

# The Uniformer

## **MESSAGE FROM THE NATIONAL CHAIR ROSEMARY CLEARY**

I cannot believe that it is mid-March as I am writing this article and that spring is almost here. With the winter we had in Connecticut I did not think it would ever be warm and dry again!

I am currently making my travel plans for the Uniformity meeting in Oklahoma in April. Unfortunately, due to budget restrictions I will not be able to make all of the regional meetings and so I would like to thank, in advance, the people who are making the presentation for the National Chair at these meetings. I wish I could attend all of them but it is just not possible. My travel is limited to what is covered by the STP funds we receive and I cannot stretch them to cover all of the meetings.

The Steering Committee of the Motor Fuel Tax Section is currently looking for topics and presenters for the agenda for the annual meeting in September 2011 in West Virginia. I hope to see many of you there because I truly believe that the face-to-face discussions that occur at these meetings benefit all of us and the organizations we each represent. However, even if you cannot attend in person, we value your input and want to hear what topics are of interest to you. Perhaps it is something you heard discussed at another meeting that you would like to learn more about, or something that came up during a phone

conversation with a representative of another jurisdiction or industry, or maybe an issue that came up during a fuel tax audit. Whatever its origin, if you think it is something that the members of the Motor Fuel Tax Section should know more about, please let Cindy Anders-Robb or I know about it. If it is a topic that generated discussion in your office it is probably something that most of us should know about in order to do our jobs. If you can suggest a presenter on the topic just give us the information and we will be happy to follow up with the person.

As states are facing more and more fiscal constraints, you have to wonder what is going to happen to fuel taxes. Connecticut has a proposal in front of its legislature to raise the rate as part of the revenue side of the budget. I am sure many other states are looking at the same scenario. Will this result in a greater level of fuel tax evasion down the road? I don't have the answer to that question but I believe that we all have to work together, government and industry, to prevent this kind of thing from happening. Not only are we working to protect state revenues but also to ensure there is fairness for the taxpayers who are properly reporting their taxes to the appropriate jurisdictions. I encourage all of you to share information with each other to work towards these goals. Even if you can't travel, you can communicate via email, telephone, or even the old-fashioned way, via U.S. Postal Service. The important thing is to

keep each other aware of what is happening.

I hope to see many of you at future Uniformity Meetings or at the Annual Meeting. Please contact me at any time at [Rosemary.Cleary@po.state.ct.us](mailto:Rosemary.Cleary@po.state.ct.us) if there is anything you think the members of the Motor Fuel Tax Section should be working on.

## **MESSAGE FROM THE UNIFORMITY COMMITTEE STATE CO-CHAIR SHARON GOSTOVICH**

After listening to the many discussions surrounding the malicious remarks about a female political figure that a comedian recently made, I began to think about the activities that I have participated in and the organizations that I am or have been a part of. I believe that humor is an essential part of both home and work life and often look for the humor in any given situation, but I know that some things just aren't humorous. This was one of them, and it has nothing to do with whether or not we like or respect this woman.

In the years that I have been attending the motor fuel meetings, I have felt fortunate to be a part of an organization that takes women seriously and recognizes and respects the contributions they have made to all phases of the organizational work. Women have made contributions to the Motor Fuel section by participating as committee members, by chairing committees, and by accepting the

responsibilities of the National Chair.

Thanks to all of you who continue to work to make this an organization where gender does not dictate role, where women and men work together, and where opportunity is offered to each and everyone who is willing to join with others to accomplish our goals and to minimize fuel tax evasion.

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

I would like to take this opportunity to Thank Marcia Lechner for being such a great State co-Chair on Uniformity with me. It was a great pleasure working with her and the knowledge that she has in motor fuels is remarkable. Also at this time I would like to welcome Sharon Gostovich to the State co-chair position. Given the knowledge and experience that Sharon has in the Petroleum Industry reassures me that all bases are covered when it comes to Motor Fuel. I look forward to working with her over the next year and hopefully the year after. As I move into my 7th year as Industry co-chair I am honored that you respect me enough to keep me in this position.

