

**FTA MOTOR FUEL UNIFORMITY COMMITTEE
PORTLAND, OREGON
MAY 3, 2014**

Minutes

The FTA Motor Fuel Tax Section Uniformity Committee met at the Benson Hotel, Portland, Oregon. Lee Gonzalez (FL) Uniformity State Chair called the meeting to order. Thirty-Four (34) were in attendance. (See attached list of attendees)

Minutes

The minutes of the January 2014 Uniformity Committee meeting in Myrtle Beach, South Carolina were approved.

Uniformity Chairs

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

Subcommittee Chairs

Compliance Subcommittee
State Co-Chair - 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 - Scott Louie – Chevron

Presentation

As soon as this meeting was adjourned, the committee toured an Ethanol Plant owned by Global Companies LLC.

Subcommittee Reports

The Compliance Subcommittee

Marcia Leichner (Nebraska) reported there were twenty-five (25) (24 in person and 1 by phone) in attendance. The committee discussed:

Training Schedule Update

- The Basic Training class is scheduled for July 27-31, 2014, in Kansas City, MO.
- The Advanced Training class is currently scheduled for November 2014. Exact dates and location to be determined.

Dyed Diesel Stats/Issues

- The stats for calendar year 2013 were handed out and discussed.

- Discussed the amount of penalties per occurrence and handed out the results of the list serve question regarding whether states bill on capacity of the bulk tank or the actual gallons in a bulk tank if a violator is caught roadside.
- Discussed following up with audits for repeat offenders.

Discussions:

- New legislation – all states present, plus MN who had emailed information, presented. States present included NE, KS, NV, IA, VA, IN, FL, and OK.
- LNG/CNG issues. It was shared that states should be aware of LNG being changed to CNG.
- Ethanol/biodiesel issues, railroad/airline spurs, carrier issues
- Miscellaneous
 - One State stated they are finding a lot of “use tax liability” for companies that have filed for motor fuels tax refunds.
 - Credit card and federal sales questions. Questions will be put on list serve.
 - Very brief discussion regarding what type of ID #s states require to be reported when their taxpayers are dealing with foreign entities, since it was indicated they often do not have 9 digit FEINs, but rather 8, 10, or 11 characters.

New Business

- Discussed upcoming changes with avgas changing from 100LL to a no lead equivalent.
- Solicited projects for 2014
- Distributed two articles – “Gulf Coast set for Bakken-like boom with liquefied natural gas” and “The Divvy biker who would fuel America’s trucking industry”

(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 24 participated in the meeting (22 present & 2 called in). The subcommittee discussed the following:

Crosswalk (FTA and STCC Codes)- The team has made contact with a representative of the Union Pacific Railroad, which serves the western half of the U.S. The team has provided them with a copy of the spreadsheet with STCC conversion to FTA codes compiled with the assistance of CSX. No response as of yet but the team will follow up with them and have an update at the September 2014 meeting.

Oregon Forms Review- The Oregon Motor Vehicle Fuel and Aircraft Fuel License Tax Return and Instructions, Carrier Report and Schedules and the Terminal Operator and Schedules were reviewed by the committee and all changes suggested at the January 2014 meeting were made. The full committee voted and the form was approved as uniform.

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

Terminal Report and Schedules and the Supplier Tax Return and Schedules were received on April 21, 2014. The sub-committee didn't have enough time to review the forms prior to this meeting. Feedback will be provided at the September meeting.

State ExStars Update-Kansas gave an update on tracking Exstars data.

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

- Remove "County" and make it more generic by using the term "Jurisdiction"
- Adding a "Pre-paid" line
- Add Net, Gross and Billed Gallons to schedule
- Add Net, Gross and Billed Gallons to the instructions
- Separate schedules for exempt & taxable sales

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

Common and Contract Petroleum Product Carrier Report Schedule (Page 82 of the 2014 Uniformity Guide)

It was purposed to swap the "Gross" and "Net" columns on the Schedule of Deliveries. By doing so the schedule would be consistent with the other schedules in the Uniformity Book. After discussion the full committee voted and approved swapping the two columns.

Industry Issues

The petroleum industry will most likely be pursuing a new FTA product code for B0 - B5. This would represent a diesel product from straight ULSD to a biodiesel blend of up to 5%. It could be any percentage blend in between. The necessity of this code has grown within the past year due to several factors listed below:

1. Lack of a reliable, consistent supply of biodiesel from the producers. It makes for blending at a constant percentage very difficult. Because in this situation, the blend percentage could change frequently, it alleviates the terminal operator of having to change codes when it does change. This is particularly true where the terminal and/or the accounting systems are limited in the number of codes it can use for specific customers.
2. In many of the terminals today, there is no dedicated storage for biodiesel. When biodiesel is received at these terminals, it is commingled with the ULSD in those storage tanks. Due to the constant movement of inventory in and out of those storage tanks, the percentage of biodiesel will change and be nearly impossible to identify over time without chemically testing a sample at a given time.
3. Some terminals are now receiving a blended product through the pipeline. For the same reasons in #2 above, the constant receipts and disbursement of product will change the percentage constantly.

