



THE IFTA NEWS

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TAX RATE CHANGES

Listed below are the Tax Rate **Changes** for **3rd Quarter 2011**. Only those jurisdictions which have changes are listed, along with the fuel type that has changed. The deadline for changes was Sept. 5 at midnight. (All rates are shown in US currency unless otherwise noted.)

	Gas	Diesel	Gasohol	Prop	LNG	CNG	Ethanol	Methanol	E85	M85	A55	BioD
BC	.2006	.2139		.0385								
CA		.3470									.3470	.3470
CT		.4620										.4620
GA	.1720	.1830	.1720	.1330	.1700	.1700	.1700	.1700	.1700	.1700	.1700	.1830
KY	.2640	.2340	.2640	.2640	.2340	.2340	.2640	.2640	.2640	.2640	.2340	
KY (sur)	.0480	.1120	.0480	.0480	.1120	.1120	.0480	.0480	.0480	.0480	.1120	
ME		.3120		.2190	.1780	.2430	.1980	.1470				.3120
MA				.3190	.3190	.3190						
MI	.3570											.3570
MN *	.2800	.2800	.2800	.2105	.1680	.2474	.2800	.2800	.1985		.2800	.2800
NE	.2630	.2630	.2630	.2630	.2630	.2630	.2630	.2630	.2630	.2630	.2630	.2630
NC	.3500	.3500	.3500	.3500	.3500	.3500	.3500	.3500	.3500	.3500	.3500	.3500
OK							.1600	.1600	.1600	.1600	.1600	.1300
UT					.0850							

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◆ FOOTNOTE #17 — Minnesota: CNG rate .2474 per cubic foot

