfield46@yahoo.com">rwinfield46@yahoo.com</a>
<b>XX</b>	Miros, Kurtis	Montana Department of Transportation	406-444-9276	<a href="mailto:kmiros@mt.gov">kmiros@mt.gov</a>
	Molique, Laura	Exxon Mobil Corporation	713-431-2829	<a href="mailto:laura.l.molique@exxonmobil.com">laura.l.molique@exxonmobil.com</a>
	Monconduit, Michel	IRS	714-347-9408	<a href="mailto:michel.monconduit@irs.gov">michel.monconduit@irs.gov</a>
<b>XX</b>	Mongold, Cindy	Kansas Department of Revenue	785-296-7048	<a href="mailto:cindy.mongold@kdor.ks.gov">cindy.mongold@kdor.ks.gov</a>
<b>XX</b>	Neeck, Jeremy	Minnesota Department of Revenue	507-523-030	<a href="mailto:jeremy.neeck@state.mn.us">jeremy.neeck@state.mn.us</a>
	Newton, Bill	Utah State Tax Commission	801-297-2767	<a href="mailto:bnewton@utah.gov">bnewton@utah.gov</a>
<b>XX</b>	Nicholson, Anne	Exxon Mobil Corporation	713-431-2844	<a href="mailto:anne.w.nicholson@exxonmobil.com">anne.w.nicholson@exxonmobil.com</a>
<b>XX</b>	Nutter, Stephen	Virginia Dept of Motor Vehicles	804-367-1438	<a href="mailto:stephen.nutter@dmv.virginia.gov">stephen.nutter@dmv.virginia.gov</a>
<b>XX</b>	Oliver, Jim	Kentucky Dept of Revenue	502-564-2935	<a href="mailto:jim.oliver@ky.gov">jim.oliver@ky.gov</a>
<b>XX</b>	Owyer, Mark	Louisiana Dept of Revenue	225-219-2780	<a href="mailto:mark.dwyer@la.gov">mark.dwyer@la.gov</a>
	Padon, Jodi	Plains Marketing L.P.	713-646-4204	<a href="mailto:jmpadon@paalp.com">jmpadon@paalp.com</a>
	Papandrea, Marc	CT Dept of Revenue	860-541-3228	<a href="mailto:marc.papandrea@po.state.ct.us">marc.papandrea@po.state.ct.us</a>

**FTA UNIFORMITY COMMITTEE**  
**Fargo, North Dakota**

21-Sep-13

Present?	State/Company	Phone	Email Address
	Player, Carol	South Carolina Dept of Revenue	803-898-5911 <a href="mailto:playerc@sctax.org">playerc@sctax.org</a>
	Poeppelman, Jodi	Husky Marketing & Supply Company	614-210-2312 <a href="mailto:jodi.poeppelman@huskyenergy.com">jodi.poeppelman@huskyenergy.com</a>
<b>XX</b>	Reed, David	TX Comptroller of Public Accts	512-463-6056 <a href="mailto:david.reed@cpa.state.tx.us">david.reed@cpa.state.tx.us</a>
	Reinauer, Dean	Reinauer Transportation	718-816-8167 x 410 <a href="mailto:deanr@reinauer.com">deanr@reinauer.com</a>
	Retz, David	Chevron Corporation	925-827-6395 <a href="mailto:dret@chevrontexaco.com">dret@chevrontexaco.com</a>
<b>XX</b>	Rhoads, Ray	Kansas Department of Revenue	785-296-4011 <a href="mailto:ray.rhoads@dkor.ks.gov">ray.rhoads@dkor.ks.gov</a>
	Rhoads, Wayne	Mississippi Dept of Transportation	601-359-9759 <a href="mailto:wrhoads@mdot.state.ms.us">wrhoads@mdot.state.ms.us</a>
	Roy, Chris	Wisconsin DOR	608-266-7453 <a href="mailto:christopher.roy@revenue.wi.gov">christopher.roy@revenue.wi.gov</a>
	Rutherford III, Henry	Georgia Dept of Revenue	404-417-6497 <a href="mailto:henry.rutherfordiii@dor.ga.gov">henry.rutherfordiii@dor.ga.gov</a>
<b>XX</b>	Sanways, Alyssa	Northern Tier Energy	651-769-6793 <a href="mailto:alyssa.samways@Ntenergy.com">alyssa.samways@Ntenergy.com</a>
	Scheele, Ashley	Deloitte Tax LLP	347-266-8642 <a href="mailto:ashleyscheele@deloitte.com">ashleyscheele@deloitte.com</a>
<b>XX</b>	Schmitz, June	Valero Energy	210-345-2728 <a href="mailto:june.schmitz@valero.com">june.schmitz@valero.com</a>
	Schrock, Richard	Marathon Petroleum Company LP	419-421-2361 <a href="mailto:rdschrock@mpclp.com">rdschrock@mpclp.com</a>
<b>XX</b>	Stein, Winston	BSWA	281-342-2646 <a href="mailto:winston@bswa.com">winston@bswa.com</a>
	Steffens, Peter	Florida Department of Revenue	850-922-2674 <a href="mailto:steffenp@dor.state.fl.us">steffenp@dor.state.fl.us</a>
<b>XX</b>	Stevens, Aaron	Idaho State Tax Commission	208-334-7706 <a href="mailto:aaron.stevens@tax.idaho.gov">aaron.stevens@tax.idaho.gov</a>
<b>XX</b>	Takai, Rae	Shell Oil Products	713-241-2273 <a href="mailto:rae.takai@shell.com">rae.takai@shell.com</a>
<b>XX</b>	Templin, Sharon	Shell Oil Company	713-241-2246 <a href="mailto:sharon.templin@shell.com">sharon.templin@shell.com</a>
	Thomas, Gerald	ARCO	213-486-2721 <a href="mailto:Gthomas@mail.arco.com">Gthomas@mail.arco.com</a>
<b>XX</b>	Towsley, Tina	Illinois Dept of Revenue	217-785-8707 <a href="mailto:tina.towsley@illinois.gov">tina.towsley@illinois.gov</a>

