

International Fuel Tax Association, Inc.



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THE IFTA NEWS

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www.iftach.org

TAX RATES

The Second Quarter matrix will not be final until June 3rd (Monday). Currently four jurisdictions have revised their data for the tax rates for the 2Q13. Jurisdictions have until **June 2** (Sunday) to verify or amend their tax rate data. To view the current tax rate changes please visit:

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

REMINDER!! Please keep your Tax Rate Contacts updated in your IFTA, Inc. profile on www.iftach.org so to prevent emails being returned as "failed". Without changing that information on the website, we cannot get through to you!

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



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

Virginia Fuels Tax Change

Virginia law effective July 1, 2013 changes Virginia's fuel tax formula. However, the law will have no impact on IFTA.

Virginia will simply join other jurisdictions that currently have a variable road use tax rate. Fuels tax and road use tax will continue to be levied, collected and administered in the same manner it is currently handled. The rate will potentially change twice a year, in January and July, based on a percentage of the statewide average wholesale price of fuel over a trailing 6-month period. When the law takes effect July 1, 2013, the rate will be subject to a floor established by the legislature, based on the average wholesale price on February 20, 2013. From then on, the per gallon gasoline tax rate will be 3.5% of the wholesale price and the per gallon diesel tax will be 6% of the wholesale price, but the rate will never drop below the floor.

Hopefully, this helps clear things up. Virginia continues to work diligently to educate citizens and stakeholders on the impacts of this legislation.

Questions can be directed to Rena Hussey, DMV Assistant Commissioner of Motor Carrier and Tax Services. Rena's email is rena.hussey@dmv.virginia.gov or you can call her at 804-367-0999.

Law Enforcement Committee (LEC) Volunteers Needed

The IFTA Law Enforcement has openings on the committee. If you are interested in serving on the LEC, please contact any member of the LEC. All contact information can be found on the IFTA, Inc. website at www.iftach.org under the Committees tab.



2013 IFTA/IRP MANAGERS' AND LAW ENFORCEMENT



Workshop
October 23 – 25, 2013
Mesa, Arizona

Come join US!

Alternate Fuel/Natural Fuel Presentation

Best practices for informing Carriers-IRP

Industry Presentation-Electronic log books

Electronic GPS

Charles M. Mills Award of Excellence

and much more.... Make sure to send your representatives
to join in not for only the learning but for sharing your knowledge as well.

2Q 2013

NOTES FROM THE BOARD

On April 16 and 17 the IFTA, Inc. Board of Trustees (Board) held its Second Quarter 2013 meeting. All Board members were in attendance. Also in attendance was Mr. Robert Pitcher, American Trucking Associations, Inc. (ATA), Ms. Sandy Johnson, North Star Fleet Solutions, Inc. and Industry Advisory Committee (IAC) Chair, and Mr. Josh Waitz, JP Morgan Securities. During closed session the Board met with the IFTA, Inc. Financial Advisor, Mr. Waitz. When the open session resumed the Board approved the minutes from the First Quarter 2013 Board meeting as amended and the minutes from the Actions by Email as written.

The Consent Agenda was accepted as presented. Included were reports from the Audit, Clearinghouse Advisory, Law Enforcement and Program Compliance Review Committees.

Mr. Jason DeGraf, IFTA, Inc. Information Services Director presented an update on the IFTA, Inc. Clearinghouse. Kansas had submitted an Enhancement Request Form looking into the possibility of utilizing web services to send and retrieve data to the Clearinghouse. It was explained that web services are a means of instantaneously transmitting data from one user to another without actually connecting to the Clearinghouse. There was concern for providing this feature with transmittal data but it was opined that demographic data would be an ideal test feature for web services that could be offered to membership. The Board will charge the Information Technology Advisory Committee (ITAC) with researching web services and what they are and what they can do.

Mrs. Amanda Koeller, IFTA, Inc. Program Administrator, reviewed the first quarter of funds netting. Fifty-one member jurisdictions are currently involved in the funds netting process. Oklahoma estimates participation in 2015. While there has been a notable improvement with jurisdictions paying late, two jurisdictions were late in January 2013.

