Call to Order
Immediately following a processional of the Executive Committee of the IFTA, Inc. Board of Trustees (Board), IFTA, Inc. Executive Director, and Nova Scotia (NS) hosting staff, Mr. Gary Frohlick (SK), Board President provided introductions for and thanked the special guests, native bag piper, Ms. Bev Sample, and anthems singer, Ms. Allyson Horne. A moment of silence was then observed in memory of Mr. Dale Shuirman (GA) and Mr. Richard L. Reeves (SIRVA). Mr. Frohlick then called the meeting to order.

Mr. Bernie Meagher, IFTA Commissioner of NS was introduced. In turn, Mr. Meagher introduced the hosting staff and inducted the attendees into the Order of the Good Time. Mr. Meagher then introduced Mr. Greg Keefe. Mr. Keefe is the Deputy Minister of Service Nova Scotia and Municipal Relations.

Welcome
Mr. Keefe officially welcomed the attendees of the 22nd Annual IFTA Business Meeting. Commenting on the strengths of IFTA, it was noted that both industry and government have been dedicated and committed to the success of the organization. As a trailblazer, IFTA has opened the door to building partnerships between government and industry and is a perfect example of a public-private partnership that works well.

Mr. Keefe also identified some of the organization’s goals, as outlined in the IFTA, Inc. Strategic Plan. Those goals included, but are not limited to, promoting confidence and stability through partnerships, continuously plan, manage and review IFTA’s resources and new opportunities, and to meet the needs of customers and stakeholders by utilizing technology.

Roll Call
Mrs. Tammy Trinker, IFTA, Inc. Events Coordinator, conducted the roll call of membership. Mrs. Trinker announced that there was a quorum present to conduct the Association’s business. This quorum included those present in-person or by-proxy from another jurisdiction.

President’s Report
Mr. Frohlick offered the President’s Report. IFTA is an Agreement wherein fifty-eight (58) jurisdictions, representing both the USA and Canada, exchange information and money across international borders. Jurisdictions work with thousands of licensees and hundreds of thousands of vehicles. The Agreement works and is a successful model for the interjurisdictional collection of other taxes.
Mr. Frohlick announced that member jurisdictions can be proud to be a part of such a successful operation. He thanked the member jurisdictions and industry representatives for participating in the organizations meetings, for sponsoring ballot proposals, and for working on the Standing and Special Committees within IFTA.

**Voting 101**

Mr. Kevin Park, Assistant Director of the Utah Division of Motor Vehicles and member of the Board, presented a review of the IFTA, Inc. Bylaws. In addition, the voting processes for ballot proposals, Consensus Board Interpretations (CBI), Board elections, and other matters were reviewed.

**Nominating Committee Report**

Mr. Julian Fitzgerald, Director of the Motor Fuels Tax Division with the North Carolina Department of Revenue and Chair of the Nominating Committee, presented this report. After a brief review of the qualifications and requirements necessary to be met by the Board members, it was explained that five seats were open for elections to the Board. Each of the current Board members including Ms. Kim Craig (ON), Mr. Kirk Davenport (TX), Mr. Garry Hinkley (ME), Ms. Rena Hussey (VA) and Mr. Rollie Marr (IL) are seeking re-election. Mr. Fitzgerald opened the floor for nominations. With no nominations offered from the floor, Mr. Fitzgerald asked for a motion to accept the Nominating Committee’s slate of Board members for re-election.

**Motion:** Mr. Scott Bryer, IFTA, Inc. Commissioner for New Hampshire Department of Safety and a member of the Board, moved to accept, by acclamation, the slate as presented by the Nominating Committee and close the nominations. Mr. Park seconded the motion. The motion passed.

**Approval of the 2004 IFTA Business Meeting Minutes**

Mr. Frohlick presented the 2004 Annual IFTA Business Meeting minutes for approval. He asked for comments or corrections to the minutes as written.

**Motion:** Mr. Park moved to approve the minutes as written. Mr. Fitzgerald seconded the motion. The motion passed.

**Clearinghouse Advisory Committee Report**

Mr. Hinkley, Chair of the Clearinghouse Advisory Committee (CAC) and Board member, reported on the activities of the committee over the past year. Mr. Jason DeGraf, IFTA, Inc. Information Systems Administrator, also provided a report on the IFTA, Inc. Clearinghouse. To date, thirty-eight (38) jurisdictions participate in the IFTA, Inc. Clearinghouse. Both Kansas and Nebraska have gone completely paperless and Colorado, Florida, and Pennsylvania have recently met the requirements to provide paperless transmittal reports.
Improvements made to the IFTA, Inc. Clearinghouse have made it easier for users to navigate. More tools have also been added and faster upgrades are always being implemented and responses to users’ requests are expedited. One of the tools and improvements now in place allows participants to report the posting of transmittals to the Clearinghouse to other jurisdictions via e-mail through the IFTA, Inc. web site.

