

# International Fuel Tax Association, Inc.

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## THE IFTA NEWS

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

### TAX RATES

The 3Q13 tax rate matrix is now final. Thirteen jurisdictions revised their data for the third quarter. Jurisdictions now have until **December 2** (Monday) to verify or amend their tax rate data for the 4Q13 matrix. Currently four jurisdictions have revised their tax rates for this quarter. 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](http://www.iftach.org) to prevent emails being returned with a delivery failure notice. We want to be sure you receive these important notices.

### 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

## *Upcoming IFTA Meetings*

This month the IFTA Attorneys' Section Meeting will be held at the IFTA, Inc. offices in Chandler, Arizona. Twenty-two persons have pre-registered to attend. A welcoming reception will be held at the Hilton Phoenix Chandler hotel on Sept. 23 from 5pm to 6pm for all attendees. The Attorneys' Section Steering Committee (ASSC) welcomes all attendees to come and attend this special event on the eve of the meeting.

In October the IFTA, Inc. Board of Trustees will hold its 4Q13 Board meeting at the IFTA, Inc. offices. This meeting will be held October 21 – 22 and be followed by the IFTA/IRP Managers' and Law Enforcement Workshop October 23 – 25 at the Hilton Phoenix Mesa hotel.



# Upcoming IFTA Program Compliance Reviews

Jurisdiction	Team Members
Georgia October 8-10, 2013	TBD (KS) Chris Nikles (NY)



## ANNUAL IFTA BUSINESS MEETING REVIEW

This year's Annual IFTA Business Meeting was held in Reno, Nevada on August 21 – 22. The IFTA, Inc. Board of Trustees and IFTA, Inc. would like to thank our gracious host, the Nevada Department of Motor Vehicles and its employees, for their time and assistance in ensuring the success of the business meeting. 2013 marks the 30<sup>th</sup> anniversary of the International Fuel Tax Agreement.

Mrs. Patricia Platt (KS), IFTA, Inc. Board of Trustees (Board) President, called the meeting to order. Masters Alex Aaquist and Brenlon Dillard, Cub Scouts from local Pack 154, carried and posted the United States and Canadian colors. Ms. Natalie Musselman sang the national anthems for both the United States and Canada. Following the anthems Mr. Troy Dillard, Director of Nevada Department of Motor Vehicles welcomed everyone to the 30<sup>th</sup> Annual IFTA Business Meeting. He stated that it was an honor to have Nevada chosen as the host jurisdiction of the 30<sup>th</sup> anniversary meeting. Conventions, Mr. Dillard explained, are the best method for both networking and obtaining information. They are invaluable and non-replaceable resources of information. Mr. Dillard urged attendees to take advantage of the networking opportunities presented throughout the course of the business meeting; he stressed that collaboration is essential for advancing all areas of the IFTA.

Both IFTA and IRP are handled at the Division of Motor Vehicles (DMV) level within the Nevada structure. The DMV has an incredible staff throughout the entire organization and everyone is very goal oriented. After just over two years of working together, excellent leadership and goal oriented objectives, the NVDMV moved from the bottom of the Worst Government Agency in the State to the top. Using the NV structure as a role model, Mr. Dillard explained that the success of IFTA hinges on fostering trust and cooperation. Further, he stated that this could not be obtained unless all members put aside their personal views and work towards the betterment of all involved.

Mrs. Tammy Trinker, IFTA, Inc. Office and Events Administrator presented the roll call of membership. With a total of fifty-four (54) members in attendance, Mrs. Trinker announced that there was a quorum to conduct the business of the organization. Following the roll call, self-introductions were made from others in attendance.

Mrs. Platt offered the President's Report and thanked membership for their diligence and time spent through the years in an effort to make IFTA the organization it has become. She reflected on those who have since left either by retirement, employment changes or passing from this life and the impact their role had on the organization. Mrs. Platt also acknowledged those that were new to the IFTA and the first time meeting attendees. Members of the Board were also recognized and introduced. Previous Board members were likewise honored as were those who either currently are or have served on the various IFTA Standing and Special Committees throughout the history of IFTA. There were many attendees who, through their dedication and service, have worked to grow and improve the IFTA.

Mrs. Platt recognized that over the course of these past thirty years there have been bumps in the road that, through cooperation and willingness to work together, were resolved by working as a team. The bond between jurisdiction members, industry and public officials was recognized as Mrs. Platt commented favorably on the relationship.

Mr. James Poe (IN) presented Short Track Preliminary Ballot Proposal (STPBP) #6-2013. The intent of this ballot is to add a new provision to the IFTA Articles of Agreement that will bring the IFTA program up to date with current technology. It will help IFTA move towards electronic credentialing. Mr. Poe discussed the benefits of electronic credentialing.

There were some concerns expressed regarding electronic credentialing and enforcement. The formation of a working group was suggested to review the concept and identify the pros and cons before asking membership to vote on the ballot proposal.

After discussions, Garry Hinkley (ME) made a Motion to continue the ballot on the Short Track. Richard LaRose (CT) seconded the Motion. A roll call vote was taken. The Motion passed by a vote of 49 to 3.

