

**ANNUAL IFTA BUSINESS MEETING
INDIANAPOLIS, INDIANA
AUGUST 17 – 18, 2016**

Call to Order

Mr. Stuart Zion, Colorado Department of Revenue IFTA Commissioner and IFTA, Inc. Board of Trustees (Board) President, called the meeting to order. Mr. Zion welcomed everyone to the business meeting and recognized the meeting sponsor Legatus who sponsored the previous evening's reception. Additional meeting sponsors will be Xerox, Fast Enterprises, Explore, EROAD, and RSI.

Roll Call

Ms. Lonette Turner, IFTA, Inc. CEO, conducted a roll call of membership. Ms. Turner announced that there was a quorum to conduct the business of the association. A total count of the voting jurisdictions represented, either in person or by proxy, was fifty-six (56). Following the roll call, self-introductions were made by the attendees. One hundred and twenty-four (124) attendees representing fifty (50) member jurisdictions and twenty (20) companies from industry were all in attendance.

Welcome

Mr. Andrew Kossack, Commissioner of Revenue for the Indiana Department of Revenue, welcomed the attendees to the business meeting and to Indianapolis. With 2016 being the bicentennial of Indiana's statehood, Mr. Kossack informed the delegates that there were several exciting events happening throughout the State, all culminating with the special celebration on December 11th. Mr. Kossack also acknowledged the service of all member jurisdictions and thanked them for their public service, noting that it is essential to their jurisdictions and their jurisdictions' futures.

President's Report

Following the welcome, Mr. Zion offered the President's report. Mr. Zion commented that one of the reasons for IFTA's success is the participation of those members serving on various committees. Identifying some of the highlights since the August 2015 Annual IFTA Business Meeting, Mr. Zion noted that the Board has been discussing how best to improve the voting process, redesigning the IFTA, Inc. website, decal specifications and the funds netting calendar, the timing of the Board elections, the consideration of several jurisdiction-submitted projects and proposals for funding by the organization, and the Strategic Plan review and discussions that have continued. Concluding his report, Mr. Zion informed membership that the Board looks forward to the success and results from the electronic credentials pilot project, changes to the program compliance review process, and implementing more of the Strategic Plan.

Approval of the 2015 Meeting Minutes

The 2015 Annual IFTA Business Meeting minutes were reviewed. Amendments were recommended by membership. Mr. Zion then asked for a motion to approve the minutes as amended.

Motion: Mr. Richard LaRose, Connecticut Assistant IFTA Commissioner, moved to accept the minutes from the 2015 Annual IFTA Business Meeting as amended. Mr. Scott Greenawalt, Assistant IFTA Commissioner for Oklahoma, seconded the motion. The motion passed.

Election Committee Report and Election of Board Members

Mr. Chuck Ulm, Maryland IFTA Commissioner, Chair of the Election Committee, and First Vice President of the Board, offered this report to membership. The outgoing Board members not eligible for re-election are Mr. Garry Hinkley (ME) and Mr. Hugh Hughson (BC). Other seats open for election are those held by Ms. Cindy Arnold (NV) and Ms. Joy Prenger (MO), both seeking re-election. The committee presented Ms. Arnold, Ms. Prenger, Mr. LaRose, and Ms. Antoinette Tannous (QC) to the Board. Following the presentation of the committee's slate of nominees, Mr. Zion asked for nominations from the floor. There were none.

Motion: Mr. Hugh Hughson, Assistant IFTA Commissioner for British Columbia, moved to close the nominations. Mr. David Helton, Florida IFTA Commissioner, seconded the motion. The motion passed.

Motion: Mr. Scott Bryer, New Hampshire IFTA Commissioner, moved to accept the slate of candidates by acclamation. Mr. Ulm seconded the motion. The motion passed.

Both Ms. Arnold and Ms. Prenger were re-elected to the Board and Mr. LaRose, and Ms. Tannous' terms will begin January 1, 2017.

IFTA, Inc. Financial Report

Mrs. Amanda Koeller, IFTA, Inc. Comptroller / Treasurer, presented the financial report and informed membership that IFTA, Inc. remains financially sound. A financial audit and a SOC II audit have been completed. Additionally, a security audit of the organization was also completed. Mrs. Koeller informed membership that the IFTA, Inc. office building located in Chandler, AZ, has officially been put on the market for sale.

