

# International Fuel Tax Association, Inc.

July - August 2012  
Volume 12, Issue 7

## THE IFTA NEWS

912 W. Chandler Blvd., #B-7  
Chandler, AZ 85225  
480.839.IFTA (4382)  
[www.iftach.org](http://www.iftach.org)

### TAX RATE CHANGES FOR 2Q12

Thus far, only one member jurisdiction has changed tax rates for 2Q12. To view these changes, please visit:

<http://www.iftach.org/taxchangeq.php>

### THE IFTA, INC. STAFF

Lonette L. Turner, CEO/CFO  
Debora K. Meise, Senior Director  
Jason DeGraf, Information Services Director  
Amanda McNally Koeller, Program Administrator  
Tammy Trinker, Office and Events Administrator  
Tom King, Webmaster  
Richard O. Beckner, Program Compliance Administrator



### IFTA Committees Welcome...

#### Attorneys' Section Steering Committee

- Collin Davis (IN) – Vice Chair

#### Program Compliance Review Committee

- Warren (Gene) Hall (VA)
- Barbara Gluck (TX)

### IFTA Comings and Goings

#### Goings:

Nevada IFTA Commissioner  
Karen Winchell has retired from service with Nevada.

#### Comings:

Nevada IFTA Commissioner  
Cindy Arnold  
Phone: 775.684.4648  
Email: [carnold@dmv.nv.gov](mailto:carnold@dmv.nv.gov)

If your jurisdiction has had IFTA staff changes please let us know!



### CHARLES M. MILLS AWARD OF EXCELLENCE

IFTA, Inc. is still accepting nominations for the Charles M. Mills Award of Excellence. If you would like to nominate someone from your jurisdiction or organization please visit the IFTA, Inc. website for details.

Nominations will close on **August 24.**



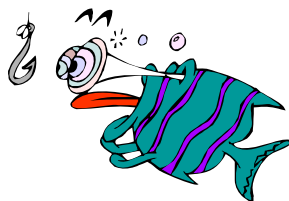
**2012 IFTA / IRP MANAGERS' AND  
LAW ENFORCEMENT WORKSHOP**  
**September 12-14, 2012**  
**Mesa, Arizona**

Have you ever wondered what you might be missing by not attending the IFTA/IRP Managers' and Law Enforcement Workshop? Let Glenn Boyette (MS) tell you about his first year of attending this great meeting.

I had only been in the position of Division Director of Commercial Vehicle Services (Mississippi) for two weeks prior to coming to last year's conference. Prior to taking this position, I had been a senior auditor who audited sales and use; income taxes; petroleum taxes and some miscellaneous taxes. Then for two years, I had performed IFTA and IRP audits for Mississippi's compliance with International Fuel Tax Agreement and International Registration Plan. During my interview, Bill Kron told me I would be traveling to conferences of this nature, if selected, but I had no idea it would be my first order of business.

The IFTA Staff really have all the planning and preparation for the conferences in order and made it easy for a first timer to come to this conference. The Agreement Procedures Committee and Law Enforcement Committee planned "ice breakers" that made it easy to get to know individuals with similar job responsibilities. The topics were interesting and dealt with whether businesses needed to be qualified for IFTA or IRP and the town hall meetings were all about issues facing all jurisdictions and carriers. The conference offers a chance to meet people with similar problems and see how they have handled those issues. We are planning to send at least one extra person to each conference in the future because we know how valuable it is to our personnel. It was also great to see the trucking industry involved with attending the conference along with making presentations.

This year marks the first year of a fully combined meeting for IFTA and IRP. The agenda looks great, and it's certainly not too late to register for the meeting. Please join us and enjoy the same great experience that Glenn did last year!!



***Are you hooked now?***



# IFTA/IRP Audit Workshop

## Audit Smarter: Improving Your Audit Process

**Crowne Plaza Riverwalk San Antonio  
San Antonio, TX**

The IFTA/IRP Audit Workshop is a unique opportunity for auditors to gain valuable knowledge through a variety of educational and networking opportunities. The event is a forum to get to know and learn from your peers within jurisdictions and industry.

Topics will include:

- Case Studies on Improving Audit Techniques
- IRP-IFTA Data Sharing
- IRP Ballot 371
- Interviewing Techniques for a Successful Initial Conference
- Internal Conference
- IFTA and IRP Audit Committee Meetings

Final Agenda & Online Registration Available in August | [www.irponline.org](http://www.irponline.org)



## A REVIEW OF THE 29<sup>TH</sup> ANNUAL IFTA BUSINESS MEETING

By Lonette Turner

The 29<sup>th</sup> Annual IFTA Business Meeting was held July 18-19, 2012 in Grand Rapids, Michigan. The meeting was called to order by Scott Greenawalt (OK), President of the IFTA, Inc. Board of Trustees. The color guard was from the US Army's Charlie Battery, First Battalion, 182<sup>nd</sup> Field Artillery attached to the 63<sup>rd</sup> Combat Brigade. The National Anthems of Canada and the United States were sung by Tyler Martin. Tyler, the son of Seth Martin, one of our hosts from the Michigan Department of Treasury, will be a freshman this year at Michigan State University where he has received a scholarship to major in Vocal Performance.