Mr. Tom King, IFTA, Inc. Webmaster, provided a demonstration of the website. Annual Reports have all been uploaded and provided by membership. The data was split into two different web pages for ease of viewing. The ballots web page has also been revised. Mr. King continues to work on updating and revamping the IFTA, Inc. website in its entirety. One of the objectives of this update will be to have the pages adapt to the viewer's monitor size. It is anticipated that the new website will be unveiled for the Annual Business Meeting this August.

Mr. Ron Hester (ON), Board Liaison for the Agreement Procedures Committee (APC), presented this report. Ms. Kimberly Knox-Lawrence (ME) assumed the position of Chair when Ms. Trina Kluever-Pauli (WI) resigned from the committee and Ms. Carolyn Evanston (IN) assumed the role of Vice Chair. The APC needs to fill a vacancy from the Midwest

region. The committee remains busy with organizing the 2013 IFTA / IRP Managers' and Law Enforcement Workshop and ensuring that there is a fair mix of IFTA and IRP topics for discussion. There are two ballots that the committee is considering for 2013. One ballot, originally proposed in 2012, revisits the counting of votes issue. Another ballot being considered by the APC focuses on cleaning up language pertaining to filing tax returns in an electronic age. Concluding the committee report, Mr. Hester informed the Board that the APC has asked for travel expense assistance to those committee members traveling to the workshop. The Board tabled this discussion for when they reviewed the budget.

Mrs. Debora Meise, IFTA, Inc. Senior Director, reported that eleven of the fifteen 2012 Program Compliance Reviews (PCR) have been closed. Four jurisdictions remain under either reassessment or follow up.

There are twelve reviews being conducted in 2013. Ten of these reviews will be electronic reviews (E-reviews) and two were requested to be on-site reviews. Alabama's review will be a combined IFTA/IRP E-review. Three of the twelve reviews have been conducted to date.

The Board then reviewed an issue of jurisdiction participation during a program compliance review. Discussion was had regarding smaller jurisdictions that are unable to comply and participate due to limited staffing and whether such a circumstance should cause the jurisdiction to be held out of compliance. It was suggested that, in such cases, the jurisdiction in question could reach out to their neighboring jurisdictions to determine if they could offer a volunteer in their stead. It was thought that such a replacement should be the burden of the jurisdiction and not IFTA, Inc. Mrs. Meise recommended that the Board consider adopting a procedure for when a jurisdiction cannot or does not want to participate during a program compliance review.

Mrs. Sheila Rowen (TN), Program Compliance Review Committee (PCRC) Board Liaison, offered this committee report. A subcommittee was formed to address the recent Board charge wherein the PCRC will review the on-site and e-review processes. The subcommittee, consisting of six members including IFTA, Inc. oversight, requested expenses to meet face-to-face to better review and analyze the two processes. The Board tabled this discussion for when they reviewed the budget.

Mr. Stuart Zion (CO), Board Liaison to the Commissioners Training Committee (CTC), presented this report. To date the CTC does not have a Chair but they have worked diligently on the New Commissioner and Assistant Commissioner training materials. The Board reviewed the training materials provided by the committee in depth. It was the decision of the Board that the CTC has met and completed their Board charge and, as a result, will be disbanded with the Board's appreciation and acknowledgements. The Board will charge the APC to further develop the commissioner training documents and create a New Commissioner's Guide. Additionally, the Board will charge the IAC with creating a training tool for industry.

Mr. Hugh Hughson (BC) presented the report from the Dual Fuels Working Group (DFWG). The DFWG had drafted a ballot proposal regarding the definitions of a gallon and liter of compressed natural gas (CNG). The Board agreed to sponsor that ballot. Additionally, the DFWG had created a recommended reporting process for dual fuel use vehicles. It was re-confirmed that the reporting process is not binding but serves only as a suggestion for a more fair and consistent process for reporting and disbursement of taxes between jurisdictions with vehicles using two types of fuel. The DFWG will present the recommended reporting process during the 2013 Annual IFTA Business Meeting.

Mr. Ric Listella (OR) presented the IFTA Compliance Audit Working Group (I-CAWG) report to the Board. The I-CAWG would like to hold a face-to-face meeting for the purpose of participating in beneficial discussions and furthering the Board charge to review the IFTA Manuals and advise of amendments that would reflect the current technology and increase compliance. The Board tabled this discussion for when they reviewed the budget.

