

The Uniformer

**MESSAGE FROM THE
FTA MOTOR FUEL TAX
SECTION CHAIR -
JOE O'GORMAN**

It was very gratifying to be at the Uniformity meeting in San Antonio in January and the FHWA Steering Committee meeting in Washington D.C. recently and listen to the discussion of so many new issues that are facing us in the administration of Motor Fuels.

What was just as pleasing was to see the emerging talents of some of our new Uniformity Co-chairs and the new Sub-Committee Co-chairs.

It's comforting to know that as we face new evasion scams, new challenges in the electronic world, or continue to design paper to better serve both government and industry, continue to prepare for ExStars and begin to utilize ExTOLE, or just find ways to handle alternative fuels that our desire hasn't diminished and that there are fresh ideas and fresh faces ready to tackle those challenges.

I not only commend you for your effort, but welcome your voice.

We have had many be a part of this group that left much more than they took, like the legendary Bob Beck, Don Paswater and Ron Miller to mention a few that have recently retired.

Fortunately, though, we still have the talents of Eddie McCormick, Steve Miller, Peter Steffens, Bill Gray, Janet Lake, Al Howard,

Dale Shuirman, Julian Fitzgerald, Cindy Anders-Robb, Doug Burdick, Dave Skinner and Ed King (he made me mention his name because he prints the Uniformer) to mention a few.

To see the emergence of Christy Dixon from Sub-committee chair to Uniformity Co-chair and to see the leadership she has brought certainly bodes well for the future of the Section.

Several co-chairs made their debut within the last year, Doreen Warren and Eldon Andrus with Electronic Commerce, Pat Platt with Forms Management, Carol Player with the Compliance Sub-Committee and Dave Skinner with Communication and Coordination. Their contributions, along with those of Section Co-chair Robynn Wilson, are welcome and it is so encouraging to see the torch passed with not a step missed or an issue forgotten.

Just like any thriving business the success we enjoy in the section is due to the hard work and dedication of those that participate.

There are goals we still need to reach and if you've been listening there are new evasion techniques that continue to represent a threat to our tax dollars. During these stringent economic times, for both industry and government, it's important that we work even harder to protect not only the tax dollars from a government standpoint but also to keep the playing field level for all of industry.

I can never begin to thank you for all you do and it is so important that we encourage every state or industry representative to share their voice, as well as, express their thoughts and opinions. Much like this country the FTA Motor Fuels Section didn't achieve the success it has with a bunch of "yes men.....and women."

Being an American and also an East Coast guy the vision of tailing smoke over New York City is still too vivid in my memory.

So as we once again meet to discuss how we can make Motor Fuels Tax administration more efficient and more equitable let's not forget the freedoms that we enjoy in this country and remember the men and women who are giving the ultimate sacrifice to protect those freedoms. Our thoughts and our prayers are with them as it is our hope for their quick return home.

**NOTE FROM THE UNIFORMITY
COMMITTEE INDUSTRY
CO-CHAIR
BILL GRAY**

Our January meetings in San Antonio were very productive. Each of the subcommittees is very busy with important issues. I hope that you have reviewed the minutes and materials of all the subcommittees to help you stay informed and involved in the issues.

As I reviewed last meeting's minutes and attendance rosters I discovered the following:

| Meeting | <i>Attendance</i> | | |
|------------------------------|-------------------|------|-------------------------|
| | Gov | Ind. | Consultants/ Vendors |
| Full Uniformity Committee | 36 | 6 | 8 |
| EC Technical | 14 | 3 | 4 |
| EC Admin | 27 | 8 | 5 |

I didn't take the time to tabulate the other committees, but this illustrates the balance of the attendees from each of the groups. While government could do better, not having any representatives from many states, industry is sadly nearly missing in action. I'm aware of the many challenges faced in meeting the increased workloads due to mergers, consolidations, cut-backs, etc. and I'm also personally aware of the budget concerns in these challenging times. I wonder however if we could do a better job in helping management to understand the benefits of participation. Here are a few of my thoughts in that regard; you undoubtedly have many other ideas.