The IFTA, Inc. Staff

Lonette Turner
 CEO/CFO

Debora Meise
 Senior Director

Jessica Eubanks
 Executive Assistant

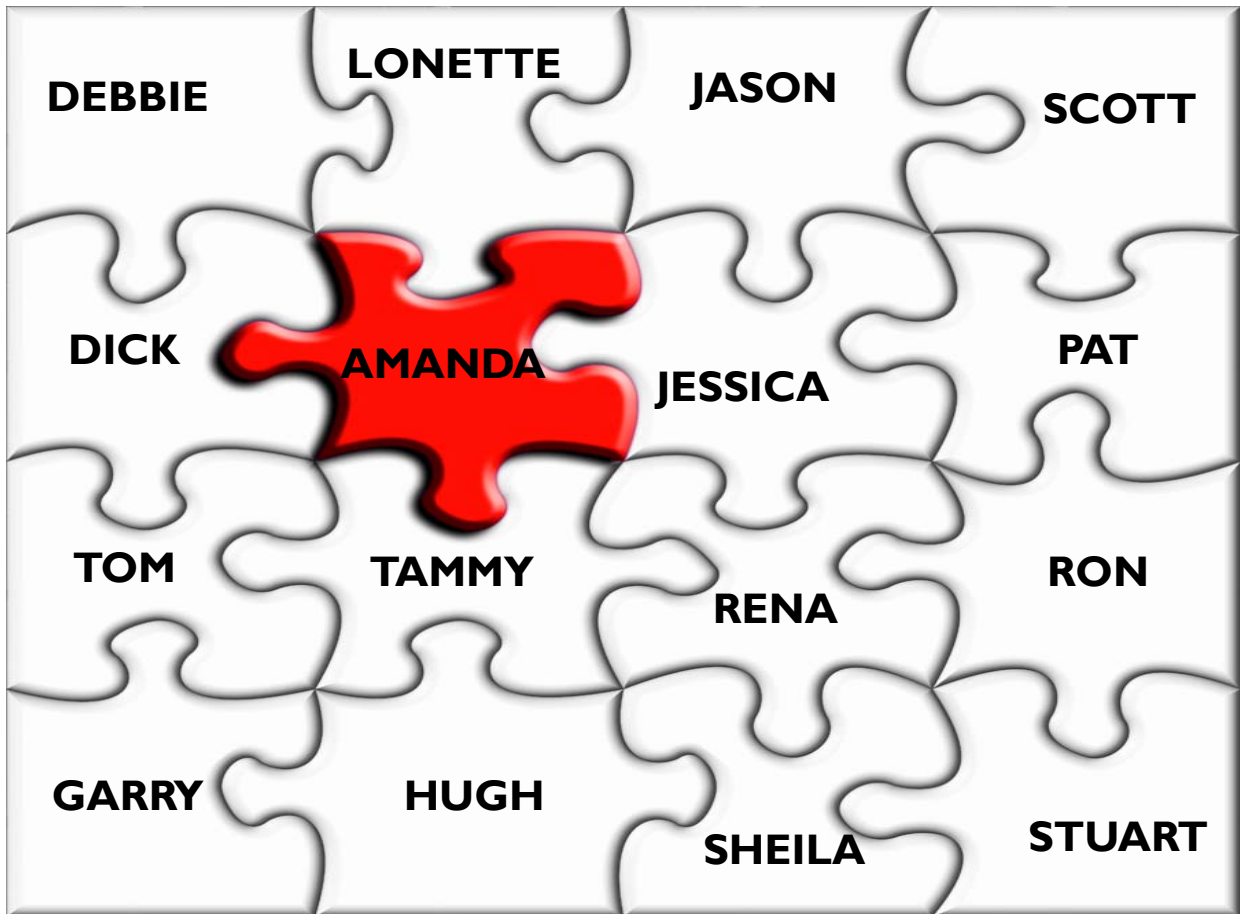
Amanda Koeller
 Program Administrator

Jason DeGraf
 Information Services Director

Tammy Trinker
 Events Coordinator

Tom King
 Webmaster

Richard Beckner
 Program Compliance Administrator



Please join me in welcoming our newest IFTA, Inc. team member, Amanda McNally Koeller. Perhaps I should be saying welcome BACK! Amanda previously worked with us from December 1997 through August 1999 as a Program Compliance Officer. Those of you that have been around as long as I have will remember her! Amanda left us when her husband, Jason, got a new job in Michigan. While the winters were much colder there, Amanda continued her work in the fuel tax industry as a tax accountant/analyst and supervisor in the Technical Tax Department at Avfuel Corporation, the Nation's largest independent supplies of aviation fuels. Amanda was at Avfuel for 7 years.

During Amanda's time in Michigan, she and Jason welcomed Jack and Cade into their family.

We are so happy to have Amanda back in Arizona and back at IFTA, Inc. Amanda has joined us as Program Administrator. Her first task is to master our funds netting process. Soon she will be your main contact and source of information for funds netting. She will also be working with ballot sponsors, learning the program compliance review process including the e-review process, assisting me in other projects.

Amanda has jumped right into her position with the enthusiasm I remember. She joined us on September 6th.

You can reach Amanda at akoeller@iftach.org or by calling our office.



Ballots

If you're new to IFTA, here is a quick run down of the how the yearly Ballot cycle works. At the beginning of the year jurisdictions can propose a ballot.

Then it goes through four different phases throughout the year.

- ◆ First Comment Period
- ◆ Discussion at the Annual Business Meeting
- ◆ Second Comment Period
- ◆ Voting on the remaining Ballot Proposals.

We're now about to enter the Second Comment Period for 2011. The results from the voting typically go into effect the following year or when its explicitly stated so.

Meeting Materials

The Meeting Materials for the 2011 Annual Business Meeting are 99% completed and should be posted on the IFTA, Inc. website shortly. The IFTA, Inc. website update is already posted to the secure area under Tutorials for Level 2 and higher. Its titled 'Instructions on if your Domain Name Changes'.

Committee Updates

The following Committee Meeting Minutes have been updated since the last issue of the IFTA News:

- ◆ Clearinghouse Advisory Committee
- ◆ Information Technology Advisory Committee
- ◆ Program Compliance Review Committee

IFTA, Inc. Clearinghouse Update
jdegraf@iftach.org

IAR

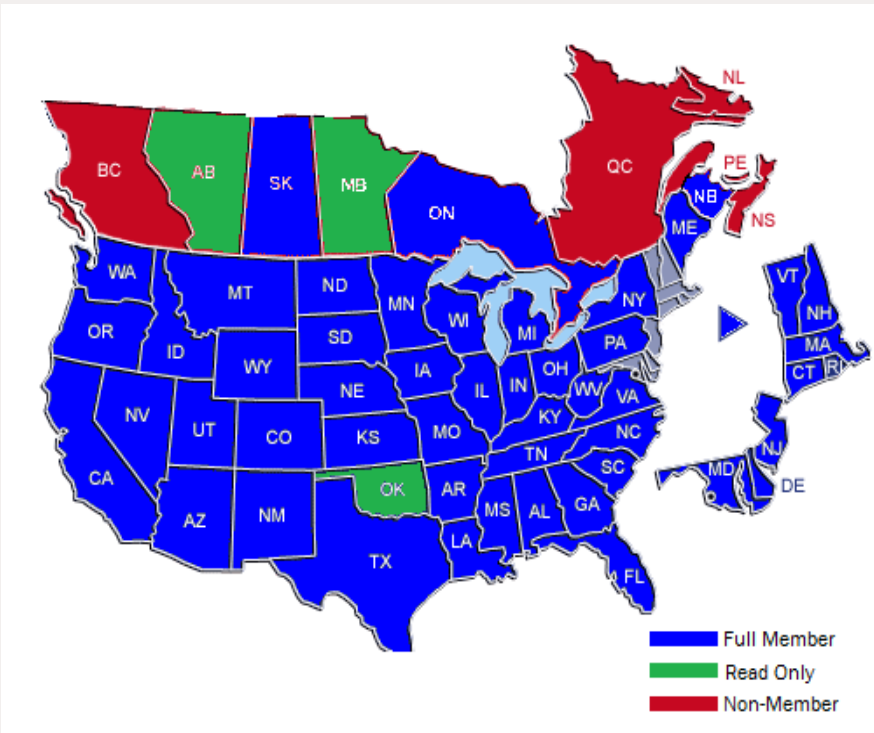
The IAR, Inter-jurisdictional Audit Reports, database was recently revamped. Previously there was a separation between new audits and those older than 2010 and one had to use separate searches. This has been fixed and the older data is now seen just like the new data and both can be easily searched at once.