The ITAC report was presented by Mr. Garry Hinkley (ME), Board Liaison. The committee has been brainstorming ideas for future proposals. The ITAC is also looking for additional volunteers to serve on the committee.

IFTA, Inc. Office and Events Administrator, Mrs. Tammy Trinker, presented the proposed registration fees for the 2013 Annual IFTA Business Meeting. The Board approved these fees at \$280 for non-voting members, \$340 for public / private sector representatives and \$650 for exhibitors. Mrs. Trinker also informed the Board that a hotel contract had been signed for the 2014 IFTA / IRP Audit Workshop. This workshop will be held at the Fort Lauderdale Marriott North on February 25 – 27, 2014. IFTA, Inc. continues to work with Conference Direct to procure a hotel location and dates for the 2014 Annual IFTA Business Meeting as well as the 2015 meetings.

Mrs. Meise informed the Board that she would be attending the Commercial Vehicle Safety Alliance (CVSA) 2013 meeting as a presenter alongside an IRP, Inc. representative. Additionally, Lt. Jennifer Brown (AZ), Law Enforcement Committee (LEC) Chair and Michael Branch (NV), LEC member, will also be in attendance. This meeting will be held in late April in Louisville, KY.

The Board then discussed holding the 1Q14 Board Meeting by webinar. Previously the Board had considered this possibility as a means of reducing the association's expense. It was the opinion of the Board that several half days should be blocked off as opposed to holding two full-day webinars. The Board will work with IFTA, Inc. to organize this schedule.

Ms. Johnson provided the IAC report. The Board approved the appointments of Mr. Dennis Vanderslice (ARI Fleet) and Ms. Barbara Musick (First Advantage) to the IAC Steering Committee. Their appointments replace outgoing members Mr. Gary Bennion

(Con-Way, Inc.) and Ms. Donna Burch (Ryder, Inc.). The committee continues to work closely with their Board Liaisons and presenting issues and concerns for review. One of the issues Ms. Johnson brought forth to the Board is instances of un-receipted fuel. She explained that Canadian returns have an additional line that provides for carriers without fuel receipts to still report. While most jurisdictions have accepted this procedure there are seven jurisdictions which do not. When these jurisdictions receive funds from the taxpayer using this reporting method they return the money to the taxpayer. The Board felt that education was the best solution to this issue. The IAC has formed a subcommittee to present this concern during the Town Hall Meeting of the 2013 IFTA/IRP Managers' and Law Enforcement Workshop.

Another issue presented by the IAC addresses the option to report low mileage accounts. In part, Article R930.200 states that a licensee may request to report on an annual basis. It was noted that a jurisdiction issued letters to their tax payers with low mileage reports stating that they would need to report annually as opposed to quarterly. The Board reviewed the Article and determined that the Agreement, while providing an option for the taxpayer, does not state whether a jurisdiction can or cannot require a taxpayer to report annually.

Mrs. Rowen presented the Attorneys' Section Steering Committee (ASSC) report. The Board approved the ASSC to host a face-to-face meeting in either September or October 2013 within the Phoenix area. IFTA, Inc. will work with the committee to finalize these dates. The meeting will be held at the IFTA, Inc. offices unless the attendance exceeds the conference room capacity. Additionally, the Board expressed that the meeting was contingent upon the association being under no financial obligation except for staff time during the actual meeting.

Mr. Hughson presented the Dispute Resolution Committee (DRC) report. The committee is expecting a high turnover of personnel due to expiring term limits. The Board approved the appointment of an Ex-Officio position on the committee. Discussion then focused on the penalties and assessment language provided within the process. The committee presented a list of observations and recommendations following the most recent dispute hearing. It was observed that the current doubling of penalties is not sufficient enough to warrant a change by a jurisdiction that is found out of compliance. The committee had noted this and determined two courses of action to rectify the situation. One view was an exponential growth of penalties and the other was to create a formula based on shortfall reviews and applying a penalty based on implementing this formula.

