

# Motor Fuel Workshop

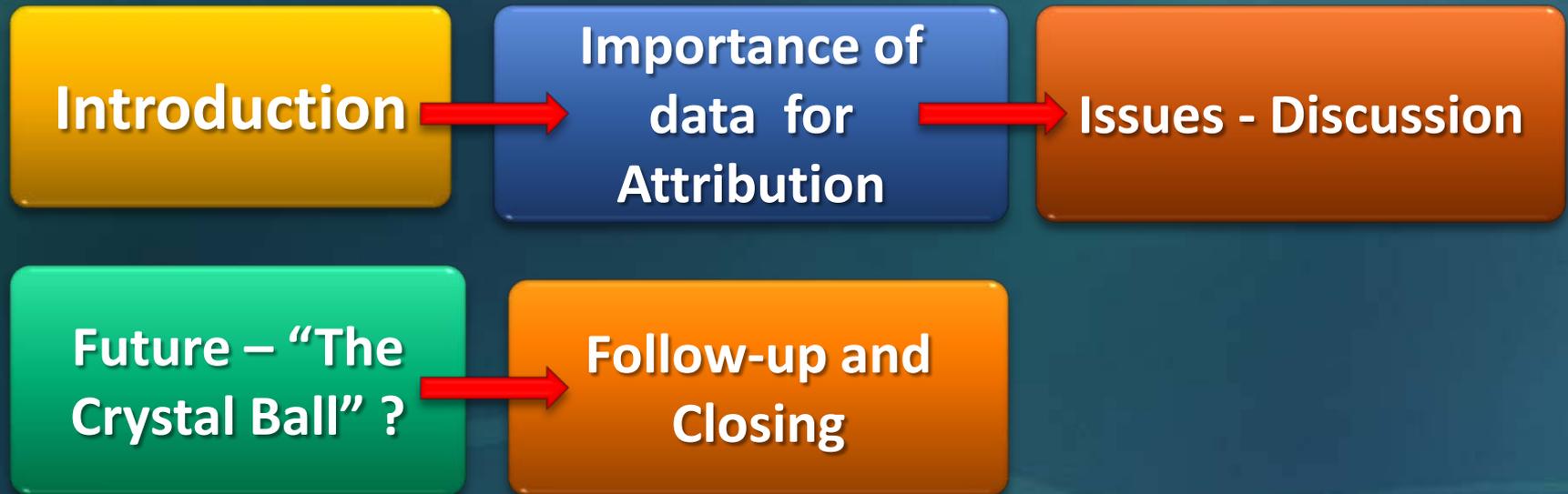
Highway Statistics Seminar – 2011



Federal Highway Administration  
Office of Highway Policy Information  
**Presenters:** Mike Dougherty & Bryant Gross

# Workshop Highlights

- Workshop Agenda:



# Staff Introduction

- The Motor Fuel Staff are:
  - **Mike Dougherty:** Motor Fuel Tax Evasion and IFTA
  - **Marsha Reynolds:** Motor Fuel Data
  - **Bryant Gross:** Motor Fuel Data
  - **Ralph Erickson:** Chief, Highway Finance and Motor Fuel Division



U.S. Department of Transportation  
Federal Highway Administration

**Introduction**

# Motor Fuel Overview

- Why do we collect the data?
- **Title 23**, 420.105 (b) > Federally mandated
- Motor fuel data is reported from State DOT's, DOR's, or DMV's to FHWA
- However, DOT's are responsible for reporting and accuracy of the data
- Data for both 551M and 556 is required under UPACS in FUELS/FASH software

Introduction

# Importance of Effective Motor Fuel Data Reporting

- Gives States an effective system (data) to use for State policy, and providing data for requests within the State.
- Important in Attribution: Gallons of fuel used in the State is used as part of formula in the HTF distribution of funds.

