

The Uniformer

**MESSAGE FROM THE
FTA MOTOR FUEL TAX
SECTION CHAIR
JIMMY ARCHER**

As predicted, calendar year 2008 has been a very busy year for those in the Motor Fuels Tax Section and for tax administrators all over the country. The Pacific Region Meeting in Sacramento was very successful and well attended. Thanks to Ed King, Lou Feletto, and their staff at the California Board of Equalization for the outstanding job in planning and hosting the meeting. Anyone that has ever hosted one of these conferences knows how labor intensive and time consuming it is to bring one of these events to fruition. Pacific Region Governor Sharon Gostovich (Wyoming Department of Transportation) did a great job as moderator, keeping the meeting moving along and on schedule.

Motor fuel prices have rocketed almost out of sight since I became National Section Chair last fall. Around the time of the last national meeting in Baton Rouge, the national average gasoline price was 286.1 per gallon; on May 5 the average price was 366.0! Accompanying the increase is motor fuel prices is the increase in the costs of consumer goods, most alarmingly food staples. Many of the topics at the Pacific Region meeting centered on rising crude oil and fuel costs, compliance projects, biodiesel and alternative fuels. With the summer coming, it is anticipated that many folks that normally travel by automobile will be staying closer to home during their vacations.

Some pundits attribute the soaring price increases to greater demand for motor fuel in India and China. Whatever the cause, this increase in oil and fuels prices has presented challenges for governments throughout the United States and Canada. The growth in the use of renewable energy also presents new challenges to state tax administrators. Some states have addressed the use of bio-fuels by imposing taxes on its use; some states, like Texas, don't tax the portion of bio-fuel that is blended with motor fuel. An unintended consequence of the search for alternative fuels, namely bio-fuels, has been to put a strain on the world's food supply. For example, in the United States, corn ethanol represented 3.5% of motor fuel gasoline supplies in 2006, but it took 14% of the nation's corn crop to produce it. Some predictions say that by 2010 that 30% of corn grown in the United States is expected to go to ethanol production. If this is so, that means less corn available to feed humans and livestock, and higher prices for that which is available.

The diversion of land and edible crops worldwide is only one of the reasons why the prices of corn, wheat, rice and other basic foodstuffs have soared over the past few years. In the United States, Europe and other parts of the world, the giving over of land for bio-fuel production was supposed to boost energy independence and be part of the climate change solution. However, commodity prices have risen as farmland is dedicated to fuel production.

As tax administrators, we face the challenges of the consequences of the rising costs of fuel and the use of alternative fuels, thus a diminished tax base for building and maintaining our highways. It is important for us to continue to administer our various fuels tax systems diligently and fairly and to work with the FTA to stay abreast of the issues that we all face.

I look forward to attending all the regional meetings, and to seeing great participation and attendance at the next national meeting in Hartford in September!

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

With gasoline prices and heating oil prices hitting a new high, we as a nation we need to conserve now more than ever. It appears that oil prices will continue to rise and as prices rise consumers will adapt and use less and less. With states looking for ways to increase revenues to repair roads and highways, increasing or adding additional taxes and fees is not the solution. I think it is time for the states to look to all the hybrid owners and find a way to impose a tax on their road use. This will increase revenues for the states and put all hybrid owners on the same level playing field as everyone else that drives a vehicle in this country. It is time for all Hybrid owners to pay their share of the road taxes.

**MESSAGE FROM
MICHAEL DOUGHERTY**

FHWA Update

The FHWA continues to work on a number of projects that impact State tax programs. Currently the Intergovernmental Enforcement Grants are open for bid on the website, www.grants.gov. The deadline for the proposals is June 6, 2008. There are two separate registrations that have to be completed before the applications can be completed, so try and start the process as soon as possible.

The notes from the Evasion Forum held in Dallas in March are under final review, and should be made available by the end of June, 2008. Attendees of the forum will be provided with a CD that will have the presentations from the meeting. Additional information will be posted on the Motor Fuel Listserv concerning the availability of the materials.

FHWA is still encouraging any suggestions for the type of fuel tax evasion enforcement programs and funding mechanisms that we may want to ask for in the Transportation Re-Authorization that will take place in 2009.

During the January 2008 Uniformity meeting, FHWA in conjunction with a contractor, gave a preview of a website to be supported by FHWA and will contain information that will be useful in identifying and combating fuel tax evasion. The site will be done before the Uniformity meeting in Hartford,

CT (9/08) and an updated will be given there.

FHWA has given presentations at the Pacific and Northeastern Region meetings, and will be doing the same in the Southern Region (Shepardstown, WV 6/08) and Midwest Region (Springfield, IL 7/08) meetings. For FHWA information, please contact Michael Dougherty (202) 366-9234, michael.dougherty@dot.gov.

UNIFORMITY COMMITTEE

The FTA Motor Fuel Tax Section Uniformity Committee met at the Renaissance Glendale in Glendale, Arizona on January 19, 2008. George Higdon (MS), Uniformity State Co-Chair called the meeting to order. Forty-seven (47) were in attendance.

Minutes

The minutes of the September 2007 Uniformity Committee meeting in Baton Rouge, Louisiana were approved.

