



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: January 23, 2015

The **June 2015** Motor Fuel Tax Section Uniformity Committee meeting is scheduled for Portsmouth, Virginia. The Subcommittees will meet all day **June 12, 2015**. The Main Uniformity meeting is scheduled for **June 13, 2015**. (***The meetings are on Friday and Saturday***) The meeting will be at the Renaissance Portsmouth Waterfront Hotel. The special rate at the Renaissance is \$87.00 plus 14% tax. Make your reservations directly with the hotel by calling 757-673-3000. 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 425 Water Street, Portsmouth, Virginia. Please note that the cut-off date for the hotel reservation is **May 15, 2015**.

The **September 2015** Motor Fuel Tax Section Uniformity Committee meeting is scheduled for Chattanooga, Tennessee. The Subcommittees will meet all day **September 18, 2015**. The Main Uniformity meeting is scheduled for **September 19, 2015**. (***The meetings are on Friday and Saturday***) The meeting will be at the Embassy Suites – Hamilton Place. The special rate at the Embassy Suites is \$96.00 plus 17.25% tax. Make your reservations directly with the hotel by calling 423-602-5100. 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 2321 Lifestyle Way, Chattanooga, Tennessee 37421. Please note that the cut-off date for the hotel reservation is **August 26, 2015**.

PRELIMINARY AGENDA
FTA Motor Fuel Tax Uniformity Committee
Chattanooga, Tennessee
September 18-19, 2015

Friday 8:00am – 5:00pm
September 18, 2015

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 19, 2015

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
Portsmouth, Virginia
June 12-13, 2015

Friday 8:00am – 5:00pm
June 12, 2015

Subcommittee

Room One

1:00pm – 5:00pm
Communication and 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 8:30 am to noon
June 13, 2015

FTA Full Uniformity Committee

1. Introduction
2. Approval of minutes
3. Presentation
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. Canadian Update
6. Old Business
7. New Business
8. Next Meeting
9. Adjourn

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

**FTA MOTOR FUEL UNIFORMITY COMMITTEE
SACRAMENTO, CALIFORNIA
JANUARY 24, 2015**

Minutes

The FTA Motor Fuel Tax Section Uniformity Committee met at the Holiday Inn Downtown, Sacramento, CA. Thirty-six (36) were in attendance. (See attached list of attendees)

Minutes

The minutes of the September, 2014 Uniformity Committee meeting in Jackson, Wyoming were approved.

Uniformity Chairs

State Co-Chair - Lee Gonzalez – State of Florida

Industry Co-Chair - Scott Louie – Chevron

Subcommittee Chairs

Compliance Subcommittee

State Co-Chair - Marcia - Marcia Leichner of Nebraska

Industry Co-Chair - Rae Takai – 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 – P66

Forms Management Subcommittee

State Co-Chair - Cindy Mongold - State of Kansas

Industry Co-Chair - Jessica McNerny – Cargill

Presentations

An overview of the FuelTrac III system was presented to the committee. Cory and Scott Martin were available by phone to answer any questions.

A presentation was given by David Retz-Chevron entitled “Legislative Forecast for Fuels Excises Taxes-January 2015. This presentation dealt with the current issues at hand concerning the drop in fuel prices, over supply of fuel, etc.

Subcommittee Reports

The Compliance Subcommittee

Marcia Leichner (Nebraska) reported there were twenty-five (25) in attendance. The committee discussed:

Training Schedule Update

- The Advanced Training class was presented in San Diego, California, on December 8-11, 2014. There were 31 attendees (17 from government and 14 from industry).
- At the current time, no classes have been scheduled for 2015.

Dyed Diesel Stats/Issues

- The stats for the first three quarters of 2014 were handed out and discussed.
- The group noted the large penalties assessed by Arizona in the 2nd quarter and by Virginia in the 1st quarter. Montana appears to be consistently drawing and testing a large number of samples each quarter. Considering states that keep track, commercial is the type of industry and pickups are the type of vehicle making up most of the violations.

Discussions:

- Potential legislation and state updates – all states present presented. States present included CA, FL, KS, KY, NE, NC, NH, NV, OK, and VA.
- Discussed that with state budget issues, many states may be considering a fuel tax increase (like PA). Discussed how this will affect compliance. Most states present indicated they use the “export information” that is shared between states. We discussed the importance of using the information to ensure fuel is being properly reported.
- Discussed an article titled “The Downside of Cheap Gas” and how it’s impacting some states and budgets.
- Briefly discussed whether states were aware of a new scenario that was brought up by a rack state.
 - Product is being removed from a licensed terminal and placed in a barge. Title of the product transfers at the flange. Product is removed from the barge and placed directly into vessels within the territorial waters of the state. Product never leaves the bulk transfer system. Physical and financial custody occur upon removal from the barge. The general consensus of the states and industry present was that the transaction might be reportable, but fuel tax not applicable, but there could be a potential sales tax issue.
- Discussed the agenda item to review the training manual/material to make suggestions for inclusion in future training. It was decided to leave the training as it currently is. Cindy Anders-Robb explained that the training is customized for the attendees using the materials as a basis for discussion.
- Brief discussion among states on who uses the diversion registry and benefits and among industry on who uses FuelTrac III.