**Importance of  
data for  
Attribution**

# FHWA Reviews

- Motor Fuel Reviews
  - Review State reporting procedures
  - Risk assessment
- State visits by FHWA HQ staff
  - Typically, 3 per year
  - Improves communication

**Importance of  
data for  
Attribution**

# The Big Picture

- What's important about motor fuel data, attribution, and the apportionment process?
  - The amounts of funding involved
  - The distribution of those funds, or Your State's Share

**Importance of  
data for  
Attribution**

# Overview

- FHWA estimates how much federal highway tax money comes from each State
- Compared to how much each State receives from FHWA
- Derives a “for every dollar in, how much does my State receive” or Donor-Donee ratio
- This is extremely important:
  - To Congress, FHWA, and the States
  - That the data be correct

**Importance of  
data for  
Attribution**

# Federal Highway Account Taxes

FY 2010 — (Thousands of Dollars)

<b>\$ 20,337,827</b>	<b>--</b>	<b>Gasoline</b>	<b>67.40%</b>
<b>\$ 7,069,769</b>	<b>--</b>	<b>Special Fuel</b>	<b>23.43%</b>
<b>\$ 886,623</b>	<b>--</b>	<b>Federal Use Tax</b>	<b>2.94%</b>
<b>\$ 1,562,325</b>	<b>--</b>	<b>Trucks and Trailers</b>	<b>5.18%</b>
<b>\$ 318,251</b>	<b>--</b>	<b>Tires</b>	<b>1.05%</b>
<b>\$ 30,174,795</b>	<b>--</b>	<b>Total</b>	<b>100%</b>

Importance of  
data for  
Attribution

# The Attribution Process

- FHWA attribution supports the apportionment process
- **How FHWA calculates attribution** (Fuel, VMT, etc. in formula used by FHWA)
- **The role of State data** (system for accurately reporting the data, accession planning)

**Importance of  
data for  
Attribution**

# Attribution I

- State-by-State contributions to the Trust Fund were not available from the IRS (just total funds)
- With EXSTARS, that data is coming on-line

# Attribution II

- Typical fuel taxpayer is an Oil company or wholesaler
- There are over 8,000 licensed with IRS
- IRS reports total receipts (after refunds and transfers) for each fuel type

# Attribution III

- HTF contributions from highway users in each State are estimated using State motor fuel data
- States report motor fuel taxed (each State has procedure)
- FHWA uses established methodologies to derive a consistent, compatible dataset for attribution

# FHWA Estimation of Non-Highway Gasoline

- Estimate off-highway uses of:
  - Agriculture
  - Construction
  - Industrial and commercial
  - Small boat
  - Aviation gasoline
- Compare to State-reported amounts
- Use one or the other

**Importance of  
data for  
Attribution**

# Methodology Reasonable

- The data is less than perfect
  - Different motor fuel laws in each State
  - Tax Systems designed for
    - Revenue collection, not data collection
  - State agency interest levels
  - Tax evasion
  - Less than perfect reporting on form FHWA-551M

Importance of  
data for  
Attribution

# How Attribution Works

- From adjusted State motor fuel data
  - Measure on-highway gallons of motor fuel (*Gasoline - Special fuels*)
  - Sum to derive the national total (*by type*)
  - Derive each State's share of the national total
  - Use those shares (based on gallons) to determine revenue shares

**Importance of  
data for  
Attribution**

# Attribution and Data Quality

- FHWA's goal is an accurate data-set for attribution
- FHWA performs actions aimed at improving accuracy of State reporting

**Importance of  
data for  
Attribution**

# Issues / Best Practice Sharing

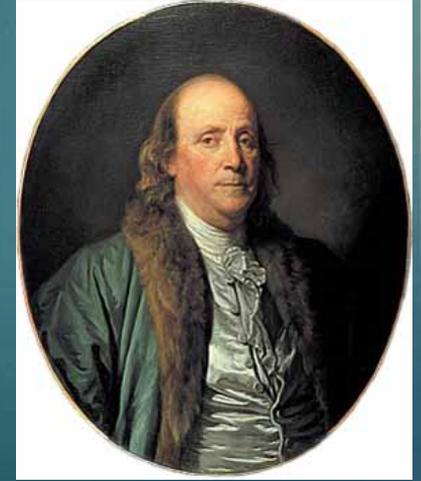
## ● Motor Fuel Reviews:

- FHWA Division Initiates and works with State partners
- “Meet the Players” – gives a chance to meet players from State DOT, State Revenue, and FHWA.
- Issues/problems addressed
- Gives a chance for FHWA to see how data is collected within the State
- Gives momentum for better data quality, and problem solving among the agencies.

Who proposed the Turkey as the national bird? (Trivia 1)



# Benjamin Franklin



He felt the bird was smart,  
majestic, and independent.

Winner gets a free chocolate Turkey!

# Issues / Best Practice Sharing (2)

- Documentation (*the process / the Job*):
  - Provides new State staff resources for quickly filling Motor Fuel Reporting positions
  - Can be shared and stored for easy access
  - Provides for: 1) Resources 2) Contacts, 3) Data procedure, etc.