The committee is currently working on definitions and best practices for demographic data, including standard date formats, clearer definitions, and limited license statuses. The committee will also be recommending additional best practices such as entering last name, first name for the legal name, recommending the capture of USDOT numbers and IRP account numbers, posting decal information, and exchanging audit information.

**FTPBP #1-2005 - Notification of Posting Transmittals to the Clearinghouse**

The intent of this Board-sponsored ballot is to require Clearinghouse jurisdictions meeting the paperless transmittal requirements to notify other Clearinghouse jurisdictions when a transmittal is successfully posted to the IFTA, Inc. Clearinghouse. This notification can be accomplished through an e-mail distribution system set up on the IFTA, Inc. web site. This process could also be accomplished as part of the payment/billing process.

A straw poll revealed limited support for this ballot proposal as written due to concern for the Clearinghouse creating the notification. A majority of membership, however, does favor the notification requirement. The Board will take the comments into consideration when preparing the final ballot proposal language for the second comment period.

**Dispute Resolution**

**Dispute Resolution Committee Charter**

Mr. Bryer and Ms. Marta Modigliani (NH), IFTA Attorneys’ Section Steering Committee, provided discussions regarding the Dispute Resolution Process and the Dispute Resolution Committee (DRC). Mr. Bryer presented the charter of the newly established DRC. The charter allows for ten (10) voting members and one (1) Chair, appointed by the Board, from membership. In addition, two (2) industry representatives will participate as non-voting members of the committee.

**FTPBP #2-2005 - Creating Dispute Resolution Committee**

Mr. Bryer presented this ballot. The intent of this Board-sponsored ballot proposal is to establish the DRC as a Standing Committee in the IFTA Articles of Agreement. A straw poll revealed strong support for this ballot proposal as written.

**Motion:** Mr. Park moved that IFTA FTPBP #2-2005 be moved to the short track ballot process. Mr. Meagher seconded the motion.

**Vote on motion:** A roll call vote was initiated for the motion regarding this ballot proposal. With a vote of 49 – 7 in favor, the motion passed.
**Dispute Resolution Process for Ratification**

Ms. Modigliani provided a brief history on the Dispute Resolution Process (DRP) and reviewed the proposed changes. Important proposed changes to the DRP include the deletion of the Pre-Complaint Process. The complaint would be heard by the DRC rather than the Board, who would sit as the appeals body. Industry representatives will be allowed to participate on the DRC as non-voting members and would be invited to remain through the hearing process, but not participate during the deliberation process.

**Motion:** Mr. Hinkley moved to ratify the Dispute Resolution Process. Mr. Park seconded the motion.

Discussions were had regarding the scheduling of the actual hearings and the appeals process. Questions arose regarding whether industry representatives should be included in the deliberations. Additional questions arose regarding whether the DRP should ultimately become a part of the IFTA Articles of Agreement.

**Motion:** Mr. James Poe, Deputy Commissioner of the Indiana Department of Revenue, moved to revise the Dispute Resolution Process to the way it was originally presented, with scheduling the hearings during one of the four annual organizational meetings. Mr. Dar Walters, IFTA Commissioner for the Idaho Tax Commission, seconded the motion.

**Vote on Motion:** Discussions continued regarding the scheduling of the dispute hearings. Concern was expressed for limiting the opportunities for when the dispute hearings could be held. Following additional discussions regarding the scheduling of the dispute hearings, the motion to revise the DRP as originally presented did not pass.

**Vote on Original Motion:** A roll call vote was initiated against the original motion proposed by Mr. Hinkley to ratify the Dispute Resolution Process. With a vote of 50 – 6 in favor and two jurisdictions abstaining from vote, the motion passed.

**IRP, Inc. Update**

Mr. David Saddler, Executive Director of IRP, Inc., provided an update on the activities of the International Registration Plan (IRP), Inc. The IRP, Inc. Strategic Plan was updated in May 2005. The new mission statement is to “serve as the repository of the International Registration Plan by providing member services, education and information, and promoting motor carrier issues that facilitate compliance with and efficiency in the registration of vehicles operating in inter-jurisdictional commerce.”

IRP has begun a rewrite of the Plan. This project is estimated to take two years. Communication and participation will be the key focus of the rewrite. It is intended to be presented by ballot at the 2006 Annual IRP Business Meeting with a possible effective date of January 2008. In addition, IRP, Inc. is reviewing the dues structure with the intent of presenting one payment for all services. It is their intention to minimize any increase in membership dues.
STPBP #3-2005 - Credit for Tax-Paid Purchases
Ms. Pat Platt, IFTA Commissioner for the Kansas Department of Revenue, presented Short Track Preliminary Ballot Proposal (STPBP) #3-2005. The intent of this Kansas-sponsored ballot is to add language to the Articles of Agreement that states: to obtain the credit for tax-paid purchases, the licensee must produce documentation that the tax was paid to an IFTA jurisdiction. Concern was expressed regarding implementation of this ballot proposal as well as the possible burdens placed on licensees. Litigation issues were also mentioned in regards to Native American Indian tribes.