New Business

- Solicited new projects for the Compliance sub-committee.
- Distributed three articles -
 - The World’s Biggest Car Company Wants to Get Rid Gasoline, (businessweek.com, December 17, 2014)
 - Hydrogen Cars, Coming Down the Pike, (New York Times, November 29, 2014)
 - Gas tax will add 10 cents per gallon starting Thursday; registrations, licenses, Inspections also increase (Pennsylvania), (pennlive.com The Patriot-News, updated December 30, 2014)

(See the minutes of this subcommittee for more details)

The Forms Management Subcommittee

Cindy Mongold (Kansas) reported that this committee met with Electronic Commerce. There were 36 in attendance. The subcommittee discussed the following:

New Hampshire Forms Review

The forms review team presented comments on the New Hampshire “Alternative Fuels Dealer Report”. The majority of the comments were for consistency or cosmetic reasons. However; the lack of a contact email address is required. The subcommittee voted and approved the New Hampshire “Alternative Fuels Dealer Report” as uniform with the addition of a contact email address.

E Commerce Survey

Hal Lovell went over the maps and results. They will be looking at making changes to the questions during the Electronic Commerce Technical Session for the next survey.

State ExSTARS Update-Kansas gave an update on tracking ExSTARS data. The subcommittee has decided to discontinue this update at this time.

Uniform Motor Fuel Sales Tax Form-The team presented a revised draft of the Uniform Motor Fuel Sales Tax form to the full committee. After discussion there were several suggestions made for changes;

- Net Taxable Sales” column should be included on the form.
- Wholesale” would be removed from the form title and be replaced with “Motor Fuel”
- “Distributor” will be “licensee”
- “Sales Tax Due” line changed to “Tax Due”

The full committee voted and approved the Motor Fuel Sales Tax Report with the changes identified above.

Uniform Subschedule Codes

The full committee also approved the following schedules to be used with the Motor Fuel Sales Tax Report

- 16A Gallons delivered sales tax collected
- 16B Gallons delivered exempt from sales tax

Who Can Request a Product Code?

In the current 2014 Uniformity book it states;

“Anyone needing a product code not on this list should follow the procedures outlined below:

***The State Tax Administrator** should submit the request to the current Forms Management Subcommittee state co-chair detailing the information using the FTA -Motor Fuel Uniformity Committee-Uniform Reporting Subcommittee Request Form for Product Code”*

The subcommittee discussed the issue and agreed that industry should be able to request a product code. The wording in the Uniformity book will be changed to;

***“The State Tax Administrator or Fuel Industry** should submit the request to the current Forms Management Subcommittee state co-chair detailing the information using the FTA -Motor Fuel Uniformity Committee-Uniform Reporting Subcommittee Request Form for Product Code”*

Product Code Request

The following product codes were discussed, voted on and approved by the subcommittee:

- BX5 - Biodiesel - Undyed (May contain up to 5% biodiesel)
- DX5 - Biodiesel - Dyed (May contain up to 5% biodiesel)

Industry Issues

- Industry is concerned about the lack of consistency across the states in the conversion of CNG and LNG. Industry will be monitoring this closely in the months to come.
- California oil spill – NGL's
- States clearly defining E85 and what percentage range qualifies as E85

(See the minutes of this subcommittee for more details)

Approved by the Full Committee

•New Hampshire Uniform Report Forms:

- Alternative Fuels Dealer Report

•Product Code Request:

- BX5 - Biodiesel - Undyed (May contain up to 5% biodiesel)
- DX5 - Biodiesel - Dyed (May contain up to 5% biodiesel)

•Who Can Request a Product Code:

The wording in the Uniformity book will be changed to;

- ***The State Tax Administrator or Fuel Industry** should submit the request to the current Forms Management Subcommittee state co-chair detailing the information using the FTA -Motor Fuel Uniformity Committee-Uniform Reporting Subcommittee Request Form for Product Code.*

The Electronic Commerce Subcommittee

Hal Lovell (CA) reported there were twenty-one (21) (16 in person and 5 attended by phone) in attendance. The subcommittee discussed the following:

Oregon Implementation Guide and XML- Held a conference call with Oregon representatives and we discussed the progress being made with the ongoing review of the State of Oregon Implementation guide and XML schema request. The XML team is still in the final review steps for the proposed E-file guide package and XML package. XML group will hold a conference call in next month to go over the items brought up in the meeting. The Oregon Retail return does not conform to the FTA forms uniformity or XML but the other forms approved have been approved by Forms (Distributor return, etc.) and the E-Commerce Committee feels we should be able to be work with Oregon staff to resolve the existing concerns on the rest of the forms.

Mississippi Implementation Guide and XML- Update the status of State of Mississippi rollout and XML schema request. Will be working with the State of Mississippi Rep (Daniella Hughes) on the outstanding issues so this request can be approved at a future meeting.

Creation of Form on Obtaining FTA Approval for Efile System –The committee approved the document. The committee is continuing to work 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). Group reviewed the updated mock that had the new links for the 2014 Uniformity and eFile. Group has approved this document after the changes requested at today's meeting have been incorporated into the document. The Committee will work with Cindy/Ron Alt (FTA) to get this approved document uploaded to the FTA website.

EC Survey

Discussed the EC Survey map from 2014 and went over some suggested changes to the questions to improve the ability to plot the answers from survey to the maps for 2015 project. Good progress was made on this project and the committee is hoping to provide to the Uniformity group a draft of the new set of questions for the Fall 2015 survey for states.

