



International Fuel Tax Association, Inc.  
P. O. Box 7147  
Mesa, AZ 85216-7147  
[www.iftach.org](http://www.iftach.org)

3/6/2025

Carmen Martorana, Executive Director  
International Fuel Tax Association Inc.  
P O Box 7147  
Mesa, AZ 85216-7147

Re: IFTA Program Compliance Review Committee Dispute Filing Against the Jurisdiction of  
Kansas

Dear Executive Director Martorana:

The IFTA Program Compliance Review Committee issued a Final Determination Finding of Non-Compliance (Finding) against the jurisdiction of Kansas for non-compliance with sections A250 and A260 of the IFTA Audit Manual. The non-compliance for section A250 covers the review cycle of 2015 – 2019. Kansas was notified by letter at the conclusion of that review that Kansas was required to make up an audit shortage of 22 audits prior to its next Compliance Review. During the 2025 Program Compliance Review of Kansas, covering 2020 – 2024, a shortage of 98 audits was found. In addition, Kansas was short 2 high distance audits, per A260, for the 2020 – 2024 review cycle. For these reasons, the IFTA Program Compliance Review Committee issued a Final Determination Finding of Non-Compliance.

Please note that a membership vote is not needed as the requirement for a membership vote prior to issuing a Finding was removed per Ballot 1-2021 that became effective January 1, 2022.

The Kansas IFTA Commissioner, Governor, and Secretary of Revenue have been notified of the Finding per the notification requirements of the IFTA Program Compliance Review Guide.

This letter serves as notification of a Dispute filing from the Program Compliance Review Committee to the IFTA Dispute Resolution Committee regarding the Jurisdiction of Kansas.

Respectfully,

*Paula Cole*

Paula Cole (ME)  
Chair, Program Compliance Review Committee  
IFTA, Inc.

Attachment: Jurisdiction of Kansas, Final Determination Finding of Non-Compliance



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3/6/2025

Teri Agnew, IFTA Commissioner  
Kansas Department of Revenue  
534 S Kansas Ave, Ste 925  
Topeka, KS 66603

Dear Commissioner Agnew:

This communication serves as official notification that a Final Determination Finding of Non-Compliance (Finding) has been issued by the International Fuel Tax Association, Inc. (IFTA) Program Compliance Review Committee (PCRC).

The PCRC has determined that the jurisdiction of Kansas is not in compliance with sections A250 and A260 of the IFTA Audit Manual. In accordance with Article III Section B.4 of the IFTA Program Compliance Review Guide, Kansas is hereby notified that the attached Finding has been referred to the IFTA Dispute Resolution Committee.

Respectfully,

*Paula Cole*

Paula Cole (ME)  
Chair, Program Compliance Review Committee  
IFTA, Inc.

cc: The Honorable Laura Kelly, Governor  
Mark Burghart, Secretary of Revenue

## IFTA Program Compliance Review

### JURISDICTION OF KANSAS FINAL DETERMINATION FINDING OF NON-COMPLIANCE

This Final Determination Finding of Non-Compliance ("Finding") is issued to the jurisdiction of Kansas by the Program Compliance Review Committee ("PCRC"). The PCRC is a standing committee of the International Fuel Tax Association, Inc. as defined by the International Fuel Tax Agreement ("IFTA"). Kansas has failed to comply with the provisions of the Agreement cited herein.

Non-Compliance History:

<b>2015-2019 Non-Compliance Issue:</b>
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#### **A250 Number of Audits**

Base jurisdictions will be held accountable for audits and will be required to complete audits of an average of 3 percent per year of the number of IFTA accounts required to be reported by that jurisdiction on the annual reports filed pursuant to the IFTA Procedures Manual, Section P1110.300.005 excluding new licensees, for each year of the program compliance review period, other than the jurisdiction's IFTA implementation year. Such audits shall cover at least one license year. This does not preclude audits of individual licensees several times during the program compliance review period. However, audits of a single licensee that cover multiple license years, fuel types, or both shall be counted as one audit for program compliance review purposes.

#### **Discussion:**

Kansas did not meet the 3% requirement.

Kansas was required to complete 514 audits during the review period and completed 492, a shortage of 22 audits, for an average of 2.87%.

#### **Kansas Response:**

Our plan to make up the Audit shortage is as follows: Continue to do 4 quarter Audits. Hire 1 additional staff member. This should allow us to increase out audits by 8, each year.

