

**ANNUAL IFTA BUSINESS MEETING
AUGUST 15-16, 2018
TEMPE, AZ**

Call to Order

Mr. Stephen Nutter (VA), Director of Compliance Services for the Virginia Department of Motor Vehicles – Motor Carrier Services, and IFTA, Inc. Board of Trustees (Board) President, called the meeting to order. Mr. Nutter welcomed everyone to the business meeting and recognized the meeting sponsors, ProMiles and Legatus, who sponsored the previous evening's reception. Additional meeting sponsors are Celtic Systems, Fast Enterprises, and Explore.

Roll Call

Ms. Lonette Turner, IFTA, Inc. CEO, conducted the official roll call of membership. Fifty-six voting delegates were in attendance or represented by proxy. Iowa and New Mexico were not represented. Ms. Turner announced that there was a quorum to conduct the business of the association. Following the roll call, self-introductions were made by the attendees. 126 attendees representing 52 member jurisdictions and 20 companies attended.

Welcome

Mr. Vasile Samartinean, IFTA Commissioner for the Arizona Department of Transportation, welcomed the group to Arizona. Mr. Samartinean recognized Ms. Lonette Turner, IFTA, Inc. CEO, who will be retiring in September, as well as Mr. Nutter and the special guest speakers including Mr. Tim Adams, IRP, Inc. CEO, Ms. Anne Ferro, AAMVA, Mr. Michael Dougherty, FHWA, and Mr. Alfonso Moreno and Mr. Eddie Franco from FMCSA.

Mr. Samartinean shared some new and exciting implementations within the Arizona Department of Transportation. These initiatives include legislation which was passed in early 2018 allowing ADOT to conform to the Articles of Agreement regarding penalty and interest. Additionally, ADOT implemented a first-in-the-nation system to detect wrong way drivers entering I-17 from the off ramps. This system triggers a back-illuminated wrong-way sign to the driver while alerting authorities. Locally, ADOT is working on a 22-mile stretch of freeway which will allow drivers to bypass the Downtown Phoenix area.

President's Report

Presenting the President's Report, Mr. Nutter noted that more than one hundred members volunteer their time and knowledge in committee work, including those who serve on the IFTA, Inc. Board of Trustees. These volunteers make the IFTA organization better.

Mr. Nutter commented on the year of change the organization has faced. The changes include the resignation of Ms. Joy Prenger (MO) from the Executive Committee of the Board, a mid-term Board election following the resignation of Mr. Rick LaRose (CT), and personnel changes at IFTA, Inc. including the resignation of Mrs. Amanda Koeller and the upcoming retirement of Ms. Turner. Mr. Nutter assured membership that, even with the organizational changes, change can be positive and seasoned and established personnel are in place to compensate for the changes to assure a smooth transition and uninterrupted services. He encouraged membership to continue working with the Board and the IFTA, Inc. personnel as the organization moves forward.

Approval of the Minutes

Mr. Nutter presented the minutes from the 2017 Annual IFTA Business Meeting for approval.

Motion: Ms. Virginia Barnett, Assistant IFTA Commissioner for the Ontario Ministry of Finance and Board member, moved to approve the minutes. Mr. Scott Bryer, IFTA Commissioner for the New Hampshire Department of Safety and First Vice President of the Board, seconded the motion.

Membership offered editorial and grammatical changes to the minutes.

Vote on the Motion: The motion was voted on and carried.

Election Committee Report

Ms. Cindy Arnold (NV), Chair of the Election Committee, presented this report and reviewed the election procedures with membership. The Board of Trustees has four open positions. Nominations were presented for Ms. Antoinette Tannous (QC), Ms. Helen Varcoe (MT), Mr. Mark Byrne (NE), and Mr. L. Michael Romeo (CT).

Election of Board Members

Mr. Nutter asked for floor nominations for the Western, Midwest, Northeast, and Canadian regions. No nominations were offered.

Motion: Mr. Scott Greenawalt, Assistant IFTA Commissioner for the Oklahoma Corporation Commissioner, moved to close the nominations. Ms. Barnett seconded the motion. The motion passed.

Motion: Mr. Greenawalt moved to accept the slate of nominees by acclamation. Mr. Jay Sween, Wisconsin Department of Transportation IFTA Commissioner, seconded the motion. The motion passed.