Mr. Robert Pitcher (American Trucking Associations, Inc.) and Ms. Lonette Turner (IFTA, Inc. CEO/CFO) made a presentation regarding the 30-year history of IFTA. Mr. Pitcher spoke to the history of IFTA as it related to industry and its impact. Before the IFTA there was non-uniformity in several areas such as the types of vehicles which needed to report, how registration was completed and how often during the course of a calendar year reporting was required. Prior to 1983, when the IFTA began, fuel use taxes were definitely not uniform in nature and were burdensome for the carriers. The process was quite expensive.

Ms. Turner spoke about the jurisdictional aspects of the IFTA. IFTA began in 1983 by three jurisdictions: Arizona, Iowa and Washington. In December of 1991 the Intermodal Surface Transportation Efficiency Act (ISTEA) was enacted and signed by then President George W. Bush. This Act provided the framework to develop a National Intermodal Surface Transportation System and authorized funds for highway construction, safety and mass transit programs. A mandate was made that, by September 30, 1996, the 48 contiguous states must collect motor fuel use taxes in conformity with the IFTA. Only those participating in the Regional Fuel Tax Agreement (RFTA) and Alaska and Hawaii were exempt from this mandate. Full membership was reached in 1997 with the 48 contiguous states and 10 Canadian provinces participating in IFTA.

In 2000 the IFTA, Inc. clearinghouse became fully operational and Maryland was the first member to upload data to the clearinghouse. Today, fifty-three members are participating in the clearinghouse and four jurisdictions have read-only access.

Ms. Turner reviewed the benefits IFTA provides to membership. Some of these benefits were fewer licenses and decals to be issued, fewer tax returns for processing, the ability to complete more audits as jurisdictions conduct audits on behalf of other member jurisdictions, a decrease in costs to process, open communication with other jurisdictions and the ability to have the IFTA program reviewed on a regular basis.

Mr. Pitcher and Ms. Turner both acknowledged membership and industry alike for their participation and support of the IFTA Agreement.

Mrs. Platt and the Board honored both Mr. Scott Greenawalt (OK) and Mrs. Sheila Rowen (TN). Both are leaving the Board due to term limits and were presented with plaques honoring their time on the Board. The Board then recognized Ms. Turner for her 20 years of service with IFTA, Inc. Ms. Turner was presented with a plaque acknowledging her dedication and support of IFTA.

The 2012 Annual IFTA Business Meeting minutes were then reviewed for approval. Membership voted unanimously to adopt the 2012 Annual IFTA Business Meeting minutes.

Mr. Hugh Hughson (BC), Board member and Election Committee Chair, presented this report to membership. Mr. Hughson reviewed the requirements of a Board member. Of the current Board, there are five seats for election. Three of the current serving members, Mr. Ron Hester (ON), Mr. Chuck Ulm (MD) and Mr. Stuart Zion (CO) are up for re-election. Both Mr. Greenawalt and Mrs. Rowen were not eligible for re-election due to term limits.

The Election Committee sought nominations from membership for the available Board seats. Nominations were received for Mr. Hester, Mr. Ulm, Mr. Zion, Mr. Stephen Nutter (VA), Mr. Trent Knoles (IL) and Mr. James Poe (IN). Following the presentation, Bernie Meagher (NS) moved to accept the nominations of Mr. Hester, Mr. Nutter, Mr. Ulm and Mr. Zion. Scott Bryer (NH) seconded the Motion. The Motion passed unanimously.

Membership then voted by paper ballot to elect the Midwest regional Board representative. The membership voted for either Mr. Knoles or Mr. Poe. Ballots were collected and counted by Mr. Rich Wagner (NV) and Mr. Stephen Holbrook (ID). Following the counting of the votes, it was announced that Mr. Knoles had been elected by membership to serve on the IFTA, Inc. Board of Trustees.

The panel of presenters for this year's Richard L. Reeves IFTA Leadership Award were Ms. Donna Burch (Ryder), Mr. Hinkley, the 2012 award recipient, Ms. Sandy Johnson (NorthStar Fleet), Industry Advisory Committee Chair, Mrs. Rowen and Ms. Turner. The presenters talked about the qualities that the recipient of the award embodies and how Mr. Reeves had always worked to maintain positive communication and to affect positive change throughout the IFTA community. This year's recipient of the Richard L. Reeves IFTA Leadership Award was Mr. Richard LaRose (CT).

Ms. Cindy Arnold (NV) presented IFTA Full Track Preliminary Ballot Proposal (FTPBP) #1-2013 to membership. The intent of this ballot is to change the wording for consistency in both electronic and paper tax returns. Ms. Arnold explained that, basically, this is a housekeeping ballot. Concern was expressed regarding the reporting of non-IFTA or non-receipted fuel.

A panel presented the issue of reporting non-IFTA and non-receipted fuel on an IFTA tax return. The panel included Ms. Sandi Ackerblade (ON), Ms. Johnson, Ms. Barbara Musick (FADV) and Mr. Wagner. Ms. Johnson explained that some jurisdictions are not accepting adjustments and/or non-tax paid fuel. This can be due to either missing receipts, purchases of fuel on Native American reservations or lands, and purchases of fuel but with unacceptable receipts. In the age of electronic filing this issue is becoming more predominate. According to their research there are eight jurisdictions not accepting the reporting of such fuel.

