**MESSAGE FROM THE NATIONAL CHAIR**

**JEREMY NEECK**

Hello and Happy New Year!

I hope everyone had the happiest of holiday seasons and a wonderful start to 2023. I am very excited to see what 2023 has in store for the FTA Motor Fuel Tax Section. I had an interesting conversation the other day with my supervisor as we discussed my travel plans being the National Chair and he cannot stop talking about how impressed he is with the work we do with Uniformity.

He has been involved with other tax types within our state and he always goes back to telling people that the collaboration and cooperation that the States and industry have because of FTA in the motor fuel arena is second to none. Where else can you sit across the table and discuss issues that face both sides and work out a viable solution that can meet the need of both parties. Granted there are times where a compromise cannot be met, but the open dialog and willingness to work with each other is spectacular. I am proud that I can say I have been a part of this experience for the last 13 years representing our state.

I am really looking forward to traveling to the four regional meetings this year and meeting with each group and see each region operates the same and see what differences they may have and bring those experiences back to the Midwest Region and build upon what we do already and maybe make it a better experience for those who attend. I am interested also in seeing what issues each region is experiencing and how they are working on solutions to those issues. I feel that this is going to be an excellent learning and professional growth opportunity for myself.

Lastly, I would like to thank our Co-Chairs for their hard work and dedication volunteering their time to help make the FTA Motor Fuel Tax Section a well-oiled machine! Without them leading each sub-committee and having such great participation by you, we would not be where we are at today. I would like to welcome a few new faces to our leadership roles this year and I look forward to working with them going forward. First, we have Nancy Larrimore, State of North Carolina who is replacing Edie Martin as Uniform Committee Co-Chair. She will be working with Rae Takai leading our entire group. Welcome Nancy! Next, we have Jessyca Stafford, State of Oregon who is replacing Catherine Mitchell as the Forms Management Subcommittee Co-Chair. Welcome Jessyca!

Thank you all for allowing me to be your National Chair this coming year and I look forward to working with you all and meeting you all at our regional and uniformity meetings in 2023.

Please feel free to contact me with any suggestions, comments, or feedback.

Thank you,

Jeremy Neeck

651-556-4728 or e-mail to [jeremy.neeck@state.mn.us](mailto:jeremy.neeck@state.mn.us).

**MESSAGE FROM THE NATIONAL VICE-CHAIR**

**JOHN PANZA**

As 2022 ends and a new year begins in 2023, I hope to be a leader of this group that moves us forward in dealing with the motor fuels issues currently known and with the issues that we may not even be aware of at this time. The motor fuels industry is an ever-changing industry, and it takes a partnership between states and industry to understand and meet each other’s needs for the administration, regulation and reporting of motor fuels taxes. The FTA Motor Fuels Uniformity Committee is the perfect venue for achieving this goal.

The FTA Motor Fuels Uniformity Committee allows for meetings between states and industry, networking amongst peers, and is a group that is interested in solving problems or issues that members may have. I have been involved in motor fuels for 38 years with two different states. I have always been able to reach out to FTA Motor Fuel Uniformity members (state and/or industry) to discuss any issues, concerns or new topics about which my state may have questions and need a further understanding from someone that may already have dealt with the issue.

It was good to be able to meet in person in 2022 and I look forward in 2023 to meeting current members of the committee and, hopefully, many new members from your state or company wanting to be members of the FTA Motor Fuels Uniformity Committee and become active in one or more of the subcommittees.

I look forward to serving this committee as National Vice-Chair in 2023 and will always be available to work with you or answer any questions that you may have. I look forward to seeing everyone in Anaheim at the end of January.

John D. Panza

Email: John.Panza@ncdor.gov

Office: (919) 707-7582

Cell: (919) 909-6551

**MESSAGE FROM THE**

**UNIFORMITY COMMITTEE**

**STATE CO-CHAIR**

**NANCY LATTIMORE**

First and foremost, I would like to thank you all for allowing me the opportunity to serve as your State Co-Chair. It is truly an honor and a privilege.

In prior years, FTA Uniformity has accomplished great things together. As our predecessors have done, we will continue striving to achieve uniformity, setting forth best practices for state and industry for the future. I look forward to working with the Executive Committee and the Subcommittees to ensure the success of the Motor Fuel Tax Section Uniformity and the current programs that have been launched.