The industry does face some issues with using one code to cover various percentage blends. It has already been noted that the IRS has assessed fines on one terminal operator for inaccurate reporting. A protest has been filed, but the outcome is still to be determined. For most part, the states don't have any problems that haven't been addressed due to all but Texas taxing biodiesel

the same as ULSD. Since many suppliers and terminal operators are already using this code, it is inevitable that we address this through the FTA.

(See the minutes of this subcommittee for more details)

Approved by the Full Committee

•Oregon Uniform Report Forms:

- Terminal Operator & Schedules.
- Carrier Report & Schedules
- Motor Vehicle Fuel and Aircraft Fuel License Tax Return & Instructions

•Common and Contract Petroleum Product Carrier Report:

- . Swap the “Gross” and “Net” columns on the Schedule of Deliveries

The **Electronic Commerce Subcommittee**

Hal Lovell (CA) reported there were seven (7) (5 in person and 2 by phone) in attendance. The subcommittee discussed the following:

Florida Implementation Guide

The E-Commerce reviewed the State of Florida Implementation guide and XML schema request. The XML team has reviewed and provided a “tentative” approval of the update and schema. The committee had one recommendation related to the gallons input fields. Florida only captures net gallons and the committee would recommend that Florida consider allowing these two fields (gross and billed gallons) as optional fields on a future revision.

Ohio Implementation Guide

The E-Commerce reviewed the State of Ohio Implementation guide and XML schema request. The XML team has reviewed and provided a “tentative” approval of the update and schema. The E-Commerce group reviewed and approved the submitted guide and XML schema.

Creation of Form on Obtaining FTA Approval for E-file System The E-Commerce Group reviewed a mock up of a simple handout that will summarize the steps that a state should take to get FTA approval for their E-file system (forms, E-file Guide, XML schema, etc). The group expects to have a final handout version ready by the next meeting for placement on the FTA website.

New Item

The E-Commerce group was advised that the State of Oregon is very close to submitting their E-file guide for review by the committee. We expect to be addressing the State of Oregon’s guide at the next meeting.

Approved by the Full Committee

State of Ohio
EDI Implementation Guide

State of Florida
EDI Implementation Guide

(See the minutes of this subcommittee for more details)

The Communication and Coordination Subcommittee

Christy Dixon (OK) reported that twenty-four (24) (23 in person and 1 by phone) were in attendance.

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

2014 Taxation, Diversion and Alternative Fuels Booklet- the subcommittee discussed, added and approved the following:

- **Section 13 how does your state handle contaminated fuel?**
- **Section 14 Does your state allow bad debt credits?**

In June, volunteers from each region will contact the states within their regions to gather the updated information for the 2014 Taxation, Diversion and Alternative Fuels Booklet

Definitions-the subcommittee has been asked to do a definition for Fuel Grade Ethanol and Electronic Filing. This was tabled until the next meeting in September.

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 September.

White Paper Document on “Inventory Gains and Losses”-the draft document was discussed and approved with minor revisions.

Open Discussions

None

(See the minutes of this subcommittee for more details)

Approved by the Full Committee

- **White Paper Document on “Inventory Gains and Losses”.**
- **Revisions to the 2014 Taxation, Diversion and Alternative Fuels Booklet**

Canadian Update

Rick Calloway reported that the Canadian project would be meeting this month; therefore, no update was given.

New Business

None

Next Meeting

The next Uniformity Committee meeting is scheduled for Sept 26 and 27, 2014 in Jackson, Wyoming.

The meeting was adjourned.

FTA UNIFORMITY COMMITTEE

Portland, Oregon

2-May-14

Present?	State/Company	Phone	Email Address
	Albin, Michael	ACS Government Solutions	602-412-2011 mike.albin@xerox.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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	Bonaccorso, Shirley	Louisiana Dept of Revenue	225-219-2780 shirley.bonaccorso@la.gov
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	Compton, Deborah	Exxon Mobil Corporation	713-431-2737 deborah.compton@exxonmobil.com

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	Glaser, Kim	PA Department of Revenue	717-787-3644 kglaser@pa.gov
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Present?	State/Company	Phone	Email Address
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XX	Leichner, Marcia	Nebraska Department of Revenue	402-595-2013 marcia.leichner@nebraska.gov
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	Lewis, Scott	Rhode Island Division of Taxation	401-574-8892 scott.lewis@tax.ri.gov
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Present?	State/Company	Phone	Email Address
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Present?	State/Company	Phone	Email Address	
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	Wissink, Darrell	Nebraska Department of Revenue	402-471-5812	darrell.wissink@rev.ne.gov
	Wisianski, Stephen	PA Department of Revenue	717-783-9819	swisianski@pa.gov
	Zimmerman, Mark	AZ DOT	602-712-8381	mzimmerman@azdot.gov

The Uniformer

MESSAGE FROM THE NATIONAL CHAIR JIM OLIVER

Finally, winter has been beaten back! The aroma of heating oil fumes give way to smell of gasoline and fresh cut grass. I have always enjoyed the changing of the seasons. But then there is always some needed spring cleaning...dealing with those issues that built up over the past year.

You can likely see where I am headed... Several motor fuels tax issues have accumulated and the time has come to address them. Many are well on the way to addressing. CNG and LNG are making their way into mainstream use and the tax administration needs are ahead of the game thanks to everyone's involvement. The FTA Motor Fuel Tax Section and the Uniformity Committee have again proven a viable arena to vent taxation and industry issues with alternative fuels.