Motion: Mr. Bryer moved to continue STPBP #3-2005 on the short track ballot process. Mr. Meagher seconded the motion. By a vote of 42 – 14, the motion failed. IFTA STPBP #3-2005 will not continue.

2005 Richard L. Reeves IFTA Leadership Award
Ms. Lonette Turner, Executive Director of IFTA, Inc., Ms. Donna Burch (Ryder Truck Rental) Chair of the Industry Advisory Committee, and Ms. Sheila Rowen, Motor Carrier Director for the Tennessee Department of Safety, presented the first Richard L. Reeves IFTA Leadership Award. This award honors the memory of Rick Reeves, a member of the Industry Advisory Committee and a valued member of the IFTA community.

The award recognizes effective leadership and outstanding accomplishments and contributions within the nominee’s jurisdiction or within the IFTA community. It is given for distinguished service to an individual who has demonstrated those qualities that most exemplify the standards of leadership that Mr. Reeves upheld during his twenty-five years of commitment to the transportation industry. The first recipient of the Richard L. Reeves IFTA Leadership Award was Mr. Thomas Klingman (UPS). Mr. Klingman stated that he was much honored to receive this award that honors the memory of his dear friend.

IFTA, Inc. Financial Report
Ms. Turner presented the financial report of IFTA, Inc. Reviewing the organization’s assets as well as the property and equipment, Ms. Turner reported that IFTA, Inc. is financially sound. It was also reported that many projects will develop as the organization works through the goals and objectives of the Strategic Plan, and that a long-term budget will be developed as part of that effort.

IFTA, Inc. Strategic Plan
Mr. Davenport presented the IFTA, Inc. Strategic Plan to membership. The Board met in April 2005 to review and revise the IFTA, Inc. Strategic Plan. As a result of this meeting, new Vision and Mission Statements were drafted. The new Vision Statement reads “the model organization striving for full partner cooperation and member compliance.” The new Mission Statement of the organization reads “to foster trust and cooperation among the jurisdictions through efficient and effective planning and
coordination and oversight of activities necessary to administer the International Fuel Tax Agreement for the betterment of the members and our partners.”

Mr. Davenport reviewed the goals and objectives established under the Strategic Plan. Details of the various projects to be completed under the Strategic Plan were also provided. The goals of the Strategic Plan are:

- Promote confidence and stability through partnerships between jurisdictions, industries, and other governments.
- Continuously plan, manage, and review IFTA, Inc.’s existing resources and new opportunities to ensure that organizational purposes are achieved.
- Meet the needs of customers and stakeholders by utilizing technology.
- Enhance confidence in the Agreement by assertively pursuing enforcement and compliance.
- Expand the knowledge base regarding IFTA through education and awareness.

**Town Hall Meeting**
Ms. Turner moderated the Town Hall Meeting, during which new business was addressed. Panel members included Board members Mr. Frohlick, Mr. Hinkley, and Mr. Davenport. During this discussion period, membership reviewed several issues of importance to the organization. Some of the issues reviewed and discussed included the new United States Postal Service Fuel Management Program. It was explained that the USPS is providing fuel purchase cards for their carriers to be used when purchasing fuel. The cards are vehicle specific and require a user ID and password. Concern was expressed regarding the exemptions extended to the USPS being offered to their carriers.

The provision of meeting materials for future IFTA programs was also discussed. A straw poll concluded that membership supported the provision of CDs containing all program materials. These CDs would be provided to attendees in lieu of hard copies of presentations. This would eliminate additional expenses of printing and distributing notebooks as had been the practice in the past. Materials would continue to be posted to the IFTA, Inc. web site prior to the programs so registrants may download the information and bring the materials with them, should they so desire.

Another topic of discussion was the early display of decals. Questions were asked regarding how jurisdictions view the provisions regarding early display of credentials in December of each year. Membership also discussed the importance of updating the listings of Native American fuel stations that are not collecting jurisdiction’s fuel use taxes at the pump. Some concerns were expressed regarding whether such information may be considered confidential in some jurisdictions.

Other topics of interest discussed included IFTA, Inc. Clearinghouse issues such as paperless transmittals, Interjurisdictional Audit Reports, and the confidentiality issue of the US Patriot Act. Membership was made aware that some truck stops provide for
paperless receipts for fuels purchased. Concluding the Town Hall Meeting, issues focusing on bio-diesel concerns regarding non-traditional blends as well as taxing gasohol rates were discussed. It was announced that the jurisdiction of Virginia created a Study Resolution to review the bio-diesel issues.

