

The Uniformer

MESSAGE FROM THE FTA MOTOR FUEL TAX SECTION CHAIR CAROL PLAYER

Well, it's May and I have attended two regional meetings, the Pacific and the Northeast.

It has been a privilege to meet the people working in these regions and listen to their discussions about the fuel tax issues on their minds. Of course, I know a number of you from Uniformity meetings and National conferences, but there are those that I haven't met before. I'm looking forward to attending the Midwest and of course, the Southern Region. I can have grits for breakfast!

I'm very glad to report that the new FTA web-based Diversion Registry (FuelTrac), operated by Trac3, is up and running. I have discussed the new system at the regional meetings. The new system will be a great benefit to states, jurisdictions, and industry in tracking movements of fuel. I would also like to express great appreciation to the Wisconsin Department of Revenue for operating the National Fuel Diversion Registry for seven years free-of-charge! Specifically, I would like to thank Billie Johnson and Chuck Zwettler for assisting with the development of the new system and with the transition from the NFDR to FuelTrac.

As fuel prices remain high, alternative fuels are demanding our attention. Legislation granting credits, refunds, and exemptions for varying blends are being proposed and passed into law.

The need to track these products is immediate. There is an urgent need for governmental agencies and the petroleum industry to work together to develop a consistent product coding system to identify and track these alternative fuels. This certainly presents a difficult challenge, but failure to do so will further complicate an already complex system for reporting and tracking movements of fuel.

I look forward to working with you as the year continues. If I can be of any help to you, please let me know.

MESSAGE FROM THE UNIFORMITY COMMITTEE INDUSTRY CO-CHAIR BOB DONNELLAN

I had an opportunity in late March to address the Massachusetts Excise Tax Group and speak to them of the benefits of Uniform Forms. I am pleased to announce that the meeting was a great success. As of today the Excise group has gone through the forms and will be bringing them to the Forms Sub committee for approval. After speaking with Excise representatives it is my understanding that the new forms will be sent out in October of this year with a start date of January 2007. It should be noted that the Massachusetts Department of Revenue will be using the new forms on Gasoline only at this time. Special Fuel is going to require a little more work, but the goal is to convert them as well. I would like to take this time to thank everyone at the Massachusetts Department of

Revenue for allowing me the opportunity to present the benefits of Uniformity as well as Uniform Forms and I hope to see Massachusetts take a bigger role in Uniformity in the future.

CANADIAN FUEL TAX COUNCIL (FTC) UPDATE CHARLES GREENOUGH

Since last January, the Council has completed the first offering of the Basic Fuel Tax Training and will be going forward with developing standards for e-filing.

FTC Basic Fuel Tax Training

Last January, I reported that the Fuel Tax Council (FTC) would be holding a mock course for Basic Fuel Tax Training in Toronto, the first week of April. I am pleased to inform you that the course was a resounding success. We had 36 attendees, representing both government and industry, from all across Canada. The first day we provided an overview of the industry and fuel taxes. The second day role playing as industry we completed a fuel tax return, followed by role playing as government auditing the return. Based upon the feedback we received from the participants, we will be expanding the course to provide more detailed training in the distribution system, tax return preparation, and desk audit. The course materials are now being finalized and we anticipate rolling-out the course by the end of the summer.

The FTC Basic Training Sub-Committee would like to thank Cindy and the FTA for their assistance in providing materials

for this course. For those interested, this course will be available to the FTA.

Alternate Fuels

Currently, the generic fuel tax return has no means of reporting alternate fuels. As jurisdictions mandate the use of alternate fuels, the reporting of these on the generic return has become a reporting issue. The government and industry Sub-Committee will be making recommendations at our fall Steering Committee meeting for the preferred method of reporting alternate fuels.

E-Filing

The FTC is moving forward with the development of standards for e-filing of fuel tax returns. As I mentioned in my last update, the FTC has surveyed the provinces as to their plans for e-filing of fuel taxes. The province of Alberta will be accepting electronic fuel tax returns within the next 2 years. Alberta has offered to play a lead role in this project. The FTC E-Filing Standards will be built using the Alberta system as the pilot. The E-Filing Sub-Committee will be responsible for the data standards and business rules, using Alberta's security, application and infrastructure. The first tests are planned for the fall of 2007.

UNIFORMITY COMMITTEE

The FTA Motor Fuel Tax Section Uniformity Committee met at the Marriott in Dana Point, California on January 21, 2006. Uniformity Chair Donna Alderman (NC) called the meeting to order. Forty-nine (49) were in attendance.

Minutes

The minutes of the September 2005 Uniformity Committee meeting in Omaha, NE were approved with the correction on Herman Wisneski presentation from "file" to "fill".

Presentation

Carol Player (SC) and Christy Dixon (OK) gave a presentation on the proposed National Diversion Registry.

