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INTERNATIONAL FUEL TAX ASSOCIATION
DISPUTE RESOLUTION COMMITTEE

PROGRAM COMPLIANCE REVIEW COMMITTEE	)	
	)	
VS.	)	DRC 2026-0001
	)	
STATE OF VERMONT	)	

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 January 13, 2026, by the IFTA Program Compliance Review Committee (PCRC, the Complainant) against the state of Vermont. The PCRC's referral of the matter was in accordance with R1555 of the IFTA Articles of Agreement.

Threshold Determinations

Based on the parties' initial filings with the Committee, the DRC made the following initial determinations:

- That DRC jurisdiction over this matter was proper under the IFTA Articles of Agreement.
- That notice was properly and timely provided in accordance with the IFTA Dispute Resolution Process (DRP).
- That all submissions required under the DRP for a hearing of this dispute were complete and timely filed by the parties.

Hearing

The DRC held a hearing on the dispute on August 27, 2026, in conjunction with the 2026 IFTA Annual Business Meeting in Austin, Texas. Jody Isaak, Chair of the PCRC, appeared on behalf of the Complainant. Brandy Robillard, IFTA Commissioner, and Renee Cota, Director of Finance & Logistics for the State of Vermont, appeared on behalf of the Respondent.

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

Following the presentations of the parties, the 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.

Findings

In its FDFNC, its filings with the DRC, and its testimony at the hearing, the PCRC presented the following findings. Since the Respondent did not dispute these findings, the DRC adopted them for purposes of deciding the dispute.

1. Audit Count Requirements

    a. For the 2019-2023 audit cycle, the Respondent was required to perform 128 audits under A250 of the IFTA Audit Manual but only completed 55 audits, leaving a deficit of 73 audits for the period.

2. High Distance Audit Requirements

    a. For the 2019-2023 audit cycle, the Respondent was required to complete 32 high distance audits under the IFTA Audit Manual but did not provide the PCRC with data showing that it had completed any.

3. Low Distance Audit Requirements

    a. For the 2019-2023 audit cycle, the Respondent was required to complete 19 low distance audits under the IFTA Audit Manual but did not provide the PCRC with data showing that it had completed any.

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, 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 questions and debates from the parties and Committee. There were no questions or debates from the audience. 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 Order that was adopted by the Committee:

> THE DRC ORDERS that the findings of the Program Compliance Review Committee (PCRC), which were disputed by the Respondent, are hereby adopted as the findings of the Dispute Resolution Committee.
>
> THE DRC FURTHER ORDERS the Respondent to provide an accurate 2024 Annual Report to the PCRC by December 31, 2026.
>
> THE DRC FURTHER ORDERS the Respondent to provide the PCRC with a satisfactory audit plan for 2027 that includes a minimum number of audits, number of accounts by category, count of Licensees, budgeted hours, and a plan of action to address prior deficit of audits no later than March 1, 2027.
>
> THE DRC FURTHER ORDERS the Respondent to provide the PCRC by June 30, 2027, with

sufficient and accurate data showing all audits during the review period resulting in a change with correctly calculated interest and transmit said audits to the IFTA Clearinghouse as directed by the PCRC.

THE DRC FURTHER ORDERS the Respondent to complete its deficit of 73 audits, plus any additional deficit of audits from 2024, as detailed in the Final Determination Finding of Non-Compliance (FDFNC) by December 31, 2027, in addition to meeting the other audit requirements contained in the Agreement.

THE DRC FURTHER ORDERS the Respondent to complete its deficit of high-distance audits for the review period to meet its 25 percent high-distance audit requirement pursuant to Section A260 by December 31, 2027.

THE DRC FURTHER ORDERS the Respondent to complete its deficit of low-distance audits for the review period to meet its 15 percent low-distance audit requirement pursuant to Section A260 by December 31, 2027.

THE DRC FURTHER ORDERS the Respondent to provide the PCRC with its procedures to address the administrative issues described in the FDFNC including any and all deficiencies related to Sections R1370, A330, and A460 by December 31, 2027.

THE DRC FURTHER ORDERS the Respondent 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 concerning the Respondent's compliance plan.

THE DRC FURTHER ORDERS that if the Respondent fails to comply with the orders above by December 31, 2027, it shall suffer immediate loss of voting power, standing committee membership, and Board positions until the Respondent comes into compliance with this Order.

THE DRC FURTHER ORDERS that if the Respondent fails to comply by March 1, 2028, then for Fiscal 2029, its Membership Dues shall be doubled and its Plus One Person (POP) Funding shall be lost.

THE DRC FURTHER ORDERS that if the Respondent fails to comply by December 31, 2028, the DRC shall request a Resolution to Expel the Jurisdiction as required pursuant to Section R1555.300.005.

THE DRC FURTHER ORDERS that if the Respondent fails to comply by March 1, 2029, then for Fiscal 2030, its Membership Dues shall be tripled and its POP Funding shall be lost.

This Order is hereby incorporated into and given full effect in this Final Order.

Rationale for Decision

The DRC considered both aggravating and mitigating circumstances. The Respondent's failure to meet audit requirements and provide adequate records during the audit cycle and the significant shortfall in high distance audits and low distance audits were viewed as serious violations. The DRC acknowledged that the organizational unit responsible for administering the IFTA program might not have full control over its funding and/or operational priorities. However, the non-compliance and the substantial shortfall in audits indicated a systemic issue that needed to be addressed.

The DRC's decision is based on a thorough review of the evidence, consideration of mitigating and aggravating circumstances, and alignment with the IFTA Agreement, Audit Manual, Procedures Manual, and Dispute Resolution Process. The actions taken were necessary to promote fairness and to remind jurisdictions of the importance of following the requirements set out in IFTA's governing documents.

IT IS SO ORDERED.

Issued this 16th day of September, 2026, by:

Tom McDaniel, Chair