FTPBP #6-2005 - Multi-Count Audits
Mr. Walters presented IFTA FTPBP #6-2005. This ballot proposal is co-sponsored by the jurisdictions of Idaho, New Mexico, and Nevada. The intent of this ballot is to create an equitable way to count audits conducted on extremely large licensees and define the criteria a jurisdiction must meet to receive additional audit count credits. Following some discussion, a straw poll suggested that membership did not support this particular ballot proposal. As a result of the straw poll, Mr. Walters withdrew IFTA FTPBP #6-2005.

FTPBP #9-2005 - Standard Audit Approach
Mr. Walters then presented IFTA FTPBP #9-2005, co-sponsored by the jurisdictions of Idaho and Nevada. The intent of this ballot is to establish a minimum level of quarter and test period sampling for IFTA audits, which count towards the 3% auditing requirement. A straw poll suggested that membership did not support this ballot proposal. As a result of the straw poll, Mr. Walters withdrew IFTA FTPBP #9-2005.

IFTA, Inc. Web Site Update
Mr. Tom King, IFTA, Inc. Webmaster, presented a review of the updates made to the IFTA, Inc. web site over the previous year. Key upgrades include the interjurisdictional e-mail exchange mechanism, more user-friendly tracking of new users by the IFTA Commissioners, summary and statistics from the jurisdiction Annual Reports, and an upgrade to the tax rate change web page.

Additional revisions and upgrades include the Message Board offering more incentives for frequent users and a feedback mechanism that has been activated on the secure web site for general comments. More enhancements to the IFTA, Inc. web site are currently being tested including an automatic completion tool for registration forms to IFTA programs. It was reported that a new design for the web site is also under construction for release in 2006.

Trucking 101 – Snapshot of an Industry
Mr. Robert Pitcher, American Trucking Associations (ATA), and Ms. Burch provided a presentation regarding the basics of the trucking industry. This presentation reviewed the size and scope and pressures of a typical US licensee in a changing industry. Over 500,000 companies are on file with the United States Department of Transportation and provide over ten million trucking-related jobs and accounts for over $55 billion gross freight revenue. In relation, approximately 1.5 billion gallons of diesel fuel is purchased annually.
It was explained that most companies operate twenty or fewer trucks and that the trucking industry represents 5% of the total US Gross Domestic Product. Despite the positive attributes and changes in the industry over the past years, intense and growing pressures still exist within the trucking industry. Some of those include driver shortages, fuel prices, clean air regulations, and taxes.

In addition to the trucking industry, IFTA also deals with the truck leasing industry. This industry offers truck rental and full service leasing, consumer rentals, owner/operator fleets, and finance leasing. It was explained that while owner/operators are generally reported by the carrier, they may indeed be the IFTA licensee. Finance lease trucks are generally reported by the lessee.

The keys to a successful partnership between IFTA and industry includes continued awareness of the changing trucking environment and economy, flexibility in the Agreement, and continued cooperation between industry and the member jurisdictions.

**FTPBP #5-2005 - Notice of License Revocation**

Mr. Doug Shepherd, Assistant IFTA Commissioner for the California Board of Equalization and Vice-Chair of the Agreement Procedures Committee (APC), presented this committee-sponsored ballot proposal. The intent of FTPBP #5-2005 is to eliminate the requirement to send notices of revocation by certified mail. During discussions, jurisdiction’s laws were considered. Noting that statutes may vary from jurisdiction to jurisdiction, suggestive language was offered to amend the ballot proposal to reflect sending such notices in accordance with a base jurisdiction’s law. The APC will revise the ballot language for a second comment period review by membership.

**FTPBP #10-2005 - Electronic Tax Returns, Tax Payments and Taxpayer Signatures**

Mr. Shepherd presented IFTA FTPBP #10-2005, which was also sponsored by the APC. The intent of this ballot is to propose amendments that will serve to acknowledge electronic transactions as a format that may be accepted by a base jurisdiction when it is authorized to do so by its own enabling legislation. The amendments proposed by this ballot would not be reflective of a timely filing.

**Program Compliance Review Update**

Mr. Richard Beckner, IFTA, Inc. Program Compliance Administrator, reported on the status of the 2005 IFTA program compliance reviews. The Northeastern Region is being reviewed. Sixteen (16) reviews are scheduled and seven (7) of these reviews have been completed to date. The Midwestern Region will be reviewed in 2006 and fifteen (15) reviews will be scheduled.

The most cited issues of non-compliance found in 2004 were reviewed. The top three of these citings include late mailing of transmittals, late payment of billing transmittals, and
late transmittal of funds (returns). Mr. Beckner then reminded membership of the necessity for program compliance review volunteers.