QUALITY CONTROL

The Clearinghouse Advisory Committee has formed a Quality Control sub-committee. The QC Committee has developed an extensive list of check sheets for members of the committee to use when reviewing data sent to the Clearinghouse. Evaluations of data will be conducted quarterly. Members of the QC Committee include, Cheri Woodworth of Idaho, Kim Knox-Lawrence of Maine, Trishawn Bell of Alabama, and myself of IFTA, Inc.

Currently we have reviewed all the Clearinghouse web pages, both Demographic and Transmittal, to make sure the web pages are doing what they are supposed to do. Errors that were found have been corrected.

At this time the committee is now looking at jurisdiction data. Any errors will be recorded and sent to CAC for further review.



To Renew or Not To Renew...

is the question that is most often asked at this time of year. I refer you to the Articles of Agreement, Section R345 for the answer:

**R345 LICENSE RENEWAL*

- .100 A renewal license and decals for the following calendar year will be issued upon application if the license is not revoked, suspended or canceled, all tax returns have been filed, and all motor fuels use taxes, penalties and interest due have been paid and the applicant is in compliance with the base jurisdiction's laws.*
- .200 In lieu of renewal application, jurisdictions may notify a licensee that meets the requirements of R345.100 that their license will automatically be renewed for the following calendar year.*
- .300 Jurisdictions have the right to cancel or deny renewal of an IFTA license to a carrier that does not leave the confines of the borders of the base jurisdiction and reports zero or base jurisdiction distance only for three (3) or more consecutive quarters. The base jurisdiction has the right to require proof of out of jurisdiction travel prior to allowing the carrier to get licensed again under the IFTA agreement. Proof may be in the manner of out of jurisdiction fuel permits purchased and/or amended IFTA returns showing actual distance traveled during a quarter already filed or for those reasons the base jurisdiction deems necessary to reissue the license including but not limited to the list included in R345.100.*

I hope this clears up any questions that may arise in the next couple of months!



We have 11 E-Reviews and 4 On-site Reviews in 2012 and we need volunteers! There is a new database on our website where you can volunteer. Log in to the IFTA, Inc. website. Click on the blue [Program Compliance](#) bar. Then click on [PCR Volunteer Online Form](#). E-Reviews are a whole new process so training is being planned for those E-Review volunteers!

Don't forget to visit the IFTA Website at www.iftach.org to volunteer to participate on a Program Compliance Review! Please feel free to contact me if you have any questions at dmeise@iftach.org or 480-839-4382.

2012 Program Compliance Reviews

**We are pleased to announce the following dates for the 2012
Program Compliance Reviews**

Arizona (E)	January 9-13, 2012
Wyoming (E)	February 6-10, 2012
Utah (E)	March 5-9, 2012
Alberta (E)	April 2-6, 2012
Washington (O)	April 24-26, 2012
British Columbia (O)	May 1-3, 2012
Texas (E)	May 14-18, 2012
Montana (O)	June 5-7, 2012
California (E)	June 25-29, 2012
Oregon (O)	August 14-16, 2012
Colorado (E)	August 27-31, 2012
New Mexico (E)	October 1-5, 2012
Idaho (E)	November 5-9, 2012
Saskatchewan (E)	November 26-30, 2012
Nevada (E)	December 3-7, 2012

E = E-Review

O = On-site Review

We will be looking for team members in the very near future!
If you'd like to volunteer please log in to the IFTA, Inc. website at
www.iftach.org and signup today!

THANK YOU!!!

On behalf of the IFTA, Inc. Board of Trustees and staff, I would like to thank the Virginia Department of Motor Vehicles for hosting our very successful Annual Business Meeting. The theme of the meeting was “Try Something New” and with the assistance of these wonderful people, we met the challenge!

Mike Baxter – Motor Carrier Size and Weight Services Director

Pam Goheen – Communications Office Director

Rena Hussey – Motor Carrier and Tax Services Assistant Commissioner

Katy Lloyd – Communications Office PR and Marketing Specialist

Nancy Suits – Motor Carrier Size and Weight Services Eastern Regional Manager

Kim Vores – Motor Carrier Size and Weight Services Senior Program Support Technician

A special thanks also to Secretary of Transportation, the Honorable Sean Connaughton, Mary Ann Rayment, and the City of Virginia Beach Police Color Guard.

IFTA Managers' and Law Enforcement Workshop

Even though the registration deadline has past, it's not too late to attend the 2011 Managers & Law Enforcement Seminar. Head on over to the IFTA Inc. website at www.iftach.org and register today!

