

FTA MOTOR FUEL UNIFORMITY COMMITTEE

Houston, Texas

May 4, 2013

Minutes

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

Minutes

The minutes of the January, 2013 Uniformity Committee meeting in Long Beach, California 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 – NGV America-ngvamerica.org

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 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 headers 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 fling. 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.

(See the minutes of this subcommittee for more details)

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 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.

(See the minutes of this subcommittee for more details)

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

Fuel Type	Taxability	Conversion Rate if applicable
CNG (Compressed Natural Gas)		
E85		Not Applicable
Electric Vehicles/Electricity		
Gasoline Hybrid Vehicles		Not Applicable
Hydrogen		Not Applicable
LNG (Liquefied Natural Gas)		
LPG (Liquefied Petroleum Gas)		
Methanol or “M85”		Not Applicable
Other		Not Applicable

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.

(See the minutes of this subcommittee for more details)

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.

The meeting was adjourned.

FTA UNIFORMITY COMMITTEE

Houston, Texas

4-May-13

Present?	State/Company	Phone	Email Address
	Albin, Michael	ACS Government Solutions	602-412-2011 mike.albin@xerox.com
XX	Alderman, Donna	North Carolina Dept of Revenue	919-733-8214 donna.alderman@dornc.com
XX	Anders-Robb, Cindy	Federation of Tax Administrators (FTA)	307-632-4144 cindy.anders-robb@taxadmin.org
	Arndt, Doug	ND Tax Commission	701-328-2050 darndt@nd.gov
	Autry, Beth	Musket Corp/Love's Truck Stop	405-302-6522 betha@loves.com
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XX	Banting, Nicholas	PA Department of Revenue	717-783-2519 nbanting@pa.gov
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	Burdick, Doug	Fuel Quest/ZyTax	850-294-0084 doug.burdick@fuelquest.com
XX	Callaway, Rick	Canadian Fuel Tax Council	403-471-7022 rick.callaway@fueltaxcouncil.com

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Present?	State/Company	Phone	Email Address
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XX	Dixon, Christy	Oklahoma Tax Commission	405-522-4197 cdixon@oktax.state.ok.us
XX	Donnellan, Robert	Global Companies LLC	781-398-4247 rdonnellan@globalp.com
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XX	Gonzalez, Lee	Florida Department of Revenue	850-488-7268 gonzalee@dor.state.fl.us
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XX	Gray, Bill	Sinclair Oil Corporation	801-524-2887 bgray@sinclairoil.com
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	Grizzle, Jonna	Shell	713-241-2786 jonna.grizzle@shell.com
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	Hapa, Joselito	Shell Oil Company	712-241-0103 Joselito.hapa.shell.com
XX	Hennig, Drew	FuelQuest	210-643-1946 dhennig@fuelquest.com
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XX	Holland, Gene	ConocoPhillips	918-661-4035 gene.p.holland@conocophillips.com
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Present?	State/Company	Phone	Email Address
XX	Jones, Julie	Utah State Tax Commission	801-297-7575 juliejones@utah.gov
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XX	Newton, Bill	Utah State Tax Commission 801-297-2767	bnewton@utah.gov
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XX	Wisnyanski, Stephen	PA Department of Revenue	717-783-9819 swisnyanski@pa.gov
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The Uniformer

MESSAGE FROM THE NATIONAL CHAIR EDIE MARTIN

Hello Everyone! Are you as ready for summer as I am? While Kansas had only 2 major snow storms this winter, I can't say I'll miss the white stuff, but we could still use the moisture in the Midwest!

As National Chair, I am looking forward to attending the Regional meetings this year. It will be interesting to meet new people, see the similarities and differences of each meeting, as well as to gain a better understanding of regional goals.

For some States, Legislative sessions are coming to a close. Methods to fund highways continue to be an issue, as well as deflated budgets, revenue decline and lack of grant funding. The use of natural gas is on the rise, which is also creating challenges. We hear more each day that truck fleets are converting to natural gas. Recently, I saw a news article indicating that testing of natural gas in locomotives was in process. These challenges remind me of the importance of partnering with stakeholders to accomplish needed goals. A collaborative effort is required. It's comforting to know that the FTA Motor Fuel Uniformity Committee will continue to tackle state and industry issues, follow trends, as well as opportunities for change and new ideas that could benefit all. However, your participation in Uniformity is still needed! If you cannot attend the

meetings in person, conference calling is available. Get involved!