IFTA, Inc. Website Modernization

Following the financial report, Mr. Thomas King, IFTA, Inc. Webmaster, provided a demonstration of the modernization of the IFTA, Inc. website. He reviewed, in depth, the upcoming release of the new website and reviewed the various levels, web pages, and login to the website.

IFTA, Inc. Strategic Plan Progress Report

Board members Ms. Prenger and Mr. Stephen Nutter (VA) offered a review of the IFTA, Inc. Strategic Plan progress. During this presentation it was explained that additional travel for 2018 had been approved. Member jurisdictions can choose to send a single delegate to one of the various IFTA related functions and the related fees would be paid for by IFTA, Inc. An Annual Report Working Group was recently established to review and update the IFTA Annual Report.

The Board has also evaluated current real estate pertaining to the sale of the office building. Perspective buyers have reviewed the location. A salary and position study of the IFTA, Inc. personnel was also approved by the Board.

Agreement Procedures Committee Report

Ms. Marie Stark (MT), Agreement Procedures Committee (APC) Chair, presented IFTA Full Track Preliminary Ballot Proposal (FTPBP) 2-2016 for discussion. The intent of this ballot is to allow carriers to display their IFTA renewal credentials two months prior to the effective date shown on the license and decals. Carriers would still be required to carry the current, active credentials. Following a straw vote showing favor for this ballot, Ms. Stark asked for a motion to move this ballot to the short track ballot process.

Motion: Ms. Belinda MacKinnon, Manitoba Assistant IFTA Commissioner, moved to have FTPBP 2-2016 move to the short track ballot process. Ms. Arnold seconded this motion.

Following discussions, Ms. MacKinnon withdrew the motion and Ms. Stark chose to allow the ballot to remain as a full track ballot. It was offered that the effective date should be moved to a July 2017 effective date.

Jurisdiction Sponsored Ballot

Mr. Trent Knoles (IL) and Ms. Arnold presented FTPBP 3-2016. The intent of this ballot is to ensure that a vote's final outcome is representative of the eligible jurisdictions' voting position as truly intended. An in-depth review of this ballot proposal was provided. Comments from some jurisdictions were against the adoption of this ballot due to the fact of a fewer number of jurisdictions could pass a ballot. However, it was also expressed that any member jurisdiction that is restricted from voting should not be counted towards the active votes as either a positive or negative vote for the issue in question. The ballot sponsors appreciated membership's input on this ballot and it will continue as a full track ballot.

Richard L. Reeves IFTA Leadership Award

The 2016 Richard L. Reeves IFTA Leadership Award was presented during a special luncheon. The award was presented by Ms. Lonette Turner, IFTA, Inc. CEO, Mr. Sam Losavio, Fast Enterprises, Mr. Robert Pitcher, American Trucking Associations, Inc., and Mr. Dennis Vanderslice, ARI Fleet, Industry Advisory Committee Vice Chair. The recipient of this award was Mr. Gary Bennion, XPO Logistics.

Regional Breakout Sessions

Regional breakout sessions were held wherein attendees could discuss issues relative to their regions. When the open session of the business meeting resumed, a review of these discussions was offered by a regional Board representative. Some of the regional issues discussed are shown below.

1) Canadian Region

- Implementing a carbon tax for all Canadian provinces
- Varying rates of fuel between single, dual, and triple trailers
- Electronic data sharing problems and finding solutions
- Inconsistencies with farming equipment, road building equipment, and colored fuel
- Determining a means to provide additional audit credits to jurisdictions with larger audits

2) Midwest Region

- Updating and utilizing the exemption database
- Annual report filings
- Price per gallon used in audits
- Clearinghouse changes and recent correspondence regarding returning to standardization
- ELDs and the number of vendors not providing valid information to consumers

3) Northeast Region

- Illinois issue and a possible solution
- Value of the regional calls with the Board
- Maryland issue regarding submission of late returns
- Wisconsin pilot project and the elimination of paper credentials
- Future IFTA projects and the elimination of the IFTA decal
- Weigh stations and enforcement efforts

