

The Uniformer

MESSAGE FROM THE NATIONAL VICE-CHAIR JEREMY NEECK

Hello,

I am having hard time believing that 2022 is going by so fast. FTA Motor Fuel Tax Section has been busy with regional meetings, uniformity meetings and once again providing basic motor fuel training course. In July 2022, Tracy Halubka retired from the State of Montana and with her retirement she stepped down from being the Motor Fuel Tax Section National Chair. Tracy provided great leadership during her extended time as National Chair, COVID really put our section through a lot of changes from having to stop face to face meetings and learn how to adapt to virtual meetings. Tracy was that pleasant voice on the calls requesting people to identify themselves or she was going to reject them from the meetings (this was truly a memorable moment for me). It really saddens me that Tracy never got to completely fulfill her roll as National Chair and be fully recognized at our annual conference. None the less, I wish nothing but the best for her as she begins the new chapter in her life during retirement.

In early August, FTA hosted the Basic Motor Fuel Training in Kansas City, MO. There were 94 attendees, and the students were very intuitive, and we had great participation and discussion. It was nice to see so many states and industry willing to send new employees to this training class. There is a great need to continue to train new people in the motor

fuel tax as we continue to lose knowledge to retirement.

Lastly, I would like to encourage people to consider joining Uniformity. There is no other place where you can work collaboratively with states and industry to enhance motor fuel taxation. Uniformity is a place where you can increase your knowledge of motor fuel tax, network with people, and work for the greater good.

I look forward to working with you all in this coming year as the new National Chair and I appreciate everyone that has welcomed me into FTA motor fuel tax section for the past 13 years that I have been involved with FTA.

Please feel free to contact me with any suggestions, comments or just to say "Hi"

Thank you,
Jeremy Neeck

651-556-4728 or e-mail to
jeremy.neeck@state.mn.us.

MESSAGE FROM THE UNIFORMITY COMMITTEE STATE CO-CHAIR EDIE MARTIN

It has been an honor to serve as the FTA Motor Fuel Uniformity State Co-Chair! I would like to thank Cindy Anders-Robb with FTA, Rae Takai, the Industry Co-Chair, as well as the Uniformity Sub-Committee Co-Chairs and all participants! Your support has been very much appreciated! It takes a village to be successful!

Being able to see everyone in-person again and communicate face to face has enhanced

discussions and information sharing! It's great to see many new State and Industry faces participating in Uniformity, which serves as a reminder of the importance of continuing our Uniformity goals and initiatives.

I look forward to continuing to be involved in meetings, collaboration and assisting with new initiatives and technologies as they are presented! It will be interesting to see advances with electric vehicles and charging stations, as well as infrastructure and other changes to accommodate new alternative fuels!

Again, thank you for the opportunity to serve as the FTA MF Uniformity State Co-Chair.

Best wishes to all!

If I can be of assistance, my contact information is as follows: edie.martin@ks.gov or (785)296-5327.

MESSAGE FROM THE UNIFORMITY COMMITTEE INDUSTRY CO-CHAIR Rae Takai

Greetings Tax Enthusiasts!

And, just like that – we're at the end of third quarter, and a stone's throw away from fourth quarter and the holiday season!

The Federal Superfund reinstatement went live July 1st! Challenges ahead for Industry include the calculation of the quarterly deposits, filing the 3rd quarter Form 720 and Form 6627, and perhaps internal

reconciliations of the financial net effect of the reinstatement.

The following states currently have fuel tax suspensions in effect:

Colorado April 1 – November 30th
 Connecticut extended through November 30th
 Florida October 1 – 31st
 New York June 1 – December 31st

Within the Uniformity Subcommittees, we've had the following State and Industry Co-Chair changes:

Communication and Coordination
 Laura Moliue (ExxonMobil) replaces Lauren Branch (ExxonMobil)

Electronic Commerce
 Scott Foster (HF Sinclair) replaces Gene Holland (P66) who retired in 2021

Forms:
 Catherine Mitchell (West Virginia) replaces Doug Kleeb (Oregon)

Brenda Jo Beck (Av Fuel) replaces Jessica McInerny (Cargill)

I'm looking forward to a great 2022 FTA Motor Fuels Annual Conference! Please stop by and say hello!