The annual meeting in Fargo, North Dakota will be here before we know it! If you are interested in serving on the Time and Place, or Resolutions Committee, or you have discussion topics or projects for the group, please let me know. My contact information is as follows:
edie.martin@kdor.ks.us or
(785)296-5327.

MESSAGE FROM THE UNIFORMITY COMMITTEE STATE CO-CHAIR JEREMY NEECK

Greetings and Happy Spring! As we continue to move forward in 2013, I look forward to working with both states and industry on uniformity and issues that we face either with transportation funding, efficient methods of reporting and collecting taxes, and legislation that deals with the motor fuel industry. In Minnesota, we are in a legislative session that is looking at raising the motor fuel excise tax, increasing surcharges on fuel to pay for increased transportation spending and bonding, and trying to find more effective ways to identify and fairly tax those using alternative fuels as motor fuels. I am sure other states are also exploring this and many other issues that deal with the fact that consumption is decreasing and with more fuel efficient vehicles revenue to fund transportation project is also at a reduced rate.

This also leads to another issue that states and industries are faced with, what is the importance of FTA Motor Fuel Tax Section and should we continue to spend money to send representatives to our uniformity meetings and annual meetings? My response is whole-heartedly YES! I have found the value of attending these meetings to be beyond a measureable amount. The relationships that are created not only between states, but to have contacts with industry and the ability to pick up the phone or email someone directly to work out issues or solve problems is a value that is not always recognized. Every meeting or conference I attend I learn so much and feel energized when I go back to my state and work on projects or issues that I learn about while attending. FTA Motor Fuel Tax Section has had great success and because of this success and all the great leadership we have received from not only Cindy Anders-Robb but also all the past and present Chairpersons and committee members our model is going to be used to create similar uniformity groups for other tax types within FTA. So I want to say "Thank You!" to everyone for being so passionate and working so hard for the success of our section.

MESSAGE FROM THE UNIFORMITY COMMITTEE INDUSTRY CO-CHAIR BOB DONNELLAN

Over the past several years when suggestions are made to the

committee we get statements thrown out to us that "we cannot tell states what to do", or "that requires legislative changes." I thought as a group we are supposed to make recommendations as to what is best for uniformity. If we achieve that and a State adopts our recommendations then we have completed a goal of Uniformity. If a State chooses not to adopt a recommendation then that is fine as well. As a group I think we cannot lose sight of what we are trying to accomplish. That goal should be complete Uniformity across the board. When suggestions are made they should be explored and determined if they are within our Uniformity Scope. Everyone in the industry knows that certain changes will require legislation that should not stop us from making a recommendation.

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

As an organization, the FTC is at a time of change. Change in participation and in the direction taken. Changes are, to a large degree, necessary so that we are better able to meet our objectives and the evolving needs of FTC's membership.

As has happened before, we leverage on the successes, work and operations of the FTA. Cindy offers insights into the FTA along with her knowledge and experience with the FTC as we make improvements.

The next FTC meetings will be held in Fredericton, New Brunswick on May 14 & 15. These will be the first of our annual meetings with a simplified structure and enhanced reporting.

Key agenda items for these meetings will include:

- Improving the exchange of information with Canadian border services,
- Providing an update on the implementation of the Systems Information Binder,
- Developing a uniform approach to reporting transactional details required for areas such as imports, dispositions and tax exemptions,
- Upgrading and maintaining FTC's website,
- Discussing the development of best practices for administering fuel taxes on CNG, LNG and LPG,
- Implementing new training methods including via the web,
- Updating FTC's priorities and plans,
- Introducing a new operating and performance management model, and

- Completing a review of the Generic Fuel Tax Return and Schedules.

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

UNIFORMITY COMMITTEE

Minutes

The FTA Motor Fuel Tax Section Uniformity Committee met at the Hilton Long Beach, California January 26, 2013. Jeremy Neeck (MN) Uniformity State Chair called the meeting to order. Thirty-seven (37) were in attendance.

Minutes

The minutes of the October 2012 Uniformity Committee in Providence, RI were correct to add that the committee watched the training video "Mr. Mob" by Peter Steffens.