**Combined IFTA / IRP Program Compliance Reviews**
Mrs. Debora Meise, IFTA, Inc. Program Director, announced that IFTA, Inc., IRP, Inc., the IFTA Program Compliance Review Committee, and the IRP Peer Review Committee has begun working together on the possibility of conducting combined IFTA/IRP reviews. A committee has been established to look at both processes to see where the two reviews might be combined. The committee members are Ms. Beth Hartley (NE), Mr. Tim Galbraith (WI), Mr. Jay Starling (AL), and Mr. Gerald Jackson (WY).

The committee is reviewing the two processes for similarities and differences. Consideration is being given to conduct the audit side of the review jointly while only portions of the administrative side may be combined. Following the work of this committee, Mrs. Meise will meet with the IRP Peer Review Committee in December to start reviewing and establishing worksheets to prepare the combined review process. It is estimated that the first combined review will be conducted in July 2006. Jurisdictions from the Midwest will be considered for this opportunity. Minnesota has volunteered to be the first jurisdiction reviewed for a joint IFTA / IRP review.

**Proposed Changes to the Current Program Compliance Review Guide**
Mr. Starling, Audit Manager for the Alabama Department of Revenue and Vice-Chair of the Program Compliance Review Committee (PCRC), presented proposed changes to the IFTA Program Compliance Review Guide. Mr. Starling reviewed and explained the basic, proposed changes to the Guide. These changes included the deletion of the redundant language, revised terminology, and the incorporation of the new process. In addition, the review team make-up was discussed. Review teams will consist of an auditor and an administrator in addition to the Lead Reviewer from IFTA, Inc. whenever possible. At the suggestion of membership, it was felt that the Program Director should have the discretion of adding team members as necessary.

Following discussion and the amendments recommended by membership, Mr. Starling asked for a motion to ratify the revised Program Compliance Review Guide.

**Motion:** Mr. Hinkley moved to accept the revised version of the IFTA Program Compliance Review Guide as amended. Mr. Park seconded the motion. The motion passed.

**Future of the Program Compliance Review Process**
Ms. Hussey, Board Liaison to the PCRC, presented the future of the Program Compliance Review process and the Dispute Resolution Process. The current IFTA Review Process is established and is successful. It is the primary tool used to identify areas of non-compliance and promotes voluntary compliance. The Dispute Resolution Process is a tool used to see that compliance can be obtained and met by addressing non-compliance issues through a dispute hearing.
However, it is widely opined that there is no mechanism established to ensure compliance is achieved. As a result, the Attorneys’ Section Steering Committee, together with the PCRC, has worked to create a mechanism for jurisdictions remaining out of compliance through the Dispute Resolution Process.

The current Review Process includes follow up and reassessment procedures. These steps will remain in place so that jurisdictions will have involvement from the beginning of the review finding. In addition to these procedures, the Dispute Resolution Process would be available for the PCRC when a jurisdiction is not demonstrating any effort to come into compliance. The Dispute Resolution Committee would then review the matter submitted by the PCRC and render its decision. A decision rendered by the Dispute Resolution Committee could be appealed by the jurisdiction directly to the Board.

Concerns expressed at the 2004 Annual IFTA Business Meeting were reviewed. These concerns included non-material issues, a jurisdiction not having time to comply, and an appeals process. Addressing the concern of materiality, it was explained that a Compliance Review Requirements Committee was established. The objective of this committee is to review the governing documents to determine what areas may need to be addressed. Its work product has been passed on to the Compliance Review Ballot Development Committee to determine whether future ballots should be proposed to make changes addressing materiality concerns.

Regarding a jurisdiction’s time to comply, it was noted that the review is scheduled months in advance. Following the review, a follow-up or compliance plan is proposed to the jurisdiction if deemed necessary. Referencing the appeals process, it was established as part of the Dispute Resolution Process and was presented to membership and subsequently ratified earlier in the business meeting.

Ms. Hussey summarized her report by outlining the future steps to be made. These steps include:

- Establishing the Dispute Resolution Committee as a Standing Committee,
- Revising the IFTA governing documents as deemed necessary,
- Incorporate revisions to the Dispute Resolution Process to allow for enforcement of the Program Compliance Review Process,
- Incorporate revisions to the Program Compliance Review Guide to reflect the ability of the Program Compliance Review Committee to seek enforcement of a Final Determination of Non-Compliance,
- Propose the necessary ballots as part of the 2006 ballot cycle, and
- Develop a Best Practices Guide

**FTPBP #4-2005 - Variable Interest Rate**

Mr. Walters presented IFTA FTPBP #4-2005, sponsored by Idaho. The intent of this ballot is to change the US jurisdiction interest rate from one percent per month to a variable interest rate. The variable interest rate would be established each year.
Providing an example of first a US-based carrier and then a Canadian carrier, it was shown that the Canadian jurisdiction paying a US jurisdiction interest would forward only half of the interest that a US jurisdiction would need to forward to a Canadian jurisdiction. The purpose of this ballot proposal is to create parity and equity.