The FTA has been very generous and kind in making industry feel welcome and in giving serious consideration to our viewpoints. The Motor Fuel Section has been particularly kind to industry as evidenced by the fact that we have industry co-chairs (not vice-chairs) for the full Uniformity Committee and for each of the subcommittees. As the industry co-chair for the Uniformity Committee I also have the privilege of participating in the steering committee for the Motor Fuel Section. Further, the Motor Fuel Section equalized the conference fees for the National and Regional meetings so that

government and industry pay the same rate. They sincerely want our participation and input. I believe this is unheard of in other areas of taxation.

I have found the networking and relationships garnered through *active* participation in the Uniformity Committee to be extremely beneficial. Visits to individual states have been generally eliminated and I'm able to keep in touch with the people and the issues of most states by attending the Uniformity, regional and national meetings. Working through issues in person with the participating states helps us all to better understand each other. Further, industry working with industry in these committees builds relationships and helps us understand and learn from each other's perspective. The states enjoy a similar benefit.

It is my sincere hope that industry will make a greater effort to not only attend but to actively participate. Further, industry can have an impact on encouraging certain states to attend by contacting management personnel and espousing the need for and the benefits of active participation.

***NOTE FROM THE UNIFORMITY
COMMITTEE STATE CO-CHAIR
CHRISTY DIXON***

As I anticipated, our January meeting in San Antonio, Texas was very busy and very productive. After meeting with the Executive Committee the subcommittees have been

assigned several more projects that need to be addressed.

Each one of the subcommittees currently have at least six (6) or more projects that they are working on for this year. With each subcommittee having so many projects they have many challenges to face. With all these challenges it is very important that we continue to have **active** participation and continue to **network** the partnership between industry and government in order to face the challenges of completing the current projects for this year.

I would also like to say thank you to everyone for the commitment that you have shown in facing the many challenges that the FTA Motor Fuel Uniformity Committee must face. It is this commitment that continues to allow the FTA Motor Fuel Uniformity Committee to work towards achieving uniformity, improving state fuel tax administration, and minimizing fuel tax evasion.

I look forward to seeing all of you at our next meeting in San Diego, California.

**NEW COLUMN IN THE
UNIFORMER**

"ASK DAVE"

Question: We want to get our licensing and diversion information on the ExTOLE system, but do not want to have to manually data enter everything. Has there been any change to the ExTOLE system for uploading files?

Answer: I am so glad you asked that question, and glad you are ready to participate in the ExTOLE system. The short answer is "no changes". The system has been up and running for well over a year now, but I fear there may be some cobwebs growing on the web server in Detroit. Only a handful of states have entered or uploaded their fuel tax license information. The information can be manually entered in the system, or a simple text file can be uploaded if you already have your license information in an electronic database on your state's system. The instructions are included in the ExTOLE User Manual dated February 2001, on pages 3-10. There are separate tables in ExTOLE for the fuel tax licenses, the licensees (company information) and the associates (officers or owners). You can enter as much detail as you have available – just the company names, FEIN and license numbers if that is all you have. All the data fields are searchable, so if every state would upload "associate" (officer) information, other states would be able to check a nationwide database to find out if a person has been licensed in another state.

Here is a list of the states that have made manual entries or uploaded and updated their license information in ExTOLE, as of April 18, 2003.

Licensee Tables

Licensee manual entry: AL 03-APR-03, MS 04-MAR-02, MT 17-DEC-02
Licensee uploads: CT 04-JUL-02, FL 31-MAR-03, KS 01-APR-03,

MD 04-APR-03, MS 04-APR-03, NC 25-SEP-02, NE 14-FEB-02, NY 28-MAY-02, SC 04-NOV-02

License Tables

License uploads: FL 31-MAR-03, KS 01-APR-03, MD 04-APR-03, NC 25-SEP-02, NE 14-FEB-02, NY 28-MAY-02, SC 07-FEB-03

Associate Tables

Associate uploads: FL 31-MAR-03, KS 01-APR-03, NY 28-MAY-02

And here is another tip, in case you did not think of it. If you would like to have your license data for your own state's use by your collectors, investigators, auditors and so forth, but you cannot afford to build your own system, USE THE EXTOLE SYSTEM! That's right, you could enter the data in ExTOLE and give usernames and passwords to your staff. Then all they would need is access to the Internet to check their own state's license information, as well as any other participating state. What a deal!

CANADIAN FUEL TAX (CFTP) PROJECT

Work has been progressing on this project. At this time, we have developed the following within the overall framework:

- A model for total fuel accountability including requirements for the electronic reporting of all fuel from terminals or imported into the land - by load.
- Fuel Tracking reporting and reconciliation processes (acquisitions and dispositions, and to reconcile imports /

exports between jurisdictions.)