Mr. Wagner reviewed the cost of the issue establishing why a jurisdiction would want to collect the monies taxpayers are attempting to pay upfront. It was explained that if the reporting of such fuel is not allowed, if the jurisdiction is owed tax, it would always lose tax that is due. Likewise if a jurisdiction is owed a credit, it is credited too much. It was the position of the panel that jurisdictions are losing income due to the failure to accepted non-IFTA fuel on the return.

IFTA Articles of Agreement R820 requires, in part, that "The licensee must report all fuel placed in the supply tank of a qualified motor vehicle as taxable on the tax return." It was the panel's position that they were not changing the tax reporting form itself but would, rather, add a clarification of where such fuel should be reported on the tax return. The panel did consider requesting a Consensus Board Interpretation (CBI) but was concerned as to whether or not a CBI would answer the question and resolve the issue at hand. It was the position of the panel that the ballot proposal, IFTA FTPBP 1-2013, was the best means available addressing this concern.

During discussions, jurisdiction education was offered as a means in which to better address this situation. The panel countered explaining that, for some jurisdictions, the only way changes could be programmed into IFTA tax return software was if the Agreement specifically identifies the requirement. It was for this reason the panel recommended IFTA FTPBP 1-2013 for membership's consideration. After much discussion, it was decided to table this issue until the Town Hall discussion.

Mr. Hester presented the proposed amendments to the IFTA, Inc. Bylaws. The first amendment was to add the Information Technology Advisory Committee as an IFTA Standing Committees. During a review of the proposed language membership expressed concern regarding the possible limitation of committee representation. It was argued that the current language of Article Six: "The committee members shall be selected from the membership of IFTA, Inc." could exclude the necessary involvement from industry and the general public. The Board reviewed the language presented and made revisions to the proposed language so that it would not be exclusive of its representation.

Mr. Hinkley moved to amend the Bylaws as presented following the membership revisions to the proposed language. Mr. Meagher seconded the motion. By a vote of 53 to 1, the motion passed.

Another Bylaws amendment was then presented for consideration. This amendment was to address the membership requirements for service on the Board of Trustees. The language being amended would permit the nominations to be open from any region should a nomination not be made from the current open region. Much discussion was had regarding the necessity of this amendment. Based on membership's concerns regarding this language, it was the decision of the Board to withdraw this particular amendment until they have had a chance to further review the proposed language at the October Board meeting.

Mrs. Platt and Ms. Brenda Coone (AL) presented IFTA FTPBP #2-2013. The intent of this ballot is to amend the definition of a qualified motor vehicle (QMV). This amendment was created based on the accounts of several carriers that do not utilize qualified motor vehicles and yet are being ticketed at the roadside. A straw vote showed strong favor of the ballot language with minor revisions.

Mr. James Walker (NJ) made a presentation. He reported the progress of NJ's completion of audits following the referral of a Final Determination of Non-Compliance to the Dispute Resolution Committee (DRC). Mr. Walker explained that due to a reduction in personnel over a four year period from 2004 to 2008, NJ has been unable to meet the IFTA audit requirement of an average 3% per year since 2004. In 2008 the Program Compliance Review Committee found that the jurisdiction failed to complete a sufficient number of audits during the review period of 2004 to 2008.

NJ has been working to procure additional employees whose sole focus would be to identify and work on IFTA audits. Given additional resources NJ believes that they will be in compliance for the year 2013 and will complete the required audit shortfall from the period of 2008 – 2012 by 2015.

Mr. Gary Bennion and Mr. Hughson presented a report of the Dual Fuel Working Group. A dual fuel vehicle is a vehicle which can use two fuels at the same time. There are two types of natural gases. One is liquid natural gas (LNG) and the other is compressed natural gas (CNG). The reason dual fuel engines are being developed is to lower the cost of fuel as compared to regular diesel. It is anticipated that at least 5% of long haul vehicles will be dual fuel within the next five years. The IFTA tax return being utilized today was built for reporting one fuel type per vehicle and these types of vehicles use two.

The Dual Fuel Working Group (DFWG) drafted a recommended reporting process for dual fuel vehicles. This process was reviewed with membership and an example of how best to report and tax dual fuel use vehicles was shown. A mathematical equation was provided to assist in this understanding. It was explained that the module will be posted to the IFTA, Inc. website and that it would not be included in the actual Agreement. The process presented by the DFWG was a recommendation and not a requirement.

The intent of FTPBP #3-2013 is to introduce a standard conversion factor so CNG, when sold in gaseous volumes, can be converted to liquid volumes and more accurately reported on the IFTA tax return. IT was expressed that this ballot language did not impact jurisdiction sovereignty and that the reporting was almost identical to P1300 for the conversion of tax rates and volume measurements between the US and Canadian jurisdictions.

This ballot includes definitions of gallons and liters. Following the first comment period the DFWG has incorporated the various comments suggested by the jurisdictions. The working group welcomes

additional comments and will take into consideration the discussions held during the Annual IFTA Business Meeting.