<b>2020 – 2024 Non-Compliance Issue</b>
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#### **A250 NUMBER OF AUDITS**

Base jurisdictions will be held accountable for audits and will be required to complete audits of an average of 3 percent per year of the number of IFTA accounts required to be reported by that jurisdiction on the annual reports filed pursuant to the IFTA Procedures Manual, Section P1110.300.005 excluding new licensees, for each year of the program compliance review period, other than the jurisdiction's IFTA implementation year. Such audits shall cover all of the returns that were filed or required to be filed during a license year or shall cover at least four (4) consecutive quarters. This does not preclude audits of individual licensees several times during the program compliance review period. However, audits of a single licensee that cover multiple license years, fuel types, or both shall be counted as one audit for program compliance review purposes.

#### **Discussion:**

Kansas was required to complete an additional 22 audits during this review cycle since they did not meet their 3% audit requirement in the previous review cycle. Kansas elected to exclude 2020 audits in the current review cycle. Kansas was required to complete 472 audits during the current review cycle and completed 374, for a shortage of 98 audits. Kansas did not meet the 3% requirement.

Kansas completed 341 audits during the current review cycle of 2020-2024 and completed 20 record reviews in 2022 and 81 record reviews in 2023 giving them a credit of 33 audit substitutions for a total credit of 374 audits, which is 98 less than required and does not make up for the shortage from the previous review cycle of 2015-2019. Kansas is not in compliance with the previously cited Audit Manual, Section A250.

## IFTA Program Compliance Review

### A260 SELECTION OF AUDITS

The following guidelines shall be used in selecting audits to fulfill the IFTA auditing requirements:

#### .100 Low-Distance/High-Distance Accounts Requirement

At least 15 percent of each member jurisdiction's audit requirement shall involve low-distance accounts. Low-distance accounts are considered to be the 25 percent of the previous year's licensees who had the lowest number of miles/kilometers reported in all member jurisdictions. At least 25 percent of each member jurisdiction's audit requirement shall involve high-distance accounts. High distance accounts are considered to be the 25 percent of the previous year's licensees who had the highest number of miles/kilometers reported in all member jurisdictions.

#### **Discussion:**

Kansas did not meet the 25% high-distance audit requirement. Kansas was required to complete 119 high-distance audits and completed 117, for a shortage of 2 high-distance audits.

#### **Summary**

Letter to Commissioner Teri Agnew dated February 26, 2021

*"The Program Compliance Review Committee (PCRC) reported to IFTA, Inc. that it had reviewed Kansas's Final Report and have concluded the following:*

*The PCRC requires Kansas complete an extra 22 audits prior to their 2024 Compliance Review. The 22 audits will not count toward the total audit count. There must be 22 audits more than the 3% requirement.*

*Failure to complete the additional 22 audits and meet your 3% requirement prior to the next Compliance Review will result in a Final Determination Finding of Non-Compliance. Following the issuance of a Final Determination Finding of Non-Compliance pursuant to Section R1555.200 of the IFTA Articles of Agreement, the Committee will refer the matter to the IFTA membership."*

#### **Finding**

Due to Kansas's failure to comply with the A250 3% requirement of the IFTA Audit Manual in the current and prior review cycles, and failure to comply with the A260 high-distance requirement in the current review cycle, the Program Compliance Review Committee has issued a Final Determination Finding of Non-Compliance pursuant to the IFTA Program Compliance Committee Review Guide, Section III.B, and Articles of Agreement, Section R1555. This matter will be referred to the Dispute Resolution Committee to be heard as a dispute with a copy to the Executive Director of IFTA, Inc for notification to all member jurisdictions.

ISSUED THIS 6<sup>th</sup> DAY OF March, 2025.

*Paula Cole*

Paula Cole (ME), Chair

IFTA Program Compliance Review  
Accountability Calculator

<b>JURISDICTION: Kansas</b>	<b>DATE: March 2020 - April 2020</b>
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<b>Review Years:</b>	<b>First</b>	<b>Last</b>
	<b>2015</b>	<b>2019</b>

<u># of Licensees:</u>	3,698	3,844	3,968	3,982	3,994	
<u>Less: # of NEW Licensees:</u>	467	457	488	437	501	
<u>Equals: Net # of Licensees:</u>	3,231	3,387	3,480	3,545	3,493	
Annual Report Year:	2014	2015	2016	2017	2018	
<b>Plan Year</b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	
<u>Actual # of Licensees Audited:</u>	<u>100</u>	<u>99</u>	<u>87</u>	<u>88</u>	<u>118</u>	
<b>Annual Audit Requirements:</b>						
IFTA 3% Requirement number:	<u>97</u>	<u>102</u>	<u>104</u>	<u>106</u>	<u>105</u>	
<u>Annual overage/Shortage:</u>	3	(3)	(17)	(18)	13	<b><u>Total</u></b> <b>(22)</b>