Andy Dillon, Michigan State Treasurer, welcomed the delegates to Michigan. Following his welcome, a moment of silence was held to celebrate the life and honor the memory of Leri McClure. Leri, a State of Michigan employee for over 30 years, passed from this life on February 6, 2012. Leri was a very active part of our IFTA Community and she is truly missed.

The Roll Call of the jurisdictions was conducted by Tammy Trinker (IFTA, Inc.), Office and Events Administrator. A quorum was present to conduct the business of the association. 55 jurisdictions were present in person or by proxy.

Mr. Greenawalt reported that it has been a busy and productive year for IFTA, Inc., its committees, and its member jurisdictions. He spoke of the many tasks charged by the Board to the various standing and special committees and the important work completed in light of these charges. He stated that financially, the organization is doing well and the five-year estimated budget of IFTA, Inc. has improved. He reminded the member jurisdictions that the dues increase will take effect July 1, 2013 and as a result of that dues increase, IFTA, Inc. will cover the travel costs for the IFTA Commissioners to attend the Annual Business Meetings each year.

The membership offered a correction to the minutes of the 2011 Annual Business Meeting. Following a motion, by Ric Listella (OR) and a second by Shelia Rowen (TN), the minutes were approved, as corrected, by voice vote.

Mrs. Rowen, IFTA, Inc. Board of Trustees, presented the report of the Election Committee. She reported that four current Board members were seeking re-election and that no other nominations were received prior to this meeting. Those Board members seeking re-election were: Garry Hinkley (ME), Hugh Hughson (BC), Rick Listella (OR), and Patricia Platt (KS). At the conclusion of the report, Mr. Greenawalt asked for nominations from the floor. Hearing none, Bill Kron (MS) moved to close the nominations. Scott Bryer (NH) seconded the motion. The motion passed by voice vote.

Rena Hussey (VA) moved to accept the slate of nominees by acclamation. Bernie Meagher (NS) seconded. The motion passed by voice vote.

Lonette Turner (IFTA, Inc.), CEO/CFO, reported to the membership that IFTA, Inc. had undergone a review of their funds netting process. The service auditors commended IFTA, Inc. for establishing a healthy system of controls, having procedures in place and monitoring controls, and communicating the importance of controls to all staff involved in the funds netting process.

Mr. Hinkley presented proposed amendments to the IFTA, Inc. Bylaws. The amendments would allow for the members of the Board to participate in a Board meeting by means of electronic communication, such as by conference call. The amendments would also allow the Board to excuse an absence of a Board member from a Board meeting should a Board member miss two consecutive meetings.

During discussion a change to the amendment was proposed. Virginia Barnett (ON) moved to change the amendment. Mr. Bryer seconded the motion. The motion passed by voice vote. Following this change, Richard LaRose (CT) moved to accept the amendments to the Bylaws. Kevin Park (UT) seconded the motion. The motion passed by voice vote.

Ron Hester (ON), IFTA, Inc. Board of Trustees, presented the report of the Agreement Procedures Committee (APC). Mr. Hester reviewed the membership of the APC and the projects that the committee has worked on. He presented an idea for a 2013 ballot proposal which the APC has been discussing. This proposal would amend the IFTA to provide that English would be the communication language among the member jurisdictions.

Pamela Marshall (KY), member of the APC, invited the membership to attend the IFTA/IRP Managers and Law Enforcement Workshop in September in Arizona.

Joy Prenger (MO), member of the Program Compliance Review Committee (PCRC), presented a committee report. Ms. Prenger recognized the committee members and noted that there are vacancies on the committee from the Western and Canadian Regions. She also reported that this year, the PCRC had issued two final determination findings of non-compliance through the program compliance review process. The PCRC is co-sponsor of Full Track Preliminary Ballot Proposal (FTPBP) #1-2012.

Mr. Hester presented FTPBP #1-2012 for discussion. The intent of the ballot is to update the IFTA Procedures Manual to include the necessary requirements for filing an IFTA tax return, regardless of the manner filed. There was some discussion on the ballot proposal including one suggested change. Mr. Hester also indicated that the comments made during the first comment period were being reviewed as well.