- IFTA app and potential problems with tax payer data
- CNG/LNG vehicles

4) Southeast Region

- Financial reserve issues
- IFTA, Inc. paying for travelers to a meeting of their choice
- Experience levels and turnover and transition for both membership and industry
- Decals and electronic credentials
- Communicating with and working alongside service providers in a positive manner
- Data quality for IFTA
- Program compliance reviews and the new proposed procedures
- CNG issues
- Communicating with IFTA and ensuring all communications are responded to

5) Western Region

- VMT tax
- Tribal fuels and tax evasion
- CNG/LNG
- Pre-paid decals and their value
- Selling of fuel from unmanned pumps
- No tax being charged on biodiesel in Texas
- Exports and bills of lading
- Electric vehicles using LNG to start the vehicle
- Testing of “platooning” with trucks being tested in Utah
- Passage of IFTA FTFBP 3-2014 and its impact on membership

Electronic Credentials Working Group

Mr. Hinkley, Chair, reported on the activities of the Electronic Credentials Working Group (ECWG) that was established in 2014 to determine if IFTA licensing documentation is still practical. The group had also been charged with identifying options for the use of technology in relation to licensing and decals. A large concern of the working group is to verify the quality of the provided data. The ECWG has also been working with IFTA, Inc. in relation to the IFTA smart phone app for roadside assistance. This app will be secure and contain licensee data and status relative to the carrier. Additionally, the working group is working with Wisconsin regarding the pilot project for motor carrier electronic credentialing.

Motor Carrier Electronic Credential Pilot

Mr. Paul Bernander, Wisconsin IFTA Commissioner, reported on the creation and progress of the Motor Carrier Electronic Credentialing pilot project. The objective of this pilot program is to develop a system or process to promote the acceptance and use of electronic motor carrier credentials, instead of paper, at the roadside. The pilot project, which began April 1, 2016, is progressing nicely and has seven confirmed jurisdiction participants including WI, AL, IL, IA, MI, MN, and VA. This project has been extended in order to gather more concrete data and will conclude September 30, 2017.

The pilot project has two phases to it. The first is the Image Phase. During this first stage both electronic and paper credentials will be maintained. Enrollment is not necessary on behalf of the carrier. When the project enters the Data Phase, the second phase of the project, all carrier credentials will be maintained in a database that would be accessible to those participating in the pilot project. The purpose of this stage is to verify that a vehicle is licensed by IFTA, registered through IRP, and is in good standing with

both organizations. It is opined that this phase of the project would support the elimination for paper credentials as well as decals as the data would be available to both IFTA and IRP in both the US and Canada.

Lessons Learned in Illinois

Mr. Knoles offered this presentation regarding the status of Illinois' budget. He informed membership that the state of Illinois has been without a budget for almost 400 days; officially since July 1, 2015. Currently, no budget has been set for either the fiscal year 2016 or 2017. Due to a state budget impasse, Illinois has been unable to pay their liabilities timely. These liabilities include membership dues to IFTA as well as funds netting within the IFTA, Inc. Clearinghouse.

In late December 2015, Illinois issued a letter to membership with their apologies requesting that all members exercise patience and understanding. The November 2015 transmittal period was the first time Illinois could not fund and no immediate solutions were identified. The top priority of the Illinois Department of Revenue was to find funding to cover the jurisdiction's liabilities.

During this process, Illinois has exercised full disclosure within the IFTA community by seeking guidance and advice from IFTA, Inc., the IFTA, Inc. Board of Trustees, other member jurisdictions, trucking associations, and their carriers of the financial status.

In April 2016, the IFTA, Inc. Board issued correspondence to both the IL Department of Revenue's Director as well as the Governor of Illinois. These letters were direct, professional, and appropriate and explained that federal involvement could result as well as expulsion from the Agreement. Despite this communication, neither the governor's office nor the Illinois legal services identified a solution. A solution, albeit temporary, was found by the IL DOR's Revenue Accounting in early June 2016. This temporary solution allowed Illinois to begin making payments against its liabilities.

Illinois is currently working towards a more permanent solution that would remove the statutory language that ties these expenditures to an annual appropriation. As a community and as a result of this issue, the question was raised as to what could be done to limit or eliminate such an occurrence in the future. Sanctions were considered that included the loss of voting privileges, jurisdictional travel not funded through IFTA, Inc., and applying interest to late invoices and funds netting payments.