IFTA, Inc. Accomplishments

Mr. Nutter reviewed the accomplishments of the Board and IFTA, Inc. over the past year. In January 2018, the Board engaged in a Board Governance Training as part of the Strategic Plan. This training helped the Board to better understand its mission and actions and gave them a realistic comprehension of the Board duties. In January 2019, a facilitator will attend the Board meeting to work on a new Strategic Plan.

In May 2018, IFTA, Inc. relocated the Clearinghouse operations. The servers were relocated to a 'data farm' in Chandler, AZ. Membership interested in this location can contact IFTA, Inc. for a video link explaining the location and its security levels.

In July 2018, the Board hired a new Business Supervisor for IFTA, Inc. Following a comprehensive search through the IFTA community, IFTA website, and Federation of Tax Administrators web job site, the Board hired Mrs. Monica Halstead, formerly from Indiana Department of Revenue.

In August 2018, a SOC II Audit was successfully finalized yielding an in-depth review of the IFTA, Inc. procedures and Clearinghouse operations securities. The Board will review this report during the 4Q18 Board meeting.

IFTA, Inc. Financial Report

Mr. Bryer presented this report and reviewed the financial highlights of the organization. IFTA, Inc. is in very good financial shape moving forward. The investment income is also a good source of revenue for the organization.

Mr. Bryer announced that the Board will continue to fund the Plus One Person Funded Travelers to the 2019 events including the IFTA/IRP Audit Workshop, IFTA Attorneys Meeting, Annual IFTA Business Meeting, and the IRP/IFTA Managers' and Law Enforcement Workshop.

Recognition of Lonette Turner

Mr. Nutter, Mr. Bryer, and Mr. Robert Pitcher, American Trucking Associations, Inc., recognized the achievements and career of Ms. Turner. Lonette originally worked for the Indiana Department of Revenue and joined the IFTA, Inc. staff twenty-five years ago in September 1993.

AAMVA Motor Carrier Services

Ms. Ferro, President and CEO of AAMVA, presented this motor carrier services update. AAMVA, the American Association of Motor Vehicle Administration, has a mission to help North American motor vehicle and law enforcement agencies to accomplish their missions. The AAMVA vision is to have safe drivers, safe vehicles, secure identities, and save lives.

AAMVA is a collaborative effort of all US jurisdictions and agencies, working through policies and committees. Through the various standing committees, working groups are organized to identify, review, and tackle current issues of interest. Webinars and leadership training academies are available. The New Administrator's Orientation has funding available through AAMVA.

A Motor Carrier Working Group was established in January 2016 to determine gaps that may exist in motor carrier services support. The findings of this working group have been shared with CVSA, IRP, CCMTA and IFTA.

The regional structure of AAMVA differs from that of both IFTA and IRP as the AAMVA regions are location-driven. Each of the four regions has its own Board, President, and Bylaws. Each region also offers a Canadian and law enforcement seat.

AAMVA has a significant IT footprint. Two key services provided include the Commercial Driver License Information System (CDLIS) and the National Motor Vehicle Title Information System (NMVTIS). Both of these systems were developed to identify one vehicle, one owner, and one record with the intent to protect the public from theft. Further, a Commercial Driver Licensing (CDL) network was established to permit states to exchange CDL data through CDLIS.

AAMVA continues to refine and update the Fraud Detection and Remediation course. This course is free to all jurisdiction members. Other emerging issues include automated vehicles mobile driver's licenses. Guidelines for regulating the automated vehicles were established in May 2018. Pilot projects for the mobile driver's license have been established in Delaware, Iowa, and Virginia.

Explanation of Ballot Process and Voting

Ms. Barnett reviewed how amendments are made to the Agreement and discussed the ballot process. Membership was encouraged to show their support for or concerns about ballots posted on the IFTA, Inc. website by commenting during the two comment periods. Ms. Barnett explained that the comments are not binding, but are very useful to the ballot sponsor to determine whether membership is in agreement with the ballot and whether the ballot should be changed before it is presented for voting.

Ms. Barnett explained that straw votes taken during the business meeting are not binding votes; they are simply an indicator for the presenter to determine membership's view of the ballot as submitted.

Currently, when a jurisdiction does not vote on a ballot, the jurisdiction is shown as voting against the ballot which could cause the ballot to fail.