**MESSAGE FROM  
MAL BRUCE  
Fuel Tax Council (FTC)**

In February the Fuel Tax Council (FTC) launched a new website. The biggest change to the website is the addition of member

only pages. These pages are accessible with a valid name and user password issued by the FTC. These pages contain FTC documents, training materials and contact information not intended for general public access. Our web address remains the same at [www.fueltaxcouncil.com](http://www.fueltaxcouncil.com).

Our next semi-annual meetings will be held May 10 and 11 in Halifax, Nova Scotia. At this meeting the Steering Committee will be voting on a proposal to amend our bylaws to move to a representative system for our four standing sub-committees. Under the proposed representative system each jurisdiction and industry member organization appoints a person as their representative for each of our four sub-committees. The purpose of this proposal is to increase involvement and improve communication on projects.

**Training**

Our training schedule this year includes the "Auditing Electronic Records" course scheduled for May 31 to June 3 in Regina, Saskatchewan, and the newly named and structured "Fuel Tax Audit Training" course scheduled for October 4 to 6 in Halifax, Nova Scotia. The Training Sub-Committee is also considering adding a third course early in 2012.

**Glossary of Terms and  
Definitions**

The revised "Glossary of Terms and Definitions" has now been adopted by the Steering Committee and has been posted to our website for public access.

**Projects and Initiatives Update**

The following projects and initiatives were referred to in my last article and continue to be worked on by the FTC:

**System Audit Binder Project** – a working group is being established to begin work on this project, which is expected to be completed by December 31, 2012. This is a cooperative project between government and industry to develop fuel tax audit system binders for large fuel tax collectors.

**Audit Best Practices** – this includes the development of a common audit program for fuel tax collectors and a "Joint Audit Protocol" template for jurisdictions to use when conducting joint audits.

**Inventory Losses Review** – this is a joint industry and government initiative to review distribution system losses and compare the available information and data to the loss allowances currently being provided by government.

**Audit and Enforcement Binder Project** - This is a project to update the FTC's Audit and Enforcement Binder.

**E-filing Standards Revisions** – the Uniform Reporting Sub-Committee is currently waiting for information to finalize and the revisions.

If you would like more information on the FTC, our projects or activities, please contact me at [malcolm.bruce@fueltaxcouncil.com](mailto:malcolm.bruce@fueltaxcouncil.com) or phone me at (403) 470-9531.

**UNIFORMITY COMMITTEE  
Minutes**

The FTA Motor Fuel Tax Section Uniformity Committee met at the

Austin Marriott North in Austin, Texas on January 27, 2011 Sharon Gostovich (WY) Uniformity State Chair called the meeting to order. Twenty-nine (29) were in attendance.

### Minutes

The minutes of the September 2010 Uniformity Committee in Helena, Montana was approved.

### SUBCOMMITTEE REPORTS

#### The Compliance Subcommittee

Jeremy Neeck (MN) reported there were twenty-four (24) in attendance. The Committee discussed:

#### **Training Schedule for 2011 –**

Since attendance has been low, FTA will not be offering any classes in 2011 unless it is sponsored by a State or Industry. ExSTARS Training is being looked at for 2011 along with the use of the ExTOLE System.

**Dyed Diesel Stats** – The dyed fuel statistics were reviewed and the violation rate is very similar to that of 2009.

#### Old Projects

#### **Elimination of NY Exemption**

**Certificates** – NY is exploring the use of summary certificates instead of certificates for each transaction.

#### **Dyed fuel used in Canadian vehicles coming into the USA –**

The IRS has come out with a new ruling for dyed diesel fuel purchased in Canada. The IRS will not bill on dyed fuel violations if the driver can prove that the fuel was purchased in Canada.

#### **Automotive Manufacturers –**

being licensed to pay tax on the fuel in new cars shipped into the State for sale was only an issue for the states that have production facilities.