Stuart Zion (CO) presented FTPBP #2-2012 to the membership for discussion. The intent of this ballot is to amend the IFTA Articles of Agreement to minimize the number of interest rate changes from year to year for minor fluctuations in the IRS rate and to make it easier for the carrier to calculate interest on a monthly basis. The ballot would establish a monthly interest rate for the year based on the IRS interest rate from the prior year.



Mr. Zion stated that he hopes this ballot proposal will clear up confusion regarding the upcoming change to the US interest rate requirements. Several member jurisdictions offered comments during the discussion of this ballot proposal. Some jurisdictions are opposed to this ballot proposal because their jurisdictions currently calculate interest at 2% plus the IRS underpayment rate for other taxes. One jurisdiction representative suggested that perhaps rules should simply be set at where to truncate the number for the calculation.

There was also discussion regarding some jurisdictions' concerns that the interest rate should not be set by a provision of the IFTA as the establishment of such a rate belongs to the jurisdictions themselves, similar to the tax rates.

Ms. Turner announced the presentation of the 2012 Richard L. Reeves IFTA Leadership Award. This award is given for distinguished service to an individual who has demonstrated those qualities that most exemplify the standards of leadership established by Rick Reeves during his 25 years of commitment to the Transportation industry.

Gary Frohlick (SK), the 2011 award recipient, talked about Rick and what a great man he was to work with. He also talked about the fact that Rick was also a good friend to many. Dan Eisinger (Supervalu Transportation), Chair of the Industry Advisory Committee announced this year's recipient, Garry Hinkley (ME). The award plaque was presented by Mrs. Rowen.

Mrs. Platt presented FTPBP #3-2012. The ballot is sponsored by the Board and the intent is to create the Information Technology Advisory Committee (ITAC) as a standing committee of the International Fuel Tax Agreement. The ITAC has been a special committee for quite some time. In light of the importance of the work the committee has performed, the Board believes it should be a standing committee.

There was no discussion on this ballot. Therefore, Mr. Meagher moved to move FTPBP #3-2012 to the short track. Mr. Bryer seconded the Motion. The motion passed with 54 yes votes and 1 no vote.

Jay Starling (AL) presented FTPBP #4-2012. The intent of the ballot is to amend Section R245 of the IFTA Articles of Agreement to include the provisions of the Consensus Board Interpretation in the definition of Qualified Motor Vehicle.

Mr. Starling stated that this change is needed to prevent law enforcement officers from issuing IFTA citations to non-qualified vehicles because the officers are incorrectly including the axles of the trailing unit to determine if the vehicle is IFTA qualified. When questioned regarding the citation, these officers admit that they did not know about the CBI, or they refused to recognize that the CBI was binding.

The amended definition will provide necessary clarification to jurisdictions, law enforcement and licensees regarding the IFTA licensing requirements for qualified vehicles. The clarification will result in a reduction of IFTA citations being improperly issued to non-qualified motor vehicles. The clarification will also result in a reduction of licenses/decals issued to non-qualified vehicles which are forced to display IFTA credentials by law enforcement officers who are improperly citing these vehicles.

There was discussion on this ballot proposal. Suggestions included keeping the term motor vehicle and adding the term power unit and defining the term motor vehicle and leaving the R245 definition as it currently stands.

Richard Beckner (IFTA, Inc.), Program Compliance Administrator, presented an update regarding the program compliance reviews. Mr. Beckner reported that the jurisdictions in the Western Region were under review in 2012. Eight reviews had been completed. Seven more were scheduled. Of the 15 jurisdictions being reviewed, 13 have elected to use the e-review process. The Southeast Region jurisdictions will be reviewed in 2013.

Debora Meise, Senior Director and Amanda Koeller, Program Administrator, both from IFTA, Inc. reviewed the new proposed schedule for jurisdiction program compliance review team participation. The IFTA Procedures Manual requires that jurisdictions participate in their "appropriate share" of program compliance reviews each year. In light of this requirement and in light of making jurisdiction scheduling and budgeting easier, a rotation chart has been developed for jurisdictions so they will know in what years they will be required to provide a review team member. There were no questions and no discussion, so Mrs. Meise announced that future review teams would be selected based on this rotation chart.

Ms. Barnett and Mr. Hester presented FTPBP #5-2012. The intent of this ballot is to amend the language in P1110 to require member jurisdictions to update the IFTA Exemption Database at the same time the Annual Report is submitted. If a jurisdiction implements an exemption change throughout the year, the jurisdiction would then be required to update the Exemption Database within 30 days of the change being enacted. This will ensure the Exemption Database is kept current and therefore beneficial to IFTA licensees and jurisdictions.