The Board discussed these options at length. Concern was expressed regarding the committee's authority and what it could and could not impose. It was the Board's decision that the DRC be charged with drafting more open language in regards to what the committee could and could not do in regards to findings of non-compliance. Once the committee has finalized this language it would be reviewed by the Board and, ultimately,

presented to membership for ratification. The Board suggested that the language remain broad and not be specific.

Posting of the dispute resolutions findings was discussed. It was noted that federal tax case records are made public. One suggestion offered, was that specific carrier or taxpayer data could be blocked out of any public records. While it was the opinion of a majority of the Board that the records be made public, the Board could not reach a consensus at this time.

Mrs. Meise provided an update on the IFTA and IRP ballots. To date IFTA, Inc. has received two ballot proposals. Full Track Preliminary Ballot Proposal (FTPBP) 1-2013 is sponsored by both the APC and PCRC. The intent of this ballot is to provide an update to the IFTA Procedures Manual to include the necessary requirements for filing an IFTA tax return regardless of the manner filed. The jurisdictions of AL and KS are sponsoring FTPBP 2-2013. The intent of this ballot is to amend the IFTA Articles of Agreement, Section R245, to include the provisions of the Consensus Board Interpretation in the definition of a qualified motor vehicle.

IRP has four ballots for 2013 as well as an election ballot. Ballot 383 is for the election of a Region IV US Representative to the IRP Board of Directors and is currently open for vote. IRP ballot 2013.01 addresses the full reciprocity plan, ballot 2013.2 addresses an issue regarding base jurisdiction for rental fleets, ballot 2013.3 addresses electronic credentialing, and ballot 2013.4 intends to change the IRP dues date.

Ms. Lonette Turner, IFTA, Inc. CEO/CFO, offered the IRP, Inc. report to the Board. Mr. Tim Adams (IRP, Inc. CEO) and Ms. Turner have been working on a Services Agreement between IRP, Inc. and IFTA, Inc. for the exchange of audits. It is the hope of both IFTA and IRP that this Agreement will be finalized shortly and a twenty-four month contract will be entered into between the organizations.

IRP also reported that Oregon has withdrawn from the IRP, Inc. Clearinghouse effective February 1, 2013. IRP is researching the issues cited by OR and the Board appointed a task force to evaluate potential opportunities for improvement to the IRP Clearinghouse. The task force will present their findings during the June IRP Board meeting.

Other issues relating to both IFTA and IRP are the inclusion of an IFTA presence on the International Committee and the IFTA/IRP Board Subcommittee. Mr. Scott Greenawalt (OK) also reported that there has not been a conference call since the last quarterly Board meeting of the IFTA/IRP Board Subcommittee. A teleconference is being scheduled for some time in May. Ms. Turner informed the Board that IFTA does have a presence on the International Committee and that she would be participating on all future conference calls.

The Board discussed the preliminary agenda for the Annual IFTA Business Meeting. They considered the benefits of having breakout sessions during the business meeting but

concluded that while breakouts were valuable for training and brainstorming they were not ideal for significant topics that should be discussed during an open general session of all members.

The Strategic Plan was then reviewed by the Board. IFTA, Inc. will amend the Plan to include the Board's recommendations as discussed following the last Strategic Planning session. It was also noted that the Board would need to continue reviewing this document and work more in-depth on the Plan itself.

Mr. Zion led a discussion regarding IRP's request to have a presence on the IFTA LEC. There was concern expressed regarding the different types of enforcement between IFTA and IRP and the fact that some jurisdictions do not have the authority to enforce for both organizations. It was the decision of the Board that the Board Subcommittee should discuss this concern further to determine what is being requested and what accommodations could be provided. Furthermore, the Board felt that should an IRP representative become a participant on the LEC calls, they should offer a report back to the IFTA Board as well as the IRP Board.

Mrs. Koeller updated the Board on the rental properties owned by IFTA, Inc. She informed the Board that the end unit, Suite B-3, has been rented to a new tenant. The tenant expects to open business by May 1 following construction. The center unit, B-5, has yet to be rented but continues to have heavy traffic from prospective tenants. Should this unit not be rented the new tenant has expressed interest in purchasing the unit for expansion.

The Board then went into closed session for the purpose of discussing the financial budget. During this session the Board approved the FY 13/14 budget.