FTA UNIFORMITY COMMITTEE  
 Fargo, North Dakota

21-Sep-13

Present?	State/Company	Phone	Email Address
	Turner, Ashley	CSX Transportation	904-633-5230 <a href="mailto:ashley_turner@csx.com">ashley_turner@csx.com</a>
	Ulm, Chuck	Comptroller of Maryland	410-260-7278 <a href="mailto:culm@comp.state.md.us">culm@comp.state.md.us</a>
	Warren, Doreen	Idaho State Tax Commission	208-334-7839 <a href="mailto:Doreen.Warren@tax.idaho.gov">Doreen.Warren@tax.idaho.gov</a>
	Werner, Carol	AZ DOT	480-712-4337 <a href="mailto:cwerner@azdot.gov">cwerner@azdot.gov</a>
<b>XX</b>	West, Tammy	Virginia Dept of Motor Vehicles	804-367-0883 <a href="mailto:Tammy.West@dmv.virginia.gov">Tammy.West@dmv.virginia.gov</a>
<b>XX</b>	Whaley, Stan	Florida Department of Revenue	850-717-7566 <a href="mailto:whaleys@dor.state.fl.us">whaleys@dor.state.fl.us</a>
	Wissink, Darrell	Nebraska Department of Revenue	402-471-5812 <a href="mailto:darrell.wissink@rev.ne.gov">darrell.wissink@rev.ne.gov</a>
	Wisianski, Stephen	PA Department of Revenue	717-783-9819 <a href="mailto:swisianski@pa.gov">swisianski@pa.gov</a>
	Zimmerman, Mark	AZ DOT	602-712-8381 <a href="mailto:mzimmerman@azdot.gov">mzimmerman@azdot.gov</a>

# The Uniformer

## MESSAGE FROM THE NATIONAL CHAIR EDIE MARTIN

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

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

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

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

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

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

## MESSAGE FROM THE UNIFORMITY COMMITTEE STATE CO-CHAIR JEREMY NEECK

Greetings,

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

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

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

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

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

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

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

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

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

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

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

Hope everyone enjoyed a great summer!

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

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

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

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

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

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

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

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

If you have any questions or need more information, please feel free to contact me at [rick.callaway@fueltaxcouncil.com](mailto:rick.callaway@fueltaxcouncil.com) or call (403) 471-7022.

## UNIFORMITY COMMITTEE

### Minutes

The FTA Motor Fuel Tax Section Uniformity Committee met at the DoubleTree by the Galleria, Houston, Texas, May 4, 2013. Jeremy Neeck (MN) Uniformity State Chair called the meeting to order. Thirty-seven (37) were in attendance.

### Minutes

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

### Presentations:

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

- Mobile fueling can go to a sight and fill CNG and LNG vehicles.
- Clean Energy Company is putting 150 LNG stations nationwide. They are putting in LNG fueling station wherever there is a Pilot/Flying J Station. 85 stations have been completed to date.
- Shell drilling rigs, trucks and ships are using LNG.
- UPS now has 700 new LNG tractors.
- Waste Management has 2,000 vehicles running on CNG and they are going to open 20 fueling stations that will be open to the public.

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

### SUBCOMMITTEE REPORTS

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

**Training Schedule update** – FTA is currently working on the

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

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

**IRS Update** – There was no representative from the IRS.

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

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

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

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

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

#### The **Forms Management Subcommittee**

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

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

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

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

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

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

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

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

#### **Comparison (Electronic Implementation Guides to Uniformity Guide)**

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

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

#### **Industry Issues**

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

#### State ExSTARS Update

Kansas gave an update on tracking ExSTARS data.