As we move further into the 21st century, increased violations in cyber security adversely impact online activity such as tax reporting and the electronic exchange of information between state and federal tax agencies. Security interferences by cybercriminals, tax avoidance, and tax evasion take tax dollars from the states and revenue from industry. Such intrusions make promoting uniformity in the administration of motor fuel taxes and facilitating a means to electronically file motor fuel tax returns more difficult. As we continue to pursue our mission of uniformity, we must be conscious of security issues, bring new ideas to the table, be willing to negotiate resolutions for the good of both states and industry and remain committed to the FTA 11-point plan. Together we can make a difference for the better!

In closing, I would like to wish everyone a safe and prosperous 2023! I look forward to working with each of you in the coming year. If I can be of assistance in any way, please do not hesitate to contact me. Thank you all for your commitment to FTA Motor Fuel Uniformity.

Respectfully,

Dr. Nancy P. Larrimore

Nancy.Larrimore@ncdor.gov

Office: 919.707.7527

Cell: 919.634.1444

**MESSAGE FROM THE**

**UNIFORMITY COMMITTEE**

**INDUSTRY CO-CHAIR**

**Rae Takai**

Greetings Tax Enthusiasts!

Happy New Year! ‘This is a new year. A new beginning. And things will change.’

Thank you, Edie Martin (KS), for your leadership, support, and friendship as the Uniformity State Co-Chair. I have enjoyed partnering with you these past years!

Welcome to Nancy Larrimore (NC), as the successor Uniformity State Co-Chair, I look forward to working with and learning from you!

The Inflation Reduction Act legislation was signed into law by President Biden, August 2022, which reinstated the Federal Hazardous Substance Excise Tax at 16.4 cents-per- barrel, with an annual adjustment for inflation. This tax mirrors the current 9 cents-per-barrel Federal Oil Spill Liability Trust Fund Tax.  The reinstated tax is effective January 1, 2023 and expires December 31, 2032.

Elsewhere, with the Federal Superfund Tax on Chemicals reinstatement in full swing, taxpayers continue to work through outdated law and limited guidance from the IRS. Resulting in many of us, feeling challenged with meeting our tax obligations.

As the sun sets on another year, may it rise again and shine light on new opportunities, perspectives, and adventures ahead!

Cheers,

Rae Takai

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Email: [Rae.Takai@Motiva.com](mailto:Rae.Takai@Motiva.com)

**UNIFORMITY COMMITTEE**

The FTA Motor Fuel Tax Section Uniformity Committee met at the Snowflake Spa and Resort, Stowe, Vermont. Edie Martin (KS) Uniformity State Chair and Rae Takai (Motiva Enterprises) Uniformity Industry Chair called the meeting to order. 63 were in attendance.

**Presentations**

Renewable Diesel Fuel

By David Hernandez, Sr. Tax Manager, Valero Energy

David gave a very informative presentation on Renewable Diesel Fuel. Valero has a joint venture with Diamond Green Diesel (Producer). More information can be found on Valero’s website. Renewable Diesel is a clean-burning (chemically identical to standard diesel) that can cut greenhouse gas emissions by 80%. It is 100% compatible with existing engines and infrastructure. Renewable Diesel can go thru the pipeline and can be put into a terminal unlike Biodiesel. Renewable Diesel doesn’t have to be blended to be put into a vehicle. Federal Tax Credits are available, Form 8849, credit can be taken on Form 720 or as an income tax credit. See the Department of Energy’s website for incentives.

Diesel Particulate Filter Regeneration (DEF)

By Jeremy Neeck, Principal Tax Auditor, State of Minnesota

Jeremy explained that Diesel Exhaust Fluid (DEF) is a fluid that results in a much cleaner diesel exhaust. DEF can be purchased at truck stops, convenience stores and various retailers. DEF is a liquid to reduce the amount of air pollution created by a diesel engine.

**Subcommittee Reports**

The **Compliance Subcommittee**

Welcome- Patrick Andrews (VA) and David Hernandez (Valero)

1. Approved the minutes from the Boise, ID meeting.
2. Basic Training Schedule

* Training was held in Kansas City, MO July 31 – August 4, 2022. There were 98 in attendance.
  + Next training is in Green Bay, WI July 31-August 4, 2023