Ms. Cindy Arnold (NV) and Mr. Knoles presented IFTA FTPBP 5-2013. The intent of this ballot, sponsored by the IFTA Agreement Procedures Committee (APC), is to address voting provisions. It was the committee's position that the Agreement is inconsistent in its application of voting rules. In three instances not submitting a vote is considered to be a negative vote. If a jurisdiction chooses not to vote or abstains from voting these choices impede the amendment process. Jurisdictions that do not exercise their right to vote should be considered to have ceded their interests to those jurisdictions who have voted. It is being suggested that three-fourths of the total member jurisdictions casting votes be required for passage.

Discussion was had regarding the majority requirements. It was suggested that perhaps the requirement read 75% of voting membership of the 75% total membership. This would equate to the requirement of 33 affirmative votes in order to have passage.

During the **Town Hall Meeting** several topics were discussed by membership. These topics included audit uniformity and compliance, reporting, funds netting, GPS, tax rate calculations, communications, the time frame and location for future Annual Business Meetings and other issues such as parking in other jurisdictions, fuel taxes and decals.

#### ***Audit***

During discussion of the audit uniformity issue it was questioned as to whether or not there should be a universal audit program index. There are two types of programs CT has available: Execution Phase, which is tax type specific and the Field Audit Program which is generic to all types of taxes. It was expressed that not all jurisdictions may want the same check list.

Audit compliance was then addressed and membership was asked if IFTA qualified units operating without decals should be left to law enforcement and ignored during an audit. One jurisdiction, Nevada, explained that they work very closely with law enforcement regarding carriers operating without proper credentials. A carrier can be issued a citation in as much as \$500 for each citation issued. Non-compliance issues found during an audit could lead to an additional fine of \$500.

#### ***Reporting***

Membership was asked about the IFTA reporting requirements for vehicles exempt from motor carrier taxes in their base jurisdiction but not in others. Some examples given were school buses and farm vehicles. It was explained that if a vehicle is exempt in their base jurisdiction but intends to travel to other jurisdictions where they are not considered to be exempt the carrier should either obtain trip permits for each travel or become a licensed IFTA carrier in their base jurisdiction. While they will not have to pay a fuel use tax in their base jurisdiction due to their exempt status they will need to pay for those jurisdictions which they travel through.

#### ***Funds Netting***

It was questioned whether or not non-participating jurisdictions should be included in the funds netting piece of the clearinghouse. Membership was in support.

IFTA, Inc. then inquired about providing a single funding period and eliminating the late payment period. This would require jurisdictions that missed the funding period to provide paper checks to those members with money due. Currently IFTA, Inc. offers two prorated periods but there has been discussion within the Clearinghouse Advisory Committee (CAC) and IFTA, Inc. to switch to one funding period. After some discussion IFTA, Inc. informed membership that this issue will continue to be researched.

### ***Global Positioning Systems***

Some discussion was had regarding the reliability, accuracy and how GPS is being used. The key to bringing information to an accurate return depends on the type of systems utilized by the carrier. This will be addressed in a presentation during the February 2014 IFTA/IRP Audit Workshop in Ft. Lauderdale, FL. One concern identified by membership was the retention of records. The Agreement's requirements for records retention could lead to financial issues due to costs involved with retrieving data from periods that are not current. Nevada explained that they have a GPS Certification Program which lists the necessary requirements for conducting an audit when the carrier utilizes GPS. This program can be amended to be jurisdiction specific and interested members can contact Nevada for this program and additional information.

### ***Calculations of Tax Rates***

Tax rate changes and split rates were discussed. Maryland announced that their tax rates would be changing annually. For the first time since 1992 MD had changed their rate effective July 1<sup>st</sup>. It was explained that the calculations would be done once a year and that the rate announcement would be made every 18 months. At this time Maryland does not anticipate split rates.

Discussion was also had regarding which jurisdictions were changing their tax rates and when the changes would go into effect. Virginia informed membership that their rates may change every July 1<sup>st</sup> and January 1<sup>st</sup>. This would be due to the rates being based on a state average rack price based on six months usage. Virginia does not anticipate a split rate at any time in the future.

Kentucky also informed membership that their tax rates would normally change July 1 of each year and that their calculations are similar to how VA calculates their rate. Kentucky also expressed gratitude to those members and industry representatives that offered assistance during the 3Q12 and 4Q12 tax rate error. All invoices that KY had issued following this error have been collected and Kentucky was very appreciative of this.

### ***Jurisdiction Success Stories***

Members were invited to share their success stories and talk about what has worked for them to improve their IFTA program. Some of these stories were reported as follows:

- Iowa Annual Carrier Meeting
- New Hampshire Quarterly Auditing Seminar
- Wisconsin IRP and IFTA record keeping and monthly mailings
- Manitoba Quarterly newsletter
- Ontario Webinars for Carriers, partnered with ON Trucking Association
- Alberta video on filing IFTA tax returns online
- Quebec Conformity Visit System for new licensees
- British Columbia Auto Populating Data for license and tax rate changes
- Ontario contacting new registrants to explain the IFTA requirements
- New Brunswick Educational Visits for existing licensees and new accounts

For additional information membership and carriers can reach out to the above mentioned IFTA member jurisdictions.