#### Approved by the Full Committee

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

#### The Electronic Commerce Subcommittee

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

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

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

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

#### Utah’s question on the XML schema

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

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

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

#### E-File Implementation Guide

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

#### The Communication and Coordination Subcommittee

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

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

#### 2013 Taxation, Diversion and Alternative Fuels Booklet

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

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

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



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

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

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

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

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

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

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

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

#### **Canadian Update** –

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

The following is what the Council is currently working on:

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

#### **New Business**

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

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

#### **Next Meeting**

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

#### **FTA Motor Fuel Tax Training Courses**

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

#### **UPCOMING MEETINGS 2014**

##### **Uniformity Meeting**

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

##### **Pacific Region**

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

##### **Northeastern Region**

*May 18-21, 2014  
Pittsburgh, Pennsylvania*

##### **Uniformity meeting**

*Currently scheduling for May or June, 2014*

##### **Southern Region**

*Currently scheduling for June  
Richmond, Virginia*

##### **Uniformity Meeting**

*(Tentatively)  
September 26-27, 2014*

*Jackson, Wyoming*

**Motor Fuel Annual Meeting**

*(Tentatively)*

*September 28-October 1, 2014*

*Jackson, Wyoming*

**MOTOR FUEL STEERING  
COMMITTEE MEMBERS**

**National Chair**

Edie Martin, Kansas

**National Vice Chair**

Jim Oliver, Kentucky

**Past Chairs**

Dawn Lietz, Nevada

Rosemary Cleary, Connecticut

**State Uniformity Chair**

Jeremy Neeck, Minnesota

**Industry Uniformity Chair**

Robert Donnellan, Global  
Companies LLC

**MOTOR FUEL REGIONAL  
GOVERNORS**

**Midwestern Region**

Christy Dixon, Oklahoma

**Northeastern Region**

James Dehnert, Pennsylvania

**Pacific Region**

Tracy Halubka, Montana

**Southern Region**

Tammy West, Virginia

**Editor**

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

[cindy.anders-robb@taxadmin.org](mailto:cindy.anders-robb@taxadmin.org)

**COMMUNICATION & COORDINATION SUBCOMMITTEE  
TENTATIVE AGENDA – FRIDAY, JANUARY 24, 2014  
MYRTLE BEACH, SOUTH CAROLINA**

1. WELCOME
2. APPROVAL OF MINUTES FROM THE SEPTEMBER 20, 2013 MEETING.
3. DISTRIBUTE THE LATEST EDITION OF THE UNIFORMER – CINDY ANDERS-ROBB, FEDERATION OF TAX ADMINISTRATORS
4. TAXATION, DIVERSION, ALTERNATIVE FUELS BOOKLET-DISCUSS ANY REVISIONS FOR THE 2014 TAXATION. DIVERSION, ALTERNATIVE FUELS BOOKLET.
5. DISCUSS DRAFT OF DEFINITIONS, MODEL LEGISLATION, ETC FOR BUY/SELL AGREEMENTS (FLASH TITLE) AND RENEWABLE FUELS ALONG WITH DIAGRAMS-ANNE NICHOLSON-EXXONMOBIL.
6. DISCUSS THE EXSTARS EXAMPLE LETTER TO TERMINALS REGARDING CONFIDENTIALITY”. EDIE MARTIN, KANSAS
7. DISCUSS THE WHITE PAPER DOCUMENT TO BE COMPLETED FOR INVENTORY GAINS AND LOSSES. WILDA ICE, WEST VIRGINIA
8. OLD BUSINESS
9. NEW BUSINESS
10. NEXT MEETING : TO BE ANNOUNCED

**FTA MOTOR FUEL UNIFORMITY COMMITTEE  
COMMUNICATION & COORDINATION SUBCOMMITTEE  
FARGO, NORTH DAKOTA  
SEPTEMBER 20, 2013**

**MINUTES**

The Communication & Coordination Subcommittee met on Friday, September 20, 2013. State Co-Chair Christy Dixon and Industry Co-Chair, Anne Nicholson conducted the meeting. The meeting was called to order at approximately 1:00 PM. There were 34 attendees present.

The minutes from the May 3, 2013 meeting were approved by the subcommittee.

The latest edition of the Uniformer (September, 2013 copy) was distributed.

**2013 Taxation, Diversion and Alternative Fuels Booklet**-this booklet was updated and available at the 2013 FTA Motor Fuel Annual meeting.

**Definitions**-there were no current definitions discussed at the meeting for any revisions.

**Buy/Sell Agreements and Flash Title Agreements**-this project has been tabled until the next meeting in January. At the next meeting we should be able to discuss the following:

The following is a 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

**White Paper document “Motor Fuel Tax Issues with Natural Gas and Other Alternative Fuels 2009”**-another draft of the revision/updates from the May meeting was presented. The subcommittee discussed the revised document and approved the document to be placed in the White Paper Document of the Uniformity Guide booklet.