1. Dyed Fuel Statistics –
   * Jeremy Neeck, MN, discussed some fuel statistics.
2. State Updates

* KS-Legislation was passed to permit driverless vehicles. SB267 continues to not fund retailer incentives.
* NH – Proposal for tax holiday failed.
* FL – Gas holiday effective October 2022. $5,000 threshold in effect for electronic filing reduced from $20,000.
* KY- HB8 3 cent per KW tax passed; registration fees in effect for hybrid vehicles $60, $120 for EV. 2 cent fuel tax freeze took place.
* IL -Common Carrier reports are eliminated effective January 1, 2023; dyed diesel loopholes were closed to not permit brokers to sell to end user; tax increase based on CPI did not take place this year, maybe January 2023 or July 2023.
* Idaho- No changes.
* NC- Joined IPC(IFTA processing center); new motor fuel tracking upgrade will begin in 2023; HB103 budget bill will change a nonhighway refund from to a quarterly refund form for activity after January 1, 2023.
* MT- Had a statutory rated increase.
* OR- No major changes.
* GA- HB304 suspension of motor fuel tax rate through October 12, 2022; HB 1089 requires out of state motor fuel carriers to be registered, increase penalty for failure to register from $25 to $145.
* NV – No major changes.
* SC- $700 refund for taxpayers; final tax increase took place July 1, 2022, rate changed from 26 cents to 28 cents per gallon in 2022
* MD – 30 day tax holiday occurred during spring 2022; delays in electronic filing, no go live date in sight.
* CA- No changes.
* MN – No changes.
* DE- Residents received $300 refund; a proposed bill of ethanol free sales in the County of Sussex to boaters only.
* OK- Taxing electricity beginning 2024.
* SD- $50 charge to register EV.
* NV- Many new bills concerning EV; 2 counties increased rates based on 10 PPI (producer price index) average. New administer – Michael Xavier
* TX- Proposed Fuel definition expanded to include hydrogen and electricity.
* PA- Alternative fuel tax in place since 1990. CNG, LNG, Propane and electricity, seeking volunteer compliance from retail station owners.
* IA- Tax decrease on B11 and higher fuel product. 30.4 to 30.1 cpg.; HB 2128 retailer report penalty is $100 for failure to file; biodiesel production credits 4 cpg up to 250M gallons effective 01/01/2023. E15 mandate at retail locations with exceptions. B11 or higher fuel group will increase to B20 or higher beginning 1/1/2024. Gallon deduction for fuel sold for blending. 2.6 cp KWH beginning 7/1/2023.
* VA- Increased MFT rates and storage tank fees; residents were given a $250 tax rebate. HB 1965 requires VA follow CA air board requirements on the concept of the ICE (internal combustible engine) ban.

1. Industry Hot Topics
   * Tribal taxation and clarification nationwide.  The Arizona changes are somewhat perplexing.  Oregon too has had some changes.  It may be helpful for the tax authority to provide examples and lists of qualified tribal transactions and more.  Inter-reservation movements across state lines?
   * Superfund has gotten bigger and will now consume more industry resources between now and 3Q 2022.
   * The Inflation Reduction Act, the “IRA”, is bring some dramatic changes in the renewables space ahead of the conversion from blender credits to producer credits in 2025.  This may require some frank discussion around product codes and how they roll up for tax reporting.
   * The renewables space is changing too and may have impacts on tax and tax reporting.  Renewable gasoline, for example.  Hydrogen as a fuel is highly incentivized in the IRA.  Gray, Green and Blue hydrogen, what’s on your color wheel of taxation?  ICE versus fuel cell use?  Same or different tax treatment under state law?
   * Revenue forecast impacted by IRA provisions and ICE bans.  California is planning on banning new ICE sales in 2035.  Gas station bans also popping up.  How is Iowa’s gas tax on electricity for EVs coming along?
   * National carbon tax drum is beating again which at $25 per ton of CO2 emissions could raise traditional fuel prices 12 -15% once again dragging on demand and federal and state revenues.
   * Gas Tax Holidays – A prepackaged action plan between states on how various taxes and fees would work?
2. Articles of Interest:
   * Market Insider- Gasoline prices are expected to continue to fall after Labor Day and some states could see below $3.
   * Reuters – US diesel shortage show economy hitting capacity limit.
   * Fuels Market News- EPA Report to Congress Highlights Diesel Emission Reductions.
3. New Business-Posting rates in the motor fuel list serve to better communicate changes.

**The** **Forms Management Subcommittee**

Brenda Jo Beck reported that the meeting was started by introductions and the approval of the meeting from Boise, Idaho in May.