Presentation

Sherri Alston, Mike Dougherty and consultant Ben Perez gave a representation on the FHWA new website for State Administrators. Sherri Alston also announced a Motor Fuel Tax Evasion Research and Technology Forum to be held on March 4-5 in Dallas, Texas. More information on this forum will be coming.

SUBCOMMITTEE REPORTS

The Compliance Subcommittee

Wilda Ice (WV) reported there were twenty-five (25) in attendance. The compliance subcommittee had a guest speaker from Gilbarco Veeder-Root. Mr. Veeder-Root explained how the system, which was designed for EPA compliance, can be used to verify inventory at retail stations. The committee discussed the following:

- Railroad Issues
- Alcohol and biodiesel producer Reports
- Inland Waterway movement of fuel
- Monitor the Energy Bill

Electronic Commerce Subcommittee

Darrell Wissink (NE) reported there were twenty-four (24) in attendance. The subcommittee discussed the following:

- Industry raised several issues regarding EDI procedures
 - Spreadsheet filing in lieu of EDI
 - Requirement that return is approved by state prior to making payment
 - Establish a sub-group to suggest guidelines for EDI testing
 - Mandates vs. non-mandates

- Florida 4030 beta testing phased mandate
- State to State information exchange
- EDI/EC Survey
- Approved KY EDI Guide with footnotes
- XML Schema update
- ExSTARS Update

Full Committee Approved

Kentucky's EDI Guide.

Forms Management Subcommittee

Herman Wisneski (MN) reported that this committee met with Electronic Commerce. There were twenty-four (24) in attendance. The subcommittee discussed the following:

- Product Codes
 - Racing Gas (MI)
 - Sales to Indiana tribes-fees exempt (ID)
 - Alcohol enhanced gasoline not 90/10 mixture
- Forms approved request
 - New York still working on them
 - Arizona still working on them
- Canadian/FTA product code comparison
- Railroad STCC and FTA

product codes

- IRS request for product codes
 - Agri biodiesel
 - Non agri biodiesel
- Development of forms for:
 - Blenders return
 - Alcohol-Biodiesel
 - Manufacturers/Producers information return

Full Committee Approved

- 5Z – Gallons sold for Racing Use-tax collected
- 6Z – Gallons sold for Racing Use-tax not collected
- 13L – Credit for gallons sold for Racing Use-tax collected
- 10U – Gallons delivered fees-exempt
- 10T be renamed to “Gallons delivered to Indian Tribes” from “Indian Tribe Use”

Communication and Coordination Subcommittee

Christy Dixon (OK) reported that nineteen (19) were in attendance. The subcommittee discussed the following and the January 2008 *Uniformer* was passed out. (See minutes for the publication)

- Checklist for Natural/National Disasters
- White paper/issue paper on ethanol
- Definition:
 - Jurisdiction
 - Points of Taxations
 - Producer/Manufacturer

- Bill of lading project
- Document for the Model Legislation for two party exchange

Full Committee Approved

Producer/Manufacturer – Any person who produces, refines, prepares, blends, distills, manufacturers or compounds accountable product/motor fuel.

Revised Definition for Distributor

Distributor – A person who transports motor fuel into a state (imports) or exports motor fuel out-of-state; or who is engaged in distribution of motor fuel primarily by tank car or tank truck, or both; and who operates a bulk plant where he has active motor fuel bulk storage (capacity may be specified by individual state). May also include a person who produces, refines, blends, compounds, or manufacturers motor fuel. It does not, however, include a person who receives or transports into this state and sells or uses motor fuel under such circumstances as preclude the collection of the tax herein imposed, by reason of the provisions of the Constitution and Statutes of the United States. However, a person operating a motor vehicle into the state, may transport motor fuel in the ordinary fuel tank attached to the motor fuel vehicle, and use the fuel for the operation of the motor vehicle without being considered a distributor).

White Papers on "Bio Diesel" and "Alcohol"

These two white papers will be added to the Uniformity Booklet. The Uniformity Booklet will have a section added that will be called "White Paper Documents".

Canadian Update

Charles Greenough with the Canadian Fuel Tax Council reported that the Council created and passed By Laws.

Old/New Business

Marc Papandrea (CT) passed out a survey on different events to attend on the Saturday night of Uniformity at the Annual Meeting.

Cindy Anders-Robb requested that all minutes from this meeting and the agenda for the June meeting be submitted to her no later than February 22, 2008.

Next Meeting

The next Uniformity Committee meetings are scheduled as follows:

May 30-31, 2008
Jackson, Wyoming

September 19-20, 2008
Hartford, Connecticut

January 9-10, 2009
Seattle, Washington

The meeting was adjourned.

UPCOMING MEETINGS 2008**Uniformity Meeting**

May 30-31, 2008
Jackson Hole, Wyoming

September 19-20, 2008
Hartford, Connecticut

Regional Meetings

Southern Region
June 22-24, 2008
Shepherdstown, WV

Midwestern Region
July 8-10, 2008
Crowne Plaza, Springfield, IL

Annual Meeting

September 21-24, 2008
Hilton Hartford
Hartford, Connecticut

FTA Motor Fuel Tax Training Courses

Basic Training Course
August 3-6, 2008
Charleston, SC

Advanced Training Course
August 24-28, 2008
Glendale, AZ

Investigation Training Course
August 10-13, 2008
Portsmouth, VA

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