One thing is certain we owe a debt of gratitude to our Uniformity Co-Chairs, Sub-Committee Co-Chairs, and membership past and present for their tireless commitment and efforts. Their accomplishments are considerable and material.

Help with the spring cleaning! Whether industry or government, if you aren't involved, get involved! Your input could be the crucial piece of the puzzle that forges a remedy for flash title reporting and taxation. For those of you involved, I again offer my appreciation.

As National Chair, I have one regional meeting under my belt and look forward to those remaining. If you have questions or if I can assist you please contact me!

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MESSAGE FROM THE UNIFORMITY COMMITTEE STATE CO-CHAIR LEE GONZALEZ

As I look back on recent legislative sessions, I can't help but notice the debate over fuel tax revenue and the amount of money that is available to fund an aging infrastructure. On one hand, you have those who believe taxing jurisdictions are collecting more than enough money and that lawmakers need to do a better job allocating existing funds. On the other hand, you have a group that believe most state fuel tax laws are antiquated and fall short of keeping up with the rising costs associated with materials and labor.

As a result of this debate, there has been much discussion on multiple levels as to how funds should be collected to maintain our roads and bridges. Specifically, how do you deal with inflation, more efficient vehicles, and alternative fuels? These discussions have led to numerous law changes such as mileage based fees, indexed tax rates, carbon based emission taxes, and toll roads. All of these law changes are unique and require model legislation, uniform reporting guidelines (paper and

electronic), and procedures to ensure compliance.

As members of the Uniformity Committee, I believe it is our responsibility to identify new laws that are not unique to one state, but could impact any state or Canadian province. Once identified, each sub-committee should determine how it will impact their process and design uniform policies and procedures that could be implemented by any taxing jurisdiction.

For example, some states have considered changing where and how fuel taxes are currently collected. Instead of collecting tax based on gallons removed from a terminal or sale by a distributor, drivers will pay a fluctuating tax rate at the pump that goes up or down based on inflation or the price of fuel. In this case, every effort should be made to define model legislation, design a uniform filing process that incorporates a fluctuating tax rate, and provide guidance to states on how to identify filing errors or fraud.

As state chair of the uniformity committee, I look forward to working with industry and tax administrators to identify areas in new fuel tax law that could benefit from uniformity.

MESSAGE FROM THE UNIFORMITY COMMITTEE INDUSTRY CO-CHAIR BOB DONNELLAN

As the energy industry keeps evolving our jobs as tax professionals are constantly

changing. One day we are talking gasoline and diesel, the next year we are talking bio fuels and ethanol, and now we hear some chatter about electric cars and the use of Propane, LNG, CNG. With these new products emerging within our industry we face new challenges. Some of these challenges deal with the conversion to dge's or gge's for taxation purposes, others are determining its use in order to properly tax it. As we move forward into the next phase of this industry what other products and or energy sources will we deal with? That is the unknown however this group of individuals is very special for the simple reason "WE CARE" and with that comes the determination to face all the new challenges and more importantly we work together as a cohesive group and find ways to make it work. I feel blessed to be part of such a group of talented individuals.

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

It is finally Spring and the FTC is heading into meetings on May 13 and 14 in Calgary. These meetings are held once a year and provide both Government and Industry members with the opportunity to work on priorities and adjust the strategic plan to include new and emerging priorities.

We continue to work on a number of projects that have been reported on in previous updates that include:

- Taxation of Natural Gas – developing a set of best practices that include points of collection, registration requirements, conversion factors, shrinkage allowances, reporting and lessons learned for approval.
- Licensing Review – preparing a schedule of all jurisdictions' registration and licensing requirements with a set of best practices.
- Fuel Tax Guide and Generic Fuel tax Return Update – updating the guide providing current tax program details for Jurisdictions (including tax rates, exemptions and registration requirements) and the generic return used by all Jurisdictions for fuel tax reporting to include the latest requirements as a result of legislative changes and the introduction of new programs (such as natural gas taxation).
- Training – rolling out the on-line training program and offering updated classroom style courses commencing in the fall of 2014.
- By-laws and MOU – updating for new funding, operating, membership and performance management processes.
- Exchange of Information – finalizing the template and data requirements for exchanging information on imports and fuel movement between

Jurisdictions. Projects identified over the last several months for FTC to work on include:

- Inventory Losses – ensuring unverifiable loss provisions provided by the Jurisdictions are well-communicated and reasonable given the practices and technologies employed by Industry in the distribution and marketing of fuel.
- Uniformity Binder – introducing a binder, much like the one managed by the FTA, consolidating the standards, best practices, forms, etc. developed and maintained by the FTC as a single source of information on current and past work and decisions.
- Risk Management Model – introducing a model of best practices for managing major areas of risk when administering a fuel tax program.
- Electronic Reporting – focusing standards and expectations for electronic reporting on programs such as exchanging information on tax-exempt sales based on members' expectations and experiences. 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 Myrtle Beach Marriott, Myrtle Beach, South Carolina. Lee Gonzalez (FL) Uniformity State Chair called the meeting to order. Thirty-four (34) were in attendance

Minutes

The minutes of the September 2013 Uniformity Committee meeting in Fargo, North Dakota were approved.

