

Driven by Your Success

**PetroLiance**  
LLC

**Northern Illinois  
Regional Headquarters**

739 N. State St.  
Elgin, IL 60123  
847-741-2577  
800-628-7231 toll free  
847-741-2590 (fax)

[www.petroliance.com](http://www.petroliance.com)

Paul Berks  
Deputy General Counsel  
Illinois Department of Revenue  
100 West Randolph Street, 7th Floor  
Chicago, Illinois 60601

March 10, 2014

Dear Mr. Berks

On behalf of PetroLiance, LLC, I would like to comment on the emergency rules and proposed permanent rules regarding the code sections 693 and 695 of the Illinois Revenue Code.

The Corporate Office for PetroLiance is in North Carolina, but we have a major distribution business in Illinois. We distribute fuel, lubricants and additional ancillary products, and had Illinois revenues over \$70,000,000 in 2013.

Approximately \$50,000,000 in revenues and 15,000,000 fuel gallons are generated by our fuel segment, which is based at our order acceptance office in Genoa, IL. The fuel business alone generated:

|                                |                |   |
|--------------------------------|----------------|---|
| Illinois Motor Fuel taxes      | \$2,047,000    |   |
| Sales taxes on Fuel            | 1,725,000      |   |
| <u>County Motor Fuel taxes</u> | <u>190,000</u> |   |
| Total Taxes – Fuel             | \$3,962,000    | Generated by the PetroLiance Fuel segment |

We employ 3 people in the Genoa office and 12 fuel drivers in Northern Illinois. In addition, we have a general manager, a dispatcher, 1 dedicated fuel sales person, 4 other sales staff that sell both fuel and lubes, and a maintenance person that supports our fuel business. Cumulatively, this represents over 20 people who pay income taxes to the state of Illinois.

**The emergency rules currently in effect, and the proposed rules being discussed, both place these jobs, and the revenue streams for the State of Illinois in jeopardy.**

Fuel distribution is a low margin, extremely competitive, commodity business. State, Federal and sometimes even local governments have chosen to make gasoline and diesel fuel a major revenue source by taxing each gallon sold. In fact, the State of Illinois alone makes significantly more per gallon than we do as a distributor.

Serving the eastern United States through the following regional facilities:  
Illinois, Ohio, North Carolina, South Carolina, Georgia, Florida

The current uncertainty over what taxes to charge, which jurisdiction the "sale" takes place in, and the requirements necessary to comply with tax regulations has caused the owners of PetroLiance to begin to evaluate whether or not it is economically viable to maintain this business in Illinois.

As the collector of taxes for the State, distributors are required to make determinations of whether or not they are compliant with taxing regulations. The emergency and proposed regulations are highly subjective and open to interpretation in every case. This dramatically increases the risk of non-compliance and subsequent fines and penalties. Furthermore, in the case of incorrect taxes charged, it would be impossible to recoup the money from the true payee, which is the distributor's customer.

The statutes in place before Hartney may not have been perfect. But Illinois distributors like PetroLiance relied on them and have invested huge amounts of dollars to maintain compliance with them. In addition, they were far more workable than what has been proposed.

Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kevin McCarter", with a long horizontal flourish extending to the right.

Kevin McCarter  
Chief Executive Officer

Cc: Mr. William Fleischli  
Illinois Petroleum Marketers Association.