Once a jurisdiction's exemption information has been entered in the database, there is no need to re-enter the exemption information annually – only when exemption information is changed does it need to be entered. If a jurisdiction does not have any change to the Exemption Database, an annual update could be achieved by simply reconfirming the data to indicate that all given details remain correct. By combining such an annual update with an as-needed requirement, the Exemption Database will provide a consistent and reliable source of essential information.

The member jurisdictions offered comments to this ballot proposal. Ms. Barnett stated that the comments would be taken into consideration prior to the second comment period.

Trent Knoles (IL) presented Short Track Preliminary Ballot Proposal (STPBP) #6-2012. The intent of this ballot proposal is to provide consistency throughout the voting process. The sponsor suggests a consistent, three-fourths of the total member jurisdictions casting votes be required for passage.

There was discussion on this ballot proposal. Several jurisdictions expressed concern that this change would allow a small number of jurisdictions to affect change to the governing documents. Others thought that this proposed amendment was a good idea and would cause jurisdictions to vote if they wanted to vote against an issue. Following discussion, Mr. Knoles moved that STPBP #6-2012 go forward as a short track ballot. Mr. Park seconded the motion. The motion failed with 30 in favor and 25 opposed.

Ms. Hussey presented the report on behalf of the Commissioners Training Committee (CTC). Ms. Hussey reported that the purpose of the creation of this special committee was to develop IFTA Commissioner Training, with the target audience being IFTA Commissioners and IFTA Assistant Commissioners. The Board charged the committee with identifying needs for training, recommending how those needs be met, determining whether to develop written or electronic materials, obtaining Board feedback, and then drafting materials.

To obtain the information from the membership, a survey was conducted by the CTC. The survey included questions regarding years of experience, topics of interest for training, and types of preferred training. The committee's next step is to report back to the Board its recommendations for development of training materials.

Mr. Greenawalt presented a financial report for the operations of IFTA, Inc. He reviewed the current year budget status, the approved budget for FYE14 and a five-year projection. He reminded the membership that travel expenses would be paid for the IFTA Commissioners to attend next year's annual meeting. There were no questions and no discussion.

Mr. Knoles presented proposed amendments to the Program Compliance Review Guide. The suggested change involved notifying the Governor or Premier of a Jurisdiction when a Final Determination Finding of Non-Compliance is issued. Illinois suggests that such notification is not necessary except when such a Finding is forwarded by the Program Compliance Review Committee (PCRC) to the Dispute Resolution Committee (after a membership vote). Mr. Knoles took a straw poll asking those who support the concept to raise their hands. It appears that the majority support the concept. Illinois requested that the Board take the issue to the PCRC for review.

Mr. LaRose presented a report on behalf of the Dispute Resolution Committee (DRC). The DRC has been working on the action items from a charge given to the committee by the Board.

In action Item 3.2 of the charge, the DRC was asked to determine whether hearings should be held in combination with either an annual business meeting or other IFTA-related meeting. The committee proposed that the hearing date be scheduled as soon as possible but will work with IFTA, Inc. to try to schedule it in conjunction with an IFTA meeting. This language steers a hearing date in alignment with an IFTA meeting.

Following some discussion, Mr. Bryer moved to accept the proposed amendment to the Dispute Resolution Process (DRP) regarding action Item 3.2. Mr. Meagher seconded the motion. The motion passed by a vote of 47 in favor and 7 opposed.

In action item 3.3 of the Board's charge, the DRC was asked to determine whether the DRP should be amended to include a formal comment period for the industry advisors to the DRC. It was asked why the advisors could not offer their comments during deliberations and it was explained that the advisors are not a part of the deliberation process itself.

Following the discussion, Mr. Meagher moved to accept the proposed amendment to the DRP regarding action item 3.3. Mr. Bryer seconded the motion. The motion passed by a vote of 53 in favor and 1 opposed.



In action item 3.4 of the charge, the Board asked the DRC to look at adding flexibility into the timeframes provided in the event of an appeal. The DRC proposed amendment to the DRP provides that a party may appeal the committee's findings to the Board, by submitting a motion for appeal no later than 60 days after the committee's findings are issued.

Further, the proposed language allows that, upon receipt of a motion for appeal the Board would have 30 days to conduct a vote to accept or reject the motion. Within 10 days of the vote the Board will notify the party submitting the motion whether the motion passed or failed. If it passed, the Board will review the matter not later than 60 days after the vote to accept the motion. Concluding the appeal process, the proposed language states that the Board shall issue its decision within 45 days after it concludes deliberations.

There was some opinion that the proposed amendments bind the Board to more restriction than currently exists. Following the initial discussion, Mrs. Platt moved to accept the proposed amendments to the DRP regarding action item 3.4. Mr. Meagher seconded the motion.