### ***Annual IFTA Business Meeting***

Discussion was had regarding the scheduling and location of the Annual IFTA Business Meeting. A majority of membership preferred the August time frame as compared to July. IFTA, Inc. will also work to identify hub locations that would make travel less complicated and costly. A third party source will also be consulted when identifying the hotel so that the most ideal location and meeting rooms can be procured. IFTA, Inc. will host the meetings in the future in an effort to not burden the hosting states with registration and other aspects of the meeting. However, host jurisdictions can still be as active and involved in the process as they would like; IFTA, Inc. would welcome their assistance in any capacity.

### ***Changes that Affect Everyone***

Discussion was then had regarding issues that have been brought to IFTA, Inc.'s attention. One such concern focused on carriers that have traveled out of their base jurisdiction and ceased reporting any miles or activity. It was explained that some carriers had traveled from their base jurisdiction into another and have parked in the other jurisdiction for an extended period of time. This has become a concern when the base jurisdiction revokes the carrier's IFTA license because of the inactivity.

Some possible resolutions offered allowed for the parked carrier to license in the jurisdiction even if it is not his or her base jurisdiction. Another suggestion was that the carrier be "adopted" by a third party jurisdiction in an effort to foster good business practices. It was opined that such carriers aren't trying to be non-compliant and that they be permitted to file zero balance tax returns. Much discussion was had regarding the pros and cons of this issue.

### ***Decals***

A discussion was had regarding the IFTA decals and intrastate travel. It was explained that there are carriers that do not travel beyond the border of their base jurisdiction, thus traveling only intrastate, but have requested to be licensed under the IFTA and receiving the IFTA decal. Concern was expressed regarding the reporting of the intrastate miles.

### ***Non-receipted Fuel***

Mr. Jabas revisited the issue of non-receipted fuel. Discussion was had regarding this issue and diesel fuel purchases made on Native American reservations and lands. Industry expressed concern and requested that these issues be addressed and resolved. There needs to be a consistent means of reporting the non-receipted fuel and education must be provided. Concern was also expressed due to the costs involved should the tax return forms be revised and that, in turn, would cause the jurisdictions to possibly vote against the proposed ballot.

### ***ABM Travel Reimbursement***

Mrs. Meise informed membership that an expense report would be emailed to the attending voting delegates. Members will be able to choose their reimbursement method, either a paper check or electronic direct deposit.

Ms. Turner and Mr. Hester then presented the IFTA, Inc. financial report which had been emailed prior to the business meeting to all Commissioners and Assistant Commissioners. The financial investment portfolio was reviewed and membership was informed that it continues to increase in value. Mr. Hester announced that IFTA, Inc. remains financially sound.

Ms. Turner referenced the funds netting process. Recent concerns were brought to IFTA, Inc.'s attention and, as a result, Ms. Turner wanted to advise membership of these concerns. Each month the member jurisdictions transfer funds into a checking account owned and maintained by IFTA, Inc. This account is federally protected up to a certain amount. The concern raised was of the bank failing on a day when the funds are in the account and jurisdictions would not receive all of what is due should the total of the account be in excess of the amount federally protected.

Some of the possible solutions IFTA, Inc. has researched include whether the funds can be considered "public funds" under Arizona law. Public funds are those that are held by government agencies and must be collateralized by the bank. Another option would be to secure bonds through specialty insurance companies and sureties. It was noted that such options could cost as much as \$150,000 annually.

IFTA, Inc. is researching the best way to handle the risk of bank failure. A risk assessment is being conducted. Ms. Turner emphasized that no matter what course of action is taken the money is never 100% safe 100% of the time whether it is being held by IFTA, Inc. or still within the jurisdiction's possession. IFTA, Inc. will continue to research the concern and options available and report back to membership once a clear direction is identified. Ms. Turner encouraged membership to discuss the issue when they return to their jurisdictions following the business meeting.



Concluding the financial report, Ms. Turner informed membership that, through our partnership with IRP, Inc., IFTA, Inc. is providing an Audit Report Exchange for IRP, Inc. The service agreement has been signed and programming is underway.

Mrs. Amanda Koeller, IFTA, Inc. Program Administrator presented the Clearinghouse report on behalf of Mr. Jason DeGraf, IFTA, Inc. Information Services Director. Currently there are 51 participating members, 6 read-only members and 1 non-participating members in the IFTA, Inc. clearinghouse. There are more than 1300 clearinghouse users to date. In April 2013 IFTA, Inc. began using a web service for the sharing of demographic carrier records. IFTA, Inc. is also installing a new internet service provider (ISP) at the end of August 2013. With this new service users should have data provided more quickly.

Mrs. Koeller then reviewed the funds netting and the collections over the past three years. Addressing the late payments, Mrs. Koeller informed membership that there were 41 late payments in 2010. This number dropped significantly in 2011 to 16 late payments and again to 6 late payments in 2012. It is being projected, however, that the number of late payments for 2013 will increase and possibly double that from 2012.