**Electric Vehicles** – how we should tax them was discussed. The committee is looking into different options.

#### New Projects

- Expanding the Dyed Fuel States report.
- "G" Diesel – LNG enriched diesel.
- How do we handle dealing with companies that have moved service "offshore"?
- Best practices for "Virtual Audits".
- What are the airports doing with "Stale Fuel"?
- How do we track fuel leaving Military locations once it fails spec?

#### The Forms Management Subcommittee

Scott Louie (Chevron) reported that this committee met with Electronic Commerce. There were thirty (30) in attendance with two (2) by phone. The subcommittee discussed:

**Product Code** – Utah retracted their request.

#### **Crosswalk (FTA and STCC**

**Codes)** – The Committee discussed the possibility of developing a crosswalk from FTA and STCC Codes to help in the tracking of petroleum product by rail.

#### **Uniformity Booklet -- A**

suggestion was made to include all three-gallon fields (net, gross and billed) with checkbox for states to indicate which gallon types to report.

**Industry Updates** – New Jersey tax at the rack legislation produced new forms with unique pages for each schedule code. The committee will contact New Jersey for copies of their form to review.

**Late Loads** – Discussion on how different State treat late loads.

**Rail Car Loads --** Discussion on how to report ethanol or biodiesel that is being transported on unit trains whether each individual car should be reported separately or one transaction should be reported for the entire trainload.

**Volunteers** –The Committee discussed how to recruit new volunteers to participate on the subcommittee.

#### The Electronic Commerce Subcommittee

Gene Holland (ConocoPhillips) reported there were thirty (30) in attendance with two (2) by phone. The subcommittee discussed the following:

**ExSTARS User Group --** The IRS decided to do away with the ref segment that has created confusion regarding safeguard provisions allow states to access ExSTARS data. When the new Pub 3536 system goes into effect the LOA on file will control access. New LOA's will not be required for the new system.

**EC Survey** – The EDI survey conducted in December 2010 was presented for review.

#### **ExSTARS/IRS Update –**

Gateway upgrade will occur at the end of February 2011. In the new system (Pub 3536), April 2011 transactions filed in May, will not be rejected for missing barge number and ship numbers. May 2011 filings for April transactions may be pushed back if they do not have everyone on board. 720 CF has been postponed again. It could be October 2011 but more like the end of year. Refinery reporting is not under construction. IRS is finalizing a list of Refinery Control

Number's and working on Biodiesel/Renewable Diesel and Ethanol production facility Control Number's.

**XML Schema** – A presentation on FTA TIGERS group included a history of TIGERS and a detailed explanation of their work with XML.

**Product ID numbers** – The Committee discussed the possibility of adding an EDI segment for railcar number, invoice number, etc as another way of tracking other than BOL.

**Crosswalk (FTA and STCC Codes)** – The Committee discussed the possibility of developing a crosswalk from FTA and STCC Codes to help in the tracking of petroleum products by rail.

**Import/Export** – Preparing a letter to the States regarding export information.

**Volunteers** – The Committee discussed how to recruit new volunteers to participate on the subcommittee.

The **Communication and Coordination Subcommittee** Christy Dixon (OK) reported that twenty-four (24) were in attendance. The subcommittee discussed the following and the January Uniformer was passed out.

**The Taxation-Diversion-Alternative Fuels Booklet** – questionnaire has been sent out to the States and should be completed and available for the April meeting.

#### **Definitions**

Document Number (still working on this)

Racing Fuel (Approved)

**Uniform Bill of Lading Project** – The committee is working on a white paper document.

**Native American Survey Update** – The committee is working on this booklet for distribution at the Annual meeting in September.

**MOU Update** – The committee is working on a draft MOU for States to sign.

**Buy/Sell Agreement** – The committee is working on a section for the Model Legislation section of the Uniformity booklet.

**Information Exchange Agreement** – The committee is working on a section for the Model Legislation section of the Uniformity Booklet.

#### **Approved by the Full Committee**

**Definitions – Racing Fuel** – An accountable product, generally leaded gasoline of one hundred and five octane or more, for off highway use in competition vehicles, e.g., race cars, snowmobiles and motorcycles (excludes aircraft).

