

**INTERNATIONAL FUEL TAX ASSOCIATION
DISPUTE RESOLUTION COMMITTEE**

PROGRAM COMPLIANCE REVIEW COMMITTEE)	
)	
VS.)	DRC 2025-0001
)	
THE STATE OF KANSAS)	

FINAL ORDER

Background

This matter came before the Dispute Resolution Committee (DRC, the Committee) of the International Fuel Tax Agreement (IFTA) upon the Final Determination Finding of Noncompliance (FDFNC) issued on March 6, 2025, by the IFTA Program Compliance Review Committee (PCRC, Complainant) against the State of Kansas (Respondent). The PCRC’s referral of the matter was in accordance with R1555 of the IFTA Articles of Agreement.

In its FDFNC and its filings with the DRC, the PCRC concluded that the Respondent violated Section A250 of the IFTA Audit Manual in both the 2015-2019 and 2020-2024 Program Compliance Review cycles by failing to perform their required number of audits during those years. The FDFNC further stated that Respondent violated Section A260 of the IFTA Audit Manual by failing to meet the 25% high distance audit requirement during the 2020-2024 Program Compliance Review cycle.

The Respondent’s filings with the DRC did not dispute the PCRC’s findings in the FDFNC or its filings as Complainant.

The DRC held a hearing on the dispute on August 21, 2025, in conjunction with the 2025 IFTA Annual Business Meeting in Salt Lake City, Utah. Jody Isaak, Chair of the PCRC, appeared on behalf of the Complainant. Teri L. Agnew, IFTA Commissioner for the State of Kansas, appeared on behalf of the Respondent, with additional testimony provided by representatives from the Kansas Department of Revenue who joined the proceeding via teleconference.

At the hearing on this matter, after taking roll the Parliamentarian determined that a quorum was present. The Committee Chair then introduced the parties to the dispute before the Committee. All parties were allowed to present arguments and witnesses and to cross-examine testimony.

Following the presentations of the parties, the Committee Chair opened the floor for comments from others who wished to be heard. The DRC then held the matter over for deliberation in an executive session and considered the issues before it.

During its executive session, the Committee accepted and relied upon the following findings of fact presented by the PCRC during the open session, which were not contested by the Respondent:

1. Audit Count Requirement:

- a. For the 2015-2019 audit cycle, Respondent admitted, and the DRC found that Respondent was required to perform 514 audits under A250 of the IFTA Audit Manual but only completed 492 audits, leaving a deficit of 22 audits for the period.
- b. For the 2020-2024 audit cycle, Respondent admitted, and the DRC found that Respondent was required to perform 472 audits under A250 of the IFTA Audit Manual but only completed 374 audits resulting in a deficit of 98 audits for the period. The Respondent also failed to complete the audit deficit of 22 audits from the previous Review cycle leaving a combined deficit of 120 audits.

2. High Distance Audit Requirement:

Respondent admitted and the DRC found that Respondent was required to complete 119 high distance audits under the IFTA Audit Manual but only completed 117, falling short by 2 high distance audits.

Decision of the DRC

At the conclusion of its executive session, the DRC returned to open session in order to decide the dispute. The parties' representatives rejoined the proceeding at this time. Prior to the Committee taking a vote on its decision, a Proposed Order was projected onto a screen visible to the audience. The Proposed Order was then read aloud, and the Chair announced that the Proposed Order was open for discussion and debate. There were no questions or debate from the parties, the audience, or the Committee. Accordingly, the Chair called for a motion with respect to the Proposed Order.

A motion was made and seconded to adopt the Proposed Order as presented. The motion passed with 7 "yes" votes and 1 "no" vote.

Following is the Proposed Order that was presented and adopted by the Committee:

Kansas is hereby ordered to bring its program into compliance by December 31, 2026, including completing the deficit audits detailed in the PCRC's FDFNC along with meeting its ongoing audit requirements under the Agreement.

Kansas is further ordered to follow a compliance plan, to be developed by the PCRC, which includes providing quarterly audit production reports, including the high/low distance requirements found in Section A260, to the PCRC until they are compliant with this Order. The PCRC will report progress to the DRC Chair concerning the Respondent's compliance plan.

If Kansas does not bring its program into compliance by December 31, 2026, then it shall suffer an immediate loss of voting power, Board positions, and standing committee positions, until the Respondent comes into compliance with this order.

If Kansas fails to be in compliance by March 1, 2027, Fiscal 2028 Membership Dues shall be doubled along with the loss of Plus One Person (POP) funding.

If Kansas fails to be in compliance by March 1, 2028, Fiscal 2029 Membership Dues shall be tripled along with the loss of Plus One Person (POP) funding.

If Kansas does not bring its program into compliance with this order by December 31, 2027, then in accordance with R1555.300.005 of the Articles of Agreement, the Board shall request a resolution to expel Kansas from membership.

This Proposed Order was approved and given full effect upon vote by the Committee and is presented in this written Final Order as part of the record of the proceeding.

IT IS SO ORDERED.

Issued this fifth day of September 2025, by:

TOM MCDANIEL, Chair

BY A MAJORITY OF THE DISPUTE RESOLUTION COMMITTEE