**Motor Fuel Tax Issues with Natural Gas  
and Other Alternative Fuels**

**Background**

Due to various market forces including fluctuating fuel prices 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  
Renewable Diesel  
Ethanol  
Natural Gas (CNG & LNG)  
Propane (LPG)  
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), Alternative Fuel Vehicles and Alternative Fuels, U.S. Department of Energy website, <http://www.fueleconomy.gov/Feg/current.shtml>

**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.

**RENEWABLE DIESEL** - Produced from biological sources Renewable Diesel meets all diesel ASTM D975 (Diesel) or D396 (Fuel Oil) standards. This product can be transported in pipelines with no upgrades required, unlike biodiesel which requires truck or rail transports. Renewable diesel (or green diesel) has a structural difference from

biodiesel; it contains no fatty acid methyl esters and has no cold flow issues. Renewable diesel is produced using similar refining processes for producing petroleum diesel.

The key difference between renewable diesel and biodiesel is its chemical structure. Biodiesel contains fatty acid methyl esters (FAME), which are long, complex chains containing carbon, hydrogen, and oxygen. Renewable diesel is made up of totally organic hydrocarbons (hydrogen and carbon atoms only) just like petroleum diesel. Another difference is renewable diesel can be made from the sugars, starches, and cellulose material abundant in plants versus just using the seeds. Furthermore, with renewable diesel, various types of sewage and otherwise unusable waste streams such as used motor oil, fats, greases, waste vegetable oil, waste plastic materials (grocery bags, water bottles, etc.), and municipal solid waste (MSW) can also be used as feedstock.

### **Advantages & Disadvantage of Renewable Diesel**

<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"> <li>• Not reliant on a crude feedstock</li> <li>• Meets ATSM D975 and D396 standards</li> <li>• Can be transported via pipeline</li> <li>• Compatible with existing diesel engines</li> </ul>	<ul style="list-style-type: none"> <li>• Cost</li> <li>• Supply Availability</li> <li>• Labeling Requirements</li> </ul>

**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**, ASTM D5798-11 specifications for E85 is a gasoline-ethanol blend containing 51% to 83% ethanol and can be used in flexible fuel vehicles (FFVs), which are specially designed to run on gasoline, E85, or any mixture of the two. State statutes may require a different ethanol % in order to be considered E85. 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.

**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.

Compressed natural gas (CNG) is typically stored in a tank at a pressure of 3000 to 3600 psi.

Liquefied natural gas (LNG) is super-cooled and stored in its liquid phase at -260° F in special insulated tanks.

Natural gas is usually measured by volume and is stated in cubic feet. For taxing purposes, natural gas consumed as a fuel in motor vehicles would be converted to either gasoline gallon equivalent (GGE) or diesel gallon equivalent (DGE) based on the energy content or British Thermal Units (BTU's). Conversion equations vary between states, however the Uniformity Committee (January 2013) is researching the issue and hopes to provide guidance to the states when converting natural gas to GGE/DGE gallons. (This paper will be revised to reflect the decision.)

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 growing in popularity in the US. Currently, Natural Gas Cars are in production in many European and South American countries. People are looking for alternative energy vehicles. Natural gas vehicles are gaining demand with about 120,000 NGV's on U.S. roads today and more than 15.2 million worldwide, but are still way behind other alternative energy vehicles primarily because of the difficulty in refueling these vehicles. In recent years, companies have successfully driven natural gas vehicle use by building fueling stations and supplying natural gas under multi-year contracts to fleets at costs significantly less than the per-gallon cost of gasoline or diesel. Many companies have either purchased Natural Gas Vehicles or are converting their existing fleet to run on natural gas. With the increase in Fleet use, there are large companies with distribution outlets across the country issuing Request for Proposal to heavy-duty CNG Station Operators that are able to provide heavy-duty CNG fueling stations at or nearby their locations. Fleet use should lead to greater consumer use in the future.

Public transportation across the country has been using CNG for decades. Currently, about 12- 15% of public transit buses in the U.S. run on natural gas (either CNG – compressed natural gas or LNG – liquefied natural gas). That number is growing, with nearly one in five buses on order today slated to run on natural gas. States with the highest consumption of natural gas for transportation are California, New York, Texas, Georgia, Massachusetts and Washington, D.C.

In the U.S. alone, NGV's offset the use of nearly 360 million gallons of gasoline in 2011.

At present there **are limited natural gas stations available nationwide, but are showing steady growth.** Refueling at a fast-fill CNG station takes no longer than

tanking up with gasoline. As the fueling infrastructure builds for CNG, the inconvenience of limited public fueling opportunities is softened by the availability of filling up at home. There is at least one company that currently offers an in-home refueling station. This refueling appliance can be installed in a garage or outside a home to allow refueling using a home's natural gas supply. The refueling appliance requires an extended period of time to fill the fuel tank. In many cases, vehicles fueled up at favorable natural gas home rates can operate at a reduced rate per gallon than gas or diesel.