Following the motion and second additional discussion took place. It was stated that a strict time table should not be proposed for that time period between discussion and deliberation. The committee felt it was more important to afford the Board latitude to thoroughly review the appeal. Concluding the discussions a roll call vote was taken. The motion passed by a vote of 53 in favor and 2 opposed.

Mr. LaRose presented proposed changes to the DRP so that the penalty provisions in the DRP would be consistent with the expulsion provisions in the Articles of Agreement. The idea is to provide for consistent, progressive penalties. Step 1 is to have the respondent suffer immediate loss of voting power and all Board and standing committee seats. Step 2 would then double the membership dues of the respondent 60 days following the loss of their voting power. Step 3 then calls for, after one year of its loss of voting power and membership dues being doubled, their dues will be tripled for the next fiscal year and expulsion will become an option should the respondent fail to come into compliance. Step 4 allows for expulsion one year following the triple dues increase. A final step, Step 5, permits that should the resolution for expulsion fail then the membership dues will remain tripled until the respondent becomes compliant. Once found in compliance the respondent's membership dues will be assessed at the same rate as a compliant jurisdiction.

Following comments and discussion on issues, including assessing interest rather than increasing dues and the extreme penalty of expulsion, Ms. Hussey approved to accept the amended language of the DRP. Dawn Lietz (NV) seconded the motion. More Discussion was had regarding this issue. Following the second discussion, the motion passed with a vote of 53 in favor to 2 opposed.

Ms. Platt presented STPBP #7-2012 for membership consideration and vote. This ballot is sponsored by Kansas, Nevada and Oregon. The intent of this ballot is to amend the Articles of Agreement so that the expulsion provisions of the Agreement are consistent with the progressive nature of the penalties provided within the DRP. This provision allows for the

Board to have the option of requesting a resolution for expulsion in the beginning of the penalty process. This addition only aligns with the dispute resolution process itself as it already exists.

There was concern pertaining to the language of the ballot providing that the Board may request a resolution of expulsion. Discussion was had as to whether the language should be further amended to read that the Board would issue a resolution of expulsion. This was questioned as it was whether the Board or a member jurisdiction would be the body to issue the resolution of expulsion. Additionally, concern was expressed over the membership dues and how the procedure to double, and subsequently triple if needed, would be carried out. Membership was not clear as to whether the dues being tripled were taken from a base figure assessed to a jurisdiction in good standing or if it was based on the previous year of the non-compliant jurisdiction which was doubled and if that amount would then be tripled.

In the existing DRP, the DRC may assess any and all penalties. There was nothing in the Articles allowing for that order. This change supports the DRP as it currently exists.

Mr. LaRose moved to allow STPBP #7-2012 to continue on the short track process. Mr. Hinkley seconded the motion. The motion passed by a vote of 51 in favor and 4 opposed.

Mrs. Lietz presented the report of the Audit Committee (AC). She reported that the 2012 Audit Workshop was very successful, with 162 persons attending. The planning for the 2013 Audit Workshop is well underway and will be held January 28-30 in San Antonio, TX.

Mrs. Lietz stated that the AC had received a charge from the Board to review the work product from the ITAC regarding its study of vehicle tracking systems and to determine whether changes to the Governing Documents should be recommended. A subcommittee of the Audit Committee had completed the task of drafting possible revisions to the Procedures Manual and the Audit Manual. These changes were drafted in ballot format and the Audit Committee sought comments from the industry and the jurisdictions prior to the annual meeting. This was not a formal comment period, because an actual ballot has not yet been submitted. 24 jurisdictions and 2 industry groups posted comments to the proposed changes. The Audit Committee will provide a report to the Board at its 4Q12 meeting.

Mr. Greenawalt reported the results of the membership vote on the PCRC's request for referral to the DRC of the New Jersey Final Determination Finding of Non-Compliance. The membership voted to allow the referral by a vote of 38 in favor and 0 opposed. 23 jurisdictions did not vote.

Tim Adams, CEO, IRP, Inc. presented a report to the membership regarding the activities of IRP and IRP, Inc. Mr. Adams stated that he sees a lot of partnerships in the future due to the common goals between IFTA and IRP and that both organizations are looking for ways to bring both organizations closer together.

During IRP, Inc.'s transition, the goal is that membership will not realize any drop of service. In 1994, IRP was incorporated as a subsidiary of AAMVA and progressed towards independence from AAMVA through October 1, 2011. AAMVA provided most of IRP, Inc.'s services including the clearinghouse. The transitioning continues. The IRP, Inc. website continues to evolve and is much improved and easier to manage. One of the new features of the website is membership profiles. Search features and site navigation has also been applied

to the new website. Some features that are being worked on include an audit exchange and ballot process. Online tutorials are available through the IRP, Inc. website as well. Mr. Adams explained that a lot of basic IRP information is available on the website and any jurisdiction representative can access the more secure web pages of the website.