Presentations:

Bob Behrens, Smiths Detection Company and Ted and Debbie, Pacific Laboratories demonstrated equipment that can detect liquids and other products. Ted presented, Pass-Acoustic Technology (Ricky Ray Gun) that can detect what is in a container. It cannot identify liquids in a double walled container at this time. Discussion about the Ricky Ray Gun included the fact that all fuel transport trucks are required to be doubled walled.

SUBCOMMITTEE REPORTS**The Compliance Subcommittee**

Cindy Mongold (KS) reported there were thirty (30) in attendance. The Committee discussed:

Training Schedule for 2012 –

No training schedule at this time for 2013. Schedule is currently being worked on.

Dyed Diesel Stats – A report was given on the dyed fuel stats spreadsheet for 2012 with the 4th quarter information updated. It appears that more states are getting involved with dyed fuel inspection programs. Everyone agrees that even if the % of violation is small, just the presents of continued inspections encourages compliance.

IRS Update – There was no representative from the IRS, however, there was a discussion regarding the Biodiesel credit of \$1.00 and the alternative fuels credit returning, which was retroactive.

Compliance Tools – Categories for the White Paper document regarding compliance tools was presented and input was requested. It was suggested to add ExSTARS.

- Audit
- Terminal Manifest Matching
- Diversion Review
- Import/Export information Exchange Between States
- Dyed Fuel Inspections
- Publicity of Prosecuted Fuel Tax Cases

New Projects for 2013 – the committee is looking for new projects to work on. If you have any project you would like to see, please contact Cindy Mongold at cindy.mongold@kdor.ks.gov

Open Discussion – 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.cmbc.com/id/100359287/>

Scenario discussed:

A non-registered exporter (non-registered in State A) buys fuel destined for a rack tax state from a rack tax state. The supplier of record is a permissive supplier for State B (according to State B’s laws, a permissive supplier must collect tax on all loads with State B as the destination state). State A requires the supplier to collect State A tax from the non-registered exporter. State B holds the permissive supplier liable for the tax on the loads destined for State B. Does the permissive supplier have any recourse with regard to the taxes imposed by State A? Should the supplier collect both taxes from the non-registered exporter?

It was decided that this issue be combined with the Buy/Sell & Flash Title issue from the

Communication and Coordination sub-committee is researching.

The Forms Management Subcommittee

Lee Gonzalez (Florida) reported that this committee met with Electronic Commerce. There were thirty-seven (37) in attendance. The subcommittee discussed:

Crosswalk (FTA and STCC Codes) – team did not have significant progress to report since the October 2012 meeting.

Uniform Alternative Fuels Tax Report – the alternative fuel tax report team presented another draft of a Uniform Alternative Fuel Form, which included a summary schedule to address exempt sales by product types.

EC Survey Results – The survey results were discussed and a few new ideas for next years survey were:

- Piggy back IRS factors
- Piggy back IFTA recommendations on alternative fuel conversions and rates
- Recognize each state is different and legislation dictates conversion factors

A decision was made to refer alternative fuel conversions to the Communication/Coordination subcommittee to look at putting something in the Model Legislation concerning conversion factors.

EIA Code Presentation – a presentation on converting FTA to EIA codes. The presentation was based on meetings between

state, IRS, EIA and industry representatives. The presentation included problems with converting FTA to EIA codes and issues that must be resolved before FTA can move forward with this project. Examples of problems included in the presentation include:

Problems with FTA codes

- Focuses on below the rack transactions
- Definitions of product codes are too broad
- FTA product codes are incomplete
- FTA codes are ambiguous and obsolete

Problems with EIA codes

- Product code defines the use of the product and not the composition of the product
- Definitions of product codes are too specific (example 39 different grades of gasoline)
- EIA codes are incomplete
- New product codes are updated every three years

Examples of issues that must be addressed include:

- Common definitions for product codes (FTA/EIA)
- Plain language definitions
- Formal process to request new product codes

Once the presentation was completed, the representative from EIA expanded on EIA's role in this project. There were also additional pros and cons of creating a uniform list of codes.

The Committee discussed direction of the project. The group proposed three solutions:

1. Create uniform list
2. Create a cross walk between FTA, EIA and IRS codes
3. Table discussion and offer to participate in subsequent meetings between the EIA, IRS and FTA

The Committee decided the benefits of options 1 and 2 did not equal or exceed the cost of implementing the solution. Group decided to table the issue, however, FTA will reach out to the IRS and offer team members to participate in future meetings.