Ballot sponsors were encouraged to use the available assistance in refining ballot language. The IFTA Attorneys' Section Steering Committee (ASSC) is available to work with sponsors by reviewing the ballot language. Ms. Barnett also volunteered the Board to work with sponsors to aid in the development of ballots.

The CBI process was briefly reviewed and explained.

FTPBP #01-2018

Mr. Ron Hester (ON), Clearinghouse Advisory Committee (CAC) Chair, presented this ballot proposal to membership. This ballot is sponsored by the CAC and the Agreement Procedures Committee (APC) The intent of this full-track ballot is to clarify that the daily demographic upload is an upload of the full demographic data.

This ballot failed during the 2017 ballot process and is presented again to membership. While the daily demographic upload is currently performed by membership, the ballot ensures that this language is included in the Agreement. During a straw poll vote, membership favored moving this ballot to the short-track process.

Motion: Ms. Marie Stark, Assistant IFTA Commissioner for the Montana Department of Transportation, moved that IFTA Full Track Preliminary Ballot Proposal (FTPBP) #01-2018 be moved to the short-track ballot process. Mr. Bryer seconded the motion. The motion passed. FTPBP #1-2018 will be moved to the short-track ballot process.

STPBP #02-2018

Ms. Cindy Swanson (CA), APC Chair, presented this ballot proposal to membership. The APC sponsored this ballot. The intent of the ballot is to amend the IFTA Procedures Manual to align with the Bank of Canada's new procedure of publishing exchange rates once each business day by 4:30 PM Eastern Time. Ms. Swanson explained that the Canadian jurisdictions have been using these published exchange rates for the past year. The ballot will be effective upon passage.

Membership was reminded that this vote is whether or not to continue the ballot on the short track ballot process, not to vote on the actual ballot. Following this explanation, a roll call vote was taken to determine if the ballot would continue as a short-track ballot. Short Track Preliminary Ballot Proposal (STPBP) #2-2018, passed with a vote of 53 in favor, 2 against, and 1 ineligible vote (NJ) jurisdiction. The ballot will continue through the short-track ballot process.

Richard L. Reeves IFTA Leadership Award

Mr. Dennis Vanderslice (ARI Fleet), Industry Advisory Committee (IAC) Chair, Ms. Donna Burch (Ryder Truck Rental), and Mr. LaRose presented this year's Richard L. Reeves IFTA Leadership award. The recipient of the 2018 leadership award was Ms. Turner.

FTPBP #03-2018

Ms. Dawn Lietz, IFTA Commissioner for the Nevada Department of Motor Vehicles, Motor Carrier Division, and Mr. Jay Starling, IFTA Commissioner for the Alabama Revenue Department Motor Vehicle Division, sponsored and presented this ballot. The intent of this ballot is to amend the IFTA Articles of Agreement to provide authority for a jurisdiction to issue an IFTA license to an applicant in their jurisdiction provided the applicant meets the established place of business or residency requirements of that jurisdiction.

Several scenarios were presented to membership to better explain the ballot's language. Much discussion regarding the language ensued. Membership discussed issues surrounding taxpayer registration, residency, and mileage. It was decided that the sponsors will distribute an email to the IFTA Commissioners following the business meeting explaining the language changes presented during the meeting. The sponsors intend to amend the ballot language for the second comment period based upon membership's feedback received during the business meeting and resulting from the follow-up email. The sponsors expressed that the ballot was proposed to make the IFTA licensing process less complicated for taxpayers.

FTPBP #04-2018

This ballot is sponsored by the jurisdiction of British Columbia. Ms. Arnold presented this ballot language to membership on behalf of the sponsor. The intent is to establish a firm cut-off date or lock-down date for tax rate changes to ensure consistency between the tax rates a carrier uses, the tax rates each jurisdiction sends to their carriers, and those posted on the IFTA Tax Rate Matrix. Ms. Arnold explained that, once the cut-off date has expired, no member jurisdiction can change their tax rates until the next tax rate cut-off date.

Following discussion, a straw vote showed favor for the ballot as written with some opposition.

Regional Breakouts

Regional breakout sessions were held. These sessions permitted attendees from the five regions to meet in smaller groups and discuss issues relevant to each region. The issues discussed included government-leased vehicles, uniformity for un-receipted fuel, Canadian carbon tax not available on all jurisdiction fuel use tax reports, AAMVA training opportunities for new personnel, ways to meet the 3% audit requirement, webinars, virtual offices of taxpayers, audit transmittal tax rates, and the future of IFTA.