Mr. Adams acknowledged the various IRP, Inc. committees and subcommittees including the Audit Committee, Compliance Audit Working Group (CAWG), Dispute Resolution Committee, Education Committee, Full Reciprocity Task Force (FRP), the Information Tech and Data Services Committee, and the Peer Review Committee.

Celtic Systems is hosting the new IRP Clearinghouse. In 2011 nearly \$800 million has been netted through the IRP Clearinghouse. Only three jurisdictions do not participate.

Mr. Frohlick presented an example of how the Canadian Provinces calculate interest using multiple interest rates. The Provinces establish variable rates every quarter. R1200 does not provide a lot of instruction on how to calculate interest utilizing these rates. A recent survey of the Canadian jurisdictions showed that most are doing the calculations in the same manner. They have adopted a model very similar to a process used by the Canadian federal government. He explained how the interest rate utilized by the jurisdictions is determined. The method utilized does provide for a consistent rate across the board for all the provinces following this method.

R1230.300.005 governs applying the interest rate. An interest rate must be applied for each month on an original return, amended return or an audited return that is filed after its respective due date. A jurisdiction's system uses a table to which the interest rate is posted for each quarterly return period. When a transaction calls for interest the system refers to the table for determining which interest rate is applicable based on the quarter.

For the first time at an annual business meeting, those in attendance were assigned groups and went into breakout sessions to discuss mock disputes. There were four groups discussing two mock disputes. Two groups discussed one and the other two groups discussed the second. Following the breakout discussions, the moderators presented the summary of the group discussions.

Mr. Thom Rabaglia (WI) and Mr. Kirk Davenport (TX) led the discussions pertaining to mock dispute #2. For his group, Mr. Rabaglia stated that the group discovered that a motor home was used as something other than a motor home. Because the vehicle was registered by the company itself, that was a major factor in discovering that the vehicle is a QMV and records should be available for mileage and fuel.

What the appeals process is within the jurisdiction and how the company moved on with the appeal was a second issue discussed. The group determined that the administrative process was completed but the company did not follow through to litigation. The group determined that there is a distinct difference between appeals and litigation. It was their finding that once the administrative appeal was exhausted the DRC should hear the case.

Mr. Davenport then presented his group's results on the same dispute. They discussed the request for the dispute. This group believed that it was out of the jurisdiction of the DRC due to failure to complete administrative remedies. The base jurisdiction had appeal

procedures and followed them so that the issue was ended. If the company wanted to pursue the issue it would have to be through the state (litigation) and not the DRC. Bottom line question is does the DRC have jurisdiction in this matter. His group said no.

Mr. Bryer's group reviewed mock dispute #1. First issue was whether or not the DRC should hear the case. They decided yes. This group had a long discussion on how to conduct an audit. They discussed the fact that the original audit work papers were of good quality. The group focused on the sample used representing only 2% sample population size. This group thought that perhaps all the terminals should have been reviewed and the jurisdiction should not have opted to skip one. This group would have made a monetary award to the complainant.

Mr. Jack Frehafer (PA) led the second group to discuss mock dispute #1. Was the re-exam the right way to encounter the problem? First, they noted that the base did allow the re-exam to go forth. They were unsure, therefore, whether the re-exam was conducted in the proper manner and provided an out for the base jurisdiction.

The group discussed whether there really was an error to start the re-exam process and questioned what is a re-exam. A re-exam should focus on the papers already used as opposed to using new samples and different vehicles.

The audit was done in accordance with generally accepted practices. An unbiased sample was projected and selected. The question arose by the other jurisdiction because that jurisdiction owed a substantial amount of money. The requested re-exam had nothing to do with the methodology but with the random sample itself. This new review changed the initial finding and reduced their original amount owed to the base. Instead of doing a re-exam, it was like a new audit altogether. Wanting to do a re-exam because the audit results were unfavorable undermines the Agreement itself.

A lot of these issues could be addressed up front with training commissioners on the review process itself. Have the base do a self re-exam first before the outside jurisdiction.

The exercise achieved its goal because this kind of debate took place and this is what the DRC deliberations are like.

Mr. Robert Pitcher (American Trucking Associations) presented a report pertaining to natural gas vehicles. Since 1976 Mr. Pitcher has been involved in fuel use tax. Back then it was understood that long haul trucks used diesel over the road. However, in recent years, things began to change as different fuel types became available. The latest fuel type being looked into is natural gas.