Presentations:**Natural Gas Association**

- Dale Calhoun gave a presentation concerning Compressed Natural Gas and Liquefied Natural Gas. Some of the items that were included in the presentation were:
 - Who should be registered or licensed.
 - Best point of taxation-retailer and end user when delivered through the pipeline to station and then compressed when dispensed and put into supply tanks of vehicles.
 - Report form design should include total fuel dispensed to motor vehicles (retailers and end users)
 - There is currently a standard gge for CNG; however, there is no standard for LNG or LPG.
 - By 2019 expecting 3.2 million vehicles will be running on CNG.
 - By 2035 expecting half of heavy duty trucks and two-

thirds of school buses will be running on CNG.

- What recommendation for dge? No recommendation at this time, Industry is working on this right now.

EDI vs XML

Stan Whaley (FL) gave a presentation titled "Comparing X12 EDI to XML". Some of the items that were included in the presentation were:

- Brief overview of X12 EDI and XML
- Key Terminology and Definitions
- Sample EDI and XML formats
- Advantages and Disadvantages of each

SUBCOMMITTEE REPORTS**The Compliance Subcommittee**

Rae Takai (Shell Oil) reported there were twenty-seven (27) in attendance. The Committee discussed:

Training Schedule Update-

Motor Fuel Basic Training was held on October 24-27 in Sacramento, California with 52 students. (26 state and 26 industry students)

Dyed Diesel Stats – at the time of this meeting, the dyed fuel stats were partially complied.

IRS Update-There was no representative from the IRS and this item will be removed on future agendas.

White Paper Document "Audit Checklist"-the subcommittee discussed this at length and mutually agreed not to pursue this further due to this could be considered sensitive information.

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

The Forms Management Subcommittee

Cindy Mongold (KS) reported that this committee met with Electronic Commerce. There were thirty-eight (38) participated in the meeting. (33 present & 5 called in) The subcommittee discussed:

Crosswalk (FTA and STCC Codes)

-there was no new information to be reported on at this time. A concern was raised regarding STCC Codes varying between railroads on the east coast and west coast. The team will have an update at the May 2014 meeting.

Oregon Forms Review-The forms review team reviewed Oregon's Motor Vehicle Fuel and Aircraft Fuel License Tax Return for uniformity and found the following need to be resolved before the form will be considered uniform:

- Line 3 of the face of the return instructions; "Form line 7" needs to be changed to "From line 12".
- Parenthesis on line 4, Column A should be removed.
- Instructions need to include definition of inventory, gasohol and TCN

After further discussion by the committee, once the corrections are made and the instructions are provided the forms review team will review the documents and

setup a conference call to discuss conditional approval prior to the May 2014 meeting.

Oregon Schedule Code

Request – The subcommittee reviewed and approved the following schedule codes:

- 5AD gallons sold to licensed retailers.

Ohio Schedule Code Request

– The forms review team reviewed Ohio’s Terminal Operator Report, Transporter Report, Fuel Dealer’s Report and Exporter Report for uniformity and found the following needs to be resolve before the forms will be considered uniform:

- Remove “Location” field from the header of all forms and make it part of the TIN (Taxpayer Identification Number), which includes the FEIN.
- Schedule column title change from BOL, Date & BOL number to document date & document number.
- Instructions need to be included.

After further discussion by the committee, once the corrections are made and the instructions are provided the forms review team will review the documents and setup a conference call to discuss conditional approval prior to the May 2014 meeting.

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

Uniform Motor Fuel Sales Tax Form-the team presented their thoughts on a uniform motor fuel sales tax form which included discussion regarding leaving out

an average cost per gallon, since sales tax is on total receipts there is no need for an average cost per gallon. The team will present a sample form at the meeting in May.

Industry Issues

- Arizona turned on system edits that required the electronic filing to have an originating TCN number for pipeline receipts into the state. We have never provided that before or do we necessarily know the original terminal. This prevented the file to be submitted. Resolved the issue with the state and they have lifted those edit requirements.
- California, the Department of Fish and Game is pushing to expand the Oil Spill Prevention fee to incorporate overland receipts into CA refineries. The draft language of the bill was poorly written and would cause a number of administrative issues. First, over the water receipts could have a different point of taxation from the overland receipts into the refineries. Also, the language states that this fee will be borne by the consumer of fuel. Currently the state does not allow the oil spill fee to be line itemed on invoices to the consumer. Will there be separate treatment for the two? Lots of issues that will be forthcoming.
- Industry is monitoring Federal proposal to double the motor fuel tax. Suppliers would see a doubling of their IRS remittances and consumers

would see an instant \$0.18 -- \$0.10 per gallon increase.

Approved by the Full Committee

Sub schedule Codes:

- 1H Gallons Received- Originating County and City Tax Paid
- 5AD Gallons sold to licensed retailers
- 7E Gallons Sold for Export- Originating City and/or County Tax Paid.
- 10AC Tax Exempt Sales in City Jurisdiction
- 10AD Tax Exempt Sales In County Jurisdiction

The **Electronic Commerce Subcommittee**

Hal Lovell (California) reported there were ten (10) in attendance. The subcommittee discussed the following:

Definition for “Electronic Filing”-Group came up with some preliminary language. A handout version will be presented at the next meeting in May so that the Uniformity Committee can discuss the definition.