2011 IFTA ANNUAL BUSINESS MEETING

“Try Something New”

August 16-17

Virginia Beach, VA

MEETING REVIEW

Lonette L. Turner

The 2011 Annual IFTA Business Meeting (ABM) was held in Virginia Beach, VA, August 15-17, 2011. The Industry Advisory Committee (IAC) held its meeting on Monday, August 15. Dan Eisinger (SuperValu), Chair, called the meeting to order. Items discussed by the IAC and those in attendance included approval of the minutes of the IAC's February 2011 meeting; the change to the IAC charter, approved by the Board, changing the committee quorum from 50% to 33%; a review of the 2011 IFTA ballot proposals; and issues the industry faced during the Minnesota State Government shutdown. The IAC also discussed decal issues, including the quality of decals, revenue alternatives, and alternatives to decals. The IAC also talked about its participation in the agenda planning for the 2012 IFTA/IRP Audit Workshop. Following discussion of issues surrounding IFTA, the IAC discussed other issues such as UCR, IRP ballots, FMCSA HOS and EOBR requirements, and mileage taxes. The meeting was then adjourned.

A New Commissioners Meeting was held prior to the ABM at 8:00 a.m. on Tuesday, August 16. This session was presented by the IFTA, Inc. Board of Trustees (Board) and was moderated by Patricia Platt (KS), First Vice President. The following topics were presented.

- ⇒ Expectations During the Annual Business Meeting presented by Scott Greenawalt (OK), President
- ⇒ Active Membership Status presented by Stuart Zion (CO), Board member
- ⇒ Role of the Membership in Meetings presented by Mrs. Platt
- ⇒ Role of the IFTA, Inc. Board of Trustees, presented by Mr. Greenawalt
- ⇒ Board Elections, presented by Mrs. Platt
- ⇒ Amendments (Bylaws, Governing Documents, Ballots, Full Track – Straw Votes, Short Track – Voting Requirements), presented by Ron Hester (ON), Second Vice President
- ⇒ Standing and Special Committees, presented by Garry Hinkley (ME), Board member

Mr. Greenawalt called the 28th Annual Business Meeting to order at 9:00 a.m. on August 16. The Virginia Beach Police Department Honor Guard presented the colors of the US and Canada. Mary Ann Rayment of the Virginia Highway Safety Office led the singing of the National anthems. The Honorable Sean T. Connaughton, Virginia Secretary of Transportation welcomed those in attendance on behalf of Virginia Governor Bob McDonnell. As Secretary, he oversees seven state agencies with more than 9,700 employees and combined annual budgets of \$5 billion. Prior to joining the McDonnell administration, he served as Corporate Vice President, Government Affairs for the American Bureau of Shipping, one of the world's leading ship and marine classification societies.

Secretary Connaughton explained the large military and naval presence in the area and reminded everyone of why flags were flying at half mast. He asked for a moment of silence for those who died in a recent helicopter crash. Many were members of a Navy SEAL team based in the area. Secretary Connaughton told us that the Virginia Beach area is resplendent with history and hoped we would all be able to enjoy many of them while there. He thanked the membership for coming to Virginia and wished us a very successful meeting.

Tammy Trinker (IFTA, Inc.), Events Coordinator, called the roll of the membership. Following the roll call, Mrs. Trinker announced a quorum of the membership was present to conduct the business of the association. Fifty-three (53) jurisdictions were present either in person or by proxy.

Mr. Greenawalt gave the President's report. The focus of his report was the importance of jurisdiction participation in the activities of the membership through participation on the Standing and Special Committees. He recognized eight (8) jurisdictions that participate on four (4) or more committees: Indiana, Nevada, Kansas, Kentucky, Missouri, North Carolina, Saskatchewan, and Virginia. He thanked each of these jurisdictions for their commitment to the membership and the association. He stated that sixteen (16) jurisdictions do not participate on any committees or on the Board. He stated that IFTA, Inc. is a living and breathing association and stressed the importance of getting involved to show and share ideas. He encouraged all to "Try Something New".

Mr. Hester presented an update on the IFTA, Inc. strategic plan. He reviewed several projects that were underway or had been completed to meet the goals of the association. Some of these projects are webinars for the clearinghouse and audit, developing a complete history of IFTA, combined training opportunities with IRP, developing a commissioner training, quality control reviews of the clearinghouse data, the development of electronic reviews and the establishment of the Re-Audit and Re-Examination Working Group.

Mr. Greenawalt then asked if there were any changes or corrections to the minutes of the 2010 Annual Business Meeting. Hearing none, Mr. Greenawalt asked for a motion to approve. James Poe (IN) moved to accept the minutes as written. Roland Marr (IL) seconded. Mr. Greenawalt called the vote. The Motion passed with no opposition.

