

FUEL OIL NEWS

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The Automated Fuel Toll System

Stephen Bennett

With the New Year, New Hampshire will be requiring Web-based e-filing of Oil Discharge and Pollution Control returns. The new, online system, called the Automated Fuel Toll System (AFTS) is expected to reduce errors and accelerate processing, but it takes about two months for dealers to be certified by the New Hampshire Department of Safety's Road Toll Bureau. That is a concern for a number of dealers, according to oilheat association leaders in a number of states, who said in November that they had members who had not yet started the certification process.

Scott Bryer, chief of the Road Toll Bureau in New Hampshire's Department of Safety, pointed out that January 2011 returns will be due, electronically, by Feb. 20, 2011. He added, "The department is more than willing to work with people to make this transition easier."

Bryer reported a couple of days before Thanksgiving that 266 of 297 "oil pollution and control licensees" – dealers operating in New Hampshire, whether based in the state or elsewhere – had signed agreements with the Road Toll Bureau to file electronically. Of the 266 who have signed up, approximately 80 had completed the certification process, Bryer said. Dealers can find information about the new automated system and how to get certified at the Road Toll Bureau Web site: <http://www.nh.gov/safety/divisions/administration/roadtoll/>.

The main challenge for some dealers at the moment is the amount of time that the certification process can take, leaders of state fuel dealers' associations said. To start the process, dealers must submit two months' tax records to the Road Toll bureau so that the records can be examined and verified.

Matt Cota, executive director of the Vermont Fuel Dealers Association (VFDA) said the Vermont group was considering writing a letter to New Hampshire officials, urging a delay of implementation of the automated system "until the summertime when things will be less chaotic for the fuel dealers. "

Once dealers are certified, they can manually enter deliveries and have funds withdrawn from their account through electronic funds transfer to meet their tax obligations, Cota said. Another option is for dealers to enable their computers to conduct electronic data interchange (EDI) with the Road Toll bureau to satisfy their tax obligations with New Hampshire.

"Option one is labor intensive, but doable as long as you have an Internet-enabled computer," Cota said. "Option two [EDI] involves some computer programming expense. You have to go out to a private vendor and acquire" the necessary software, he said.

Fuel oil dealers also have concerns about revealing sensitive information.

“Under the new system you have to type in the customer, the location and the gallons delivered – individual drops,” Cota said. Although that information has always been required, Cota said, it was on paper, not online.

“Every dealer has expressed to me concerns about the privacy of these records,” Cota said. “The value of their companies is the customer list and putting it out over the Internet is a primary concern of dealers that have spoken to me.”

Cota and other association leaders and software vendors said they understood why New Hampshire is implementing the automated system.

“With state budgets being decreased this is a way that the state government can increase efficiency in their tax collection and ensure accountability,” Cota said. “That’s why they’re doing it. That’s not a surprise.”

New Hampshire regulators, including Bryer, have been making presentations to state associations, including those in Maine and Vermont in recent months. Before that they sent out notification letters.

New Hampshire regulators “made an excellent presentation for our member-dealers” in September, Cota said. Attending were representatives of 25 dealers in Vermont. Cota and association leaders in other states said they did not know how many of their members operate in New Hampshire.

A seminar in Brunswick, Maine, on Nov. 15, arranged by the Maine Energy Marketers Association (MEMA) drew 17 people, all from fuel oil/propane dealers, reported Aimee G. Senatore, director of business development for the association.

“Several of the attendees had already started the process – but others had not,” Senatore said in an e-mail message, referring to certification. Among those attending, Senatore said, were Denise McDermott of P. Gagnon & Sons in York, Maine; Teri Champagne of Downeast Energy in Brunswick; and Lyndsay Armstrong of Irving Oil.

Bryer also made a presentation to New Hampshire dealers in November. “Usually with the smaller heating oil dealers, taxes have already been collected by their supplier,” Bryer noted. He explained how the tax applies to, for instance, a New Hampshire-based dealer who picks up fuel oil at the port in Portsmouth, N.H. The dealer is typically charged the tax by the supplier; if the dealer then delivers that fuel outside New Hampshire – say, Kittery, Maine – the fuel oil dealer is entitled to put in for a credit to get that money back, Bryer explained.

At least two software vendors are ready, or getting ready, to offer software that is designed to help dealers file electronically with the Road Toll Bureau.

One is Destwin Energy Systems, Monroe, Conn., whose Fuel Dealer Solution interfaces to the back-end systems of fuel dealers. Besides maintaining basic account information, the system collects transaction data, including delivery data.

“In order to meet the New Hampshire EDI requirements, dealers have to report all the fuel purchases and all the fuel deliveries, said Bill West of Destwin. “They pay the tax on

all the fuel they pick up in New Hampshire but the tax is really due on all the fuel they deliver in New Hampshire.”

For Destwin’s current software customer, West said, “We just go and get all their purchases and we get all their deliveries and we report them and calculate the difference, calculate the tax,” to meet New Hampshire’s requirements.

For non-customers, Destwin is offering a service to help them comply, West said. “They can send us their spread sheet file – their data dump – and we can reformat that file and submit it for them.”

Taurus Systems Inc., Bowdoinham, Maine, is creating an enhancement to its back-office software program to help dealers comply with the New Hampshire system, said Robert Bertulli, owner of Taurus.

“This electronic reporting is something that all the states are going to be doing,” Bertulli predicted. “In the long run it only makes a lot of sense for everybody to do this. It’s more efficient.”

The automated system is expected to ensure that the tax is levied accurately. As Bertulli said: “Is everybody paying the proper taxes on it? And vice versa. If you’re buying it in New Hampshire and selling it out of state, are you getting the proper rebate?”

To provide the information each month for the online system could amount to a lot of time-consuming work without a software program to help, Bertulli said.

“It’s a lot of work if you have to do it manually,” he said. To comply via EDI requires gathering the required information and exporting it to the Road Toll Bureau; and to post the information on a Web-based screen would quickly become tedious, he ventured. “That gets to be a lot of work if you’re delivering to a couple hundred customers a month.

“The thing is,” Bertulli noted, “a lot of dealers have most of the information in their systems. It’s just a matter of data mining it to get it out in the proper format.” That’s what the software enhancement he’s preparing is designed to do.