FTFBP #05-2017

Mr. Sween presented an overview of Full Track Final Ballot Proposal (FTFBP) #05-2017 in order to review the implementation of the ballot requirements.

The implementation date of this ballot is January 1, 2019. A similar ballot was passed by the IRP membership. This ballot adds language stating that the IFTA license may be displayed on an electronic device and that a paper IFTA license is no longer required. It is recommended, but not required, that a paper license be carried during the first year of implementation.

Membership was urged to notify the law enforcement personnel within their jurisdiction to aid in the acceptance and timeline implementation of this ballot. It was observed that the most critical element of this ballot implementation is preparation the effective date. To assist membership, IRP, Inc. has posted tools which outline and assist in the implementation process on the website irponline.org.

Town Hall Meeting

Mr. Nutter moderated the Town Hall meeting. He explained that the Board would review all topics and discussions presented and determine if any actions should be undertaken. The following issues were presented for discussion.

- 1) Membership discussed the possible consolidation of the six IFTA website access levels. Consideration has been given to renaming the access levels to “view”, “view and edit”, and “Commissioner”. Concern was expressed for confidential data that is not available for viewing by all access levels.

- 2) Electronic Logging Devices (ELD) were discussed. A question was presented about how jurisdictions would respond to carriers who do not maintain records other than those provided by the ELD. It was noted that ELDs track hours of service only. It was also explained that licensees are marked for having inadequate records.

Iowa is working to educate motor vehicle enforcement teams to provide information at the CDL level explaining that ELDs do not meet documentary requirements of IFTA.

- 3) Tracking the US DOT number was discussed. Concern was expressed about which US DOT number should be tracked; the actual company number or the safety company number. The question was issued whether or not the US DOT number should be tracked, as well as the VIN number for each vehicle. No determination was made on this issue, but Nevada recommended that IFTA track the US DOT number for the company itself.
- 4) Membership reviewed the issue of electronic tax returns vs paper tax returns. It was noted that Ontario will be working towards a paperless tax return with exceptions for those with electronic difficulties. A majority of the membership have implemented electronic filing.
- 5) The issue of whether a licensee can have more than one fuel license in multiple jurisdictions was discussed by membership. It was also questioned whether a licensee could have more than one fuel license in their base jurisdiction. The Board will address this issue at the next quarterly Board meeting.
- 6) An open discussion about the possibility of IFTA Records Reviews was held. It was opined that IFTA should align its records review process to that of IRP. IRP allows that the completion of three Records Reviews result in credit for completion of one audit. The time required to conduct a records review is less than a full audit. It was recommended that the inquiring parties review the past IFTA Audit Committee in-depth discussions before any ballot is planned.

- 7) Electric vehicles issues were reviewed. Battery technology and battery charging concerns were discussed. It was opined that the organization should review this issue in relation of measuring electric powered vehicles, taxing such vehicles, and tracking the usage.
- 8) Another electric vehicle related issue focused on a qualified motor vehicle and decals for such vehicles. It was noted that California and Nevada have added electric vehicle related fuels to their tax rates. Currently, this rate is \$0; however, decals are provided for said vehicles. It was also noted that IFTA, Inc. has added this fuel type to the tax rate matrix. The Board is putting together a charge to review this issue to determine what is meaningful for the organization and how to move forward.
- 9) The concept of allowing changes to the IFTA Annual Reports was discussed. Some of the membership felt that these reports should permit jurisdictions to change existing data to make the submitted report accurate. The Board will review this issue and discuss the best implementation of such changes.
- 10) The Electronic Verification of Operating Credentials working group Request for Quotation (RFQ) was discussed. A total of seven RFQ responses were received from the thirty recipients of the RFQs. To date, no formal Request for Proposal (RFP) has been issued.
- 11) Discussion ensued about how jurisdictions handle carriers' requests for additional decals. Some jurisdictions track decals issued, but do not track the number of decals each carrier requests. Other jurisdictions require proof of vehicle registration before fulfilling IFTA decal requests.