Mrs. Platt presented the report of the Election Committee. Each year, the Board president selects an Election Committee to seek nominations for election to the Board. Mrs. Platt served as chair of that committee this year. Mrs. Platt reported that four (4) current Board members were seeking re-election: Mr. Greenawalt, Mr. Hester, Sheila Rowen (TN), and Mr. Zion. Due to term limitations, Rena Hussey (VA) could not seek re-election. In order to meet the Bylaws requirement of a single board member region, that region will be the Southeast Region in 2012. That required the Election Committee to seek a nominee from the Northeast Region. Mrs. Platt stated she was pleased to announce that Chuck Ulm (MD) was included in the slate of nominees with the four current Board members.

Mrs. Platt then asked for nominations from the floor. Julian Fitzgerald (NC) moved to close the nominations. Bill Kron (MS) seconded. Mr. Greenawalt called the vote. The motion passed without objection. Mr. Hinkley then moved to approve the nominations by acclamation. Gary Frohlick (SK) seconded. Mr. Greenawalt called the vote. The motion passed without objection.

Lonette Turner (IFTA, Inc.), Executive Director, presented a proposed amendment to the IFTA, Inc. Bylaws. The purpose of the proposed amendment was to change the provision that requires the Election Committee to follow a particular regional rotation for the single board member region. The problem arises when there are mid-term resignations. The proposed amendment would also require the Election Committee to determine the single board member region in a fair and equitable manner.

Following the presentation and discussion, Scott Bryer (NH) moved to accept the amendment to the Bylaws. Mrs. Hussey seconded. Mr. Greenawalt announced a roll call vote. Ms. Turner called the vote. The motion passed by a vote of 51 to 7. Jurisdictions not voting were counted as dissenting votes.

Ms. Turner then presented an update regarding IFTA, Inc. clearinghouse and funds netting. Ms. Turner reported that there are fifty (50) full participating members and three (3) jurisdictions that have signed the non-participating members agreement to view transmittals and demographic data. For the 2010 funds

netting year, IFTA, Inc. collected and distributed \$325,613,921 USD and \$2,592,543 CAD. Through the first six (6) clearinghouse transmittal periods of 2011, IFTA, Inc. had collected and distributed \$179,927,949 USD and \$1,225,470 CAD.

Ms. Turner showed a comparison of the first six (6) clearinghouse transmittal periods in 2010 to 2011. For those periods in 2010, IFTA, Inc. transmitted \$159,971,156 USD. In 2011, the amount for the same time period was \$179,927,949 USD. For those same periods, IFTA, Inc. transmitted \$1,385,837 CAD in 2010 and \$1,225,470 CAD in 2011.

Ms. Turner stated that issues were faced during the implementation year. These issues included checks being inadvertently sent by the jurisdictions; payments not received timely resulting in two prorated periods; payments not received timely resulting in checks being required from a jurisdiction; other types of payments being sent to the funds netting accounts; and data not being uploaded timely. In 2011, the number of issues has reduced and it appears the funds netting process is working.

Ms. Turner also reported that the AICPA had changed its requirements regarding SAS 70 audits. No longer are these types of audits being conducted for services such as those provided by the IFTA, Inc. Clearinghouse and funds netting processes. IFTA, Inc. will have an audit completed in which its auditors will utilize Statement of Standards for Attestation Engagements or SSAE 16. In an attestation report, a CPA attests to subject matter or an assertion about something other than the fairness of the presentation of financial statements.

The SSAE 16 is applicable when an entity (like your member jurisdictions) outsources a business task or function to another entity (IFTA, Inc.) and the data resulting from that task or function is incorporated into your financial statements. So, IFTA, Inc. is the service organization and your jurisdictions are known as user entities. Based on the review of these documents with IFTA, Inc. auditors, these requirements for IFTA, Inc. were identified.

- Establishing a Funds Netting System
- Timeliness of the Funds Netting Process
- Confidentiality Requirements
- Assignment of Clearinghouse Users
- Reporting to Jurisdictions
- Monitoring the Funds Netting Account and Tracking Funds
- Distribution of Funds
- Controls (security of data, backups, etc.)

The required description of the IFTA, Inc. funds netting system has been written and includes examples of each type of record kept.

Ms. Turner also presented the new screens designed by Jason Degraf (IFTA, Inc.), Information Systems Administrator.

Debora Meise (IFTA, Inc.), Program Director gave an update regarding program compliance reviews. No reviews are being conducted in 2011 due to the five-year review cycle. During 2011, the on-site review procedures were revised and the e-review procedures were written, the volunteer database was updated, preparations are underway for the 2012 reviews, assistance has been given to the Program Compliance Review Committee (PCRC) with revisions to the Review Guide, and training is being developed for e-review volunteers. In 2012, eleven (11) jurisdictions have elected to undergo e-reviews and 4 will be reviewed on-site.

Cindy Arnold (NV), Chair of the Agreement Procedures Committee gave the APC Report. She gave a list of the APC members and reported the activities of the committee since the 2010 ABM: the committee hosted the 2010 IFTA Managers and Law Enforcement Workshop, have held monthly teleconferences, have reviewed the 2011 ballots, and the committee ballot sponsored in 2010 passed and was effective July 1, 2011. On the APC's action item list are reviewing the Best Practices Guide, its charter, the committee member terms and a new APC Member Guide. Mrs. Arnold then reviewed the agenda for this year's workshop.