Discussion was had regarding how best to handle the late funding issues. Members were reminded to always update their Jurisdiction Communication List (JCL). Additionally IFTA, Inc. recommends that each jurisdiction create a bulk email that would distribute all funds netting correspondence to the IFTA contacts.

Mrs. Koeller presented the Clearinghouse Advisory Committee (CAC) report on behalf of the CAC Chair, Mr. Randy Boone (IN). Some of the projects that the committee has been working on include the transmittal and demographic quality control, creating a Best Practices Guide and researching non-participants being permitted access to the funds netting process. During discussions it was clarified that Quebec would need certification that the IFTA, Inc. website is secure before they could begin uploading any data.

Mr. Wagner and Ms. Joy Prenger (MO) presented the Program Compliance Review Committee (PCRC) update to membership. There are twelve reviews being conducted in 2013 and seven have been completed to date. All of these reviews will be electronic reviews (e-reviews). There will be sixteen reviews scheduled for 2014 and thirty-two jurisdiction volunteers will be necessary to successfully complete these reviews.

The PCRC has a vacancy in the northeast region for an audit position. The committee is also working on several projects including reviewing the program compliance review reports, co-sponsoring IFTA FTPBP 1-2013 with the Agreement Procedures Committee (APC) and addressing the Board charge in which the committee was asked to determine if the current review process should be modified. It is the committee's intention to propose membership return to a four-year review cycle, move towards all e-reviews but allowing for exceptions and require all review data to be uploaded to the IFTA, Inc. Additionally the PCRC will develop a review sample size range where the number of licenses registered in a jurisdiction will determine the sampled number of the licensees and audits to review, develop and provide online training programs for new and perspective reviewers and focus the review process on compliance issues found in R1555 as these issues are citable to the DRC.

Mr. LaRose, Dispute Resolution Committee (DRC) Chair, presented this report and explained that the committee had, as a result of the Referral for Enforcement, held discussions regarding the dispute resolution process. In a report presented to the Board the committee had observed three critical areas that should be examined. These areas were penalties, expulsion and early intervention. Mr. LaRose reviewed each of these areas, their key points and options, in depth. It was concluded by the DRC that:

- Penalties should be structured to be punitive and serve as a clear deterrent
- Expulsion is the ultimate penalty; moving toward a self-revocation process would remove the burden of membership having to vote either for or against any particular member's expulsion

- Early intervention is proactive and would permit the PCRC, DRC and the Board to discharge duties more timely and thoroughly

In conclusion it was explained that the committee would need to look at what aspects of the dispute process might need to be amended so that there is no lengthy delay in determining an issue of non-compliance as to when the issue is actually addressed. It was opined that this could be another tool for membership to approach their jurisdictions in anticipation of being provided additional assistance in maintaining a level of compliance. When membership was questioned about the support of a 3-year review cycle it was expressed that such a review cycle could be considered for those jurisdictions found out of compliance but that a four or five year review cycle should be followed for those jurisdictions that are in compliance.

Mr. Jeff Hood (IN), IFTA Compliance Audit Working Group (ICAWG) Vice Chair, presented this report. The ICAWG has been working on the Board charge to review the work product of the RRWG from an audit perspective and to determine the next steps. The charge further asked the committee to provide to the Board any recommendations for change. It is the intention of the ICAWG to create a conceptual model of proposed language, obtain input from stakeholders and finalize proposed ballot language based on received input that the Audit Committee would sponsor.

Mr. Hood reviewed several articles that the working group is considering for revision. He offered that membership could contact the working group with regards to their position and if there were other areas that they recommended for review. Mr. Hood also asked that membership assign a person within their jurisdiction to liaison with the ICAWG so that they might be able to participate in the process. He emphasized that the ICAWG would like to work together with the IFTA community to ensure that the end result is something with which everyone will be happy.

Mrs. Meise reviewed activities of the IFTA Standing and Special Committees. The IFTA Standing Committees includes the APC, Audit Committee (AC), Information Technology Advisory Committee (ITAC) and Law Enforcement Committee (LEC). The projects of each of these committees were reviewed. In addition it was noted that the APC has a vacancy in the Midwest, the AC has a vacancy in the Canadian region and the LEC is reviewing their current committee member terms to determine if there are any upcoming regional vacancies.

The IFTA Special Committees include the Attorneys' Section Steering Committee (ASSC), Commissioner Training Committee (CTC) and the Re-Audit and Re-Examination Working Group (RRWG). Mr. John Schultz (KS), ASSC representative, presented the ASSC report. This committee will be meeting in September 2013 for a very beneficial face-to-face meeting in Chandler, Arizona. The committee also anticipates having some vacancies in the near future.

Mrs. Meise then reviewed the upcoming committee sponsored meetings which includes the Attorneys' Section Meeting, IFTA/IRP Managers' and Law Enforcement Workshop and the IFTA/IRP Audit Workshop.

Mr. Tim Adams, IRP, Inc. CEO, presented the IRP, Inc. and IRP update. Ms. Anita Wasko (PA) serves as Chair and Ms. Deann Williams (KS) is the Vice Chair. In addition to the twelve voting members of the Board of Directors, IRP, Inc. has several non-voting members representing industry and related organizations that serve as advisors to the Board of Directors. Recently the IRP Board hosted regional calls wherein the Board reached out to the various regions in an effort to update the membership on various topics and encourage open discussions. This was very well received throughout the IRP community.