Program Compliance Review Committee – New Process

Mr. Tim Ford (CA), Chair of the Program Compliance Review Committee (PCRC), Mr. Clint Hester (NC), Vice Chair of the PCRC, and Mr. John Szilagyi (CT), Chair of the PCRC Working Group, presented the new Program Compliance Review (PCR) process to membership. This process was ratified by membership in 2017 and has been utilized for the 2018 reviews. As the reviews are conducted, additional procedures and improvements to the process will be developed.

Some improvements are the development of spreadsheets and Clearinghouse data access for review teams. Changes made to the PCRC charter and the review and reviewer structure were presented and discussed.

IRP, Inc. and IRP Update

Mr. Adams informed membership that IRP, Inc. continues to work hard to provide service and support to membership while the IRP, Inc. Board continues to provide oversight and leadership to the IRP community. Recent Directors elected to the IRP Board include Mr. James Walker (NJ), Ms. Renee Kyser (AL), and Mr. Jeff Hood (IN).

In 2017, the IRP Clearinghouse netted an exchange of more than \$945 million dollars between the participating fifty-seven (57) member jurisdictions. IRP, Inc. continues to work with membership to standardize the data in the IRP Clearinghouse. Currently, forty-five (45) jurisdictions are fully implemented with live, standardized data.

Mr. Adams reviewed the IRP ballots. These ballots can be located on the IRP, Inc. website at www.irponline.org. The Electronic Credentials Task Force was also reviewed. The objective of this task force is to develop a plan to proceed with establishing electronic credentials.

Education and training continue to be of importance to IRP, Inc., which is researching online training tools that would benefit membership.

Federal Highway Grants

Mr. Dougherty, Program Analyst for the FHWA, spoke about the Federal Highway Trust Fund and US DOT grant opportunities. The following opportunities and additional grants and data can be located at www.grants.gov. Mr. Dougherty explained that the current open application period closes on September 28, 2018. These funds can be used for training or research, but must include IFTA-related initiatives.

- FMCSA – Motor Carrier Safety Assistance Program
- FHWA – Surface Transportation System Funding Alternatives
- FMSCA – Border Enforcement Grant
- FHWA – Highway Use Tax Evasion Grants

Breakout Sessions

Membership participated in concurrent breakout sessions. These sessions included discussion related to tax reporting of operations by alternate-powered vehicles and the ELD mandate. In a jurisdiction-only session efficient and effective roadside enforcement was discussed. An industry-only session enabled attendees to discuss issues of concern within the industry.

Issues discussed during the alternate-powered vehicles breakout included 1) applying a registration fee or fuel use tax, 2) working towards uniform standards, 3) considering temporary measures to determine the feasibility of taxing such vehicles, 4) a heavy vehicle mileage tax, and 5) the speed of diesel vehicles becoming electric powered vehicles.

During the ELD mandate, discussions involved 1) the use of ELD data for tax reporting and 2) internal controls necessary to track and resolve issues for reporting data accuracy.

During the jurisdiction-only session, membership was presented with 1) better roadside and deskside enforcement methods and 2) the importance of ensuring that data cleaning is done correctly.

Industry Advisory Committee Report

Ms. Connie Owen, JJ Keller, Vice Chair of IAC, offered this report on behalf of Mr. Vanderslice. Issues highlighted in this report included 1) non-receipted fuel, 2) having one or multiple IFTA licenses that are enforced differently, 3) the ELD mandate issues, 4) decals for VIN specific vehicles only and 5) embracing technology including electronic credentials.

The report observed that IFTA is a partnership between industry and member jurisdictions and that both parties should continue to work together to make the program work favorably for industry and membership alike.

Board Member Recognition

Mr. Nutter recognized Ms. Arnold whose term on the Board expires at the end of December 2018. Mr. Nutter presented Ms. Arnold with a plaque for her years of service to the Board and to IFTA.

New Business

Mr. Nutter asked membership for new business for discussion. Membership presented no new business.

2019 Invitation

Mr. John Panza, IFTA Commissioner for the North Carolina Department of Revenue Excise Tax presented an invitation to the 2019 Annual IFTA Business Meeting. This event will be held at the Hilton North Raleigh Midtown in Raleigh, NC. The dates of this event are August 14 – 15, 2019.

Closing Remarks and Adjournment

Mr. Nutter offered closing remarks and recognized the sponsors, special guest speakers, and Board members. Following the conclusion of his comments, the 2018 Annual IFTA Business Meeting was closed.