Mr. Kron, Chair of the Clearinghouse Advisory Committee (CAC) presented a report of that committee's activities. Mr. Kron announced the committee members and stated that the activities include monthly teleconferences which includes an update from the Information Technology Advisory Committee (ITAC) and review of enhancement requests. The CAC created two subcommittees this year, one for quality control review of the clearinghouse data and the other to establish the 2013 funds netting calendar for the Board's approval.

The presentation of the 2011 Richard L. Reeves IFTA Leadership Award was then made. Mrs. Turner said a few words about Rick and then turned the podium over to Robert Pitcher (ATA). Mr. Pitcher talked about Rick and his professionalism. Mr. Eisinger then read from the nomination form and spoke about the recipient. He then announced that the recipient was Gary Frohlick (SK). Donna Burch (Ryder, Inc.) presented the plaque to Mr. Frohlick. Mr. Frohlick graciously accepted the award.

Carolee Johnstone (CA), Chair, gave the report of the Attorneys' Section Steering Committee (ASSC). Ms. Johnstone reported that the ASSC members had contacted the member jurisdictions and requested that they update their Jurisdiction Communication List to include the current legal contact. Several jurisdictions have done so. The ASSC is planning to create a newsletter for distribution to the legal contacts. They also plan to conduct two webinars in the near future. They also hope to hold another face-to-face meeting as it has been a few years since the last one.

Mrs. Meise gave a report on behalf of the Audit Committee. The Audit Committee is working with the IRP Audit Committee and the agenda for the 2012 Audit Workshop is well underway. The focus of the workshop will be "Auditing in the 21st Century". The committee has created a subcommittee to review the Audit Manual; has conducted webinars with IRP; has representatives serving on the ITAC and the Re-Audit and Re-Examination Working Group (RRWG).

Mrs. Meise also reported that the Audit Committee has sponsored Full Track Preliminary Ballot Proposal (FTPBP #2-2011) which is a proposed amendment to A310 and changes the term "registration" year to "license" year. During discussion a suggestion was made that a definition of license year be added to the Articles of Agreement to coincide with this proposed change.

Mrs. Hussey then announced the Motor Carrier Technology Demonstration. The Virginia Department of Motor Vehicles presented six (6) different stations. They provided "MO", a mobile DMV office, providing driver and vehicle services. This gives the DMV the ability to journey out to remote locations and customers. There was also a vehicle weighing station. The DMV was also showing IRIS. This is infrared inspection technology, which identifies vehicles running with bad brakes and other problems such as under-inflated tires. A station was also set up so the attendees could look at the ARS – Automated Routing Service. This is a tool for oversize and overweight permits. Carriers can get these permits instantaneously on line. A review station was provided for the traffic crash database, an evaluation of road service. Registrants were also given the opportunity to review Virginia's IFTA and IRP on-line services which includes tax reporting.

Mr. Zion then presented CBI #62-11. The issues for interpretation were received by the Board from the

Jurisdiction of Connecticut. Connecticut was seeking clarification of language that was approved in Full Track Final Ballot Proposal (FTFBP) #2-2010. This language is effective July 1, 2013:

For a fleet based in a U.S. jurisdiction, interest shall be set at an annual rate of two (2) percentage points above the underpayment rate established under Section 6621(a)(2) of the Internal Revenue Code, adjusted on an annual basis on January 1 of each year. Interest shall accrue monthly at 1/12 this annual rate. The Repository shall notify Jurisdictions of the new rate by December 1.

Connecticut's questions were:

1. Is it the Board's interpretation that it (the Board) has the discretionary authority to assign the duty of calculating the interest rate?

Connecticut pointed out that Ballot 2-2010 does not establish who is responsible for determining the effective interest rate. Therefore, it would seem that the responsibility rests with each member jurisdiction. They also stated that the Bylaws of the International Fuel Tax Association, Inc. do not appear to provide for such authority to be exercised by the Board of Trustees. Article Four, Section One (1) of the Bylaws defines the General Powers of the Board of Trustees. The language is very general ("The affairs of IFTA, Inc. shall be managed by the Board") and does not seem to include the calculation of an interest rate to be implemented by the member jurisdictions.

2. What consequences exist if the member jurisdictions are not notified on or before December 1? If the member jurisdictions are not notified timely, what is their obligation to impose the correct rate (there are provisions in Section P1120.300 which relieve jurisdictions from taking extraordinary measures to implement a change of tax rate when the rate is not reported timely)?
3. How will interest be imposed, for example, in the following situation? The taxpayer is audited for the periods of October 1, 2010 through September 30, 2013. The audit is completed in late December 2013. Interest is being calculated through January 31, 2014.

Connecticut pointed out that under Article R1230 (effective 7/1/13), the effective rate for the year 2014 will be reported to the member jurisdictions on or before December 1, 2013. How will the member jurisdictions be able to program their systems properly to result in the correct calculation of the January 2014 interest? While the imposition of interest for a late filed first quarter 2014 return will likely have the correct interest application (the rate will have been known to the base jurisdiction on or before December 1 of the year preceding), the audit situation described above is entirely different.