Cheers,
 Rae Takai
 Office: 713.751.3787
 Cell: 713.516.4307
 Email: Rae.Takai@Motiva.com

UNIFORMITY COMMITTEE

The FTA Motor Fuel Tax Section Uniformity Committee met at the Red Lion Hotel Boise, Idaho. Edie Martin (KS) Uniformity State Chair and Rae Takai (Motiva Enterprises) Uniformity Industry Chair called the meeting to order. 40 were in attendance.

Presentation

Energy Transition: An Oil Company View by Ron Travis, Sr. Manager Americans Indirect Tax

SUBCOMMITTEE REPORTS

The Compliance Subcommittee Welcome- Patrick Andrews (VA) and David Hernandez (Valero)

Approved the minutes from the January 28, 2022 meeting.

Basic Training Schedule
 There will be a training session to be held in Kansas City, MO July 31 – August 4, 2022 at the Marriot Country Club.

There were classes were held on second week in April for 25 people. in attendance were ME, NH, DE and NJ.

States can coordinate with Cindy to have a training session held for them. They would need help cover the cost for instructors and training materials.

Dyed Fuel Statistics – Jeremy Neeck, MN, discussed some fuel statistics.

Montana motor carrier group along with individuals from tax posted on Facebook an announcement to randomly

check trucks for dye diesel. The social media feedback was so negative the dyed diesel check had to be called off.

There is available a website for "Dyed Diesel Best practices" Website's link is to be posted on the FTA website. AAMVA American Association of Motor Vehicle Administration

State Updates

How is your state addressing the rising price of fuel at the pump?

Idaho- No updates on tax holiday.

Nevada- No tax relief. If federal relief was put into place the NV MFT would increase to make up the difference.

West Virginia – No plans for tax relief.

Texas – No plans for tax relief.

Oklahoma- Bills were introduced. All failed. If federal tax is eliminated, then OK MFT would increase.

North Carolina- No tax holiday. Discussed fuel shortages on East Coast. Made note of increase of MFT revenue in spite of electric vehicle introduction. **Florida** – Fuel tax holiday beginning October 1 through October 31. Possibility of extending holiday further when legislators meet again later in May.

Montana-no tax holiday.

California – No tax holiday. All bills introduced failed.

Kentucky- No tax holiday. Expect a rate increase July 1, 2022 since tax is tied to the wholesale price of fuel. HB 8 was introduced charging a 3 cents per kilowatt hour. In effect on January 1, 2024. KY now has a \$60 EV registration fee.

Nebraska- No tax holiday. HB 1261 income tax credit is available to retail dealers for selling E15. Rate is 5 cpg. E25 rate is 8cpg

Kansas- Legislators are asking question concerning tax suspension.

Minnesota- Legislation bills died. Governor is seeking to refund \$1,000 refund checks to residents of state.

South Carolina – Proposals for motor fuel tax relief died in legislation. Proposing a \$700 relief payment to residents of state.

Virginia – 2 proposals were introduced. Parties would not agree. Proposals died.

Maryland – Discussed East Coast shortages. Legislators on March 18 tax relief did not heed the MD department of revenue concerns. Governor still signed bill providing tax relief at 2:11 pm. Therefore sales prior to 2:11 were taxable after 2:11 were exempt. DOR was able to attend to the concerns of the tax paid inventory at the beginning to the relief session by providing refund checks. At the same time these same individuals were required to pay a floor stock tax back to the DOR when the tax free session was over. A tax increase is expected on July 1 since rate is based on CPI. Rate is expected after June 1.

Oregon – No changes

Industry Hot Topics

Rate change difficulties.

New York still waiting confirmation of prepaid sale tax.

Florida concerned about rate reduction pass through to retailer customers only or not.

Maryland and **Georgia** rate suspension in affect time.

Super Fund. Industry's tax team are working hard to understand and implement. Difficulties exist in understanding tax code and the Metric ton rates used in the calculation.

Late Load difficulties in Florida. **Renewable dyed diesel** refund in CA.

Destination Tax

Texas to Colorado – destination state taxes are not charged. Texas to Arizona destination state taxes are charged but AZ to TX has AZ state taxes being charged.