**New Business:**

* The product code request submitted by Mike Hanson, State of California, for Renewable Diesel Undyed and Renewable Diesel Dyed was discussed. PIDX did NOT have existing codes for these. A motion was approved for the following
* **Product Codes:**

|  |
| --- |
| **Renewable Diesel Undyed** |
| Rollup Code 180 |
| Product Codes R00-R99  R00 = 100%  R01-R99 = % blend |

|  |
| --- |
| **Renewable Diesel Dyed** |
| Rollup Code 181 |
| Product Codes Y00-Y99  Y00 = 100%  Y01-Y99 = % blend |

Discussion that we will probably start seeing more renewable diesel and less biodiesel. It was also mentioned we will be seeing more renewable gasoline (Inflation Reduction Act credit availability) so we may need to consider product codes for this as well in the future. This could end up being a big suite of products and may be used as a blending stock. This is being looked at by EPA, Aviation Authority and others.

* Idaho New (revised) return

Alternative Fuel Type return: added a column for hydrogen and a schedule column for gross gallons

All agreed the changes met uniform forms requirement.

All approved and motion passed

**Old Business:**

* Love’s withdrew their Iso-Octane product code request and will use Product Code 090 Blending Component/additive miscellaneous gasoline. Iso-octane is also a potential component of aviation gasoline and Product Code 090 could also be used for that.

**The Electronic Commerce Subcommittee**

Mike Hanson (California) and Scott Foster (Sinclair Oil) reported there were 63 in attendance. The subcommittee discussed the following:

**Review Minutes**

The minutes from the Boise, Idaho were approved with minor changes.

**IRS Move to XML**

No action taken – The group will continue to monitor and be ready to provide support to IRS on this pending project. The proposed project is to move from IRS 4030 X12 map to XML for ExSTARS reporting.

**Emerging Technologies**

Monitor and report to the Uniformity Committee on emerging technologies that could be utilized in motor fuel filings.

**Best Practices Document-XML Implementation**

Rae Takai volunteered to work on the best practices document. The document is not ready for review. The document may be ready for review by the January 2023 meeting.

**XPath Document**

Scott Foster volunteered to work on the XPath document. The document is not ready for review. The document may be ready for review by the January 2023 meeting.

**XML Schema Idaho**

The Idaho XML schema is found to be uniform.

**XML Schema Oregon**

The Oregon schema is reviewed. Data elements found only in the Oregon XML schema will be considered for inclusion in the FTA XML schema. It is determined that the FTA XML schema gallon amounts do not need to be changed to allow for fractional gallons.

**Electronic Commerce Survey**

The Electronic Commerce Survey questionnaire will be emailed to the states soon. Timely responses were encouraged.

**XML Schema Export Data**

Scott Foster volunteered to work on the new export schema. E-Commerce will create XML schema and related documentation for the exchange of export data between states.

The **Communication and Coordination Subcommittee**

The Communication & Coordination Subcommittee met on Friday, September 16, 2022. State Co-Chair Christy Dixon and Industry Co-Chair Laura Molique conducted the meeting. There were 63 attendees.

The minutes from the May 13, 2022 meeting were approved as written.

The September 2022 edition of the Uniformer was made available by Cindy Anders-Robb, Federation of Tax Administrators.

**2023 Motor Fuel Tax Information by State Book**-There were no new questions requested to be put into the book. Please email Laura and Christy for any new items to be put into the book.

The following printed books were made available at the meeting:

* Motor Fuel Tax Information by State – Updated September 2022;
* FTA Motor Fuel Tax Section – Uniformity Guide version September 2022;
* FTA Motor Fuel Tax Section – Survey of Native American Issues – September 2022.

**Definitions**-We reviewed and discussed the two remaining product code definitions. Chuck Ulm volunteered to research the ASTM differentiation and we will discuss them at the January 2023 meeting:

**Excluded Liquid (Mineral Oil) – Needs more research**

**Proposal #1:** A liquid by-product of refining crude oil. It's a transparent, colorless oil, composed mainly of alkanes [2] and cycloalkanes, related to petroleum jelly. It has a density of around 0.8–0.87 g/cm3

**Proposal #2:** Mineral oil is a clear, odorless liquid and a common ingredient in a variety of cosmetics and personal care products. Mineral oil is made from highly refined, purified and processed petroleum

**Proposal #3:** Mineral Oil (aka Liquid Petroleum, Paraffin Oil, Mineral Paraffins, White Mineral Oil). Mineral oil is a colorless and odorless distillate of petroleum that is related but not identical to petroleum jelly.

**Mineral Oils**

**Proposal #1:** A clear, odorless liquid and a common ingredient in a variety of cosmetics and personal care products. Mineral oil is made from highly refined, purified and processed petroleum.