As to Question 1, the Board determined that its interpretation of the language from FTFBP #2-2010 would answer Connecticut's first question. Based on that interpretation, the Board is making no assignment of duties. Therefore, this question is outside of the scope of this Proposed Consensus Board Interpretation.

The proposed Consensus Board Interpretation stated:

The rate established by the language in FTFBP 2-2010, effective July 1, 2013 is clearly stated: "an annual rate of two (2) percentage points above the underpayment rate established under Section 6621(a)(2) of the Internal Revenue Code, adjusted on an annual basis on January 1 of each year.

Per the current ballot language, IFTA, Inc. would notify the member jurisdictions, by December 1

of each year, of the calculated rate: the IRS underpayment rate + 2%. The ballot states: "Interest shall accrue monthly at 1/12 this annual rate." The calculation for the monthly rate is the responsibility of each jurisdiction.

The notification by IFTA, Inc. is provided as a convenience and does not relieve the jurisdictions from imposing the correct interest rate.

The interest rate applies for the calendar year for all deficiencies. Several interest rates may be in effect successively during the period that an underpayment remains outstanding.

Following the presentation and discussion, Mr. Hinkley moved to accept the proposed Consensus Board Interpretation. Mr. Fitzgerald seconded. Mr. Greenawalt announced a roll call vote. Ms. Turner called the vote. The motion passed by a vote of 49 to 9. Jurisdictions not voting were counted as dissenting votes.

Mr. Zion then presented Short Track Preliminary Ballot Proposal #4-2011. This ballot is sponsored by the Board and would remove the language approved in FTFBP #2-2011 which requires: "The Repository shall notify Jurisdictions of the new rate by December 1."

Following the presentation and discussion, Mrs. Hussey moved that STPBP #4-2011 be moved forward. Mr. Hinkley seconded. Mr. Greenawalt announced a roll call vote. Ms. Turner called the vote. The motion was defeated by a vote of 27 to 31. Jurisdictions not voting were counted as dissenting votes.

The second day of the meeting started with a closed session for jurisdiction representatives only. The purpose of the closed session was for the presentation of the financial report and the discussion of a dues increase. Before the session was closed, a roll call was taken to ensure that a quorum was present to conduct the business of the association. Fifty-three (53) jurisdictions were present in person or by proxy. The session was closed.

During the closed session, motions were made.

1. Mr. Kron moved to accept the proposed dues increase as presented. Mrs. Hussey seconded. Mr. Greenawalt announced a roll call vote. Ms. Turner called the vote. The motion was defeated by a vote of 36 to 22. Jurisdictions not voting were counted as dissenting votes.
2. Mr. Bryer moved to raise the dues to \$18,000 per year beginning in fiscal year ending June 30, 2014. Mrs. Arnold seconded. Following discussion, Mr. Bryer rescinded his vote and Mrs. Arnold rescinded her second.
3. Kitty Decker (AZ) moved to increase the dues to \$18,000 per year beginning in fiscal year ending June 30, 2014. Mr. Kron seconded. Discussion followed.
4. Mr. Kron moved to table the motion by Ms. Decker. Mrs. Arnold seconded. Mr. Greenawalt called the vote. The motion passed with no opposition.

The open session began with Mr. Frohlick presenting reports on behalf of the RRWG and the Dispute Resolution Committee (DRC). Mr. Frohlick is the Chair of the RRWG and Vice Chair of the DRC. For the RRWG, Mr. Frohlick listed the committee members and reviewed the working group objectives. He stated that the committee has moved toward recommending that the "re-audit" and "re-examination" become part of a single audit process. The group will be drafting a ballot for next year and is currently reviewing the Board's latest comments to the working group's response to its charge.

For the DRC, Mr. Frohlick stated that there had been no disputes since the 2010 ABM. The DRC is currently working on a charge from the Board. The Board gave the DRC six (6) action items to review. Three (3) have been completed and the committee continues to work on three (3). The remaining action items include the authority of the DRC and the Board and whether there should be an intermediate step by a third party. The committee continues to discuss whether that step is warranted.

Mr. Eisinger presented the Industry Advisory Committee (IAC) report. Mr. Eisinger reported that the IAC has had extensive discussions regarding the IFTA decals and would like to see them eliminated. He also reported that the IAC has an active role in the planning of the 2012 Audit Workshop. A representative of the IAC will also attend the Managers and Law Enforcement Workshop.

John Poole (TX), ITAC member, gave the committee report. Mr. Poole listed the members of the committee. He reported that the committee continues its monthly conference calls and has also extensively used the committee message board to exchange information. The ITAC has completed its charge from the Board regarding investigating, analyzing and reporting regarding the current capabilities of GPS and other vehicle tracking systems as they apply to commercial trucking operations. A second charge has been received from the Board that asks the ITAC to provide the Audit Committee with support as it completes its review of the ITAC's work product regarding vehicle tracking systems and proposed revisions to P600. A third charge asks the ITAC to identify and analyze existing motor carrier data information systems to determine whether there is a viable method to provide roadside law enforcement a snapshot of all pertinent data.