### **Advantages & Disadvantage of CNG & LNG**

<b>Advantages</b>	<b>Disadvantages</b>
<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 &amp; diesel</li> <li>• Convenient slow fill home fueling</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> <li>• Slow fill home fueling can take an extended period of time</li> <li>• Motor fuel tax billing for home refueling stations</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.

**At this time only light-duty propane fleet trucks and vans are available with OEM (original equipment manufacturer); however LPG-fueled light duty passenger cars and trucks can be purchased in the U.S. from a dealer with prep-ready engine packages and be converted to run LPG.** In addition 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 & Disadvantage of LPG**

<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"> <li>• 85% of LPG used in U.S. comes from domestic sources</li> <li>• Fewer toxic and smog-forming air pollutants</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>



**ELECTRICITY** – While the EPA site does not list electricity as a fuel type, for purposes of this discussion it’s 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 & Disadvantage 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 &amp; long distance travel)</li> <li>• Emissions shifted to electric plants</li> <li>• Electricity billing issues</li> </ul>

**HYDROGEN (H2)** - 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 can be produced domestically from several sources, reducing our dependence on petroleum imports. Several significant challenges must be overcome before it can be widely used.

**Advantages & Disadvantage of Hydrogen**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Can be produced domestically from several sources</li> <li>• Environmentally Friendly</li> </ul>	<ul style="list-style-type: none"> <li>• Expensive to produce</li> <li>• Limited availability</li> <li>• Limited vehicle availability</li> <li>• Cost of vehicle</li> <li>• Contains much less energy than gasoline</li> <li>• Danger from very high pressure, low temperature storage tanks</li> </ul>

Various costs, efficiencies, ability to be renewable and other benefits have increased use of these fuels. For example, ethanol, has public acceptance and is widely used, not only due to price and its ability to be renewable, but as an additive to gasoline as an oxygenate. The primary use is to reduce the production of carbon monoxide in the burning of the fuel. While the ester compound MTBE was previously used as an oxygenate, it has been found that it contaminates groundwater, especially during leaks of underground storage tanks, and states have moved to ban its use. A blend of gasoline and ethanol, usually E10, is used as a replacement for MTBE.

**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 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.

**Renewable Diesel:** The product is often interchanged with biodiesel. States need to have a clear understanding of which product is before them before any categorization occurs. The origin of the feedstock, plant or animal vs. crude, seems to be one determining factor for categorization. As well as the fact that renewable diesel meeting ASTM D975 standards is another.

**Compressed and Liquefied Natural Gas** – Conversion of CNG and LNG to GGE and DGE varies between states and the federal government which causes reporting issues for industry.

Each jurisdiction would need to determine how to collect the motor fuel taxes on the fuel dispensed into vehicles from refueling stations at an individual’s home. If your state

does not require separate metering for the home fill units it will be difficult to determine gallons dispensed into a motor vehicle. 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 ever 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. Fuel type may be determined by characters in the VIN, however this may not

be a reliable or complete picture given the number of aftermarket conversions. 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.

**White Paper Document concerning "Inventory Gains and Losses"**-this is being worked on by Wilda Ice-State of West Virginia was tabled until the next meeting in January; however, Marcia Leichner-State of Nebraska, Lee Gonzales-State of Florida, Bill Gray-Sinclair Oil and John Penacho-Sprague Operating Resources LLC will help with this project.

**Alternative Fuels section 14 of the Model Legislation**-the subcommittee discussed, added and approved the following:

#### **J. Conversion Rates**

When considering taxing CNG (Compressed Natural Gas), LNG (Liquefied Natural Gas) and other alternative fuels, we suggest using the applicable Federal Conversion rates.

**2013 Native American Survey**-booklet was available at the 2013 FTA Motor Fuel Annual meeting.

**ExSTARS Example Letter to Terminals Regarding Confidentiality**-Edie Martin, State of Kansas lead a discussion concerning the letter. A few revisions were made by the subcommittee and the letter will be resent to the IRS for approval and an update will be given at the next meeting in January.

**FTA Brochures, “Benefits of Motor Fuel Tax Uniformity” and “Advisory Group Benefits”**-the subcommittee discussed the brochures and it was determined that no revisions need to be made to the brochures at this time.

The next meeting will be on Friday, January 24, 2014, Myrtle Beach, South Carolina.

Christy Dixon, State Co-Chair, State of Oklahoma  
Anne Nicholson, Industry Co-Chair, ExxonMobil

**FTA MOTOR FUEL UNIFORMITY COMMITTEE  
COMPLIANCE SUB-COMMITTEE  
FARGO, ND  
SEPTEMBER 20, 2013**

**MINUTES**

The Compliance Sub-Committee met on Friday, September 20, 2013. State Co-Chair Cindy Mongold, conducted the meeting. The meeting began at approximately 3:00 PM. There were 23 in attendance.