Town Hall Meeting

Mrs. Debora Meise, IFTA, Inc. Senior Director, moderated the Town Hall discussions. Several topics were offered and discussed at length. Some of these topics included:

- Jurisdictions allowing IFTA, Inc. to provide data to SAFER and Nlets
- Canceling accounts at the end of the calendar year for non-renewal
- Moving towards scanning technology vs. manual data entry of IFTA returns
- Lessons learned from the Illinois budget issue
- Funds netting and possible penalties for non-payment
- Tax rate corrections following the closing and publishing of the matrices
- Audit Committee representation serving as a possible audit count to the jurisdiction
- Support for returning to Canada for a future Annual Business Meeting
- Effective use of demographic data
- Uncollectable debts
- Introduction to the Annual Report Working Group
- Audit Report Exchange System (ARES)

- Status of the IFTA, Inc. property sale
- Expanding the definition of an exempt vehicle to government plated vehicles
- Non-receipted fuel or exempt fuel purchases

Breakout Sessions

On the second day of the Annual IFTA Business Meeting, attendees were divided into three groups in order to attend the different breakout sessions that were provided. All attendees were able to participate in all three breakouts prior to the general session resuming. These sessions included the following:

- Clearinghouse: an interactive discussion about what data is in the clearinghouse, the quality control of this data, and best practices for use of the data
- Program Compliance Review: an in-depth review of the proposed amendments to the Program Compliance Review Guide
- License Status: a look at enforcement from pre-licensing checks to roadside

Program Compliance Review Guide

Mr. Richard Wagner (NV), Program Compliance Review Committee (PCRC) Chair, presented the PCRC Guide for discussion and ratification by membership. He thanked membership for their participation during the earlier breakout and asked for a motion to ratify the guide itself, however no motion was made. Concern was expressed by membership that the guide itself was in conflict with current Agreement language and, if passed, a ballot would be required to permit the guide to be functional.

Motion: Ms. Mel Horner, IFTA Commissioner of North Dakota, moved to allow an open discussion of the PCRC guide. Mr. Paul Johnson, Washington Assistant IFTA Commissioner, seconded the motion.

During this discussion it was noted that a motion was not necessary to discuss the guide. Both Ms. Horner and Mr. Johnson withdrew their motion and second respectively. A consensus of membership indicated that while they were in favor of the concept of the guide they were not supportive of the guide itself. It was explained that, if membership did ratify the guide, it would not become effective until January 1, 2018.

Motion: Mr. LaRose moved to hold a vote to ratify the PCRC guide. Mr. Johnson seconded the motion.

Additional discussions were offered on the ratification of the guide.

Motion: Mr. Mark Byrne (NE) moved to table the vote to ratify the guide until the afternoon session of the business meeting. Ms. Arnold seconded the motion. The motion passed with one dissent by Mr. Rick Taylor, Kentucky IFTA Commissioner.

When the business meeting resumed for the afternoon session, the issue of the PCRC guide was addressed.

Motion: Mr. Bryer moved to un-table the Motion to vote for ratification of the PCRC guide. Ms. Marie Stark, Montana Assistant IFTA Commissioner, seconded the motion. The motion passed.

Concluding the discussions, the motion to ratify the Guide was withdrawn by both Mr. LaRose and Mr. Johnson. It was noted that the ratification of a PCRC guide could be offered at any time during a calendar year and not be held just to the business meeting. Mr. Wagner will request the Board to submit a new or amended charge to the PCRC regarding the direction for them to pursue.

Audit Committee Ballot

Audit Committee (AC) Chair, Mr. David Nicholson (OK), presented Short Track Preliminary Ballot Proposal (STPBP) 4-2016 to membership. The intent of this ballot is to allow the audit of any four consecutive quarters to count toward a jurisdiction's total number of audits for compliance with A310. Additionally, it was noted that the audit of all returns would be required to be filed in a license year in order to be counted toward a jurisdiction's total number of audits for compliance.