Lt. Jennifer Brown (AZ), chair, gave the Law Enforcement Committee (LEC) report. Lt. Brown stated that the committee continues its monthly conference calls. Due to committee member retirements, vacancies from the Northeast, Southeast and Western regions need to be filled. She reported that more jurisdictions participated in the March and May (M&M) enforcement activities and that a database was developed by IFTA, Inc. to allow the LEC to collect enforcement statistics from these enforcement activities. The LEC co-sponsored a ballot with the Jurisdiction of Illinois.

Trent Knoles (IL) and member of the LEC presented FTPBP #2-2011 for discussion. This ballot proposes the addition of the issue date to the IFTA license. Mr. Knoles stated that there is a distinction between the issue date of the license and the effective date of the license. The membership discussed whether the issue date should be defined.

Following the ballot discussion, Mrs. Platt moved to take from the table the motion made by Mrs. Decker concerning the dues increase. Doug Miller (MI) seconded. The motion passed with no opposition.

Mr. Greenawalt reminded the member jurisdiction representatives that the Motion was to increase the membership dues to \$18,000 beginning fiscal year ending June 30, 2014. He then announced a roll call vote. Ms. Turner called the vote. The motion was defeated by a vote of 32 to 22. Jurisdictions not voting were counted as dissenting votes.

Mr. Bryer moved to increase the membership dues to \$17,000 beginning fiscal year ending June 30, 2014, including travel costs for the jurisdiction voting representative to attend the Annual Business Meeting. Bernie Meagher (NS) seconded. Mr. Greenawalt announced a roll call vote. Ms. Turner called the vote. The motion passed by a vote of 40 to 16 and 2 jurisdictions abstaining. Jurisdictions not voting were counted as dissenting votes.

Mr. Miller invited those in attendance to the 2012 Annual Business Meeting in Grand Rapids, Michigan.

Mr. Meagher, Virginia Barnett (ON) and Angelina Leung (AB) presented FTPBP #3-2011 for discussion. This ballot proposes a pilot project for the sponsoring jurisdictions regarding number of audits completed. The number of audits completed would include, for the five-year pilot project period, compliance activities,

roadside enforcement activities, and education and outreach activities.

The purpose of the ballot is the recognition that enforcement, educational, and compliance efforts contribute toward audit coverage. During the pilot project, the jurisdictions would consult with the IAC and the LEC ensuring alternative measures are clearly defined, consistent and measurable. The pilot jurisdictions may apply alternative measures for up to 1% of audit coverage. The remaining 2% must be traditional audits.

It was pointed out that in many jurisdictions, audit resources are allocated to higher risks, such as sales and use tax. It was also stated that audit alone is not the most efficient effort for compliance.

In the pilot, the participants would calculate average hours per audit; specify alternative activities; and one hour of an alternative activity would equal one audit hour.

Those in attendance offered feedback on the ballot. It was suggested that the sponsors should consider conducting a pilot project without including it in the governing documents. It was also suggested that such a pilot need not be limited to only the sponsors of this ballot proposal. It was also suggested that only those jurisdictions currently meeting the number of audits requirement should participate.

Mary Pat Paris (IRP, Inc.), CEO, presented a report concerning the activities of IRP and IRP, Inc. There were 158 in attendance at the IRP Annual Meeting in May. The IRP, Inc. Board funded one person from each jurisdiction to attend. IRP is working with IFTA for the planning of the Managers and Law Enforcement Workshop. IRP conducted 20 webinars which included 1500 participants. There were three (3) ballot proposals: full reciprocity, charter buses, and the audit manual rewrite. The charter bus ballot failed. IRP has many other activities and projects underway.

Mike Dougherty (FHWA) offered a report concerning federal fuel statistics reporting and status of grants.

Mr. Hinkley presented a report regarding a survey taken of the membership regarding alternatives to decals. 42 jurisdictions responded, representing 170,000 accounts and 1.8 million decals. 28 jurisdictions suspend other credentials when IFTA decals are not displayed. If there was a reliable system available, 23 jurisdiction would give up decals. Only 16 jurisdictions would be in favor of no decals for larger carriers only.

Mr. Poole presented a report regarding the US/Mexico Cross-Border Long-Haul Pilot Program. Negotiations for this project began in March 2011. Applications are being accepted by FMCSA now from Mexican carriers. The pilot will last up to three (3) years. The IRP International Committee has established a subcommittee for this project. IFTA is participating. Two conference calls have been held and action items established.

Mr. Greenawalt thanked the staff of the Virginia Department of Motor Vehicles for all of their work toward making the meeting so successful.

Mr. Kron moved to adjourn the 2011 Annual IFTA Business Meeting. Mrs. Platt seconded. Mr. Greenawalt called the vote. The motion passed with no objections.