- Report layouts.
- Data records / layout and data elements of reporting.
- Data Definitions.
- Data Flow and Data Exchange alternatives and recommendations.

We are seeking acceptance of the models that have been developed by the above activities in a meeting with the CFT Steering Committee in late April, 2003. At this time, we are trying to develop alternatives to proceed with implementation and to document the benefits and associated costs for provinces who may be ready for this step.

A meeting was held in Toronto from February 19 to 22 to review the project and an additional feature of this meeting was to have representatives of our US colleagues assist with "Peer Experience Sharing". We appreciate the participation of Bill Gray from US industry, as well as Vicki Hayden from Arkansas, Eddie McCormick, (recently from Tennessee) and Mike Albin, (relatively recently from Nevada) to give us the industry and government perspectives on fuel tax automation and the lessons that they learned. We also heard from two US based fuel tax software vendors, ACS and ZyTax with regard to their experiences and recommendations for the

Canadian Project. The meeting concluded with a panel discussion of all US participants (Industry, Governments and Software vendors) relating to

benefits, the lessons learned and recommendations from their perspective. This was a fairly powerful opportunity for the Canadian Committee to gain experience from their US peers and we are grateful for the excellent input, advice and assistance that we received.

Canadian Fuel Tax Council

As of April 1, 2003, the Canadian Fuel Tax "Project" has changed slightly to become the Canadian Fuel Tax "Council". The Memorandum of Understanding signed by the provinces, territories and the federal government (represented by the Canada Customs and Revenue Agency) provides for the ongoing funding of the CFT Council Office. Previously, as a "Project", there was an end date to carrying on with the uniformity activities.

UNIFORMITY COMMITTEE

The FTA Motor Fuel Tax Section Uniformity Committee met at the Marriott RiverCenter, in San Antonio, Texas on January 11, 2003. Uniformity Chair Christy Dixon (OK) called the meeting to order. Fifty-three were in attendance.

Minutes

The minutes from the September Uniformity Committee meeting in Anchorage, Alaska were approved.

SUBCOMMITTEE REPORTS

Compliance Subcommittee

Carol Player reported twenty-nine (29) attended the meeting. The committee discussed the responses to the "Best Practice Survey" and assigned each region to a volunteer to contact the states for more detail. The committee also discussed evasion schemes, the Gulf State Task Force and the training classes. The Gulf State Task Force is working on enforcement issues relating to the movement of fuel between states up the inland waterways that feed into the Gulf of Mexico.

Electronic Commerce Subcommittee

Doreen Warren (ID) reported twenty-one (21) attended the meeting. The subcommittee discussed the following:

Technical

- Proposed Changes to the Electronic Data Interchange Implementation Guide
- BPR or TS 820
- ExSTARS
- Flat File Format for State Tax Exchange of Export Data – XML Exchange File
- Encryption Technologies – White Paper – Final Review
- Java Web development techniques – Benefits and Problems
- Wyoming EDI implementation

Not Too Technical

- Working Groups – Increase Participation
- Single Point of Filing
- Prior Period Transactions and Amended Returns
- Review of Electronic Commerce Survey Results – 2003
- Training Opportunities – Talk at the Regional Conferences

Full Committee Approved

- Prior period transaction reporting document
- Add to the EDI Guide the codes for Canada and Mexico
- Flat file format to exchange information between states

Forms Management Subcommittee

Patricia Platt (KS) reported that seventeen (17) attended the meeting. The subcommittee discussed the following:

- Development of a Blenders Report, Surety Bond Form, Alternative Fuels Report
- Reviewed the Terminal Operator and Carrier Report Schedules
- Move from Paper to EDI
- Reviewing the Uniformity Booklet
- Letter of Credit Form
- Product codes for:
 - A55 Undyed
 - A55 Dyed
 - Bio Diesel Emulsified Undyed
 - Bio Diesel Emulsified Dyed
 - IRS Revised Terminal Operator/Common Carrier reports

Full Committee Approved

- Letter of Credit Format
- Product Codes
 - Organic Oils – 960
 - Bio Diesel Dyed –290 (B-100)

