



**INTERNATIONAL
FUEL TAX
ASSOCIATION, INC.**

Manages

The International Fuel Tax Agreement

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July 2, 2012

Richard LaRose, Chair, IFTA Dispute Resolution Committee
c/o State of Connecticut Department of Revenue Services
25 Sigourney Street
Hartford, CT 06106

Dear Chairman:

In accordance with Article R1555.100.015 of the International Fuel Tax Agreement, the IFTA Program Compliance Review Committee (Complainant) hereby submits a referral of non-compliance against State of New Jersey (Respondent) for consideration by the IFTA Dispute Resolution Committee (DRC) pursuant to the IFTA Dispute Resolution Process as ratified by the IFTA membership.

Representing the Complainant is John Szilagyi, Chair of the IFTA Program Compliance Review Committee, CT Department of Revenue Services, 25 Sigourney St., Hartford, CT, (860)297-4952. The New Jersey IFTA Commissioner of record is James S. Walker, New Jersey Motor Vehicle Commission, 225 E. State St., Trenton, NJ, 08666 (609) 633-2194.

All documents relating to this referral are available to the DRC via the secure DRC message board. In addition, a zip file containing all of the documents relating to this referral will be sent via email to New Jersey.

Specifically, the Respondent is non-compliant with the following sections of the Agreement:

Section A310 of the IFTA Audit Manual. The State of New Jersey (NJ) did not meet the requirement to audit an average of 3% of their base accounts for the program compliance review cycle covering years 2005-2008.

Section A320.100 of the IFTA Audit Manual. NJ did not meet the Low Distance/High Distance Accounts requirements.

Section A320.200 of the IFTA Audit Manual. NJ did not correctly determine which accounts are considered to be low distance or high distance accounts because they failed to meet the strata requirements per Section A320.100. The complainant does not believe the respondent met the requirements of this section.

Multiple attempts to bring NJ into compliance with IFTA have failed. The review panel of the PCRC responsible for the NJ review decided to issue a Follow-up Plan in order to track the NJ Audit completion rate to determine if the Audit Program was nearing compliance. The Follow-

Up conducted on the years 2010 and 2011 revealed that NJ was still non-compliant with Sections A310 and A320 with no evidence that they would be in compliance at any time soon. The PCRC proceeded with Reassessment per Section III.B.2 of the Guide. During the reassessment phase, NJ was to provide monthly reports detailing the number of audits completed. It was determined by the PCRC that NJ was not moving towards compliance, but in fact completing fewer Audits. The Reassessment Plan failed and the PCRC conducted a vote to determine whether to make a Final Determination Finding of Non-Compliance. On April 3, 2012, the PCRC voted unanimously to issue a Final Determination Finding of Non-Compliance (Finding). On April 16, 2012, the Finding was sent to IFTA Commissioner Walker of NJ, the Commissioner of the NJ Motor Vehicle Commission, Raymond Martinez, and to the Governor of NJ, the Honorable Chris Christie, by the Program Director per Section III.B.2.h of the Guide. The Finding was presented to the IFTA membership via e-mail on May 10, 2012 detailing the issues involved with the Finding and the next steps involved in the process, which include a vote if the IFTA Commissioners to determine if the issue moves to dispute. The electronic voting booth was used commencing on May 15, 2012 and when voting ended on June 14, 2012, the final tabulation resulted in the unanimous approval by the voting membership that the initiation of a dispute was to be forwarded to the DRC for consideration.

The PCRC respectfully requests that the DRC find New Jersey out of compliance with each of the above cited sections and articles of the International Fuel Tax Agreement and fully enforce the penalties provided for in Section IV of the Dispute Resolution Process.

Sincerely,



John Szilagyi

Chair

IFTA Program Complain Review Committee

cc: James S. Walker, IFTA Commissioner, State of New Jersey

Uploaded Exhibits Include:

1. NJ Final Report.pdf
2. 8 20 2010 Follow-up Letter to Commissioner Philburn.pdf
3. 8 20 2010 Proposed Compliance Plan - Follow-up.pdf
4. 9 29 2010 NJ Signed PCP.pdf
5. 11 8 2010 Email to NJ re Follow-up.pdf

6. 11 8 2010 Proposed Compliance Plan - Follow-up UPDATED.pdf
7. 12 31 2010 Second Response-IFTA Peer Review.pdf
8. 12 31 2010 Auditing_IRP_IFTA_RFI.PDF
9. NJ Completed Audits January -June 2010.pdf
10. NJ Audit Completed July - December 2010.pdf
11. NJ Audits Completed January - March 2011.pdf
12. NJ Audits Completed April - June 2011.pdf
13. 9 1 2011 Reassessment Letter to Commissioner Philburn.pdf
14. 9 1 2011 Meise Reassessment Signature.pdf
15. 9 1 2011 Proposed Reassessment Plan for Signature.pdf
16. NJ Audits Completed July - September 2011.pdf
17. 1 31 2012 2009 IFTA Program Compliance Review - Reassessment.pdf
18. NJ Audits Completed October - December 2011.pdf
19. 4 16 2012 Final Determination Finding of Non Compliance.pdf
20. 4 16 2012 Walker.pdf
21. 4 16 2012 Martinez.pdf
22. 4 16 2012 Christie.pdf
23. 4 26 2012 Letter From Martinez.pdf
24. 5 10 2012 Summary to IFTA Commissioners.pdf
25. 5 10 2012 Email to IFTA Commissioners.pdf
26. 6 15 2012 Referral to Dispute Resolution Committee - Voting Roster.pdf
27. NJ Audits Completed February 2012.pdf
28. NJ Audits Completed February UPDATE and March 2012381104.pdf
29. NJ Audits Completed May 2012.pdf
30. 7 2 2012 NJ Audit Accountability Summary.pdf
31. 7 2 2012 Letter to DRC Chair re NJ Dispute Referral