#### **Other Business**

**Canadian update** – At the Canadian Fuel Tax Council meeting in October, the glossary of definitions was approved. The Council is currently working on Standardize lost in inventory along with putting a binder together on how the industries systems work for audit. The Canadian Fuel Tax Council website has been completed. [www.fueltaxcouncil.com](http://www.fueltaxcouncil.com)

**IRS Update** – Credit for bio diesel was reestablish in December and it was retroactive

to 2010, they will be getting the 1.00 per gallon, paper mills will not be getting the credit. Splash and dash was eliminated in 2009.

#### **New Business**

**Grants** – Discussion of the new administration in most States might not let anyone travel if the States do not receive the grants from the FHWA.

**Presentation discussion** – On ExTOLE/ExSTARS training. Decided to have a presentation on ExTOLE for next meeting.

**Annual Meeting** – Bob Donnellan talked again about the annual meeting. If anyone has a presentation for the Annual meeting, please get back to Bob or Rosemary

**Updates** – Each State present gave an update of what legislation has been introduced.

#### **Next Meeting**

Next meeting we will have a presentation on the ExTOLE system.

The next Uniformity Committee meetings are scheduled as follows:

April 27-28, 2011  
Oklahoma City, OK  
January 27-28, 2012  
Portsmouth, VA

The meeting was adjourned.

#### **RETIREMENTS**

**Robert Bray**, State of Ohio Bob was a great supporter of the Motor Fuel Tax Section and Uniformity. Bob was the Compliance Subcommittee Co-Chair along with being an instructor for the Advanced Audit

Class and the "BRAINS" behind the Advanced Investigation class. Bob hasn't retired for good; he has accepted a job with the AZ Department of Revenue in the Tobacco Tax Investigation Section. **THANKS BOB FOR YOUR SUPPORT FOR ALL THESE YEARS!!!!**

**George Higdon**, State of MS  
George was a great supporter of the Motor Fuel Tax Section along with Uniformity. George served as the State Uniformity Chair and was a great ExSTARS instructor. George will be truly missed by all. **THANKS GEORGE FOR YOUR SUPPORT FOR ALL THESE YEARS!!!!**

**Bob Turner**, State of MT  
The State of Montana hosted the 2010 Motor Fuel Annual meeting with Bob's staff organizing this great conference. Thanks Bob for everything.

**Dar Walters**, State of ID  
Dar worked over 30 years for the State of Idaho and is a professional tennis player. I hope to see you on TV. Thanks Dar for all your support.

### **UPCOMING MEETINGS 2011**

**Uniformity Meetings**  
September 16-17, 2011  
Charleston, West Virginia

### **Regional Meetings**

**Northeastern Region**  
May 22-24, 2011  
Hartford, Connecticut

**Southern Region**  
June 19-21, 2011  
Nashville, Tennessee

### **Midwestern Region**

July 13-15, 2011  
Kansas City, Missouri

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

**NO** Classes are scheduled for 2011 because of low attendance. If a State or Industry would like to sponsor a class, please contact Cindy Anders-Robb with FTA at [cindy.anders-robb@taxadmin.org](mailto:cindy.anders-robb@taxadmin.org)

### **UPCOMING MEETINGS 2012**

**Uniformity Meetings**  
January 27-28, 2012  
Portsmouth, Virginia

### **MOTOR FUEL STEERING COMMITTEE**

**National Chair**  
Rosemary Cleary

**National Vice Chair**  
Dawn Lietz

**Past Chairs**  
Wilda Ice  
Herman Wisneski

**State Uniformity Chair**  
Sharon Gostovich

**Industry Uniformity Chair**  
Robert Donnellan

### **MOTOR FUEL REGIONAL GOVERNORS**

**Midwestern Region**  
Keith Gast, MO

**Northeastern Region**  
Rosemary Cleary, CT

**Pacific Region**  
Sandra Wiesrma, CO

**Southern Region**  
Ray Grisby, TN

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