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

Creation of Form on Obtaining FTA Approval for Efile System

–The committee continued to work on a simple handout that

will summarize the steps that a state should follow to get FTS's approval for their Efiling systems. (forms, Efile Guide, XML schema, etc)

XML Guide for the State of Georgia –The committee approved the State of Georgia's EDI Implementation Guide.

Approved by the Full Committee

Georgia's EDI Implementation Guide

The Communication and Coordination Subcommittee

Christy Dixon (OK) reported that twenty-seven (27) were in attendance.

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

2014 Taxation, Diversion and Alternative Fuels Booklet – the subcommittee discussed, adding and approved the following:

Blendstock	Tax Rate	Reportable

Definitions – the subcommittee has been asked to do a definition for Fuel Grade Ethanol. The subcommittee will work on the definition next meeting once they have compiled various definitions from States to review.

ExSTARS example letter to Terminals regarding confidentiality – the approved letter from the IRS was reviewed for States to use.

Buy/Sell Agreements and Flash Title Agreements – a draft document was discussed and after much discussion, the working group is going to put some scenarios together that shows what reporting problems are caused with the Buy/Sell Agreements and Flash Title Agreements for the next meeting in May.

White Paper Document on "Inventory Gains and Losses" – the draft document was discussed and revisions need to be made. A revised document will be presented at the next meeting in May

Open Discussions
None

Approved by the Full Committee

Revision to the 2014 Taxation, Diversion and Alternative Fuels Booklet

Blendstock	Tax Rate	Reportable

Canadian Update – Canadian Fuel Tax Council meets once a year now. The following is what the Council is working on:

- Completing a paper on taxation of natural gas, including recommendations for point of taxation (utility companies or third party providers), conversion factors, shrinkage allowances, reporting requirements, registration

requirements and lessons learned.

- Completing the first systems audit binders
- Improving the exchange of information between governments on the movement of fuel
- Improving transactional detail reporting
- Addressing training issues
- Improving website
- Conducting a licensing review
- Improving/updating the generic tax return and fuel tax guide

For training, they have combined their Basic and Audit courses to provide them electronically on a pilot basis in February.

New Business

A thank you letter from the Canadian Fuel Tax Council was received thanking the Uniformity Committee for recognizing them with the "Uniformity Recognition Award".

Next meeting in May we will have a tour of an Ethanol plant.

Next Meeting – the next Uniformity Committee meeting is scheduled for May 2-3, 2014 in Portland, Oregon

The meeting was adjourned.

SUBCOMMITTEE CHAIRS

Compliance Subcommittee

State Co-Chair

Vacant

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**

Currently being scheduled for
2014.

UPCOMING MEETINGS 2014

Pacific Region

April 13-15, 2014

Albuquerque, New Mexico

Uniformity Meeting

May 2-3, 2014

Portland, Oregon

Northeastern Region

May 18-21, 2014

Pittsburgh, Pennsylvania

Southern Region

June 16-18, 2014

Richmond, Virginia

Midwestern Region

July 8-10, 2014

Oklahoma City, Oklahoma

Uniformity Meeting

September 26-27, 2014

Jackson, Wyoming

Motor Fuel Annual Meeting

September 28-October 1, 2014

Jackson, Wyoming

**MOTOR FUEL STEERING
COMMITTEE MEMBERS**

National Chair

Jim Oliver, Kentucky

National Vice Chair

Scott Bryer, New Hampshire

Past Chairs

Edie Martin, Kansas

Dawn Lietz, Nevada

State Uniformity Chair

Lee Gonzalez, Florida

Industry Uniformity Chair

Robert Donnellan, Global
Companies LLC

**MOTOR FUEL REGIONAL
GOVERNORS**

Midwestern Region

Christy Dixon, Oklahoma

Northeastern Region

James Dehnert, Pennsylvania

Pacific Region

Tracy Halubka, Montana

Southern Region

Tammy West, Virginia

RETIREMENTS

Lou Feletto, State of California retired the end of December 2013. Lou has been involved with the Uniformity Committee and the training classes for 20 plus years and was the Pacific Region Governor. We are going to miss him and his knowledge.

**THANKS LOU FOR YOUR
SUPPORT FOR ALL THESE
YEARS!!!!**

Doug Burdick, FuelQuest has retired this month. Doug has been involved with the Uniformity Committee and the training classes for over 30 plus years. Doug has served as Industry Co-chair on several committees while he worked for Chevron and TransMontaigne. We are going to miss him.