Mr. Pitcher spoke about the availability of natural gas and natural gas vehicles. Attention was called to fracking, future availability, distribution networks, equipment, carriers, and cost differences between natural gas and diesel. It was Mr. Pitcher's position that natural gas vehicles will be more prominent in the near future, possibly even by the end of 2014. He questioned whether or not IFTA would be ready for such vehicles and presented several issues surrounding natural gas vehicles. These unanswered questions included:

- What is a gallon
- Where is the tax imposed
- Who is the taxpayer
- How do you regulate fuel deliveries
- How do you measure fuel use in hybrids
- What is the effect on miles per gallon
- What are the appropriate tax rates
- Will audit practices need to be changed

Gary Bennion (Con-Way, Inc.), a member of the Industry Advisory Committee (IAC), spoke about conversion kits that renovate diesel driven vehicles over to natural gas. He cautioned that the kits do not meter the natural gas and, currently, it is not possible to know when the natural gas component has been spent and the switch to diesel was enacted.

Mr. Eisinger, IAC Chair, presented this report. Several committee members are serving on various IFTA committees as an industry liaison. The IAC is looking forward to working more closely with the Audit Committee in the coming year as they work through their Agreement review.

Mr. Frehafer presented the report on behalf of the Attorneys Section Steering Committee. The committee members were acknowledged. The committee has a goal of training new attorneys regarding the IFTA. Some of the activities of the committee recently include quarterly teleconferences, review of proposed ballots, discussed litigation support, the RRWG, provided IFTA Committee Chairs Guide feedback, discussions on hosting webinars, and a newsletter is in the developmental stages. The committee is looking for members from the Northeast Region.

He then reviewed a summary of a case currently in litigation that is available by public records. The case was R&R Express v. Commonwealth of Pennsylvania. Issues included double taxation, credit owed for taxes paid, and the IFTA Audit Manual requiring best information available and utilizing post audit period data. There were serious record keeping issues involved in this case.

The PA court said it cannot substitute its judgment about the matter. They were faced with a taxpayer who has failed to comply with clear directive. The relevant and controlling law explicitly requires documentation, not estimates of the sort proposed by the taxpayer. The decision was in favor of the Commonwealth of PA but has been appealed by the taxpayer.

Mr. Scott Miller (KS) presented the Clearinghouse Advisory Committee (CAC) report on behalf of the committee Chair, Mr. Randy Boone (IN). The CAC was created by the Board in 2003. Committee membership was acknowledged. Monthly conference calls are held as well as the exchange of information by email. Some of the projects that the committee is involved in include a creation of the Best Practices Document for the clearinghouse.

Mr. Miller also gave a report for the Information Technology Advisory Committee (ITAC). Mr. Miller is the chair of this committee. Membership was acknowledged. The committee meets by monthly teleconference as well as utilizing the message boards. ITAC was established in 2006 to review information technology solutions proposed by IFTA, Inc. to

determine if they meet the needs of the IFTA user community. The committee now reviews proposals from all the IFTA community.

He then reviewed the Board charges to the ITAC. There are 4 charges from the Board. These charges asked the committee to:

- Investigate, analyze, and report to the Board of Trustees the current capabilities of Global Positioning Systems (GPS) and other electronic positioning and routing systems as they apply to commercial trucking operations;
- 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;
- 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; and
- Review the Information Technology Advisory Committee charter in anticipation of the Committee becoming a Standing Committee in the Agreement.

Mr. Miller invited membership to submit their ideas or proposals to the committee for consideration.

Lt. Jennifer Brown (AZ), committee Chair, presented the Law Enforcement Committee (LEC) report. Committee membership was acknowledged. Activities of the committee include the March and May Compliance Initiative. This year was the 3<sup>rd</sup> annual event. Statistics from the initiative will be presented during the September 2012 workshop. Lt. Brown invited membership to join the Compliance Initiative and recommended that they reach out to the committee for information on how to best participate. A decal placement guide was created and has met with a lot of success at the roadside. Vacancies also exist on the committee from the Western, Northeast, and Southeast Regions. Lt. Brown asked for volunteers to fill these vacancies. She also asked that the jurisdictions consider making nominations for the Charles M. Mills Award of Excellence.

Mrs. Meise presented a review of the travel policies for the 2013 annual business meeting. Membership was made aware of the IFTA, Inc. travel policies, travel request forms, travel preference forms, and a reimbursement form. Additionally, IFTA, Inc. created a new email address specifically for travel purposes. The email is [travel@iftach.org](mailto:travel@iftach.org). An auto response back to those sending to this email will be sent to confirm the email was received.

Ms. Turner provided closing remarks. Mr. Greenawalt offered his closing remarks as well. Mrs. Rowen moved to adjourn the 29<sup>th</sup> Annual IFTA Business Meeting. Mr. Meagher seconded the motion. The motion passed unanimously.







We would like to thank our hosts, the Michigan Department of Treasury, for the wonderful assistance in making the 2012 Annual IFTA Business Meeting such a success.