SUBCOMMITTEE REPORTS

Compliance Subcommittee

Bob Bray (Ohio) reported that twenty-seven (27) were in attendance. The committee discussed the use of e-mail to disseminate information. The committee discussed the following:

- Movement of Fuel by Railroads
- Dyed fuel issues
- Current trends in evasion
- Mandating Bio-Diesel in the winter
- Training

Electronic Commerce

Subcommittee

Doreen Warren (Idaho) reported the two sessions discussed the following:

Not Too Technical

(31 in attendance) (this was combined with Forms Management meeting)

- Product Codes
- Product Regrades
- EC 2005 Survey
- Paper documents converted to EDI

- Multiple Tax Returns (report types)

Technical

(23 in attendance)

- New Federal Legislative Acts
 - Biodiesel
 - Alcohol Blend
 - Diesel Fuels
 - Two Party Exchanges
 - Major Penalties
- IRS ExSTARS Update
- 4010 to 4030 conversion
- State EDI Guides
 - Colorado
 - Iowa
 - Minnesota
 - Mississippi
- EDI Implementation Guide Updates
- Review Action Items

Forms Management

Subcommittee

Herman Wisneski (State of Minnesota) reported that this committee met with Electronic Commerce. There were thirty-one (31) in attendance. The subcommittee discussed the following:

- FTA/Canada product code list comparison
- New Hampshire forms were approved
- Product code requests
 - Shell
 - Iowa
 - IRS
- Use of multiple returns
- Schedule code request from Iowa
- Review of New Hampshire tax returns
- Forms Survey

Full Committee Approved Sub-Schedules

Gallons fully taxed but at a reduced rate – 1G

Full Committee Approved

Include a list of States that are compliant or not compliant with the Uniform Forms in the Uniformity Booklet

Communication and Coordination Subcommittee

Bob Crawford (MD) reported that nineteen (19) were in attendance. The subcommittee discussed the following and the January 2006 *Uniformer* was passed out.

- White paper on the meaning and use of the term bill of lading
- Comparison of the US/Canadian definitions
- White paper on BioDiesel
- Update of the two brochures
- Review the Model Legislation section of the Uniformity Booklet

FHWA Update

Linda Morris reported that the Transportation bill was signed in August. The money that in the past was allocated to the States for evasion projects is now going to the IRS. The Federal Highway Administration is currently developing an outreach to the State's Department of Transportation to share the STP funds with the Department's that collect the fuel tax.

Canadian Update

Charles Greenough reported that the Training Program is in the final stages. The mock class is scheduled for April 4-6 in Toronto. The electronic filing of

returns will be in the next 2-5 years. All Provinces are still working with the railroads to get them to report the movement of fuel.

IRS Update

Rich Little talked about the outreach meetings they are having with the Petroleum Industry. Rich thanked the States who participated in the Fuel Study they just conducted that was looking at a marker in dyed fuel, exports to Mexico and military fuel. The By Laws and MOU's for the JOC project have been finished.

Old/New Business

Carol Player, National Chair set up an ad hoc committee to review the new product code scheme the IRS is proposing. The following people represent each Region:

Herman Wisneski, Chair
Midwest Region

Ed King, Pacific Region

Donna Alderman, Southern Region

Marc Papandrea,
Northeastern Region

Everyone **THANKED** Christy Dixon for all her hard work in maintaining the Uniformity Booklet.

Everyone **THANKED** Ed King, Bob Frank and the State of California for maintaining the EC Guide, printing the booklets and burning the CD's.

Cindy Anders-Robb requested that all minutes and agendas

from the subcommittees be submitted to her by February 17.

Next Meeting

The next Uniformity Committee meetings are scheduled as follows:

June 2-3, 2006
Oklahoma City, OK

October 6-7, 2006
Albuquerque, New Mexico

The meeting was adjourned.

UPCOMING MEETINGS 2006

Southern Region
June 11-13, 2006
Mobile Riverview Plaza Hotel
Mobile, Alabama

Midwestern Region
July 10-11, 2006
Holiday Inn Downtown
Lincoln, Nebraska

Uniformity
October 6-7, 2006
Hyatt Regency Albuquerque
Albuquerque, NM

Annual Meeting
October 8-11, 2006
Hyatt Regency Albuquerque
Albuquerque, New Mexico

UPCOMING TRAINING 2006

Basic Training
August 13-16, 2006
Boise, Idaho

Advanced Training
November 12-16, 2006
Myrtle Beach, South Carolina

Investigation Training

September 10-13, 2006
Portland, Oregon

Advanced Investigation Training
January 28-February 1, 2007
Austin, Texas

UPCOMING MEETINGS 2007

Uniformity Meeting
January 19-20, 2007
Renaissance Portsmouth
Portsmouth, Virginia

Pacific Region
April 29-May 1, 2007
University Marriott
Tucson, Arizona

Northeastern Region
May 20-22, 2007
New Jersey

Uniformity Meeting
June 1-2, 2007
Pittsburgh Marriott
Pittsburgh, Pennsylvania

Southern Region
June 17-19, 2007
Wilmington Hilton
Wilmington, North Carolina

Uniformity Meeting
September 28-29, 2007
Baton Rouge Hilton
Baton Rouge, Louisiana

Annual Meeting
September 30- October 3, 2007
Baton Rouge Hilton
Baton Rouge, Louisiana

Editors
Ed King

(916) 324-2379
Edward.King@boe.ca.gov
Fax (916) 324-2554

Bill Chitwood
(713) 656-5905
bill.j.chitwood@exxonmobil.com
Fax: (713) 656-7502