E-Commerce group will start looking to develop a new XML schema for the now approved Uniform Motor Fuel Sales Tax form that was passed by the Forms Committee at this meeting or the Alternative Use Fuel Returns. Subcommittee will review the forms and develop an action plan on efforts needed to develop either/or both of the schemas this year.

E-Commerce group is looking to develop a new document on “best practices” for filing old amended returns when a state has upgraded their e-file platforms.

(See the minutes of this subcommittee for more details)

The Communication and Coordination Subcommittee

Christy Dixon (OK) reported that twenty-four (24) were in attendance.

The subcommittee discussed the following and the January, 2015 *Uniformer* was distributed.

2015 Taxation, Diversion and Alternative Fuels Booklet- the subcommittee discussed, added and approved the following:

Section 15-Please provide the following information:

Name of Report	Due Date of Report	Due Date of Payment

Section 16-Does your state consider postmarked or received by due date as timely filed?

Section 17-When filing a return electronically, what time is considered timely? (Example: 11.59 pm on due date)

Section 18-When the due date of the return(s) and payment(s) falls on a weekend or Holiday, when are the report(s) and payment(s) due?

Section 19-What is your penalties for late filing report(s) and payment(s)?

Name of Report	Report Penalties	Payment Penalties

Section 20-How is E85 treated in your state? What blends are considered to be reported as E85? What percentage range is considered E85?

In June, volunteers from each region will contact the states within their regions to gather the updated information for the 2015 Taxation, Diversion and Alternative Fuels Booklet

Definitions- Fuel Grade Ethanol was approved by the subcommittee and the full Uniformity committee:

Fuel Grade Ethanol means a product that meets the ASTM standard D-4806 specification for denatured motor fuel grade ethanol for blending with motor fuel to be used as a spark-ignition automotive engine fuel.

Buy/Sell Agreements and Flash Title Agreements- another draft document was discussed; and after much discussion, the working group is going to make revisions to the document and present it at the next meeting in June, 2015.

Alternative Fuel Definitions- The subcommittee will look at several definitions for alternative fuels in 2015.

Native American Survey- In May, volunteers from each region will contact the states within their regions to gather the updated information for the 2015 Native American Survey.

Open Discussions

None

(See the minutes of this subcommittee for more details)

Approved by the Full Committee

Definition for Fuel Grade Ethanol

Fuel Grade Ethanol means a product that meets the ASTM standard D-4806 specification for denatured motor fuel grade ethanol for blending with motor fuel to be used as a spark-ignition automotive engine fuel.

•Revisions to the 2015 Taxation, Diversion and Alternative Fuels Booklet

Canadian Update

Rick Callaway reported that they will be making recommendations that CNG and LNG will be calculated by weight.

New Business

None

Next Meeting

The next Uniformity Committee meeting is scheduled for June 12 & 13, 2015 in Portsmouth, Virginia.

The meeting was adjourned.

The Uniformer

MESSAGE FROM THE NATIONAL CHAIR SCOTT BRYER

Welcome to 2015 and my first message as the Chairman. Thank you for the opportunity to serve in this capacity. Also, please help me welcome our new Vice Chair John Manning of Utah. We look forward to working with you this year.

I think this year will be very interesting given the current prices of gasoline and diesel; nationally we are seeing some of the lowest fuel prices in several years. The major reasons the media cites for the low fuel prices are: demand has slowed in Europe and Asia due to their economies, the U.S. has increased supply as a result of shale oil and gas via hydraulic fracturing and horizontal drilling, and Saudi Arabia is maintaining its output.

Over the past decade revenue from motor fuel taxes have decreased primarily as a result of smaller and more fuel efficient motor vehicles. Will the significant decline in fuel prices result in an increase in fuel tax revenue? New Hampshire has seen a slight increase in fuel tax revenue during 2014, which more than likely can be attributed to increased sales in motor fuel due to the falling prices. As prices decline it appears that consumer discretionary travel will increase locally and I assume nationally. So this brings up some questions that need to be evaluated going forward. Are lower fuel prices here for the long term or is this just a short-term phenomenon? If

these prices remain low, how will this affect the growth in motor vehicle alternative fuels use? Will this result in petroleum based fuel taxes continuing to be the best revenue source for the States' transportation infrastructure needs? We will need to monitor these questions in the upcoming year. Even with the price of traditional fossil fuels decreasing, we still need to address taxation issues associated with alternative fuels as its availability to the public consumer increases every year.

Please feel free to contact me with your thoughts and suggestions. My contact information follows:
Scott.Bryer@dos.nh.gov
(603) 223-8081

MESSAGE FROM THE UNIFORMITY COMMITTEE STATE CO-CHAIR LEE GONZALEZ

It is hard to believe another year has come and gone and 2015 is upon us. As I look back on 2014, I believe the Uniformity Committee did an outstanding job promoting projects that reduced evasion and improved compliance. In addition, I believe the committee created an environment that allowed for open and honest communication between taxing jurisdictions and industry. These accomplishments are a testament to the hard work and dedication of the sub-committee chairs and its members.

As we move forward into the New Year, I foresee opportunities and challenges the Uniformity Committee must face that are

specific to fuel tax administration. My primary goal is to identify, discuss, and present solutions to these issues that are beneficial to both industry and taxing jurisdictions.