**THANKS DOUG FOR YOUR
SUPPORT FOR ALL THESE
YEARS!!!!**

Editor

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

cindy.anders-robb@taxadmin.org

**COMMUNICATION & COORDINATION SUBCOMMITTEE
TENTATIVE AGENDA – FRIDAY, SEPTEMBER 26, 2014
JACKSON, WYOMING**

1. WELCOME
2. APPROVAL OF MINUTES FROM THE MAY 2, 2014 MEETING.
3. DISTRIBUTE THE LATEST EDITION OF THE UNIFORMER – CINDY ANDERS-ROBB, FEDERATION OF TAX ADMINISTRATORS
4. TAXATION, DIVERSION, ALTERNATIVE FUELS BOOKLET-DISCUSS ANY REVISIONS FOR THE 2014 TAXATION. DIVERSION, ALTERNATIVE FUELS BOOKLET.
5. DISCUSS REVISED DRAFT OF DEFINITIONS, MODEL LEGISLATION, ETC FOR BUY/SELL AGREEMENTS (FLASH TITLE) AND RENEWABLE FUELS ALONG WITH DIAGRAMS-ANNE NICHOLSON-EXXONMOBIL.
6. DISCUSS THE DEFINITION FOR “FUEL GRADE ETHANOL” AND “ELECTRONIC FILING”.
7. OLD BUSINESS
8. NEW BUSINESS
9. NEXT MEETING : TO BE DETERMINED.

**FTA MOTOR FUEL UNIFORMITY COMMITTEE
COMMUNICATION & COORDINATION SUBCOMMITTEE
PORTLAND, OREGON
MAY 2, 2014
MINUTES**

The Communication & Coordination Subcommittee met on Friday, May 2, 2014. 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 23 attendees present and 1 attendee by phone.

The minutes from the January 24, 2014 meeting were approved by the subcommittee.

The latest edition of the Uniformer (May, 2014 copy) was distributed.

2014 Taxation, Diversion and Alternative Fuels Booklet- the subcommittee discussed, added and approved the following:

Section 13 How does your state handle contaminated fuel?

Section 14 Does your state allow bad debt credits?

The following people from each region volunteered to contact the states within their regions to gather the updated information for the 2014 Taxation, Diversion and Alternative Fuels Booklet:

- A. Midwest – Cindy Mongold-State of Kansas
- B. Northeast –Scott Bryer-State of New Hampshire
- C. Pacific – Dawn Lietz-State of Nevada
- D. Southeast – Tammy West-State of Virginia

Definitions-the subcommittee has been asked to do a definition for Fuel Grade Ethanol. This was tabled until the next meeting in September, 2014.

Buy/Sell Agreements and Flash Title Agreements-a 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 September, 2014.

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

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

White Paper Document concerning “Inventory Gains and Losses”- A draft of the document was discussed at the meeting and was approved by the committee.

Points to Consider for Gains and Losses in the Petroleum Industry

May, 2014

Any loss in the handling of the petroleum products translates into a loss of income. Petroleum products expand and contract with changes in temperature and as such their Gross volumes can change significantly. The inability to easily measure petroleum product volumes at retail sites can result in fluctuations in storage tank volumes. “Gain/Loss” is a measure of how Receipts, Disbursements (Sales or Shipments), and Inventories compare over a period of time. Gain/loss can be an indicator of the quality of the inventory system. Excessive gain/loss or consistent losses or consistent gains from month to month can signal the need for an investigation to identify causes and possible corrective actions.

Consistent losses may result from:

- Theft
- Leakage
- Unreported sales or shipments
- Incorrect meter calibration
- Terminal operator or station accounting and reporting errors

Consistent gains may result from:

- Hot fuel purchases (only at retail where temperature correction is unavailable)
- Unreported purchases or receipts
- Incorrect meter calibration
- Terminal operator or station accounting and reporting errors

Consistent gains at a terminal due to metering issues could cause related losses at retail locations that purchase product from the terminal. Consistent gains at a retail location due to metering issues could cause potential “consumer protection” issues at the retailer level.

The formula for calculating Gain/Loss is: Beginning Inventory + Receipts – Disbursements- Ending Inventory = (Gain)/Loss). Another way to state this formula is: Beginning Inventory + Receipts – Ending Inventory = Total Gallons to Account For, and then Total Gallons to Account For – Disbursements = (Gain)/Loss. When using these formulas, it is important to remember that a negative result indicates a gain and a positive

result indicates a loss. When calculating Gains and Losses at a terminal, you must use net gallons in order to correctly calculate this amount.

Most governmental agencies require a terminal operator to pay taxes on excessive or “unaccounted for motor fuel losses”. These “unaccounted for motor fuel losses” are generally defined as losses that exceed one half of one percent of the number of net gallons removed from the terminal during a year. The intent behind this is to stop potential fraudulent movements out of a terminal from taking place without being taxed.

The next meeting will be on Friday, September 26, 2014, Jackson, Wyoming.

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

**Forms Sub-Committee
Agenda
September 26, 2014
Jackson, WY**

- **Introductions** **Cindy Mongold**

- **Review Minutes of May 2014 meeting** **Cindy Mongold**

- **Old Business**
 - 1. Crosswalk (FTA and STCC Codes)** **Michael Grammer**
 - 2. Uniform Motor Fuel Sales Tax Form** **David Hernandez**
Tammy West
Bob Donnellan
Jessica McInerny
Amy Drewry
Tracy Lenius & Team

 - 3. Ohio Forms Review** **Tracy Lenius & Team**
 - a. Ohio Terminal Operator Return
 - b. Terminal Operator Inventory Schedule Detail
 - c. Terminal Operator Schedule Detail – Receipt
 - d. Terminal Operator Schedule Detail – Disbursement
 - e. Transporter Return
 - f. Transporter Schedule Detail
 - g. Fuel Dealer’s Tax Return
 - h. Inventory Schedule Detail – 15C
 - i. Dealer and Exporter Schedule Detail – Receipt
 - j. Dealer and Exporter Schedule Detail – Disbursement
 - k. Exporter Return