Issues - Discussion

# Issues / Best Practice Sharing (3)

- Data Accuracy:

- Gasoline gallons reported on 551M, times the tax rate, should fall within +/- 5% of reported receipts off form 556 (fuel tax receipts). *Special fuel with +/- 10%.* (See the form EVAL in your packets)
- IFTA data (motor carrier fuel use) within the State, needs to reported accurately

Issues - Discussion

# EVAL - Sample

State: **State Name**  
 Year: **2010**

If tax rate is consistent throughout the year, enter total line only. Range search replacing ST with 2-letter State abbreviation.

MONTH	GASOLINE			GASOHOL			DIESEL		
	GGT	TAX RATE ¢	EST. RECEIPTS	GGT	TAX RATE ¢	EST. RECEIPTS	NGT	TAX RATE ¢	EST. RECEIPTS
October 2009	189,688,739		0	20,568,583		0	53,161,531		0
November	186,457,520		0	19,892,463		0	61,914,507		0
December	174,490,805		0	28,303,986		0	50,753,673		0
January 2010	194,144,788		0	22,491,802		0	49,737,601		0
February	175,051,781		0	26,634,659		0	59,971,981		0
March	178,426,337		0	20,282,352		0	50,868,032		0
April	207,616,599		0	16,904,033		0	60,639,680		0
May	208,192,014		0	14,313,324		0	65,056,363		0
June	202,062,096		0	26,445,679		0	56,255,495		0
July	208,288,966		0	15,233,277		0	62,598,565		0
August	211,817,888		0	19,812,721		0	64,779,903		0
September	190,067,089		0	38,479,966		0	66,283,962		0
Total	2,326,294,622	18	418,733,032	269,362,925	18	48,485,327	702,908,313	19	133,552,579

## EVALUATION OF GALLONAGE VS. REVENUE

FUEL TYPE	RECEIPTS ESTIMATED ON GALLONS	REPORTED RECEIPTS 1/	PERCENT DIFFERENCE	RESULT
Gas/Gasohol	467,218,358	463,754,958	-0.7%	*556 IS LOW
Diese/LPG	133,552,579	129,640,611	-2.9%	*556 IS LOW

1/ From FHWA-556: gross receipts for gasoline/gasohol, net receipts for diese/LPG.

# State Issues:

- Issues from the States will go here>
  - Funding (lack of)
  - Staff Rollover
  - Need for Documentation
  - Communication between agencies
  - Multiple tasks (FHWA reporting only part of job)

**Issues - Discussion**

# Verification of the Data

- February: First Verification memo sent out to Divisions/States to review previous year data (i.e. in Feb. 2012, review of 2010 data)
- Tables MF-33GA (gasoline use), MF-33SF (SF use), MF-20 (On Highway/Off Highway Use) and FE-9 (funds attributed to States from HTF)
- As States resubmit, data is updated at FHWA
- Final Verification memo sent out April/May
- Data is compiled for final attribution -August

Issues - Discussion

What President first granted pardon to the White House Thanksgiving Turkey? (Trivia 2)



