



## Identifying Fuel Imported via Railcar (2018)

### **Introduction:**

Tracking fuel transported via railcars can be a difficult task for auditors. Understanding what sources of information are available and how to use this information is vital for auditors attempting to identify and account for taxable gallons imported via railcar. The following items of consideration are provided as a starting point to initiate a discussion on how to better utilize the resources available.

### **Things to Consider:**

#### Where is the fuel coming from?

- Identify all rail carriers that operate in your state.
- Does your state require carriers to be licensed and/or file a carrier report? If carrier reports can be obtained, what information is provided and how can it be used?
- Does your state have MOUs in place with other states to share import/export information? If so, how is this information being utilized to identify potentially unreported fuel?

#### Trans loading Facilities

- Identify the Trans loading facilities in your state. Understanding how these facilities operate will help to identify possible areas of concern.
- Does your state require Trans loading facilities to be licensed and/or file a report? If so, what information can be obtained?

#### Potential Problems

- Reconciling carrier reports to state return information can be challenging.
  - Carrier reports may not contain a bill of lading number, making it difficult to reconcile to return information.
  - Ship dates and delivery dates are often weeks apart creating cut-off issues and other difficulties when reconciling information.
  - Obtaining copies of the BOLs can help because it will often contain a railcar identification number and other useful information making reconciling reports possible.
- How can fuel be identified when it is exported directly from a Trans loading facility?
  - If your state does not require Trans loading facilities to be licensed, it would potentially be easy for unreported fuel imported via railcar to be exported directly to another state. This would make tracking the fuel for excise tax purposes very difficult.
- How can states identify blend products such as ethanol and biodiesel that may be blended directly off the railcar at Trans loading facilities?
  - Some products may not be taxable until blended. In this case, identifying taxable gallons can prove to be very difficult.