Articles of Interest

How State Motor Fuel Tax Increases Affect the Retail Price of Gasoline. By Dr. Allison Black. June 2020. An analysis by Dr Black found that on average a 1/3 of an increase or decrease is passed through to the consumers on the day a tax change takes effect. Price variability is impacted by crude oil prices, refining cost, profit margins, retail and distribution factors. Per the US EIA "It's the variability in crude oil prices and spot gasoline prices that cause the most variation in retail gasoline prices.

Fuel Buying 101 Your resource for navigating the gasoline and diesel fuel price influence chain. By Scott Berhang. Available from www.opisnet.com. An insight into the terminology used in the pricing world of fuels. The article shares very high level view of the NYMEX, Spot Market, Rack Market and Retail Market.

Science Friday Podcast.
<https://www.sciencefriday.com/segments/decarbonizing-shipping/>
Discussion by host and Maersk

concerning shipping industry's carbon footprint. How and why Maersk is looking to use methanol as fuel source.

The Forms Management Subcommittee

The meeting began with Introductions.

The January 28, 2022, meeting minutes from Orlando, Florida were approved.

The product code request for Iso-Octant from Love's was revisited. Verna logged in at a later time and indicated this product is being used in CA and being blended at the terminal.

It was noted that some states won't allow blending, except at the refinery/terminal level to control/prevent out of spec products.

If Loves does not want to use Product Code 090 (additive Misc Gasoline) under the blending components roll up code, it was suggested to assign a new product code 060 for Iso-Octane. Verna also submitted the product specs/analysis via email to Cindy and Rae via email dated 5/25/22. This will be revisited at the Stowe, VT meeting in September.

Mike Hanson indicated California is using Product Code 160 for Renewable Diesel, both clear and dyed. Mike will submit a product code requests for Clear Renewable Diesel and Dyed Renewable Diesel, for consideration at the Stowe, VT meeting in September.

New Business:

We also discussed a need for consistency with states and industry when it comes to product codes. The information on PIDX was shared with the attendees. PIDX is a petroleum industry exchange that offers a global forum for distributing the process, information and technology standards that facilitates digital business within the oil and gas industry. <https://pidx.org/>

We reviewed the purpose of the 11 Point Plan and how it assists states in administering fuel taxes more efficiently and consistently.

The information on newer green fuels was discussed. Green fuels are fuels that derived from biomass. The biomass is used as feedstock to produce biofuel in a matter of days. The energy to produce these fuels is renewable energy such as solar and wind power. There was concern on how to report this fuel for the states that have a green fuel credit. We tabled this discussion until more information was gathered.

The new incoming Subcommittee State and Industry Co-Chairs are:

Catherine Mitchell-State of West Virginia
Brenda Jo Beck-(Avfuel)

The Electronic Commerce Subcommittee

Mike Hanson (California) and Scott Foster (Sinclair Oil) reported there were 38 in attendance. The subcommittee discussed the following:

Review Minutes

The minutes from the Orlando, Florida were approved.

Unbounded XML

The unbounded sections of the XML schema were assigned bounding values

XML Schema Exemption Number

Add a new element to the schema if the Forms Subcommittee adds a field for reporting exemption number.

XML Schedule Transloader

Provide a new Transloader Operator Report XML schema to FTA E-Standards for final approval.

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. E-Commerce group will create a best practices document for XML implementation.

XPath Document

Scott Foster volunteered to work on the XPath document. E-Commerce will create an XPath document to provide additional

information on data elements in the XML schema.

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, January 28, 2022. State Co-Chair Christy Dixon conducted the meeting. The meeting was called to order at approximately 1:30 pm local time. There were 40 attendees.

The minutes from the January 28, 2022 meeting were approved as written.

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

2022 Motor Fuel Tax Information by State Book-

There were no new questions requested to be put into the book.

The **Native American Survey** is being updated for the September meeting. The following people volunteered: Midwestern Region Marcia Leichner, Southern Region, Catherine Mitchell, Northeastern Region, Chuck Ulm, Pacific Region, Kendra Smith

Electric Vehicles White Paper Document - The committee reviewed all thirteen pages of the Administration of Electric Vehicles (EV) White Paper draft

and made recommended changes, e.g. incorporate the document similar to the other white paper formats. The volunteers (e.g. Darrin Grey – SD) working on the draft will make revision and bring for review at the September meeting. The following individuals are the volunteers working on the white paper document:

Verna Carrier – Love's
Shauna Anker – SD (Chair)
Catherine Mitchell – WV
Robert Dalton - NC

The following nine product codes definition were reviewed and approved by the Committee:

Hydrogen

Hydrogen is a colorless, odorless, highly flammable gas, and is the lightest of all gases. It occurs chiefly in combination with oxygen in water, and also exists in acids, bases, alcohols, petroleum, and other hydrocarbons.