Industry Issues – the industry presented three problems they are having with taxing jurisdictions:

1. States requires supplier to calculate tax due based on the point of destination for all movements of fuel by barge. Destination is difficult to determine due to change in ownership.
2. Industry needs uniformity by state for buy/sell agreements where product is exported.
3. State requires supplier to calculate a tax rate based on the presence of biodiesel fuel in blend. Supplier prefers legislation that would eliminate exemption and tax 100% of blend.

States ExSTARS Update

ExSTARS update for information filed in Kansas and Mississippi. In summary, the majority of the returns are still being filed in an 826 designation.

The Electronic Commerce Subcommittee

Hal Lovell (California) reported there were twelve (12) 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. FTA will leave the segment in the guide with this notation.

IRS Project to transition to XML

– No action has been made by the IRS since the last meeting in October. The committee will follow-up with the IRS to see how this project is going.

Postal Code List Mexico import transactions in XML Schema – The committee will update the E-File guide later this year.

Alternative Fuel Tax Report

– The Committee will need to make sure that the XML and EDI format can support the return structure in the alternative fuel return. There was some concern about other units of measure not being supported in the maps for this return. The group will look at this in more detail at the next meeting.

E-File Implementation Guide

Update – The Committee will be setting up weekly meeting every Tuesday starting on February 25

at 4pm(est) to continue to rewrite the E-file guide. The group is also going to recommend that the 2005 IRS guide get updated on the FTA yearly release cycle.

The Communication and Coordination Subcommittee

Christy Dixon (OK) reported that twenty-three (23) were in attendance.

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

2013 Taxation, Diversion and Alternative Fuels Booklet

– The committee discussed they wanted to add tax rates, conversion rates, etc for Compressed Natural Gas, Liquefied Natural Gas, Propane, etc and add the Canadians to the booklet. The Committee looked at copies of the questions that have been asked on the Motor Fuel Listserv and decided that all the questions should be incorporated into the booklet. A draft of additional items to be added to the booklet will be discussed at the next uniformity meeting in May before the booklet is sent to each state to be updated. The name of the booklet will also be changed.

Native American Booklet – The 2011 Native American Survey needs to be updated and printed for the 2013 FTA Motor Fuel Annual Meeting in September. Someone from each region will contact the states within their region and get any changes or updates to the survey. The survey will be sent out to the states for revisions/update in April.

Buy/Sell Agreements and Flash Title Agreements

– The committee had a very lengthy discussion concerning buy/sell agreements and flash title agreements. A working group will work to put together some type of language for Model Legislation and will also relook at the definition that was previously approved for buy/sell agreement. The group will check with API for their input also.

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 May.

White Paper Document on Inventory Gains and Losses

– This is currently being worked on and will be discussed at our next meeting in May.

Canadian Update

– Rick Calloway reported that they are continuing to change the project structure. The Council is looking at CNG, LPG and LNG and are doing studies such as:

- Background paper
- Risk analysis-equity of the products lost revenue
- Uniform model of best practices
- Registration, enforcement, point of taxation

The Canadian project currently has three training classes, however they are seeing a decline in attendance. They are going to take the three manuals and break them down to smaller manuals. By breaking them down into smaller manuals they

are going to implement an on line training with the manuals.

The Canadian project website is currently being updated.

New Business

EC Survey working group will look at what changes need to be made to the survey concerning the states points of taxation and will be discussed at the next meeting in May.

The Steering Committee is looking for topics for the Annual Motor Fuel meeting in September. If you have anything you wish to see on the agenda please contact Cindy Anders-Robb at cindy.anders-robb@taxadmin.org.

Next Meeting

The next Uniformity Committee meeting is scheduled for May 3-4, 2013 in Houston, TX.