 - 4. Washington Forms Review** **Tracy Lenius & Team**
 - a. Terminal Report & Schedules
 - b. Supplier Tax Return & Schedules

- **New Business**
 - 1. Washington Schedule Request** **Cindy Mongold**
 - a. Determine biodiesel gallons rebranded to dyed (10?)
 - b. Gallons sold exempt to IFTA Authorized Carriers (6F?)
 - 2. Washington Forms Review** **Tracy Lenius & Team**
 - a. Distributor Tax Return
 - b. Aircraft Tax Return
 - c. Blender Tax Return
 - 3. FTA PC vs EXSTARS PC** **Cindy Mongold**

FTA Product Codes
313 – Ultra Low Sulfur Diesel – Undyed
314 – Ultra Low Sulfur Diesel – Dyed
EXSTARS does not accept these 2 PC's

4. **Industry Issues**
5. **State ExSTARS Update**

Scott Louie
Edie Martin

➤ **Recap and Adjournment**

**Forms Sub-Committee
Minutes
May 2, 2014
Portland, OR**

- **Introductions**

24 participated in the meeting (22 present & 2 on the phone).

- **Review Minutes of January 2014 meeting**

Minutes from the January 2014 meeting in Myrtle Beach, SC were reviewed and approved.

- **Old Business**
 - 1. Crosswalk (FTA and STCC Codes)**

Michael Grammer has made contact with a representative of the Union Pacific Railroad which serves the western half of the U.S. He has provided them with a copy of the spreadsheet with STCC conversion to FTA codes compiled with the assistance of CSX. No response as of yet but he will follow up with them.

 - 2. Oregon Forms Review**

The Oregon Motor Vehicle Fuel and Aircraft Fuel License Tax Return & Instructions were reviewed by the committee and all changes suggested at the January meeting were made. The full committee voted and the form was approved as uniform.

 - 3. Uniform Motor Fuel Sales Tax Form**

The first draft of the Uniform Motor Fuel Sales Tax form was presented to the full committee. After discussion there were several suggestions made for changes;

 - Remove “County” and make it more generic by using the term “Jurisdiction”
 - Adding a “Pre-paid” line
 - Add Net, Gross & Billed Gallons to schedule
 - Including instructions
 - Separate schedules for exempt & taxable sales

 - 4. 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.

➤ **New Business**

1. Industry Issues

Scott Louie provided the industry issues;

The petroleum industry will most likely be pursuing a new FTA product code for B0 - B5. This would represent a diesel product from straight ULSD to a biodiesel blend of up to 5%. It could be any percentage blend in between. The necessity of this code has grown within the past year due to several factors listed below:

1. Lack of a reliable, consistent supply of biodiesel from the producers. It makes for blending at a constant percentage very difficult. Because in this situation, the blend percentage could change frequently, it alleviates the terminal operator of having to change codes when it does change. This is particularly true where the terminal and/or the accounting systems are limited in the number of codes it can use for specific customers.
2. In many of the terminals today, there is no dedicated storage for biodiesel. When biodiesel is received at these terminals, it is commingled with the ULSD in those storage tanks. Due to the constant movement of inventory in and out of those storage tanks, the percentage of biodiesel will change and be nearly impossible to identify over time without chemically testing a sample at a given time.
3. Some terminals are now receiving a blended product through the pipeline. For the same reasons in #2 above, the constant receipts and disbursement of product will change the percentage constantly.

The industry does face some issues with using one code to cover various percentage blends. It has already been noted that the IRS has assessed fines on one terminal operator for inaccurate reporting. A protest has been filed, but the outcome is still to be determined. For most part, the states don't have any problems that haven't been addressed due to all but Texas taxing biodiesel the same as ULSD. Since many suppliers and terminal operators are already using this code, it is inevitable that we address this through the FTA.

2. State ExSTARS Update

Edie Martin provided an ExSTARS update tracking trends in filing 813 vs. 826 data. Not much change, Kansas continues to have a much larger % of 826 files while Mississippi reports receiving a larger % of 813 files.

3. Carrier Report Schedule (Page 82)

It was purposed to swap the "Gross" and "Net" columns on the Schedule of Deliveries. By doing so the schedule would be consistent with the other schedules in the Uniformity Book. After discussion the full committee voted and approved swapping the two columns.

4. Oregon Forms Review

Tracy Lenius & Team

Carrier Report & Schedules were reviewed and discussed. Following the review and discussion the full committee voted to approve the Oregon Carrier Report & Schedules as uniform.

Terminal Report & Schedules were reviewed and discussed. Following the review and discussion the full committee voted to approve the Oregon Terminal Report & Schedules as uniform.

5. Washington Forms Review

Tracy Lenius & Team

Terminal Report & Schedules and the Supplier Tax Return & Schedules were received on April 21, 2014. The sub-committee didn't have enough time to review the forms prior to this meeting. Feedback will be provided at the September meeting.