I would like to say a special thank you to Michigan State Treasurer, **Andy Dillon**, and the Michigan IFTA Commissioner, **Doug Miller**, for hosting this year's meeting. In particular, we want to thank those who joined us at the meeting to help with everything from registration, to equipment set up, to working with the hotel.

*Sharon Allen – Audit Manager*

*Amee Bekkering*

*Omer Guzman - Manager*

*Seth Martin*

*QuiAna Ruffin – Departmental Technician*

*Nancy Schafer*

This year, for the first time, we had sponsors for our breaks. I'd like to recognize and thank the companies that were kind enough to sponsor these events.



# IFTA, INC. WEBSITE UPDATES

By: Tom King, Webmaster (tking@iftach.org)

## Meeting Minutes

The Meeting Minutes have been updated for the following Committees:

Audit Committee

Agreement Procedures Committee

Board of Trustees

Law Enforcement Committee

**Committee Web Pages** We have overhauled all of our Committee webpages. The meeting minutes for all the committees from 2011 and going back are all in an archive. Only minutes from 2012 will be displayed on the main committee web page. If you need to view the past minutes click on the link that says 'Archive'. Also 'member terms' is no longer a pdf file. This information is now stored in our database and can be changed on a fly if we add new committee members or if they retired.

# IFTA, INC. CLEARINGHOUSE UPDATE

By: Jason DeGraf, Information Services Director (jdeggraf@iftach.org)

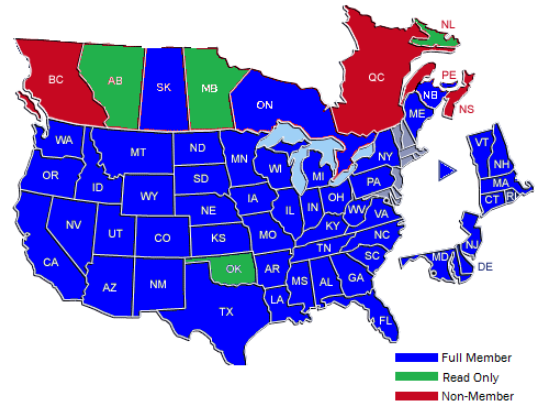
## User Registration

All Clearinghouse User Registrations are done by you, the jurisdiction. You will have to log into [www.iftach.org](http://www.iftach.org) with level 5 access or above and locate the Clearinghouse User Registration link on the right hand side. If you don't see the link, it means you don't have adequate permission to add new users.

## Web Services

Web services provide an alternate way to get data into your local systems. We will be expanding our current web services in the future. The focus will be primarily on demographic data to help assist in establishing better look up procedures on carriers in the demographic database. If you have any ideas regarding this or are interested in using this type of service please let IFTA, Inc. know.

The connection between NLETS and IFTA, Inc. is based on web services. In this scenario all demographic data sits at IFTA, Inc. When a user from a jurisdiction runs a carrier number, if a match is found (revoked only), then that data gets sent to NLETS and onto the user.



# SAVE THE DATE!

## 2012

### **MSATA**

August 26 - 28, 2012  
St. Louis, Missouri

### **Motor Fuel Uniformity Meeting**

October 26 - 27, 2012  
Providence, Rhode Island

### **Motor Fuel Tax Annual Conference**

October 28 - 31, 2012  
Providence, Rhode Island

### **IFTA-IRP Managers'/Law Enforcement Workshop**

September 12 - 14, 2012  
Mesa, Arizona

### **IFTA, Inc. Board Meeting**

October 17 - 18, 2012  
Chandler, Arizona



## 2013

### **IFTA, Inc. Board Meeting**

January 15 – 16, 2013  
Chandler, Arizona

### **IFTA / IRP Audit Workshop**

January 28-20, 2013  
San Antonio, Texas

### **IFTA, Inc. Board Meeting**

April 16 – 17, 2013  
Chandler, Arizona

### **FTA Pacific Region Meeting**

April 21 – 23, 2013  
Virginia City, NV

### **FTA Southern Region Meeting**

June 16 – 18, 2013  
Little Rock, AR

### **FTA Midwestern Region Meeting**

July 9 – 11, 2013  
Columbus, OH

### **Annual IFTA Business Meeting**

August 21 – 22, 2013  
Reno, NV

### **FTA Motor Fuel Uniformity Meeting**

September 20 – 21, 2013  
Fargo, ND

### **FTA Motor Fuel Annual Meeting**

September 22 – 25, 2013  
Fargo, ND

### **IFTA, Inc. Board Meeting**

October 21 – 22, 2013  
Chandler, Arizona

### **IFTA/IRP Managers' and Law Enforcement Workshop**

October 23 – 25, 2013  
Chandler, Arizona