FTA Motor Fuel Tax Training Courses

The FTA Classes are currently being scheduled. Check FTA's website for more information www.taxadmin.org

UPCOMING MEETINGS 2013

Northeastern Region
May 19-21, 2013
Burlington, Vermont

Southern Region
June 16-18, 2013
Little Rock, Arkansas

Uniformity Meeting

September 20-21, 2013

Fargo, North Dakota

Motor Fuel Annual Meeting

September 22-25, 2013

Fargo, North Dakota

**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

**MOTOR FUEL REGIONAL
GOVERNORS**

Midwestern Region

Wesley Luthy, Ohio

Northeastern Region

Chuck Ulm, Maryland

Pacific Region

Tracy Halubka, Montana

Southern Region

Rodney Richards, Arkansas

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**COMMUNICATION & COORDINATION SUBCOMMITTEE
TENTATIVE AGENDA – FRIDAY, SEPTEMBER 20, 2013
FARGO, NORTH DAKOTA**

1. WELCOME
2. APPROVAL OF MINUTES FROM THE MAY 3, 2013 MEETING.
3. DISTRIBUTE THE LATEST EDITION OF THE UNIFORMER – CINDY ANDERS-ROBB, FEDERATION OF TAX ADMINISTRATORS
4. TAXATION, DIVERSION, ALTERNATIVE FUELS BOOKLET-THE 2013 TAXATION. DIVERSION, ALTERNATIVE FUELS BOOKLET IS NOW AVAILABLE
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 REVISIONS TO THE WHITE PAPER DOCUMENT “MOTOR FUEL TAX ISSUES WITH NATURAL GAS AND OTHER ALTERNATIVE FUELS 2009”. CINDY MONGOLD, KANSAS
7. DISCUSS THE REVISIONS THAT NEED TO BE MADE TO THE ALTERNATIVE SECTION OF THE MODEL LEGISLATION. WILDA ICE, WEST VIRGINIA AND CINDY MONGOLD, KANSAS
8. DISCUSS THE WHITE PAPER DOCUMENT TO BE COMPLETED FOR INVENTORY GAINS AND LOSSES. WILDA ICE, WEST VIRGINIA
9. THE 2013 NATIVE AMERICAN SURVEY IS NOW AVAILABLE.
10. OLD BUSINESS
11. NEW BUSINESS
12. NEXT MEETING : TO BE ANNOUNCED

**FTA MOTOR FUEL UNIFORMITY COMMITTEE
COMMUNICATION & COORDINATION SUBCOMMITTEE
HOUSTON, TEXAS
MAY 3, 2013**

MINUTES

The Communication & Coordination Subcommittee met on Friday, May 3, 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 25 attendees present.

The minutes from the January 25, 2013 meeting were approved with the following corrections to the misspelled names listed on the Working Group for the Buy/Sell Agreements and Flash Title Agreements:

Scott Louis to Scott Louie
Bob Donnellan to Bob Donnellan
Pitter Martinez, Gavelon, LLC to Pitter Martinez, Gavelon, LLC

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

General

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

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

Fuel Type	Taxability	Conversion Rate if applicable
CNG (Compressed Natural Gas)		
E85		Not Applicable
Electric Vehicles/Electricity		
Gasoline Hybrid Vehicles		Not Applicable
Hydrogen		Not Applicable
LNG (Liquefied Natural Gas)		

LPG (Liquefied Petroleum Gas)		
Methanol or “M85”		Not Applicable
Other		Not Applicable

This new section 11 will be added to each states survey. Again someone from each region will contact the states within their region and get any updates/revisions to the survey. The following people from each region will contact the states within their regions:

Midwest-Edie Martin-State of Kansas
 Northeast-To be determined
 Pacific-Dawn Lietz-State of Arizona
 Southern-Lee Gonzalez-State of Florida

The surveys will be sent out to each regional contact in June, 2013.

There were no current definitions discussed at the meeting for any revisions.

Buy/Sell Agreements and Flash Title Agreements. An email was sent out to all of the Rack States stating that if they were unable to attend this meeting, please try to call in at 1:30 to join in on the discussion. At 1:30 the following people called in and joined in on our discussion:

Phillip Kirkpatrick	ExxonMobil
Joe Ross	Phillips 66
Bob Johnson	Phillips 66
Vicki	Phillips 66
Sharlene Peterson	Sinclair Oil
Bonita Calhoun	State of Alabama
Randy Winkler	State of Alabama
Ray Grigsby	State of Tennessee
David Reed	State of Texas
Tammy West	State of Virginia

Between this meeting and the January, 2013 meeting, the following questions were put on the Motor Fuel Listserv:

For rack states, how do you tax or handle Buy/Sell (flash title) agreements? This fuel is being exported by someone other than the supplier/position holder.

Example:

Company A sells to Company B, then Company B sells to Company C, Company C exports to another state (note: Company C physically picks up the product at the rack). For your

State, what taxes would you expect to see?