One of the opportunities or challenges that I think the Uniformity Committee will face in 2015 pertains to domestic oil and natural gas production in the United States. There are many who believe the United States is now the top producer of natural gas and refined petroleum products in the World. In addition, there is a growing number who believe the United States will become the leading producer of crude oil in 2015.

With this increase in domestic production, you can expect lower fuel prices, higher consumption, and increased tax revenue. Although an increase in production provides an opportunity for many in the fuel industry, it will present additional challenges for tax administration.

For example,

- Will states see an increase in tax exempt exports to other counties? Do they have the tools in place to measure what is consumed versus what is exported out of state?
- Do states have the tools necessary to monitor and assess tax on larger quantities of natural gas sold for use in a motor vehicle? How will they distinguish natural gas consumed in a vehicle versus other means of

consumption such as natural gas used in the production of electricity?

- Do states have comprehensive and reasonable audit processes in place that allow them to track an increased number of fuel transactions.

A second opportunity or challenge I would like to address in 2015 is state participation. Over the past few years, I have witnessed fewer states participating in the decision making process regarding fuel tax administration. It is critical for all states to have a voice when discussing uniform policies and procedures.

My goal for 2015 is to improve the quality of the Uniformity experience. In order to accomplish this goal, I will bring in more guest speakers with relevant information to the Saturday morning meetings. In addition, I will challenge our sub-committee chairs to promote in depth group discussions on current topics pertaining to fuel tax administration.

As state chair of the Uniformity Committee, I relish the opportunity to address these and other pertinent issues. I will ask each member to think outside of the box and consider promoting different perspectives.

Overall, I expect 2015 to be a great year with many new and exciting ideas originating from Uniformity. I look forward to working with my fellow committee

members to make 2015 the most productive year to date.

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

Hope everyone had a great Holiday Season and start to 2015!

The FTC has progressed on a number of key strategic initiatives. These include:

- For the review underway to update the Generic Fuel Tax Return and Schedules (developed by the FTC and used by all jurisdictions), the desired additions, deletions, added schedule and new products to be reported have been identified with new forms under development.
- Standards for unverifiable losses of accountable products that occur in the distribution/marketing chain are being defined by Industry and Government to evaluate current allowances and administrative processes. Research is underway to identify where these losses are occurring.
- Best practices for providing updated and current Collectors' Lists on Government and FTC websites are being

defined using Ontario's model. The best practices will be presented in May for approval.

- The Licensing Review to develop improved practices for registering and licensing the different roles for reporting and remitting taxes is at the phase where the requirements by all Jurisdictions have been made available on the FTC website.
- The final paper for the Natural Gas project to develop a uniform tax model is being prepared. The model includes components such as the point of collection, registration requirements, units of measurement and reporting requirements, as well as, alternatives for establishing tax rates. The model will be presented in May for FTC approval and September for Senior Government Officials approval.
- Basic and Audit training courses were held for 70 students in late November in Ontario.

The next FTC meetings will be held in Toronto on May 5 and 6.

If you have any questions or need more information, please feel free to contact me at

rick.callaway@fueltaxcouncil.com
or call 1 (403) 471-7022.

UNIFORMITY COMMITTEE

Minutes

The FTA Motor Fuel Tax Section Uniformity Committee met at the Snow King Hotel, Jackson, Wyoming. Lee Gonzalez (FL) Uniformity State Chair called the meeting to order. Forty (40) were in attendance.

Minutes

The minutes of the May 2014 Uniformity Committee meeting in Portland, Oregon were approved.

Presentations:

A presentation was given by Amy Drewry with Louis Dreyfus on "Who is Responsible for Destination Sales Tax Exempt Documents".

A presentation was given by Steve Nutter (VA) entitled "Virginia Fuels Tax Transformation. This presentation explained their law for collecting sales tax on Motor Fuel and also explained the report that they use for remitting the sales tax collected on Motor Fuel.

SUBCOMMITTEE REPORTS

The Compliance Subcommittee

Marcia Leichner (NE) reported there were thirty-seven (37) in attendance. The committee discussed:

Training Schedule Update

- The Basic Training class was held in Kansas City, Missouri on July 27-31, 2014. There were 47 in attendance.

- The Advanced Training Class is currently scheduled for December 7-11, 2014 in San Diego, California.

Dyed Diesel Stats

The stats for the first two quarters of 2014 were handed out and discussed. Nebraska shared some general information about a recent case of a taxpayer refusing to be tested for dyed diesel.

Discussion

- State Compliance Updates: Nebraska shared that they had a taxpayer inquire about the proper way to bill motor fuel taxes when they blend ethanol and water.

- Texas CID cases: There was a general discussion regarding Texas's aggressive nature of investigating motor fuel cases.

- Emerging Alternative Fuels: There was a brief discussion regarding specific products mentioned on the "Alternative Fuels" website (<http://afdc.energy.gov/fuels/emerging.html>).

- LNG/CNG issues: Indiana shared that states should be aware of LNG being changed to CNG.