The minutes from the May 3, 2013 were approved as presented.

**Training Schedule Update**

Basic Training is scheduled for October 20 – 24, 2013 in Sacramento, CA.

**Dyed Fuel Stats**

Jeremy Neeck of Minnesota provided the dyed fuel stats spreadsheet, including 1<sup>st</sup> & 2<sup>nd</sup> quarter of 2013. Jeremy is not aware of any states planning to start a dyed fuel program at this time or in the near future.

**IRS Update**

No IRS representation.

**Old Business**

**Compliance Tools Document**

The Compliance Tools document updated with the changes from the May meeting, was reviewed. Two changes were identified. One change was made on page 3, under Example 2, the figures 400 gallons & 4,000 gallons were reversed in the verbiage and the table. The second change was on page 5, under ExSTARS heading, facility control number (FCN) and refinery control number (RCN) were added. There was a motion and a second made to approve the document with the two changes. The Compliance Tools document was approved by the sub-committee.

The Compliance Tools document was approved in the full committee meeting on Saturday, September 21 and will be placed in the FTA Motor Fuel Tax Section Uniformity Guide at the end of the White Paper Documents section.

**New Business**

**Natural Gas taxation when sold to customer for taxable & non-taxable use.**

Issue provided by Jeff Clarke, NGV America

- a. Drilling rigs
- b. Railroad
- c. Marine

He states this situation is becoming more frequent and is asking if the Uniformity Compliance Sub-committee has started to deal with this issue? Have you previously canvassed members to find out how they address this situation?

This is governed by state statutes and regulations. Jeremy Neeck and Cindy Mongold will contact Jeff Clarke for further information and to clarify his expectation.

**Videos shown regarding natural gas**

Renewable natural gas from landfill powers refuse vehicles  
CNG stations being built  
Home Phil station installation and use

**Refineries not delivering regular no lead gas to terminals?**

Open discussion regarding this issue indicates that due to federal blending requirements, RIN's and cost of refining 84 octane vs 87 octane was driving this trend. 84 octane gas can be blended with ethanol at a cheaper cost to raise octane to required level.

**Articles distributed**

Several articles were handed out regarding CNG & LNG and the present & future use of these fuels by commercial fleets.

<http://www.fleetsandfuels.com/>

Also provided the article "The New Way to Tax: Pay Per Mile Driven" regarding the state of Washington charging a tax of \$100 per year on electric cars and VMT (Vehicle Miles Traveled).

<http://www.cnbc.com/id/100359287/>

Solicited new projects for 2014.

**Next Meeting**

January 24 & 25, 2014 in Myrtle Beach, SC

Cindy Mongold, State Co-Chair, State of Kansas  
Rae Takai, Industry Co-Chair, Shell Oil Products



## E-Commerce Meeting Agenda

<b>Type of Meeting</b>	FTA – E-Commerce
<b>Date</b>	September 20, 2013
<b>Venue</b>	Fargo, North Dakota
<b>Start Time</b>	1:00 pm

### Agenda:

No.	Topic(s)
1	Review the minutes from May 2013 (Houston, TX) meeting and finalize the summary notes from that meeting.
2	Summarize the complete revision to the FTA Motor Fuels E-file Implementation Guide – Adding XML Section –For 2013 publication at Annual meeting. New guide ready for distribution.
3	Submit for discussion and approval the North Carolina EDI guide update for their pending map revision. EDI team has reviewed and approved the guide pending final approval at E-Commerce meeting.
4	Update the group on the IRS project to review the logistics (pro/cons) of moving ExSTARS reporting to and XML format or other format. We held a July 2013 conference call with the IRS on this topic.
5	How to better communicate the FTA E-Commerce role in reviewing and approving a States e-file program. How to explain to States their responsibilities in requesting FTA approval for an e-file system (EDI/XML)? Seems like we could improve our Outreach in this area. Discussion points – E-file guide Pages 4 and 169 discuss how to get the E-guide and XML schema for the states approved in our 2013 E-file Guide. Is this enough material for this procedure?
6	Review the 2013-2014 E-commerce survey form that the states complete for potential modifications to the survey question. Ray Rhodes (State of Kansas) has asked for input/comments for this Fiscal Year survey.
7	New Topics

### Meeting Minutes:

No.	Discussion item	Meeting Minutes
1.	Introduction	Total attendees – <b>13 in person</b> (no one attended by phone) Industry 1 Misc (Vendors, etc.) 3 States and FTA 9
2.	Minutes	We discussed/reviewed minutes from the May 3, 2013 meeting in Houston, Texas. No changes were recommended. Notes were approved by E-Commerce committee.
3.	Discussed the status on updating the Motor Fuel E-filing Guide	<b>Completed</b> – The Motor Fuel E-File Guide Update – Discussed the completion of the guide. Discussed that the new guide is now published in the 2013 FTA CD that was available and distributed at this meeting.  Special thanks for the committee members who worked on this update: Cheryl Gilson, Bill Gray, Hal Lovell, Doreen Warren, Stan Whaley, Gene Holland and Ray Mattson-Grimm