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

Received nine (9) responses from the states and industry from the listserv questions.

Bob Donnellan lead the discussion. He tried to explain how industry has changed the way they do business and the states need to look at their current statutes to see if they can make an administrative ruling or if a legislation change will need to be done in order to accommodate the way industry has changed their practices of doing business.

Rich Little and Ashley Scheele, Deloitte Tax. put together four scenarios concerning Buy/Sell Agreement and Flash Title Issues. They also provided definitions for Buy/Sell Agreement, Flash Title and Ultimate Exporter.

The working group also provided a draft document for the Model Legislation Section of the Uniformity Book which included definitions for Buy/Sell Agreement and Flash Title.

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

1. Another question will be put out on the Motor Fuel Listserv with the four scenarios that were provided by Rich Little and Ashley Scheele
2. Rich Little and Ashley Scheele are going to look at each states statutes to see what states have definitions for Buy/Sell Agreements and Flash Title Agreements and compile them and submit it to the working group before the next meeting.
3. The working group will continue to work on a section for Model Legislation, definitions, etc based on the responses from the listserv and the compiled information that is submitted to them concerning definitions.
4. Bill Gray, Sinclair Oil will also get copies of different Bill of Ladings and provided them to working group before the next meeting.

The working group will provide drafts of definitions and model legislation at our next meeting in September, 2013.

The following is a revised list of the working group for this project:

Scott Louie, Chevron
Carol Player, South Carolina
Ann Nicholson, ExxonMobil
Bob Donnellan, Global Companies, LLC
Ashley Scheele, Deloitte Tax
Rich Little, Deloitte Tax
Bill Gray, Sinclair Oil

A draft of revisions/updates for the current White Paper document “Motor Fuel Tax Issues with Natural Gas and Other Alternative Fuels 2009” was presented. The subcommittee discussed the revised document and a few more revisions need to be made and the subcommittee will look at these revision at our next meeting in September, 2013.

The White Paper Document concerning Inventory Gains and Losses that is being worked on by Wilda Ice-State of West Virginia was tabled and will be discussed at our next meeting in September, 2013.

The revisions to be made to the current Alternative Section of the Model Legislation is currently being worked on by Cindy Mongold-State of Kansas and Wilda Ice-State of West Virginia has been tabled at this time.

The 2011 Native American Survey were sent out to the following regional contacts on April 30, 2013 to be sent out for updates, edits, revisions, etc so that the survey can be updated and the 2013 Native American Survey can be available at the FTA 2013 Motor Fuels Tax Section Annual Meeting:

Midwest-Marcia Leichner-State of Nebraska
Northeast-Scott Bryer, State of New Hampshire
Pacific-Lou Feletto-State of California
Southern-Lee Gonzalez-State of Florida

The next meeting will be on Friday, September 20, 2013, Fargo, North Dakota.

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

COMPLIANCE SUB-COMMITTEE

AGENDA – May 3, 2013

Houston, TX

1. Welcome
2. Approval of Minutes from January 2013 meeting
3. Training Schedule Update
4. Dyed Fuel Stats: Jeremy Neeck
5. IRS Update:
6. Old Business:
 - a. Compliance Tools document – Wilda Ice, Cindy Mongold & Edie Martin
 - b. Pass out articles
 - i. Bulletin No. 1855 (CNG)
 - ii. The Peugeot Air Powered Hybrid Car Could Hit Streets By 2012 (Provided by Ray Mattson-Grimm)
 - iii. BNSF explores liquefied natural gas alternative for locomotives (Star-telegram.com)
 - iv. Berkshire's Oil Hauling Railroad Tests Switch to Natural Gas (cnbc.com)
 - v. BNSF to test natural-gas-powered locomotives (Journalstar.com)
 - vi. Honda CNG Touted in Wisconsin (Fleetsandfuels.com)
 - vii. LNG for YRC in California (Fleetsandfuels.com)
 - viii. Love's Loves CNG: Eight Stops in Texas (Fleetsandfuels.com)
 - ix. Ryder NGV's for Shreveport's Eagle (Fleetsandfuels.com)
 - x. UQM Extends Proterra Supply Pact (**All electric bus**) (Fleetsandfuels.com)
7. New Business:
 - a. New projects to work on for 2013
 - b. Open discussion
8. Next Meeting - Fargo, North Dakota – September 20 & 21, 2013

**FTA MOTOR FUEL UNIFORMITY COMMITTEE
COMPLIANCE SUB-COMMITTEE
HOUSTON, TX
MAY 3, 2013**

MINUTES

The Compliance Sub-Committee met on Friday, May 3, 2013. State Co-Chair Cindy Mongold and Industry Co-Chair Rae Takai conducted the meeting. The meeting began at approximately 4:20 PM and ended at 5:20 PM. There were 26 in attendance.