New Business

- Solicited projects for 2014/2015 It was suggested that this committee review the training manual to make sure all areas of risk are being covered by the training.
- Distributed four articles

1. US Navy to run seawater into jet fuel (April 10, 2014)

2. RFA Lauds Quad County Corn Processors at the Grand Opening of New Cellulosic Bolt on Facility (September 9, 2014)

3. Two Men Charged in Las Vegas in Biofuels scheme (January 16, 2014)

4. Feds order companies to notify state of oil by rail cargoes, recommend older cars be retired.

The Forms Management Subcommittee

Cindy Mongold (KS) reported that this committee met with Electronic Commerce. There were thirty-six (36) participated in the meeting. The subcommittee discussed:

Crosswalk (FTA and STCC Codes)

This project will be removed from the agenda at this time. If there is additional information at a later date it will be addressed at that time.

Ohio Forms Review

No update of the forms and instructions was received prior to the meeting. Review has been placed on hold at this time.

Washington Forms Review

The following Washington forms were received, voted on and approved by the full committee:

Terminal Report & Schedules
Supplier Tax Return & Schedules
Distributor Tax Return
Aircraft Return
Blender Tax Return

Washington Schedule Request

Washington requested two schedules:

1. Determine biodiesel gallons rebranded to dyed.

Discussion resulted in:

Washington taking a look at the procedure for regarding the product with a Book Adjustment.

It this does not work for their situation then the committee will take another look at issuing a subschedule.

2. Gallons sold exempt to IFTA authorized carriers.

Washington will use subscheduled 6F

State ExSTARS Update

Kansas gave an update on tracking ExSTARS data.

Uniform Motor Fuel Sales Tax Form

The team presented a revised draft of the Uniform Motor Fuel Sales Tax form to the full committee. After discussion there were several suggestions made for changes:

1. Add \$ to Gross & Exempt columns and % to Sales tax rate column
2. Add date field to the signature line
3. Add Contact information, such as name, title, phone number
4. Prepared by line

The team will make the revisions and will be discussed at the next meeting in January 2015.

FTA Product Codes vs. ExSTARS Product Codes

It was brought to the attention of the committee that product codes recently issued by FTA were not being accepted in ExSTARS

reporting. The product codes in question were 313 Ultra Low Sulfur Diesel Undyed and 314 Ultra Low Sulfur Diesel dyed. These 2 product codes were issued in June 2012 along with 301 CBOB and 302 RBOB.

IRS contact presented the issue to ExSTARS representatives and it appears that ExSTARS is considering adding these 4 product codes to the reporting.

Industry Issues

1. Industry is currently struggling with the expanded California Oil Spill Prevention Fee. The previous law imposed the fee on crude oil and petroleum products that entered the state at a refinery or marine terminal by vessel. The revision to the law expanded the fee to include all modes of transportation over land or water. The bill was vaguely written by the Department of Fish and Wildlife and did not address the many details that the industry needs to fully understand and comply with the revised law. In addition, upon passage of the bill, industry was given 60 days to implement the new changes. The DOFW does not have the expertise to provide answers to our or the CA BOE questions on how to administer the details. There are still a lot of gray areas that industry will have to make assumptions on how to comply with the law rather than having concrete guidance. Neither the DOFW nor the BOE are interested in writing a set of statutes to address these questions.

2. Industry is continuing to wrestle with the use and

reporting of biodiesel blends as many states and the Federal government have varying requirements. We recently had a situation where a state is requiring a taxpayer to amend a large number of returns because they were reporting a B0-B5 product as clear diesel along with the ASTM standards. The state's position is that it should have been reported as a biodiesel code. There is no effect on the tax amount paid, as any blend is taxable as diesel fuel in this state.

Approved by the Full Committee

Washington Uniform Report Forms:

- Terminal Operator and Schedules
- Supplier Tax Return & Schedules
- Distributor Tax Return
- Aircraft Return
- Blender Tax Return

The Electronic Commerce Subcommittee

Hal Lovell (California) reported there were nine (9) (7 in person and 2 by phone) in attendance. The subcommittee discussed the following:

Oregon Implementation Guide and XML

The XML team is reviewing their schema request and hopes to have it completed by the January 2015 meeting.

Mississippi Implementation Guide and XML

The XML team is reviewing their schema request and hopes to

have it completed by the January 2015 meeting.

Creation of Form on Obtaining FTA Approval for Efile System

The committee approved the document, continue to work on a simple handout that will summarize the steps that a state should follow to get FTA's approval for their E-file system (forms, E-file Guide, XML schema, etc)

New Item

E-Commerce group is looking to develop a new document on "best practices" for filing old amended returns when a state has upgraded their e-file platforms.

The Communication and Coordination Subcommittee

Christy Dixon (OK) reported that thirty-seven (37) were in attendance.

The subcommittee discussed the following and the September, 2014 *Uniformer* was distributed

2014 Taxation, Diversion and Alternative Fuels Booklet

The 2014 booklet was printed and put onto the CD. Both were available at the meeting. The subcommittee attendees were asked to think about any additional items for the 2015 booklet. A suggestion was made at the Uniformity meeting that we add a question asking what each state requires on invoices/bills of lading.

Definitions:

Fuel Grade Ethanol has been table until the next meeting in January 2015.

Electronic Filing is the secure transmission of machine-readable structured data between a filer and a government agency and the acknowledgement thereof. Electronic filing data may be exchanged in:

- Extensible markup language (XML)
- ASC X12 electronic data interchange
- Spreadsheet or structured text files

Buy/Sell Agreements and Flash Title Agreements

Another draft document was discussed; and after much discussion, the working group is going to make revisions to the document and present it at the next meeting in January 2015.