Motion: Mr. Bryer moved to advance IFTA STPBP 4-2016 and have it continue on the short track ballot process. Mr. LaRose seconded this motion. A roll call vote was taken and the Motion passed. with 53 votes in favor.

Recognition of Service to IFTA and IFTA, Inc.

Ms. Lonette Turner, IFTA, Inc. CEO, recognized the outgoing Board members. Mr. Hughson and Mr. Hinkley were acknowledged for their years of service to the Board. Mr. Hughson had completed six years of service to the Board while Mr. Hinkley concluded eleven years. Both members' terms expire December 31, 2016. Ms. Turner also recognized Mrs. Meise for her twenty years of service to IFTA, Inc.

Dual Fuels – Reporting Best Practices

Mr. Hughson explained that there had been a change in the recommendation of reporting methodology for dual fuel use vehicles. Originally, it was recommended that dual fuel vehicles be treated and reported separately. Furthermore, dual fuel vehicles must be treated and reported as two vehicles. The revised methodology now recommends that membership not report dual fuel vehicles separately. Dual fuel vehicles' fuel purchases and distances travelled, after pro-rating, should now be added/combined with other fleets.

This change is due to the fact that there are less dual fuel vehicles currently in operation than originally anticipated. Additionally, the new methodology is less complex and offers the chance for fewer errors to be made. Ballots necessitating these changes include FTFBP #03-2013, which became effective July 1, 2015, and FTFBP #05-2015, which becomes effective July 1, 2017.

IRP, Inc. Update

IRP, Inc. CEO, Mr. Tim Adams, updated membership on the activities of IRP, Inc. Mr. Adams explained that, effective January 1, 2016, charter buses are no longer exempt as outlined in a ballot which was passed by IRP membership in 2014. Effective July 1, 2016, new language removed the existing requirement to be registered when a lease company owner has an established place of business. This change reflects a long term lease vehicle ballot approved by IRP membership in 2013.

Referencing the IRP, Inc. clearinghouse, Mr. Adams announced that fifty-six jurisdictions belonged to the clearinghouse and an estimated \$800 million was transferred through the IRP clearinghouse. A clearinghouse standardization project is also being considered by the IRP IT committee. During 2015 and part of 2016, sixteen IRP peer reviews have been completed with eleven of these reviews conducted onsite.

IRP is also looking into electronic credentials and has a task force charged with developing a white paper to present to the IRP Board regarding what is necessary to move towards a true electronic records capability across the board.

Industry Advisory Committee Report

Ms. Sandy Johnson (North Star Fleet Solutions, Inc.), Industry Advisory Committee (IAC) Chair, submitted a videotaped report on how technology is changing how things are done in the trucking industry. Ms. Johnson commented on the Unified Registration System (URS), Uniform Carrier Registration (UCR), as well as Electronic Logging Device (ELD). Ms. Johnson noted that education was the best tool a carrier could have when learning how to properly work with these new and upcoming systems and that allowing access to third party providers to assist carriers with the necessary filing and reporting is a step in the right direction.

Decal Specifications

Mrs. Meise reviewed the decal specifications with membership. It was explained that a three color rotation was permanently approved by the Board. These specifications will be published on the IFTA, Inc. website. However, viewers must have log-in credentials to view this data. The color rotation will be as outlined below and then automatically repeat.

Year	Color	Pantone Number
2017	Green	354C
2018	Red	485C
2019	Blue	299C

New Business

Mr. Bernander advised membership of a survey drafted on behalf of the Motor Carrier Electronic Credential Pilot project. The survey referenced an electronic credential ballot proposal. This four-question survey was made available at the business meeting to solicit comments. Those associated with the pilot project are working towards a 2017 ballot.

The 2017 Annual IFTA Business Meeting has been contracted and will be held August 9 – 10 at the Sheraton Grand at Wild Horse Pass in Chandler, Arizona.

Adjournment

Prior to concluding the business meeting, Ms. Turner and Mr. Zion acknowledged the sponsors and attendees and thanked everyone for attending the 33rd Annual IFTA Business Meeting. Concluding all discussions, Mr. Zion asked for a motion to adjourn.

Motion: Mr. Hughson moved to adjourn the 33rd Annual IFTA Business Meeting. Mr. Hinkley seconded the motion. The motion passed.