The minutes from the January 25, 2013 were approved with 1 spelling correction.

Training Schedule Update

Cindy Anders-Robb is currently working on the scheduling of the Basic Training for Oct 2013. A notice will be out when it is finalized.

Dyed Fuel Stats

Jeremy Neeck of Minnesota provided the dyed fuel stats spreadsheet for 2012 and 2011. 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 numbers are slightly squid since some states are not submitting total samples taken in addition to the number of violations. The category with the most violations continues to be personal vehicles.

IRS Update

No IRS representation.

Compliance Tools

1st Draft of the Compliance Tools document was presented. The sub-committee members reviewed and discussed the document. Feedback was recorded so that updates can be made. Lee Gonzales suggested adding a section on Motor Fuel Tracking; he will write and send the verbiage to be added prior to the next meeting. The sub-committee will review the updated document at the next meeting in September 2013.

New Business

The committee continues to solicit project/topic suggestions for the Compliance Sub-Committee 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.

- Bulletin No. 1855 (CNG)
- The Peugeot Air Powered Hybrid Car Could Hit Streets By 2016 (Provided by Ray Mattson-Grimm)

- BNSF explores liquefied natural gas alternative for locomotives (Star-telegram.com)
- Berkshire's Oil Hauling Railroad Tests Switch to Natural Gas (cnbc.com)
- BNSF to test natural-gas-powered locomotives (Journalstar.com)
- Honda CNG Touted in Wisconsin (Fleetsandfuels.com)
- LNG for YRC in California (Fleetsandfuels.com)
- Love's Loves CNG: Eight Stops in Texas (Fleetsandfuels.com)
- Ryder NGV's for Shreveport's Eagle (Fleetsandfuels.com)
- UQM Extends Proterra Supply Pact (**All electric bus**) (Fleetsandfuels.com)
- Apache CNG for Houston Galleria (Fleetsandfuels.com)

Carbon Black - EAF was tabled until the next meeting.

Next Meeting

September 20 & 21, 2013 in Fargo, North Dakota

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



Meeting Agenda and Minutes

Type of Meeting	FTA – Forms Sub-committee
Date	May 3, 2013
Venue	Houston, Texas
Start Time	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)	Michael Grammer
4	New Business 1) Georgia Forms Review 2) Mode Codes (Uniformity Book Changes) 3) Comparison (Electronic Implementation Guides to Uniformity Guide) 4) Industry Issues 5) State ExSTARS Update	Tracy Lenius Bill Gray Hal Lovell Scott Louie Edie Martin
5	Recap and Adjournment	Lee Gonzalez

Meeting Minutes:

No.	Discussion item	Meeting Minutes
		34 members attend meeting.
1	January 2013 Minutes	Minutes from January return were reviewed and approved.
2	Crosswalk (FTA and STCC Codes)	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 requested at the next Forms Management committee meeting.
3	Georgia Forms Review	Forms review team reviewed Georgia's Distributor Report for uniformity. Tracy Lenius provided an overview of items that did not meet uniformity. Upon review of the form, Forms Management committee provided additional suggestions. In addition to items found by the Forms Review Team, the following issues should be resolved before the form will be considered uniform. <ul style="list-style-type: none"> • 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. If by product code, mention within instructions. • Instructions – Separate beginning inventory from the category of debits (receipts) and ending inventory from the category of credits (disbursements). • Pages 3 to 6 – Change header information for consistency purposes (Georgia or State of Georgia). • Page 5 and 6 – Correct the spelling of multiple. • Pages 5, 6, and general instructions – Eliminate city from point of origin and destination. • 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" <p>Tracy will share proposed changes with Georgia and ask for amended return.</p>



