



**INTERNATIONAL
FUEL TAX
ASSOCIATION, INC.**

Manages
The International Fuel Tax Agreement

RECEIVED
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BY IFTA, INC.

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**RESOLUTION OF THE MEMBERS OF
THE INTERNATIONAL FUEL TAX AGREEMENT**

The member jurisdictions of the International Fuel Tax Agreement (hereinafter referred to as "the Agreement") held their regular Annual Business Meeting on July 15 and 16, 2005 in Halifax, Nova Scotia.

The member jurisdictions discussed the issue of "Alternative Fuels – Fuel Types/Exemption".

Discussion:

The member jurisdictions discussed the fact that over the last few years there has been an emergence of alternative fuels that includes blends such as biodiesel. Biodiesel is an alternative fuel made from renewable resources, which can be used alone or blended with other petroleum products for use in diesel powered vehicles – blends of biodiesel/diesel may be used interchangeably in the same vehicle. Biodiesel is acknowledged to have potential environmental benefits and reduces dependence on imported oil. Some jurisdictions have introduced incentives, exemptions, and reduced tax rates to encourage the use of these fuels.

The member jurisdictions agree that, under IFTA, the administration and collection of motor fuel use taxes is based on the principles that licensees are required to keep records and report separately on each fuel type. Member jurisdictions are required to provide the tax rates for each fuel type.

The member jurisdictions are concerned that the use of alternative fuels that can be blended (interchangeable) with other fuel types with different tax rates poses a risk to the basic principles of the administration and collection of motor fuel use taxes under IFTA. This could result in tax evasion problems. If jurisdictions tax blends of biodiesel at different rates for IFTA purposes, licensees will be unable to correctly report on interchangeable fuel types, and it will create difficulties to audit the fuel and distance records reported to the base jurisdiction. Further, jurisdictions often have "special" requirements for any tax exemptions, making the tax exemptions even more difficult to administer.

The Agreement provides for jurisdictions to maintain their authority to exempt fuel use. However, exempt fuel use must be reported to the base jurisdiction under IFTA and a licensee is required to submit claims for refunds directly to the respective jurisdiction.

BE IT RESOLVED, that the member jurisdictions believe that differing tax rates for blended/interchangeable fuels is not consistent with a uniform motor carrier fuel tax program.

BE IT RESOLVED, that the member jurisdictions agree that fuel types that may be blended or used interchangeably in a qualified motor vehicle should 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.

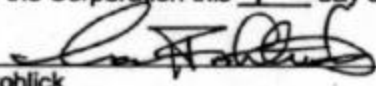
BE IT RESOLVED, that any member jurisdiction undertaking to encourage the use of alternative fuels should utilize the exempt fuel use provisions set out in R830.

IT IS FURTHER RESOLVED that the President of the International Fuel Tax Association, Inc. shall see that this Resolution is appropriately filed with the Arizona Corporation Commission; and all other acts necessary to effectuate the resolution are completed; and that the President shall provide all necessary certification of this act of the member jurisdictions.

CERTIFICATION


I hereby certify that I am the duly elected, qualified and acting President of International Fuel Tax Association, Inc., a duly organized and existing Arizona corporation; that I am empowered to make this certification by the Board of Trustees; that the foregoing is a true and correct copy of resolutions adopted at a regular Annual Business meeting of the member jurisdictions duly called on July 15, 2005; that the same has been duly recorded in the minutes of the Corporation and has not been amended, modified, rescinded or revoked.

IN WITNESS WHEREOF, I affix my name as President of the Corporation this 9th day of AUGUST, 2005.



Gary Frohlick
President

Subscribed and sworn to before me on August 9, 2005



Notary Public



My Commission Expires:

Feb. 28, 2010