

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

Minutes

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

Minutes

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

Uniformity Chairs

State Co-Chair - Lee Gonzalez – State of Florida

Industry Co-Chair - Scott Louie – Chevron

Subcommittee Chairs

Compliance Subcommittee

State Co-Chair - Marcia - Marcia Leichner of Nebraska

Industry Co-Chair - Rae Takai – Shell Oil

Communication and Coordination Subcommittee

State Co-Chair - Christy Dixon – State of Oklahoma

Industry Co-Chair - Anne Nicholson - Exxon Mobil

Electronic Commerce Subcommittee

State Co-Chair - Hal Lovell – State of California

Industry Co-Chair - Gene Holland – P66

Forms Management Subcommittee

State Co-Chair - Cindy Mongold - State of Kansas

Industry Co-Chair - Jessica McNerny – Cargill

Presentations

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

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

Subcommittee Reports

The Compliance Subcommittee

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

Training Schedule Update

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

Dyed Diesel Stats/Issues

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

Discussions:

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

New Business

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

(See the minutes of this subcommittee for more details)

The Forms Management Subcommittee

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

New Hampshire Forms Review

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

E Commerce Survey

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

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

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

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

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

Uniform Subschedule Codes

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

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

Who Can Request a Product Code?

In the current 2014 Uniformity book it states;

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

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

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

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

Product Code Request

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

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

Industry Issues

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

(See the minutes of this subcommittee for more details)

Approved by the Full Committee

•New Hampshire Uniform Report Forms:

- Alternative Fuels Dealer Report

•Product Code Request:

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

•Who Can Request a Product Code:

The wording in the Uniformity book will be changed to;

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

The Electronic Commerce Subcommittee

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

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

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

Creation of Form on Obtaining FTA Approval for Efile System –The committee approved the document. The committee is continuing to work on a simple handout that will summarize the steps that a state should follow to get FTA's approval for their Efile systems (forms, Efile Guide, XML schema, etc). Group reviewed the updated mock that had the new links for the 2014 Uniformity and eFile. Group has approved this document after the changes requested at today's meeting have been incorporated into the document. The Committee will work with Cindy/Ron Alt (FTA) to get this approved document uploaded to the FTA website.

EC Survey

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

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

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

(See the minutes of this subcommittee for more details)

The Communication and Coordination Subcommittee

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

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

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

Section 15-Please provide the following information:

Name of Report	Due Date of Report	Due Date of Payment

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

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

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

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

Name of Report	Report Penalties	Payment Penalties

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

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

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

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

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

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

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

Open Discussions

None

(See the minutes of this subcommittee for more details)

Approved by the Full Committee

Definition for Fuel Grade Ethanol

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

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

Canadian Update

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

New Business

None

Next Meeting

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

The meeting was adjourned.