Jet Fuel

A product used in the propulsion of jet aircraft engines, which meets the applicable standardized international specification. It includes, but is not limited to, kerosene-type jet fuel and naphtha-type jet fuel.

Marine Gas Oil

Marine gasoil (MGO) is a fuel composed of various blends of distillates. Marine gasoil is similar to diesel fuel but has a higher density and does not have to be heated during storage.

Marine Diesel Oil

Marine fuels that are composed of various blends of distillates

(also called marine gasoil) and heavy fuel oil.

Organic Oils

Produced by plants, animals, and other organisms through natural metabolic processes.

Propane

A colorless gas, C₃H₈, found in natural gas and petroleum and widely used as a fuel.

Residual Fuel Oil

Heavier fuel oils known as No. 5 and No. 6, that remain after the distillate fuel oils and lighter hydrocarbons are distilled away in refinery operations.

Soy Oil

An oil derived from soybeans that can be used as a feedstock for renewable diesel or biodiesel.

Undefined Products

Any product that does not meet the characteristics and definitions previously defined.

The remaining two product code definitions are tabled and will be discussed at the next Uniformity 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.

Jeremy Neeck brought up about a team that he was on for the American Association of Motor Vehicle Administrators (AAMVA) to write a white paper document.

The white paper document is: Dyed Diesel Fuel Fraud Detection and Enforcement Best Practices-March 2022. It was approved to have this put into the 2022 Uniformity Guide Book with the other white paper documents.

Approved by the Full Committee

Definitions:

Approved the nine (9) definitions listed above.

White Paper Document:

Dyed Diesel Fuel Fraud Detection and Enforcement Best Practices-March 2022

2022 UNIFORMITY CHAIRS

State Uniformity Co-Chair

Edie Martin, State of Kansas

Industry Uniformity Co-Chair

Rae Takai, Motiva

2022 SUBCOMMITTEE CHAIRS**Compliance Subcommittee****State Co-Chair***Patrick Andrews, Virginia***Industry Co-Chair***David Hernandez, Valero Energy***Communication and
Coordination Subcommittee****State Co-Chair***Christy Dixon, Oklahoma***Industry Co-Chair***Laura Moliue, ExxonMobil***Electronic Commerce
Subcommittee****State Co-Chair***Michael Hanson, California***Industry Co-Chair***Scott Foster, Sinclair Oil***Forms Management
Subcommittee****State Co-Chair***Catherine Mitchell, West Virginia***Industry Co-Chair***Branda Jo Beck, AvFuel***2022 MOTOR FUEL STEERING
COMMITTEE MEMBERS****National Officers***Tracy Halubka, National Chair,
State of Montana**Jeremy Neeck, National Vice
Chair, State of Minnesota***Past Chairs***Chuck Ulm, State of Maryland***Uniformity Chairs***Eddie Martin, State of Kansas**Rae Takai, Motiva***2022 REGIONAL GOVERNORS****Midwestern Region***Amanda Filipek**State of North Dakota***Northeastern Region***Alicia Carusona**State of Vermont***Pacific Region***Wayne Hassinger**State of Wyoming***Southern Region***Catherine Mitchell**State of West Virginia***2023 UPCOMING MEETINGS****Uniformity Meeting***January 27-28, 2023**Anaheim, California***Midwestern Region***April 2-4, 2023**Minneapolis, Minnesota***Pacific Region***April 23-25, 2023**Anaheim, California***Uniformity Meeting***May 12-13, 2023**St. Louis, Missouri***Northeastern Region***May 21-23, 2023**Salem, Massachusetts***Southern Region***June 25-27, 2023**Savannah, Georgia***Basic Training Class***July 30-August 3, 2023**Green Bay, Wisconsin***Uniformity Meeting***September 15-16, 2023**Orlando, Florida***Annual Meeting***September 17-20, 2023**Orlando, Florida***Editor***Christy Dixon**State of Oklahoma**Laura Moliue**ExxonMobil*