During the meeting the Board took a moment to acknowledge a long standing IFTA member. The Board contacted Mr. Bill Kron (KS) and personally thanked him for his years of service to the IFTA through his various committee activities. Ms. Turner also acknowledged Mr. Kron's work ethic and thanked him for everything he had done and recognized his pleasant attitude and how he had always been professional and courteous to work with.

Concluding the business discussions the Second Quarter 2013 Board meeting was adjourned.



IFTA, INC. WEBSITE

By: Tom King, webmaster (tking@oftach.org)

Commenting on Ballots

The first period for commenting on Ballot Proposals is now open for the 45 day comment period. The dead line for leaving comments ends on **June 17, 2013**.

Meeting Minutes

The Meeting Minutes have been updated for the following Committees.

Board of Trustees
Clearinghouse Advisory Committee

User Accounts

As a reminder check the *User Control* and make sure employees who have retired or moved on no longer have access to the IFTA, Inc. website.

IFTA, INC. CLEARINGHOUSE UPDATE

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

WEB SERVICES

We now have a page ready for you to consume some IFTA, Inc. web services.

The WSDL file and information can be found by using the link on the front page of the demographics called 'Web Services'.

This particular service simply grabs all carrier data based on the Taxpayer ID you send in. It does use a wildcard so a partial Taxpayer ID could be used. A limit of 100 return results is imposed.

If you wish to see the results you can navigate to my example page by editing the carrierlookup.php to carrierlookup2.php in the URL. This page is simply to see results in action. The data on this page is not meant for you to consume, it's simply there as an example.

For those that take the plunge we would love to hear your results and experience with new service.



30th Annual IFTA Business Meeting August 21 – 22, 2013

Silvery Legacy



407 North Virginia Street
Reno, NV 89501
(800) 687-8733
www.silverlegacyreno.com

Registration Deadline and Hotel Cut-Off **July 19, 2013**

Hotel Group Code (to secure special rate) **IFTA13**

AGENDA HIGHLIGHTS

A Celebration of 30 Years

Board Elections

2013 Ballot Discussions

IFTA, Inc. Bylaws Amendment Proposal

Dual Fuels Working Group Report

Interest Calculations

And more!

Keep looking to the IFTA, Inc. website and ***THE IFTA NEWS*** for details and registration



INTERNATIONAL
FUEL TAX
ASSOCIATION, INC.



INTERNATIONAL
REGISTRATION
PLAN, INC.

IFTA, Inc. and IRP, Inc.
Are proud to announce the
2014
AUDIT WORKSHOP

Where Ft. Lauderdale, FL
Fort Lauderdale Marriott North
<http://www.marriott.com/hotels/travel/flcc-fort-lauderdale-marriott-north>

When February 25 – 27, 2014

Keep your eye out for more information made available
through THE IFTA NEWS, the IFTA, Inc. website and
IRP, Inc. publications

SAVE THE DATE!



2013

IRP Annual Meeting
June 3 – 5
Indianapolis, Indiana

IRP Board of Director's Meeting
June 6, 2013
Indianapolis, Indiana

FTA Southern Region Meeting
June 16 – 18, 2013
Little Rock, Arkansas

FTA Midwestern Region Meeting
July 9 – 11, 2013
Columbus, Ohio

Annual IFTA Business Meeting
August 21 – 22, 2013
Reno, Nevada

FTA Motor Fuel Uniformity Meeting
September 20 – 21, 2013
Fargo, North Dakota

FTA Motor Fuel Annual Meeting
September 22 – 25, 2013
Fargo, North Dakota

IFTA, Inc. Board Meeting
October 21 – 22, 2013
Chandler, Arizona

**IFTA/IRP Managers' & Law Enforcement
Workshop**
October 23 – 25, 2013
Mesa, Arizona

2014

AAMVA Winter Board of Directors Meeting
January 9 – 12, 2013
San Diego, CA

IFTA / IRP Audit Workshop
February 25-27, 2014
Ft. Lauderdale, FL

CVSA Workshop
April 8 – 10, 2014
Location to be Announced

AAMV Annual International Conference
August 25 – 27, 2014
Dover, DE