The results of a straw vote showed that there was sizeable opposition to this ballot as written. Concerns were expressed regarding the creation of an interest rate table and establishing such a table into the existing audit program. Other concerns included jurisdictions’ rights and enabling legislation. During discussions, Mr. Walters explained Idaho’s willingness to change the effective date from January 1, 2008 to January 1, 2009. In addition, Idaho will review and amend the ballot language for the second comment period as well as clarify the provision of the US Code that would be used to establish the interest rate each year.

**FTPBP #8-2005 - Requiring Serial Numbers on Decals**

On behalf of the APC, Mr. Shepherd presented this committee-sponsored ballot proposal. The intent of IFTA FTPBP #8-2005 is to require that all decals be serialized and clarify that the last two numbers of the appropriate year is a minimum requirement for displaying on the decals. Enforcement of the decals was discussed. It was commented that there is no need to impose this requirement if it is not tied to enforcement.

During discussion, it was explained that the IFTA, Inc. Clearinghouse does have the ability to upload decal serial numbers for tracking or enforcement. The September 2005 IFTA Managers’ Workshop and Law Enforcement Seminar will also present a topic regarding the illegal duplication of decals showing how decals can be fraudulently copied.

The APC will review the comments received from the first comment period, consider membership comments received during the Annual IFTA Business Meeting, and work to amend the language to this ballot proposal for consideration during the second comment period.

**FTPBP #7-2005 - Requiring Decal Serial Numbers on Licenses**

Mr. Shepherd also presented this ballot proposal, co-sponsored by the APC and Law Enforcement Committee (LEC). The intent of this ballot is to require that decal serial numbers, or range of serial numbers, be printed on IFTA licenses. The committees will review the comments received from the first comment period, consider membership comments received during the Annual IFTA Business Meeting, and work to amend the language to this ballot proposal for consideration during the second comment period.

**FTPBP #16-2005 - Display of Decals**

Sergeant Charles Burton (KS), Chair of the LEC, presented IFTA FTPBP #16-2005. The intent of this committee-sponsored ballot is to have all IFTA decals be issued in pairs (two decals with the same serial number) for display, one on each side of the qualified
motor vehicle. It is the committee’s opinion that this step would improve roadside enforcement of IFTA.

Concern was expressed for how such a requirement would further enhance compliance on behalf of the licensee and how identical serial numbers on the decals adds another burden to the licensee. It was commented that it should not matter if the serial number is not the same on both decals, so long as the qualified motor vehicle is displaying two, valid decals as currently required. A straw poll of membership showed that, of those jurisdictions currently serializing their decals, many provide identical serial numbers on a set of two decals.

Proposed Resolution Regarding Alternative Fuels (Blended)
Ms. Craig presented the proposed membership resolution for consideration. This resolution is proposed due to the emergence of blended fuel. Drafted by the Board, the proposed resolution references the recent bio-diesel and alternative fuels taxing issues and concerns.

It was explained that bio-diesel is becoming more popular and can be made from renewable resources. Instructing carriers on reporting blended fuels on an IFTA tax return has become quite difficult. Jurisdictions that define bio-diesel as a fuel type with a tax rate different than that for diesel are recommended to utilize the refund mechanisms of their jurisdictions rather than collecting it through an IFTA tax return.

The proposed resolution states that:

- Member jurisdictions believe that differing tax rates for blended / interchangeable fuels is not consistent with a uniform motor carrier fuel tax program;
- Member jurisdictions agree that fuel types that may be blended or used interchangeably in a qualified motor vehicle must be reported as one fuel type/tax rate, in order to maintain the basic principles of the administration and collection of motor fuel use taxes under IFTA; and
- Any member jurisdiction undertaking to encourage the use of alternative fuels must utilize the exempt fuel use provisions set out in R830; and

During discussions, the verbiage of the resolution was considered. Membership decided that the resolution pertaining to reporting and utilizing the provisions set out in R830 should be amended and offered as suggestive and not a directive.

Motion: Mr. Hinkley moved to adopt the Membership Resolution as amended, by changing the references from “must” to “should”. Mr. Park seconded the motion.

Concern was expressed for the legal authority of the Membership Resolution. Some jurisdictions felt that they would have to abstain from voting as the Resolution is not a binding document. More so, the Resolution is more of a recommendation that could be
used as a tool for jurisdictions to present to their legislators in order to better understand the administration of blended fuel incentive programs.

**Vote on the Motion:** A roll call vote was taken against the original motion to adopt the Membership Resolution. The motion passed by a vote of 53 – 0, with four abstentions.