# President Abraham Lincoln



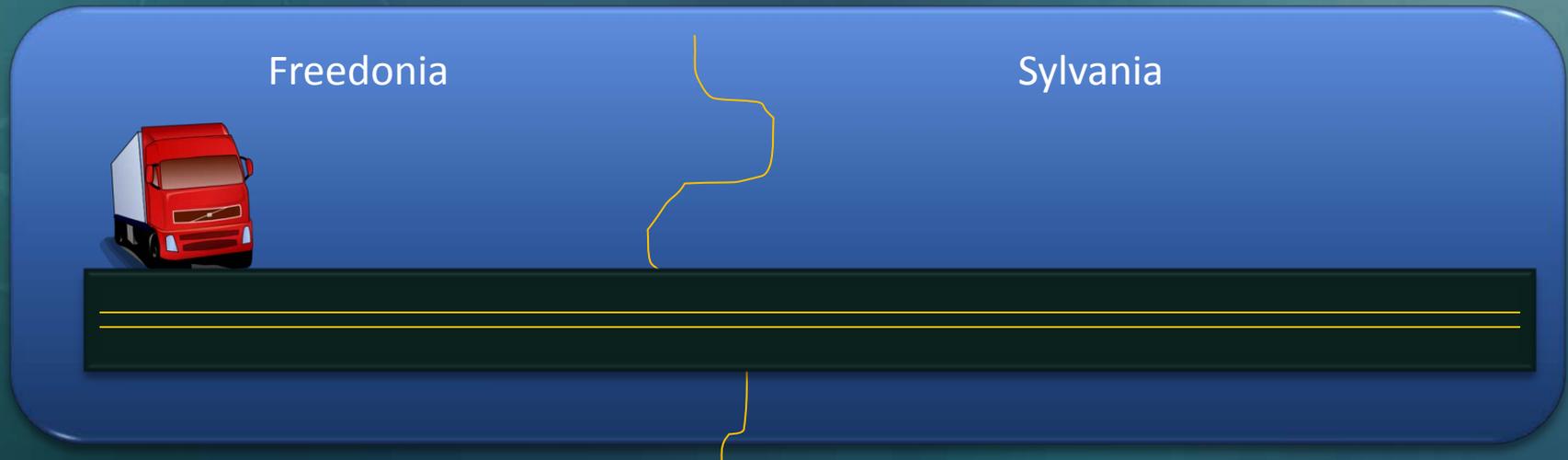
- Tad Lincoln loved the Thanksgiving Turkey sent to the White House. He named him “Jack”. When he found out Jack was for Thanksgiving Dinner, he ran into a Cabinet Meeting crying, and asking the President Pardon for the Turkey. The President signed a pardon, and give it to Tad, who rushed to give it to the “Executioner”. Thus started the annual “Thanksgiving Turkey Pardon” at the White House!

# IFTA

- International Fuel Tax Agreement
  - Vehicles over 26,000 lbs.
  - Quarterly reporting requirement
  - 48 US States and 10 Canadian Provinces
  - Carriers report to 1 base jurisdiction
  - Distance traveled and volumes of fuel are used to arrive at amount of tax owed in each jurisdiction
  - Jurisdictions either receive funds from or transmit funds to other jurisdictions

**Issues - Discussion**

# IFTA Example



- Very Simplified Example – Quarterly report is activity for entire quarter for all vehicles in fleet
- Vehicle travels 100 miles in Freedonia, 150 miles in Sylvania
- Purchased 50 gallons of fuel in Freedonia for average 5.0 MPG
- Computed 20 gallons of fuel used in Freedonia (100 miles/5.0 MPG)
- Computed 30 gallons of fuel used in Sylvania (150 miles/5.0 MPG)
- Tax due to Sylvania is 30 gallons times local tax rate (25 cents per gallon) = \$ 7.50
- Credit due from Freedonia – 20 gallons of liability, minus 50 gallons of tax already paid at the pump (30 gallons credit) at (20 cents per gallon) = \$ 6.00 credit
- Carrier pays net amount of \$ 1.50 to Freedonia
- Freedonia revenue agency then transmits \$ 6.00 to Sylvania

# The Future

- Highway Trust Fund? Will it still be around in next Authorization
- **Federal Motor Fuel Tax?**
- States may increase their State fuel tax in the amount of the Federal Tax used previously? (*i.e. increase of 18.4 and 24.4 cents*)
- **Transportation Infrastructure Bank?**
- More tolls, VMT tax?



Future –  
“The Crystal Ball” ?

# Recap and Closing

- Accuracy of data in monthly 551M and yearly 556 is crucial
- Communication between State agencies, and FHWA important
- Changing political landscape may change way of transportation funding.
- If in doubt, ask.

**Follow-up and  
Closing**

# Resources:

- Office of Highway Policy Information -Website  
<http://www.fhwa.dot.gov/policy/information> (redesigned)
- Guide to Reporting Highway Statistics  
<http://www.fhwa.dot.gov/policyinformation/hss/guide/index.cfm>
- Office of Highway Policy: Organization Manual  
<http://www.fhwa.dot.gov/legsregs/directives/orders/m11001a/11001a08.htm>
- Monthly Motor Fuel Reported by States  
[http://www.fhwa.dot.gov/policyinformation/motorfuelhwy\\_trustfund.cfm](http://www.fhwa.dot.gov/policyinformation/motorfuelhwy_trustfund.cfm)
- Attributing Highway Revenue to Each State  
<http://www.fhwa.dot.gov/ohim/attrib.htm>
- Fuel Tax Attribution Process  
<http://www.fhwa.dot.gov/policyinformation/motorfuel/ftap/index.cfm>