Alternative Fuel Definitions

The subcommittee will look at several definitions for alternative fuels in 2015

Native American Survey

The survey will need to be updated and printed in 2015.

Approved by the Full Committee

Definition:

Electronic Filing is the secure transmission of machine-readable structured data between a filer and a government agency and the acknowledgement

thereof. Electronic filing data may be exchanged in:

- Extensible markup language (XML)
- ASC X12 electronic data interchange
- Spreadsheet or structured text files

Canadian Update

Report to be given at the Annual meeting

New Business

None

Next Meeting

The next Uniformity Committee meeting is scheduled for January 23-24, 2015 in Sacramento, CA

The meeting was adjourned.

SUBCOMMITTEE CHAIRS

Compliance Subcommittee

State Co-Chair

Marcia Lechner

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, P66

**Forms Management
Subcommittee**

State Co-Chair

Cindy Mongold – State of Kansas

Industry Co-Chair

Scott Louie – Chevron

**FTA MOTOR FUEL TRAINING
SCHEDULE**

None has been scheduled for
2015 at this time.

UPCOMING MEETINGS 2015

Pacific Region

April 26-28, 2015

Portland, Oregon

Uniformity Meeting

June 12-13, 2015

Portsmouth, Virginia

Northeastern Region

May 2015

Niagara Falls, New York

Southern Region

June 21-23, 2015

Gulf Port, Mississippi

Midwestern Region

July 7-9, 2015

Sioux Falls, South Dakota

Uniformity Meeting

September 18-19, 2015

Chattanooga, Tennessee

Motor Fuel Annual Meeting

September 20-23, 2015

Chattanooga, Tennessee

**MOTOR FUEL STEERING
COMMITTEE MEMBERS**

National Chair

Scott Bryer

State New Hampshire

National Vice Chair

John Manning

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Peggy Laurenz

State of South Dakota

Northeastern Region

Brian Galarneau

State of New York

Pacific Region

Dawn Lietz

State of Nevada

Southern Region

Glenn Boyette

State of Mississippi

Editor

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FTA Motor Fuels Uniformity Meeting
Compliance Subcommittee
Sacramento, California
January 23, 2015

MINUTES

The Compliance Subcommittee met on Friday, January 23, 2015. State Co-Chair, Marcia Lechner, and Rae Takai, Industry Co-Chair, conducted the meeting. There were 25 people present.

The Minutes from the Jackson, Wyoming, meeting on September 26, 2014, were approved as presented.

Training Schedule

- The Advanced Training class was presented in San Diego, California, on December 8-11, 2014. There were 31 attendees (17 from government and 14 from industry).
- At the current time, no classes have been scheduled for 2015.

Dyed Diesel Stats/Issues

- The stats for the first three quarters of 2014 were handed out and discussed.
- The group noted the large penalties assessed by Arizona in the 2nd quarter and by Virginia in the 1st quarter. Montana appears to be consistently drawing and testing a large number of samples each quarter. Considering states that keep track, commercial is the type of industry and pickups are the type of vehicle making up most of the violations.

Discussion Items

- Potential legislation and state updates – all states present presented. States present included CA, FL, KS, KY, NE, NC, NH, NV, OK, and VA.
- Discussed that with state budget issues, many states may be considering a fuel tax increase (like PA). Discussed how this will affect compliance. Most states present indicated they use the “export information” that is shared between states. We discussed the importance of using the information to ensure fuel is being properly reported.
- Discussed an article titled “The Downside of Cheap Gas” that Cindy Anders-Robb provided and how it’s impacting some states and budgets.
- Briefly discussed whether states were aware of a new scenario that was brought up by South Carolina (a rack state).
 - Product is being removed from a licensed terminal and placed in a barge. Title of the product transfers at the flange. Product is removed from the barge and placed directly into vessels within the territorial waters of the state. Product never leaves the bulk transfer system. Physical and financial custody occur upon removal from the barge. The general consensus of the states and industry present was that the transaction might be reportable, but fuel tax not applicable, but there could be a potential sales tax issue.
- Discussed the agenda item to review the training manual/material to make suggestions for inclusion in future training. It was decided to leave the training as it currently is. Cindy Anders-Robb explained that the training is customized for the attendees using the materials as a basis for discussion.
- Brief discussion among states on who uses the diversion registry and benefits and among industry on who uses FuelTrac.