**Selection of Audits**

<b>High Distance Requirements</b>	25%	Audits	
	<u>Requirement</u>	<u>Completed</u>	<u>Variance</u>
2015	24	34	10
2016	26	23	(3)
2017	26	21	(5)
2018	27	21	(6)
2019	26	30	4
<b><u>Totals To Date</u></b>	<b><u>128</u></b>	<b><u>129</u></b>	<b><u>1</u></b>
<b>Low Distance Requirements</b>	15%	Audits	
	<u>Requirement</u>	<u>Completed</u>	<u>Variance</u>
2015	15	24	9
2016	15	25	10
2017	16	16	0
2018	16	0	(16)
2019	16	15	(1)
<b><u>Totals To Date</u></b>	<b><u>78</u></b>	<b><u>80</u></b>	<b><u>2</u></b>

IFTA Program Compliance Review  
Accountability Calculator

<b>Jurisdiction</b>	<b>Kansas</b>	<b>DATE:</b>	<b>2025</b>		
<b>AUDIT ACCOUNTABILITY Omit 2020</b>					
<p><i>Jurisdictions will be held accountable for audits and will be required to complete audits of an average of 3% per year of the number of the number of IFTA accounts required to be reported by that jurisdiction on the annual reports filed pursuant to the IFTA procedures Manual, Section P1110.300.005, for each year of the program compliance review period, other than the jurisdiction's IFTA implementation year. R1510.100</i></p>					
<b>CITE</b> A250					
<p>Jurisdiction has met the requirement to audit an average of 3% per year of the IFTA accounts reported on the annual report for each year of the program compliance review.</p>					
<b>Not Met</b>					
<b>Review Years:</b>		First <b>2020</b>	Last <b>2024</b>		
<b># of Licensees:</b>	4,093	4,165	4,501	4,652	4,581
<b>Less: # of NEW Licensees:</b>	459	475	636	587	483
<b>Equals: Net # of Licensees:</b>	3,634	3,690	3,865	4,065	4,098
<b>Annual Report Year:</b>	2019	2020	2021	2022	2023
<b>Plan Year</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Actual # of Licensees Audited:</b>	[REDACTED]	101	85	73	82
<b>Annual Audit Requirements:</b>					
<b>IFTA 3% Requirement number:</b>	[REDACTED]	111	116	122	123
<b>25% of Audit Requirements</b>	[REDACTED]			30	30
<b>Annual overage/Shortage subtotal:</b>	[REDACTED]	(10)	(31)	(49)	(41)
<b>Annual Records Reviews Performed</b>	[REDACTED]			20	81
<b>Annual Audit Substitute (3 for 1)</b>	[REDACTED]			6	27
<b>Annual overage/Shortage Total:</b>					<b>(98)</b>
<b>Selection of Audits - Cite A260. (Omit 2020)</b>					
<b>High Distance Requirements</b>	25% Requirement	Audits Completed	Variance		
<b>2020</b>	[REDACTED]	[REDACTED]	[REDACTED]		
<b>2021</b>	28	26	(2)		
<b>2022</b>	29	20	(9)		
<b>2023</b>	31	29	(2)		
<b>2021</b>	31	42	11		
<b>Totals To Date</b>	<b>119</b>	<b>117</b>	<b>(2)</b>		
<b>Low Distance Requirements</b>	15% Requirement	Audits Completed	Variance		
<b>2020</b>	[REDACTED]	[REDACTED]	[REDACTED]		
<b>2021</b>	17	21	4		
<b>2022</b>	17	27	10		
<b>2023</b>	18	5	(13)		
<b>2021</b>	18	23	5		
<b>Totals To Date</b>	<b>70</b>	<b>76</b>	<b>6</b>		
<p>At least 15 percent of the jurisdiction's audit requirement involves low distance accounts. (Low distance accounts are considered to be 25 percent of the previous year's licensees who had the lowest number of miles/kilometers reported in all member jurisdictions)</p>					
<b>CITE A260</b> <b>Met</b>					
<p>At least 25 percent of the jurisdiction's audit requirement involves high distance accounts. (High distance accounts are considered to be 25 percent of the previous year's licensees who had the highest number of miles/kilometers reported in all member jurisdictions)</p>					
<b>Not met</b>					
<p>If selected this worksheet will be used if a jurisdiction seeks relief for A250 and A260 for 2020 due to COVID 19</p>					