**E-Commerce Sub-committee Agenda**

9/20/13

Page 2 of 2

No.	Discussion item	Meeting Minutes
4.	Review and approve the North Carolina EDI Implementation Guide	<b>Completed</b> - E-Commerce a group voted to approve the submitted North Carolina EDI Implementation Guide. The X12 Review team had previously review the guide and voted to approve the guide.
5.	IRS X12 moving to new platform for ExSTARS	<b>On-going</b> – Updated the group on the conference call that was held in July (July 17 @ 1pm). The IRS lead person (Ed McArdle) wanted to get some input from the FTA on the potential move of ExSTARS reporting from an EDI X12 format to an XML format. At this point the project is in the infant stage and Ed appears to be on a fact finding stage for this project.
6.	Review for any modifications to the upcoming 2013-2014 E-commerce survey for the States	<b>Completed</b> – The full Uniformity group went over the draft E-Commerce survey and made some suggested changes to the questions based on feedback from the group. Hal Lovell as co-chair of E-Commerce committee took notes and was to send a summary of the suggested changes to Ray Rhodes in Kansas by 10/1/13.
7.	Create a simple handout form on obtaining FTA approval for E-file system	<b>New Item</b> – Group is working on a simple handout that will summarize the steps that a state should take to get FTA approval for their E-file systems (Forms, E-File Guide, XML schema, etc.)

**Action Items:**

No.	Discussion Item	Resource	Action Required	Status (NS, IP, Done)
1	IRS move to XML	IRS work group	Continue to provide support to IRS in their review of the pros and cons of moving to XML from the IRS 4030 X12 map for ExSTARS reporting.	IP
2	Work on handout on how to submit E-file work to FTA	XML Work Group	Work on a handout to simplify the process of gaining FTA approval for a state E-file project	IP

**Forms Sub-Committee  
Agenda  
01/24/2014  
Myrtle Beach, SC**

- **Introductions** **Cindy Mongold**
  
- **Review Minutes of September 2013 meeting** **Cindy Mongold**
  
- **Old Business**
  - 1. **Crosswalk (FTA and STCC Codes)** **Michael Grammer**
  - 2. **Oregon Schedule Code Requests** **Cindy Mongold**
  - 3. **Oregon Forms Review** **Tracy Lenius**
  - 4. **Uniform Motor Fuel Sales Tax Form** **David Hernandez**  
**Tammy West**  
**Bob Donnellan**  
**Jessica McInerny**
  
- **New Business**
  - 1. **Ohio Schedule Code Request** **Cindy Mongold**  
*5AD "Gallons sold to Licensed Retailers"*
  - 2. **Ohio Forms Review** **Tracy Lenius**
  - 3. **Industry Issues** **Scott Louie**
  - 4. **State ExSTARS Update** **Edie Martin**
  
- **Recap and Adjournment**



## Meeting Agenda and Minutes

<b>Type of Meeting</b>	FTA – Forms Sub-committee
<b>Date</b>	September 20, 2013
<b>Venue</b>	Fargo, ND
<b>Start Time</b>	8:00 am

### Agenda:

No.	Topic(s)	Resource
1	Introduction	Lee Gonzalez
2	Review of Minutes (January 2013)	Lee Gonzalez
3	Old Business 1) Crosswalk (FTA and STCC Codes) 2) Georgia Forms Review	Michael Grammer Tracy Lenius
4	New Business 1) Oregon Schedule Code Request 2) Uniform Motor Fuel Sales Tax Form 3) Oregon Forms Review 4) Industry Issues 5) State ExSTARS Update 6) Schedule Code Request (Mixed Gassy Liquids)	Group Group Tracy Lenius Scott Louie Edie Martin Group
5	Recap and Adjournment	Lee Gonzalez

### Meeting Minutes:

No.	Discussion item	Meeting Minutes
		43 members attended the September 2013 Forms Sub-Committee Meeting.
<b>1</b>	<b>May 2013 Minutes</b>	Minutes from May 2013 return were reviewed and approved.
<b>2</b>	<b>Crosswalk (FTA and STCC Codes)</b>	Michael Grammer presented a document that provided a crosswalk between FTA and STCC product codes. Crosswalk team asked industry and states to review the document to identify deleted product codes that were removed in error or to identify missing codes that should have been included. Feedback will be reviewed by the team and presented to the committee at the January meeting.
<b>3</b>	<b>Georgia Forms Review</b>	Forms review team contacted Georgia and outlined 10 items that did not meet uniformity guidelines. Georgia updated form and provided copy to FTA. Tracy Lenius provided an overview of two items that did not meet uniformity. These items include: <ul style="list-style-type: none"> <li>• Schedule of Receipts/Disbursements – Eliminate city/state from point of origin and destination.</li> <li>• General Instructions – Remove O (other) as possible mode code.</li> </ul> After much discussion, Committee determined city would be acceptable. However, a mode of other would not be considered uniform. Tracy contacted Georgia to provide a status update. Georgia indicated they would remove mode code O from their return. A motion was made at the Uniformity Committee to approve Georgia’s return (form considered uniform with removal of mode code O). Motion was approved.