Old Business

- None

New Business

- Solicited new projects for the Compliance sub-committee.
- Distributed three articles -
 - The World's Biggest Car Company Wants to Get Rid Gasoline, (businessweek.com, December 17, 2014)
 - Hydrogen Cars, Coming Down the Pike, (New York Times, November 29, 2014)
 - Gas tax will add 10 cents per gallon starting Thursday; registrations, licenses, Inspections also increase (Pennsylvania), (pennlive.comThe Patriot-News, updated December 30, 2014)

Next meeting

- To be determined

Submitted by: Marcia Leichner – State Co-Chair, Nebraska
Rae Takai – Industry Co-Chair, Shell Oil Products US



E-Commerce Meeting Agenda

Type of Meeting	FTA – E-Commerce
Date	January 23, 2015
Venue	Sacramento, Ca
Start Time	1:15 pm

Agenda:

No.	Topic(s)
1	Review the minutes from Sept 2014 (Jackson, Wyoming) meeting and finalized the meeting minutes from that meeting.
2	Discussed the State of Mississippi rollout of their Oct 2014 XML system.
3	Discussed the State of Oregon Implementation guide and XML schema request by conference call.
4	Simple E-file Handout draft – Discussion on proposed final draft of the this handout
5	New Topics

Meeting Minutes:

No.	Discussion item	Meeting Minutes
1.	Introduction	Total attendees – 16 in person (5 attended by conference call) Industry 1 Misc (Vendors, etc.) 4 States and FTA staff 11
2.	Minutes	We discussed/reviewed minutes from the Sept, 2014 meeting in Jackson, Wyoming. No changes were recommended. Minutes from Sept 26, 2014 meeting were approved by E-Commerce committee.
3.	Reviewed the State of Mississippi's Implementation Guide and XML	In Progress – Update the status of State of Mississippi rollout and XML schema request. Will be working with the State of Mississippi Rep (Daniella Hughes) on the outstanding issues so this request can be approved at a future meeting.
4.	Reviewed the State of Oregon's Implementation Guide and XML	In Progress – Held a conference call with Oregon representatives and we discussed the progress being made with the ongoing review of the State of Oregon Implementation guide and XML schema request. The XML team is still in the final review steps for the proposed E-file guide package and XML package. XML group will hold a conference call in next month to go over the items brought up in the meeting. The Oregon Retail return does not conform to the FTA forms uniformity or XML but the other forms approved have been approved by Forms (Distributor return, etc.) and the E-Commerce Committee feels we should be able to be work with Oregon staff to resolve the existing concerns on the rest of the forms.



E-Commerce Sub-committee Agenda

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No.	Discussion item	Meeting Minutes
5.	Approved simple handout form on obtaining FTA approval for E-file system	Completed – Group reviewed the updated mock that had the new links for the 2014 Uniformity and eFile. Group has approved this document after the changes requested at today’s meeting have been incorporated into the document. The Committee will work with Cindy/Ron Alt (FTA) to get this approved document uploaded to the FTA website.
6.	New item	New item. Discussed the EC Survey map from 2014 and went over some suggested changes to the questions to improve the ability to plot the answers from survey to the maps for 2015 project. Good progress was made on this project and the committee is hoping to provide to the Uniformity group a draft of the new set of questions for the Fall 2015 survey for states.
7.	New item	New item. E-Commerce group will start looking to develop a new XML schema for the now approved Uniform Motor Fuel Sales Tax form that was passed by the Forms Committee at this meeting or the Alternative Use Fuel Returns. Subcommittee will review the forms and develop an action plan on efforts needed to develop either/or both of the schemas this year.
8.	Ongoing	Ongoing. E-Commerce group is looking to develop a new document on “best practices” for filing old amended returns when a state has upgraded their e-file plat form (EDI to XML, etc.). Looking to have a rough draft explaining the area of concern and a best practices recommendation to resolve this issue going forward.

Action Items:

No.	Discussion Item	Resource	Action Required	Status (NS, IP, Done)
1	IRS move to XML	IRS work group	No action taken – Monitor to be able 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	E-Commerce group	E-Commerce group is looking to develop a new document on “best practices” for filing old amended returns when a state has upgraded their e-file plat forms.	IP
3	Reviewed the State of Mississippi’s Implementation Guide and XML	E-Commerce group	Finalize review in preparation of a “final” approval of the XML schema and Guide at the next uniformity meeting in June 2015.	IP
4	Reviewed the State of Oregon’s Implementation Guide and XML	E-Commerce group	Finalize review in preparation of a “final” approval of the XML schema and Guide at the next uniformity meeting in June 2015.	IP



E-Commerce Sub-committee Agenda

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5	Draft up a demo of XML schema for new approved FTA forms (Sales tax or Alternative Use Fuel Returns)	E-Commerce group	E-Commerce group will start looking to develop a new XML schema for the now approved Uniform Motor Fuel Sales Tax form that was passed by the Forms Committee at this meeting or the Alternative Use Fuel Returns. Subcommittee will review the forms and develop an action plan on efforts needed to develop either/or both of the schemas this year.	NS
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**Forms Subcommittee
Minutes
January 23, 2015
Sacramento, CA**

There were 36 attendees at the Friday, January 23, 2015 Forms Subcommittee meeting.

The minutes from the September 26, 2014 meeting in Jackson, WY were reviewed and approved as written.

Uniform Motor Fuel Sales Tax Form team, Jessica McInerny, Amy Drewry, David Hernandez, and Tammy West, walked the full committee through the form with changes made from suggestions received at the September 2014 meeting. The team presented 2 options, one with a "Net Taxable Sales" column on the schedule and the other without the net. The full committee agreed the "Net Taxable Sales" column should be included on the form.

The following changes were also agreed upon;

- "Wholesale" would be removed from the form title and be replaced with "Motor Fuel"
- "Distributor" will be "licensee"
- "Sales Tax Due" line changed to "Tax Due"

The full committee voted and approved the Motor Fuel Sales Tax Report with the changes identified above.