Meeting was adjourned

Next meeting is Sept 26 - 27, 2014 in Jackson, WY

Cindy Mongold State Co-Chair
Scott Louie Industry Co-Chair



E-Commerce Meeting Agenda

Type of Meeting	FTA – E-Commerce
Date	May 2, 2014
Venue	Portland, Oregon
Start Time	1:00 pm

Agenda:

No.	Topic(s)
1	Review the minutes from January 2014 (Myrtle Beach, South Carolina) meeting and finalize the summary notes from that meeting.
2	Submit for discussion and approval the State of Florida Implementation guide and XML schema request. The XML team has reviewed and provided a “tentative” approval of the update and schema pending our formal vote.
3	Submit for discussion and approval the State of Ohio Implementation guide and XML schema request. The XML team has reviewed and provided a “tentative” approval of the update and schema pending our formal vote.
4	Fueltrac 3 – XML layout for reporting diversions
5	How to better communicate the FTA E-Commerce role in reviewing and approving a States E-file program. How to explain to States their responsibilities in requesting FTA approval for an e-file system (EDI/XML)? Seems like we could improve our Outreach in this area. Discussion points – E-file guide Pages 4 and 169 discuss how to get the E-guide and XML schema for the states approved in our 2013 E-file Guide. Is this enough material for this procedure?
6	New Topics

Meeting Minutes:

No.	Discussion item	Meeting Minutes
1.	Introduction	Total attendees – 5 in person (2 attended by phone) Industry 1 Misc (Vendors, etc.) 3 States and FTA staff 3
2.	Minutes	We discussed/reviewed minutes from the January 24, 2014 meeting in Myrtle Beach, South Carolina. No changes were recommended. Minutes from January 2014 meeting were approved by E-Commerce committee.



E-Commerce Sub-committee Agenda

5/2/14

Page 2 of 2

No.	Discussion item	Meeting Minutes
3.	Reviewed the State of Florida's Implementation Guide	Completed – Submit for discussion and approval the State of Florida Implementation guide and XML schema request. The XML team has reviewed and provided a “tentative” approval of the update and schema pending our formal vote. The E-Commerce group reviewed and approved the submitted guide and XML schema. The committee had one recommendation related to the gallons input fields. Florida only captures net gallons, and the committee would recommend that Florida consider allowing these two fields (gross and billed gallons) as optional fields on a future revision.
4.	Reviewed the State of Ohio's Implementation Guide	Completed – Submit for discussion and approval the State of Ohio Implementation guide and XML schema request. The XML team has reviewed and provided a “tentative” approval of the update and schema pending our formal vote. The E-Commerce group reviewed and approved the submitted guide and XML schema.
4.	Create a simple handout form on obtaining FTA approval for E-file system	On-going – Group reviewed a mock up of a simple handout that will summarize the steps that a state should take to get FTA approval for their E-file systems (Forms, E-File Guide, XML schema, etc.). Group will comment on the handout over the next 3-4 weeks. We expect to have a final handout version ready by the next meeting for placement on the FTA website.
	New item	New item. E-Commerce group was advised the that State of Oregon is very close to submitting their E-file guide for review by the committee. We expect to be addressing the State of Oregon's guide at the next meeting.

Action Items:

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

FTA Motor Fuel Uniformity Committee
Compliance Subcommittee
Portland, OR
May 2, 2014

MINUTES

The Compliance Subcommittee met on Friday, May 2, 2014. State Co-Chair, Marcia Leichner, and Industry Co-Chair, Rae Takai, conducted the meeting. The meeting was called to order at approximately 3:30 p.m. There were 24 people present and one person by phone.

Minutes from the Myrtle Beach, SC meeting on January 24, 2014, were approved as presented.

Training Schedule

- The Basic Training class is scheduled for July 27-31, 2014, in Kansas City, MO.
- The Advanced Training class is currently scheduled for November 2014. Exact dates and location to be determined.

Dyed Diesel Stats/Issues

- The stats for calendar year 2013 were handed out and discussed.
- Discussed the amount of penalties per occurrence and handed out the results of the list serve question regarding whether states bill on capacity of the bulk tank or the actual gallons in a bulk tank if a violator is caught roadside.
- Discussed following up with audits for repeat offenders.

Discussion Items

- New legislation – all states present, plus MN who had emailed information, presented. States present included NE, KS, NV, IA, VA, IN, FL, and OK.
- LNG/CNG issues. Indiana shared that states should be aware of LNG being changed to CNG.
- Ethanol/biodiesel issues, railroad/airline spurs, carrier issues
- Miscellaneous
 - MN shared via email they are finding a lot of “use tax liability” for companies that have filed for motor fuels tax refunds.
 - Credit card and federal sales questions which originated from Drew Hennig, Avalara, will be put on list serve.
 - Very brief discussion regarding what type of ID #s states require to be reported when their taxpayers are dealing with foreign entities, since it was indicated they often do not have 9 digit FEINs, but rather 8, 10, or 11 characters.

Old Business

- None

New Business

- Discussed upcoming changes with avgas changing from 100LL to a no lead equivalent.
- Solicited projects for 2014
- Distributed two articles – “Gulf Coast set for Bakken-like boom with liquefied natural gas” and “The Divvy biker who would fuel America’s trucking industry”

Next Meeting

- September 26, 2014 in Jackson, WY

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