No.	Discussion item	Meeting Minutes
4	<b>Oregon Schedule Code Request</b>	<p>The state of Oregon submitted a request to the Forms Committee for 4 new schedule codes.</p> <p><b>Request 1</b></p> <ul style="list-style-type: none"> <li>Proposed description of code: Gallons Received – Originating County and City Tax Paid</li> <li>How will the code be used: This schedule will be used on Motor Vehicle Fuel and Aircraft Fuel License Tax Report which is modeled after the Uniform Distributor return. It will identify gallons received tax paid.</li> </ul> <p><b>Request 2</b></p> <ul style="list-style-type: none"> <li>Proposed description of code: Gallons sold for export – originating city and/or county tax paid</li> <li>How will the code be used: This schedule will be used on Motor Vehicle Fuel and Aircraft Fuel License Tax Report which is modeled after the Uniform Distributor return. It will identify gallons exported from city and county jurisdictions.</li> </ul> <p><b>Request 3</b></p> <ul style="list-style-type: none"> <li>Proposed description of code: Tax exempt sales in city jurisdiction</li> <li>How will the code be used: This schedule will be used on Motor Vehicle Fuel and Aircraft Fuel License Tax Report which is modeled after the Uniform Distributor return. It will identify gallons sold tax exempt in local jurisdictions at the city level.</li> </ul> <p><b>Request 4</b></p> <ul style="list-style-type: none"> <li>Proposed description of code: Tax exempt sales in county jurisdiction</li> <li>How will the code be used: This schedule will be used on Motor Vehicle Fuel and Aircraft Fuel License Tax Report which is modeled after the Uniform Distributor return. It will identify gallons sold tax exempt in local jurisdictions at the county level.</li> </ul> <p>The committee reviewed the requests but had additional questions for Oregon. Schedule code request was tabled until Oregon is able to meet with the committee.</p>
5	<b>Uniform Motor Fuel Sales Tax Form</b>	<p>The committee discussed the need for a uniform motor fuel sales tax return. The report would provide a means to track receipts and disbursements and calculate sales tax on gallons sold at wholesale. A team made up of Tammy West, Bob Donellan, Jessica Mcinerny, and David Hernandez will design and propose for to the committee at the next meeting.</p>
6	<b>Oregon Forms Review</b>	<p>The state of Oregon submitted a Motor Vehicle Fuel and Aircraft Fuel License Tax Report to the forms committee. The report is based on a distributor report. Oregon requested the forms committee to review the report for uniformity. Tracy Lenius provided an overview of their review. The committee reviewed the form but had additional questions for Oregon. The form was tabled until Oregon is able to meet with the committee.</p>
7	<b>Industry Issues</b>	<p>Scott Louie provided an update on 2 issues that are important to industry.</p> <ol style="list-style-type: none"> <li>The state of Georgia had a recent law change regarding an exemption of sales tax on aviation fuel. The state provided multiple interpretations of the law change. This caused industry to extend an exemption in error and then amend the bill. A suggestion was made for industry to request a formal opinion/ruling from the taxing jurisdiction prior to the initial billing.</li> <li>Oregon is moving forward with the VMT (vehicle mileage tax) pilot. This would allow owners of vehicles who participate in the Pilot to purchase fuel tax exempt at retail. Industry is concerned about how retail stations will distinguish between pilot and non-pilot vehicles. How will retail stations provide exemption?</li> </ol>
8	<b>State ExStars Update</b>	<p>Edie provided an update for tracking Exstars data.</p>
9	<b>Schedule Code Request (Mixed Gassy Liquids)</b>	<p>Dave Breidenbach submitted a request to FTA for new product codes (mixed stream fuels). Request was considered at previous uniformity meetings. Taxing jurisdictions do not see a need at this time to track mixed stream fuels for taxing purposes. An e-mail was sent to Dave outlining this decision.</p>

**Action Items:**

No.	Discussion Item	Resource	Action Required	Status (NS, IP, Done)



**Forms Sub-committee Agenda**

09/20/2013

Page 3 of 1

---

<b>1</b>	Crosswalk (FTA and STCC Codes)	Group	Create cross walk between FTA and STCC codes.  Team Members - Michael Grammer, Ray Grimm, Bob Donellan, Vicky Freedman, Winston Stein, and Gene Holland	In Progress
<b>2</b>	Georgia Forms Review	Tracy Lenius		In Progress