The full committee also approved the following schedules to be used with the Motor Fuel Sales Tax Report

- 16A Gallons delivered sales tax collected
- 16B Gallons delivered exempt from sales tax

Who Can Request a Product Code?

On page 135 of the 2014 Uniformity book it states;

Anyone needing a product code not on this list should follow the procedures outlined below:

The State Tax Administrator should submit the request to the current Forms Management Subcommittee state co-chair detailing the information using the FTA -Motor Fuel Uniformity Committee-Uniform Reporting Subcommittee Request Form for Product Code.

The full committee discussed the issue and agreed that industry should be able to request a product code. The wording in the Uniformity book will be changed to;

The State Tax Administrator or Fuel Industry should submit the request to the current Forms Management Subcommittee state co-chair detailing the information using the FTA -Motor Fuel Uniformity Committee-Uniform Reporting Subcommittee Request Form for Product Code.

Product Code Request

The following product codes were discussed, voted on and approved by the full committee;

- BX5 - Biodiesel - Undyed (May contain up to 5% biodiesel)
- DX5 - Biodiesel - Dyed (May contain up to 5% biodiesel)

New Hampshire Forms Review

The forms review team presented comments on the New Hampshire “Alternative Fuels Dealer Report”. The majority of the comments were for consistency or cosmetic reasons however the lack of a contact email address is required. The full committee voted and approved the New Hampshire “Alternative Fuels Dealer Report” as uniform with the addition of a contact email address.

E Commerce Survey

Hal Lovell went over the maps and results. They will be looking at making changes to the questions during the Electronic Commerce Technical Session for the next survey.

Late File Penalty when Electronic Filed Return is Rejected

The committee discussed late file penalty when a timely filed return is rejected due to structural deficiencies or business edits. States present gave an overview of how the scenario is handled. Some states would charge a late file penalty and some would not. Some states would allow the collection/handling allowance, some wouldn't. It was decided to pass this item on to the Communication & Coordination Subcommittee.

Industry Issues

- Industry is concerned about the lack of consistency across the states in the conversion of CNG and LNG. Industry will be monitoring this closely in the months to come.
- California oil spill – NGL's
- States clearly defining E85 and what percentage range qualifies as E85

State ExSTARS Update was presented by Edie Martin

The committee has decided to discontinue this update at this time.

Next meeting

June 12 & 13, 2015 in Portsmouth, VA

Industry Co-Chair

Scott Louie with Chevron will be the new Uniformity Co-Chair.

Jessica McNerny with Cargill will take over as the Forms Subcommittee Industry Co-Chair.

Meeting was adjourned

Cindy Mongold State Co-Chair

Scott Louie Industry Co-Chair

**FTA MOTOR FUEL UNIFORMITY COMMITTEE
COMMUNICATION & COORDINATION SUBCOMMITTEE
SACRAMENTO, CALIFORNIA
JANUARY 23, 2015
MINUTES**

The Communication & Coordination Subcommittee met on Friday, January 23, 2015. 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 24 attendees.

The minutes from the September 26, 2014 meeting were approved by the subcommittee.

The latest edition of the Uniformer (January, 2015 copy) was distributed.

Taxation, Diversion and Alternative Fuels Booklet- The subcommittee attendees discussed the additional questions that they would like added to the 2015 booklet. The following questions were approved by the subcommittee and the full Uniformity committee to be added to the booklet:

Section 15-Please provide the following information:

Name of Report	Due Date of Report	Due Date of Payment

**Section 16-Does your state consider postmarked or received
by due date as timely filed?**

**Section 17-When filing a return electronically, what time is considered timely?
(Example: 11.59 pm on due date)**

**Section 18-When the due date of the return(s) and payment(s) falls on a weekend
or Holiday, when are the report(s) and payment(s) due?**

Section 19-What is your penalties for late filing report(s) and payment(s)?

Name of Report	Report Penalties	Payment Penalties

**Section 20-How is E85 treated in your state? What blends are considered to be
reported as E85? What percentage range is considered E85?**

The following people from each region volunteered to contact the states within their regions to gather the updated information for the 2015 Taxation, Diversion and Alternative Fuels Booklet:

- A. Midwest – Cindy Mongold-State of Kansas
- B. Northeast –Scott Bryer-State of New Hampshire
- C. Pacific – Debbie Kalfsbeck-State of California
- D. Southeast – Tammy West-State of Virginia

Definitions

Fuel Grade Ethanol was approved by the subcommittee and the full Uniformity committee:

Fuel Grade Ethanol means a product that meets the ASTM standard D-4806 specification for denatured motor fuel grade ethanol for blending with motor fuel to be used as a spark-ignition automotive engine fuel.

Buy/Sell Agreements and Flash Title Agreements-another draft document was discussed; and after much discussion, the working group is going to make revisions to the document and present it at the next meeting in June, 2015.

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
Rich Little, Deloitte Tax
Bill Gray, Sinclair Oil

Native American Survey-the survey will need to be updated and printed this year.

The following people from each region volunteered to contact the states within their regions to gather the updated information for the 2015 Native American Survey:

- A. Midwest – Marcia Leichner-State of Nebraska
- B. Northeast –To be determined
- C. Pacific – Carmen Shipman-State of Nevada
- D. Southeast – John Panza-State of North Carolina

The next meeting will be on Friday, June 12, 2015, Portsmouth, Virginia.

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