IRP has four open ballots for voting: the Full Reciprocity Plan, a change to Section 900 of the Plan regarding long term leave vehicles, electronic IRP credentials and align the IRP Dues due date with the IRP fiscal year.

Mr. Adams spoke about the new reciprocity agreement, the International Non Apportioned Vehicle Agreement (INCVA). This agreement will facilitate registration reciprocity for vehicles that are not required to be registered under IRP. Additional information regarding the INCVA can be found on the IRP, Inc. website and enrollment is now open for jurisdictions to sign the agreement.

Enhancements to the IRP, Inc. website were addressed. Several changes have been made including implementing new membership directory functionality, having more of a focus on current news and events on the home page as well as the IRP Audit Exchange. IRP, Inc. expects to complete these updates in September and continues to make the website more user friendly.

Mr. Adams explained the IRP Audit Exchange. IRP, Inc. is addressing the need to improve the exchange of audit between member jurisdictions. IRP, Inc. has since partnered with IFTA, Inc. to host a process similar to the current IFTA audit exchange process. It is anticipated that this system will be available by the end of September. Referencing the IRP, Inc. clearinghouse Mr. Adams explained that IRP, Inc. is working on archiving the clearinghouse records so that only five years of data will remain within the clearinghouse. Additionally IRP, Inc. is evaluating enhancements suggested by the jurisdictions and drafting a clearinghouse technology plan for the Board of Director's review in the fall 2013.

Concluding his report Mr. Adams informed membership that the IRP, Inc. Annual Meeting will be held in May 2014 in Albuquerque, NM.

Ms. Turner announced the location for the 2014 Annual IFTA Business Meeting. The meeting will be held at the DoubleTree by Hilton in Downtown Pittsburgh, PA. The business meeting will be held August 13 - 14, 2014. IFTA, Inc. will provide information regarding the meeting and registration as the meeting approaches.

Ms. Johnson, Industry Advisory Committee (IAC) Chair reported on several issues of concern. These issues included:

- CNG/LNG: the establishment of the measurement of a gallon/liter and a standardized return to report and collect the tax will be key to the success of collection under IFTA
- GPS: encouraged training and asked IFTA, Inc. to consider a website disclaimer that IFTA does not endorse any GPS program
- Non-Receipted Fuel: encouraged jurisdictions to accept non-IFTA fuel on the electronic returns so that the amount owed can be successfully collected
- Multiple Licenses under a Single Federal ID: IFTA provides that licensees must request consolidation but can continue to have more than one IFTA fleet
- Base Jurisdictions without Distance: consistency in the interpretation of the Agreement language is very important

Mr. Hood discussed the new IFTA interest rate which went into effect July 1, 2013. Mr. Hood reminded those in attendance that IFTA, Inc. would post the interest rate for 2014 by the end of the year. He presented examples of how the interest on tax due crossing two interest rates would be calculated. One interest rate in effect January 1 through June 30, 2013 and one interest rate in effect July 1, 2013 through December 31, 2013. Examples are posted on the IFTA, Inc. website.

Mr. Greenawalt presented an overview of the IFTA, Inc. Strategic Plan. The current plan was first developed back in 2008 and has been updated frequently throughout the past several years. The Board is reviewing the current plan and considering amendments to or completely re-writing the plan. Some of the major accomplishments of the plan include the full implementation of the IFTA, Inc. clearinghouse, complete update of the Annual Report and Exemption Databases and the development and implementation of e-reviews. The Board has identified several new threats including data hacking, VMT becoming a reality, economic changes affecting both the staffing and operations of IFTA, Inc. and the failure of financial institutions. During the October Board meeting the Board will begin reviewing and updating the goals and objectives of the strategic plan.

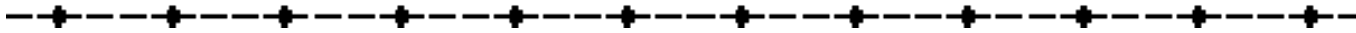
Mrs. Meise offered an update on behalf of Mr. Tom King, IFTA, Inc. Webmaster. IFTA, Inc. is designing a new web page that will be rolled out in the fall of 2013. IFTA, Inc. is also working on consolidating the passwords so that those with multiple accounts and connections can manage their logins with just one password. The various user levels were reviewed. It was explained that Level 6 is the Commissioner access, Level 5 has limited authority but cannot vote. As the levels progress down to the first level there is less authority and more access restrictions. Level 1 is the General Level where employees would have, at minimum, read only access to information posted on the website.

Following the conclusion of the business discussions, Mrs. Platt again recognized the Nevada Department of Motor Vehicles and the support staff that assisted with hosting the business meeting. Mrs. Platt also acknowledged the three sponsors: Celtic Systems, Fast Enterprises and Xerox. With no additional business being requested from membership Mrs. Platt asked for a motion to adjourn the business meeting.