**Electric Vehicles White Paper Document** - The committee reviewed all ten pages of the updated ‘Electric Vehicle Taxation Possibilities – Points to Consider Relative to Fuel Tax Administration – September 2022’ White Paper draft and made recommended changes. We will give all the recommended changes to committee members and will re-address at the January 2023 meeting. Committee members are:

Verna Carrier – Love’s

Shauna Anker – SD (Chair)

Catherine Mitchell – WV

Robert Dalton - NC

It was recommended by the committee to write another white paper document concerning zero emission vehicles (ZEV) using fuel cells with hydrogen. Scott Fitzgerald with Iowa volunteered to help if needed.

Jeremy Neeck’s white paper document titled ‘Dyed Diesel Fuel Fraud Detection and Enforcement Best Practices – March 2022’ is published on the FTA Motor Fuel Uniformity Project website: [Dyed Diesel Fuel Fraud Detection and Enforcement Best Practices March 2022.pdf (taxadmin.org)](https://www.taxadmin.org/assets/docs/MotorFuel/Dyed%20Diesel%20Fuel%20Fraud%20Detection%20and%20Enforcement%20Best%20Practices%20March%202022.pdf).

**Saturday Uniformity Meeting**

Edie Martin, State Co-Chair and Rae Takai, Industry Co-Chair presided at the meeting.

**Old Business**

Brenda Jo Beck is going to put together a Mentoring Project within the FTA.

**New Business**

We thanked Edie Martin, State of Kansas, for all her hard work, dedication and support as the State Uniformity Chair and we welcomed Nancy Larrimore, State of North Carolina, as the new incoming State Uniformity Chair.

The meeting was adjourned.

### 2023 Uniformity Chairs

### State Uniformity Co-Chair

*Nancy Larrimore, State of North Carolina*

***Industry Uniformity Co-Chair***

*Rae Takai, Motiva*

### SUBCOMMITTEE CHAIRS

***Compliance Subcommittee***

***State Co-Chair***

*Patrick Andrews, State of Virginia*

***Industry Co-Chair***

*David Hernandez, Valero Energy*

***Communication and Coordination Subcommittee***

***State Co-Chair***

*Christy Dixon, State of Oklahoma*

***Industry Co-Chair***

*Laura Molique, ExxonMobil*

***Electronic Commerce Subcommittee***

***State Co-Chair***

*Michael Hanson, State of California*

***Industry Co-Chair***

*Scott Foster, Sinclair Oil*

***Forms Management Subcommittee***

***State Co-Chair***

*Jessyca Stafford,State of Oregon*

***Industry Co-Chair***

*Becky Jo Beck, AvFuel*

***2023 MOTOR FUEL STEERING COMMITTEE MEMBERS***

***National Officers***

*Jeremy Neeck, National Chair, State of Minnesota*

*John Panza, National Vice Chair, State of North Carolina*

***Past Chairs***

*Chuck Ulm, State of Maryland*

***Uniformity Chairs***

*Nancy Larrimore, State of North Carolina*

*Rae Takai, Motiva*

***MOTOR FUEL REGIONAL GOVERNORS for 2023***

***Midwestern Region***

*Jeremy Neeck*

*State of Minnesota*

***Northeastern Region***

*Russell Glenn*

*State of New Jersey*

***Pacific Region***

*Katherine Ataman*

*State of Washington*

***Southern Region***

*Emmanuel Nwogor*

*State of Georgia*

***2023 UPCOMING MEETINGS***

***Midwestern Region***

*April 2-4, 2023*

*Minneapolis, Minnesota*

***Pacific Region***

*April 23-25, 2023*

*Anaheim, California*

***Northeast Region***

*May 21-23, 2023*

*Salem, Massachusetts*

***Southern Region***

*June 25-27, 2023*

*Savannah, Georgia*

***Uniformity Meeting***

*May 12-13, 2023*

*St. Louis, Missouri*

***Uniformity Meeting***

*September 15-16, 2023*

*Orlando, Florida*

***Annual Meeting***

*September 17-20, 2023*

*Orlando, Florida*

***2023 FTA MOTOR FUEL TRAINING SCHEDULE***

***Motor Fuel Basic Training***

*July 31-August 4, 2023*

*Green Bay, Wisconsin*

***Editor***

*Christy Dixon*

*State of Oklahoma*

*Laura Molique*

*ExxonMobil*