Communication And Coordination Subcommittee

David Skinner (FL) reported that there were 25 people in attendance. The subcommittee has been assigned several new projects and has redefined the scope of existing projects. They are working on the following projects:

- Model legislation for cross border issues.
- Monitoring the Federal energy bill.
- Developing a white paper, including model legislation and definitions for biodiesel.
- Reviewing all existing definitions in the FTA book and comparing them to the Canadian definitions.
- Reviewing the 11-point plan and updating FTA Uniformity brochures.
- Drafting a "Report of Accomplishments" of the FTA Uniformity Committee.
- Conducting an analysis of revenue derived from various taxation methods and compliance tools.
- Publication of the Uniformer

The subcommittee continues to develop the Uniformer publication for each meeting.

Updates

FHwA Update - Linda Morris reported that the Compliance Project is getting a lot of attention. The Transportation Bill (SB 3134) had 40 million for the Compliance Project. Senate Bill 3154 mandates EDI filing for ExSTARS and requires Barge Companies to report to the IRS. As of today, the states will see a little money for the Compliance Project. It could range from \$2300 to \$7012. Linda also mentioned the task force with the Gulf States and that they have made connections with the Coast Guard and US Customs.

Canadian Update - Ken Duggan reported that the Comprehensive Fuel Reporting is in the preliminary stages. As of April 1, 2003 the Canadian Fuel Tax Project will become a permanent entity and will be called the Canadian Fuel Tax Council.

IRS Update - No one from the IRS was present to give the update. Eldon Andrus with ExxonMobil reported that ExxonMobil is reporting into ExSTARS. Dave Skinner with Florida reported that he has seen some changes in the system.

Old/New Business

Cindy mentioned that all information and minutes would be put out on FTA's web site. She also requested that all subcommittees have their minutes to her by February 14.

Next Meeting

The next Uniformity Committee meetings are scheduled:

May 2-3, 2003
San Diego, California

September 19-20, 2003
Charlotte, North Carolina

Reminder

Starting with the January 2003 meeting, the subcommittees began meeting all day Friday and continue until noon on Saturday. The Full Uniformity Committee meeting will start Saturday at 1:30 PM to 5:00 PM. Make your travel plans accordingly.

The Meeting adjourned.

MOTOR FUEL TAX TRAINING

The statistics for the 2002 training classes

Basic Training

78 Attendees
59 States
2 Provinces
2 US Industry
1 Canadian Industry
4 Vendors

Advanced Training

65 Attendees
53 States
3 Provinces
5 US Industry
1 Reporting Firm
3 Vendors

Investigation

26 Attendees
25 States
1 Province

ExxonMobil sponsored the Basic Training Course on February 3-5,

2003. We had 101 in attendance. 18 States, 1 Canadian Federal Government, 1 Province and 81 Industries.

Training Schedule for 2003

August 3-6, 2003
Basic Training
Kansas City, MO

August 10-13, 2003
Investigation Class
Portsmouth, VA

December 14-18, 2003
Advanced Class
Albany, NY
(NY is hosting the Advanced class in December)

MEETINGS

Pacific Region

April 13-15, 2003
San Antonio, Texas

Northeastern Region

June 8-10, 2003
Washington, DC

Southern Region

May 18-20, 2003
Biloxi, Mississippi

Midwestern Region

August 24-26, 2003
Indianapolis, Indiana

Annual Meeting

September 21-24, 2003

Charlotte, North Carolina

Uniformity Meetings

September 19-20, 2003
Charlotte, North Carolina

January 23-24, 2004
Nashville, Tennessee

UPCOMING MEETINGS AND TRAINING

The **September 2003** Motor Fuel Tax Section Uniformity Committee meeting is scheduled

for Subcommittee meetings on **September 19, 2003** and the morning of **September 20, 2003**. The Main Uniformity meeting is scheduled for the afternoon of **September 20, 2003** in Charlotte, North Carolina. The meeting will be at the Hilton University Place Hotel. The special rate at the Hilton is \$89.00 single/double plus 13% (current) tax rate. Make your reservations directly with the hotel by calling **(800) 445-8667**. Make certain to inform the hotel that you are attending the **Federation of Tax Administrators** meeting to receive the special rate. The address of the hotel is 8629 JM Keynes Drive, Charlotte, NC

28262. The direct phone number is (704) 547-7444. Please note that the cut-off date for the hotel reservation is **August 19, 2003**.

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