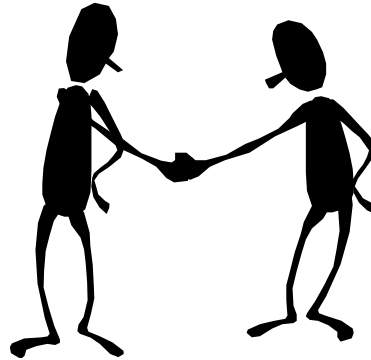
*Congratulations to Lonette L. Turner for her 20 Years of Service at IFTA, Inc.*

*Congratulation to Richard LaRose, who received the Richard L. Reeves Leadership Award.*





## **IFTA** *Comings and Goings*



### **Comings:**

*Delaware*

*IFTA Commissioner*

*Russell D. Holleger*

*Phone: 302-744-2729*

*Email: [russelldholleger@state.de.us](mailto:russelldholleger@state.de.us)*

### **Comings:**

*Georgia*

*Assistant IFTA Commissioner*

*Monique Williams*

*Phone: 404-417-6687*

*Email: [monique.williams2@dor.ga.gov](mailto:monique.williams2@dor.ga.gov)*

### **Comings:**

*Iowa*

*Assistant IFTA Commissioner*

*Karen Smith*

*Phone: 515-237-3239*

*Email: [Karen.smith@dot.iowa.gov](mailto:Karen.smith@dot.iowa.gov)*

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

The following jurisdictions have updated the Jurisdiction Communication List (JCL) in some manner since *August 16, 2013*. Please visit their JCL on the secure website to ensure that you are working with the most current information for these jurisdictions:

**Colorado**

**Georgia**

**Iowa**

**Missouri**

**New York**

**Ontario**

**Delaware**

**Indiana**

**Kansas**

**New Jersey**

**North Carolina**

**Oregon**

## IFTA, INC. WEBSITE

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

### Newly Posted to the Website...

- Meeting Presentations from the 2013 Annual IFTA Business Meeting
- Nebraska Tax Rate Change following the Close of the Tax Rate Matrix (see Memo on website from Nebraska)
- 2013 IFTA Ballot Proposals have been posted for the Second Comment Period
  - Short Track Comment Period ends on **September 30, 2013**
  - Full Track Comment Period ends on **October 31, 2013**

## IFTA, INC. CLEARINGHOUSE UPDATE

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

### Reminder

Remember to keep your user profile up-to-date so you if can't remember your login information you can have it sent to current email address.

### New Report on Transmittals

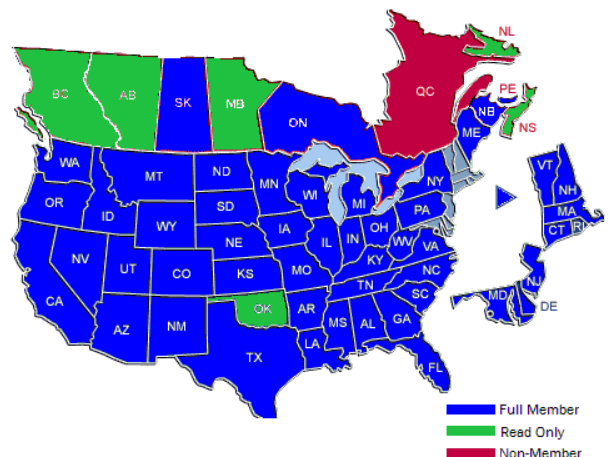
You can now run a report that will Sum all Taxable Gallons/Liters that were reported to your jurisdiction for the Years 2013 back to 2009.

This report will give you the Jurisdiction that is reporting to you and the sum of all taxable gallons for the year.

Look for Distance Report 7.

### Network/ISP Changes

Just a reminder, we have switched to a new Internet Provider and have changed locations of our servers. Please contact us if you are having issues reaching the Transmittals or Demographics web sites.





# SAVE THE DATE!



## 2013

**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 Attorneys' Section Meeting**  
September 24 – 25, 2013  
Chandler, Arizona

**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, 2014  
San Diego, California

Motor Fuel Tax Uniformity Meeting  
January 24 – 25, 2014  
Myrtle Beach, South Carolina

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

### **CVSA Workshop**

April 8 – 10, 2014  
Location to be Announced

Motor Fuel Tax Pacific Region Conference  
April 13 – 15, 2014  
Albuquerque, New Mexico

**IFTA, Inc. Board Meeting**  
April 29 – 30, 2014  
Chandler, Arizona

Motor Fuel Tax Northeastern Region Conference  
May 18 – 21, 2014  
Pittsburgh, Pennsylvania

**Annual IFTA Business Meeting**  
August 13 – 14, 2014  
Pittsburgh, Pennsylvania

**AAMV Annual International Conference**  
August 25 – 27, 2014  
Dover, Delaware

Motor Fuel Tax Uniformity Meeting  
September 26 – 27, 2014  
Jackson, Wyoming

Motor Fuel Tax Annual Conference  
Sept. 28 – Oct. 1  
Jackson, Wyoming

**IFTA, Inc. Board Meeting**  
October 21 – 22, 2014  
Chandler, Arizona