Forms Sub-committee Agenda

05/03/2013

Page 2 of 1

No.	Discussion item	Meeting Minutes
4	Mode Codes	<p>Bill 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 by the Forms Management committee.</p> <ul style="list-style-type: none"> 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. <p>Forms Management Committee voted to incorporate all three suggestions into the Uniformity Guide. Motion passed and will be referred to the Uniformity Committee.</p>
5	Comparison (Electronic Implementation Guides to Uniformity Guide)	<p>Electronic Commerce is rewriting the implementation guide for electronic filing. Sub-committee identified inconsistencies between the Uniformity Guide and the Electronic Commerce Implementation Guide. Electronic Commerce recommended the following changes.</p> <ul style="list-style-type: none"> Add Uniformity Guide to the title page. Add sub-committee contact list to the Uniformity Guide. Replace “Indian” with the word “Native American” on schedule descriptions (schedule 5R and 10T). Move gasohol ethanol blends (E01 – E99) and gasohol methanol blends (M01 – M99) under a separate category called gasoline fuel group under FTA product code list. Add product code request form to electronic commerce implementation guide.
6	Industry Issues	<p>Scott Louie provided an update on 5 issues that are important to industry.</p> <ul style="list-style-type: none"> Texas - Some states still requires a point of destination (state) for barge movements of fuel. This is difficult for industry to track. Buy/Sell Agreements – Referred to Communications sub-committee. 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.
7	State ExStars Update	Edie provided an update for tracking Exstars data.

Action Items:

No.	Discussion Item	Resource	Action Required	Status (NS, IP, Done)
1	Crosswalk (FTA and STCC Codes)	Group	<p>Create cross walk between FTA and STCC codes.</p> <p>Team Members - Michael Grammer, Ray Grimm, Bob Donellan, Vicky Freedman, Winston Stein, and Gene Holland</p>	In Progress



E-Commerce Meeting Agenda

Type of Meeting	FTA – E-Commerce
Date	May 3, 2013
Venue	Houston, Texas
Start Time	1:00 pm

Agenda:

No.	Topic(s)
1	Review of Minutes from last E-Commerce meeting (Jan 25, 2013 – Long Beach, CA)
2	Status on the sub-committee project – To update the Motor Fuel E-filing Guide – By adding an XML Section - How is the revision to this guide progressing?
3	Review the EDI Guide for North Carolina who is in the process of updating their guide to a newer version.
4	Look for a status update on the IRS subproject to review if moving ExSTARS reporting to XML format is a good solution to the rapidly changing e-file world.
5	New Topics

Meeting Minutes:

No.	Discussion item	Meeting Minutes
1.	Introduction	Total attendees – 13 in person (no one attended by phone) Industry 3 Misc (Vendors, etc.) 2 States and FTA 8
2.	Minutes	We discussed/reviewed minutes from the January 25, 2013 meeting in Long Beach, CA. No changes were recommended. Notes were approved by committee
3.	Discussed the status on updating the Motor Fuel E-filing Guide	On-Going – The Motor Fuel E-File Guide Update – We will be continuing our weekly WebEx meetings to complete the update to the guide. In our meeting today we (E-Commerce group) went over the current layout of the new guide and the progress that we have made to date. We have agreed as a group to finish the Guide and are asking for final review by e-mail. Approval was given by the entire Uniformity group for on-line/email review and to publish the revised Guide as it will be after the final additions, deletions, and changes are made in time for publication in September..
4.	Update on IRS exploratory project to transition to XML format	On-going – 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 (Larry Porter) is the lead on this project for the IRS. Hal Lovell will again follow up with Larry Porter (IRS) to see how this project is going.



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No.	Discussion item	Meeting Minutes
5.	XML question from State of Utah on schema	New – Discussed with the e-commerce group a request by the State of Utah 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. Group came up with some suggestions which included revising the trading partner agreement form instead of an XML schema change. The group asked the Utah Reps some questions and asked that they research and bring back to the group the XML concern with more details on the need related to this request. Bill Gray also asked for the opportunity to discuss the whole concept, and the law, with Tax Commission personnel, including the Executive Director. No action is needed by XML committee at this time.
6.	X12/EDI guide update for the State on North Carolina update	New - State of North Carolina had some high level questions related to an update that North Carolina is currently undertaking on their guide. The group answered all the questions. No other action will be needed at this point from this committee.

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	Add XML to e-commerce implementation guide	XML Work Group	Review draft XML guide when it is ready for peer review (e-commerce group) and provide input to XML working group developing this guide.	IP