**FTPBP #13-2005 - Annual Report Requirements**
Mr. Michael Dougherty, Assistant IFTA Commissioner for the Maryland Comptroller’s Office, presented IFTA FTPBP #13-2005 for consideration. This Maryland-sponsored ballot intends to remove the requirement to report the number of license cancellations, suspensions, and revocations on the jurisdiction Annual Report. Additionally, the intent of this ballot is to add language so that the reporting requirement for audits that result in adjustments is uniform in the manual and on the report.

**Motion:** Mr. Richard Carey, IFTA Commissioner for the Maryland Comptroller’s Office, moved that IFTA FTPBP #13-2005 be moved to the short track ballot process. Mr. Walters seconded the motion. The motion passed with a vote of 48 – 9 in favor.

**FTPBP #11-2005 - Grace Period**
Ms. Craig and Mr. Brad Lawrance, IFTA Commissioner for the Ontario Ministry of Finance, presented this Ontario-sponsored ballot proposal. The intent of IFTA FTPBP #11-2005 is to reduce the grace period to one month and to correct language to provide that the base jurisdiction issues the decals and license.

During discussion, it was clarified that the ballot, upon passage, would become effective July 2, 2007, and effect the 2008 renewal period. Much discussion was had regarding the reduction of the grace period. Concerns from industry pertained to jurisdictions not processing the renewal applications in a timely manner to allow carriers sufficient time to forward the proper credentials to their vehicles by the end of January. Jurisdictions countered that industry does not forward their renewal applications in a timely manner to allow jurisdictions adequate processing time to meet a one month grace period. In the alternative, some jurisdictions were in favor of eliminating the grace period.

Based on the discussions held, Ontario will continue IFTA FTPBP #11-2005 as a full track ballot proposal.

**FTPBP #12-2005 - Audit Requirements**
Ms. Craig and Mr. Lawrance presented IFTA FTPBP #12-2005, another Ontario-sponsored ballot, to membership for consideration. The intent of this ballot is to change the audit requirement by excluding new licensees from the account base and changing the requirements for the jurisdictional Annual Report to include the number of new licensees.
Concern was expressed regarding a conflict in ballot language between this Ontario ballot proposal and the Maryland ballot proposal, ballot #13-2005, that was moved to the short track ballot process. Ontario opted to keep this ballot proposal as a full track ballot.

**Litigation Concerning Fuel Sold on Reservations**

Mr. Walters presented information concerning the Ninth Circuit Court of Appeals decision rendered in Coeur D’Alene Tribe of Idaho, et al v. Idaho State Tax Commission. Reviewing the case history, it was explained that ID issued a deficiency in 1996 to a carrier selling fuel to an unlicensed Indian carrier located on a reservation. It was argued that the carrier was exempt and that the tax liability is on the retailer and not the distributor.

The Ninth Circuit found in favor of the tribes which resulted in untaxed fuel on reservations. The Court found that Idaho’s fuel tax law did not impose tax on the retailer, but was rather a collect and remit mechanism. Following the Courts decision, ID passed legislation which clearly identifies that the distributor is responsible for the fuel use tax. This new legislation will reduce the amount of liability through the reservations. The impact of this decision on IFTA licensees is that no tax-paid credit may be taken for fuel purchased on reservations located in Idaho. Jurisdictions should also review their legislation to be aware of the possible loss of revenue given this precedent.

Referencing the Kansas US Supreme Court Case, it was explained that the case is under pending litigation and that Kansas is unable, at this time, to offer any information. A brief has been submitted to the US Supreme Court. Questions, comments, and concerns could be directed to the Kansas Department of Revenue.

**IFTA Standing and Special Committees - Overview of Activities**

Mr. Shepherd presented an overview of the seven (7) IFTA Standing and Special Committees. The Standing Committees include the IFTA Agreement Procedures, Audit, Industry Advisory, Law Enforcement, and Program Compliance Review Committees. The IFTA Special Committees are the Attorneys’ Section Steering and Clearinghouse Advisory Committees.

Referencing the written reports provided, Mr. Shepherd reviewed the activities and statuses of the various committees. Five committees currently have new Chairs. These persons are as follows:

- Agreement Procedures Committee Chair, Mr. Hugh Hughson (BC)
- Attorneys’ Section Steering Committee Chair, Mr. Mike Burrichter (KS)
- Audit Committee Chair, Mr. Fred Alleman (PA)
- Industry Advisory Committee Chair, Ms. Donna Burch (Ryder)
- Law Enforcement Committee Chair, Sergeant Charles Burton (KS)
**IFTA Annual Report Statistics**

Mr. Hinkley provided a written report to membership detailing an analysis of the IFTA Annual Report database. The report showed a wide variation in the information jurisdictions report on their Annual Report. It was surmised that jurisdictions need clearer instructions on what and how to report. The report suggested that jurisdictions should review their submissions for obvious, unrealistic answers and that jurisdictions should be apprised of the value of their information and encouraged to make accurate reports.

In some cases, the report offered that jurisdictions should be encouraged to review their policies relative to cancellation, suspension, and revocation to encourage their licensees to comply with IFTA requirements.

**FTPBP #14-2005 - Definition of Roadside Enforcement**

Sergeant Burton, on behalf of the LEC, presented IFTA FTPBP #14-2005. The intent of this committee-sponsored ballot is to provide a common definition of “roadside enforcement”. There was some discussion concerning whether a definition should be added to the Articles of Agreement if it is not tied to a requirement in the Agreement. There was also discussion to amend the reference to compliance checks of qualified vehicles to compliance checks of IFTA credentials or compliance of qualified motor vehicles. The committee opted to keep this ballot proposal as a full track ballot.

**FTPBP #15-2005 - Account Identification**

Sergeant Burton then presented IFTA FTPBP #15-2005, sponsored by the LEC. The intent of this ballot is to require US jurisdictions to use the Federal Employer Identification Number (FEIN) on all documents associated with IFTA. It was opined that, with the American Jobs Creation Act of 2004, payments and registrations on heavy vehicle motor use tax are completed using the FEIN and not the Social Security Number. It is the position of the committee that IFTA should also consider using the FEIN. Following a brief discussion, the committee decided to withdraw this ballot proposal. IFTA FTPBP #15-2005 will not proceed in the 2005 ballot process.

**Charlie M. Mills Award of Excellence**

Sergeant Burton announced the recipient of the 2005 Charlie M. Mills Award. This award recognizes excellence in the administration of IFTA initiatives and was first awarded in July 2003 to Mr. John D. Panza, North Carolina Department of Revenue. The award honors the memory of Charles M. Mills, a valued and respected member of the LEC. It is presented to those who have shown innovation, tenacity, and cooperation in their jurisdictions and, where possible, through multiple jurisdictions, with enforcement of IFTA.

The committee announced that the second recipient of the Charlie M. Mills Award of Excellence presented to Mr. Robert L. McKee, former Executive Director of IFTA, Inc. Mr. McKee was unanimously approved by both the Board and Committee to receive this
award. The presentation will be made during the September 2005 IFTA Managers’ Workshop and Law Enforcement Seminar.

FTPBP #18-2005 - Intrajurisdictional Travel
Mr. Walters presented Idaho-sponsored IFTA FTPBP #18-2005. The intent of this ballot is to continue permitting a licensee to report intrajurisdictional travel on its IFTA tax return, if the licensee meets the conditions, approval, and decaling requirements. It was stated that R840 is permissive, but that Idaho believes the decision in the Dispute Resolution case between Indiana and Nevada states that intrajurisdictional distance cannot be reported if the fleet is base plated in another jurisdiction. The ballot is an attempt to make that decision and R840 consistent.

During discussions, it was thought that intrajurisdictional vehicles are not a part of the IFTA and therefore the base jurisdiction of the carrier should have final approval for the carrier to report any intrajurisdictional travel on the IFTA tax return. A straw vote for this ballot showed very limited support as written. It was observed that the ballot proposal, as written, did not do enough to address the issue being considered. When asked to show support for eliminating intrajurisdictional reporting entirely, there was, again, very limited support. It was the decision of ID to allow IFTA FTPBP #18-2005 to continue as a full track ballot proposal.

FTPBP #17-2005 Average Fuel Consumption Factor
Mr. André Brisebois, IFTA Commissioner for the jurisdiction of Quebec, presented IFTA FTPBP #17-2005 for consideration. The intent of this Quebec-sponsored ballot is to allow a jurisdiction to calculate mpg/kpl to four (4) decimal places. This ballot does not replace the two (2) decimal calculation currently being utilized, but instead, offers a choice to the base jurisdiction to use either two or four decimal places to calculate a more accurate mpg/kpl.

A straw poll showed very limited support for this ballot proposal. Concern was expressed for the expenses to modifying a system currently calculating by using two decimal places. Following the discussions, and limited support, Quebec opted to withdraw IFTA FTPBP #17-2005. This ballot will not proceed in the 2005 ballot process.

Adjournment
Following the conclusion of the business meeting, Mr. Frohlick thanked those attending the meeting with a special recognition of the Nova Scotia hosting staff for a job well done. He then asked for a motion to adjourn the 22nd Annual IFTA Business Meeting.

Motion: Mr. George Higdon, Assistant IFTA Commissioner for the Mississippi State Tax Commission, moved to adjourn the 22nd Annual IFTA Business Meeting. Mr. Park seconded the motion. The motion passed.