

FOR VOTE AT THE 2022 ANNUAL IFTA BUSINESS MEETING



IFTA BALLOT PROPOSAL 8-2022

Sponsor:

IFTA Board of Trustees

Date Submitted:

May 12, 2022

Proposed Effective Date:

Upon passage for the purposes of licensing as a qualified motor vehicle through IFTA. January 1, 2024, for adding as fuel type on the IFTA tax return.

Manual Sections to be Amended:

IFTA Articles of Agreement

Sections: R239, R800, R820, R1010

Subject:

Adding alternative fuels as a fuel type

History/Digest:

Since the time IFTA was established, there have been many evolutions in technology and the use of alternative fuels. Over the years, we have added different fuel types to the IFTA return to account for trends. Recently, the trend toward the use of zero carbon emissions and demand from carriers for manufacturers to produce commercial electric and hydrogen vehicles has continued to gain momentum. There are carriers with fleets of electric vehicles in use right now and there have been some issues as to whether the carrier can obtain IFTA licenses in some jurisdictions because alternative fuels, in particular electric, is not defined in their statute and not included in the IFTA Agreement definition of fuel. For many decades, IFTA has been the standard by which motor fuel use taxation is measured. In the Articles of Agreement, the preamble to Article R130 states the following, *“It is the purpose of this Agreement to promote and encourage the fullest and most efficient possible use of the highway system by making uniform the administration of motor fuels use taxation laws with respect to motor vehicles operated in multiple member jurisdictions.”* To remain true to that purpose and mission, there must not be a hardship placed upon both the member jurisdictions and the motor carrier industry from continuing to benefit from the many advantages of this Agreement. Jurisdictions must be able to collect tax to continue to provide funding for maintenance of the highway system and motor carriers possessing such alternative

fuels operated qualified motor vehicles must have a way to pay such tax. Additionally, the basic tenet of IFTA regarding uniformity in tax administration should apply to all qualified motor vehicles, regardless of method of propulsion. This ballot proposal achieves that goal and provides for the continuance of this Agreement's purpose as new technologies continue to emerge and evolve.

Including "Alternative fuels", as defined by the U.S. Department of Energy, in the IFTA Agreement definition of fuels, will account for the various emerging use of these types of alternative energy in commercial vehicles and allow industry and jurisdictions to have clarification that qualified motor vehicles whether they use traditional fossil fuel or alternative fuels, should be registered for IFTA. It will be up to each jurisdiction to establish a tax rate or exempt certain types of alternative fuel vehicles. Also, by adding wording that any other type of means of propulsion is also included in the definition of fuels, we can position IFTA for the future as new emerging technologies are implemented.

Intent:

The intent of this ballot is to add alternative fuels, as defined by the U.S. Department of Energy, and to add that any other type of energy used to propel a vehicle, to the definition of fuel within the IFTA agreement so that electric, hydrogen and other types of alternative energy vehicles can be registered for IFTA.

1 **Interlining indicates deletion; underlining indicates addition**

2
3 **IFTA Article of Agreement**

4 ***R239 Motor Fuels** means all fuels placed in the fuel supply tank storage unit of qualified motor vehicles
5 including alternative fuels such as pure methanol, ethanol, and other alcohols; blends of 85% or more of
6 alcohol with gasoline; natural gas and liquid fuels produced from natural gas; propane; coal-derived liquid
7 fuels; hydrogen; electricity; pure biodiesel (B100); fuels, other than alcohol, derived from biological
8 materials; and P-Series fuels; or any other type of fuels or energy used to propel a qualified motor
9 vehicle.

10
11 ***R800 TAXATION OF MOTOR FUELS**

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13 The procedures contained in this Agreement apply to motor fuel use taxes that are imposed by each
14 jurisdiction on the consumption of motor fuel or other fuels, as defined in R239, in qualified motor
15 vehicles.

16
17 ***R820 TAXABLE FUEL USE**

18
19 All motor fuel ~~acquired that is~~ as defined in R239, which is acquired and which is normally subject to
20 consumption tax, is taxable unless proof to the contrary is provided by the licensee. The licensee must
21 report all fuel placed in the supply tank storage unit used to propel the qualified motor vehicle, as taxable
22 on the tax return.

23
24 ***[Sections *R830 and *R840 remain unchanged]***

25
26 **R1010 RETAIL FUEL PURCHASES**

- 27
28 **.100** A licensee may claim a tax-paid credit on the IFTA tax return for fuel purchased at retail
29 only when the fuel is placed into the fuel tank storage unit of a qualified motor vehicle and
30 the purchase price includes fuel tax paid to a member jurisdiction.
31
32 **.200** The receipt must show evidence of tax paid directly to the applicable jurisdiction or other
33 third party, at the pump ~~at the pump~~. Specific requirements for these receipts are outlined in the IFTA
34 Procedures Manual Section P550. No member jurisdiction shall require evidence of such
35 purchases beyond what is specified in the Procedures Manual.
36

37 ***[Sections *R1000 and *R1020 remain unchanged]***

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Revisions following the Comment Period

- Effective Date clarification:
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vehicle through IFTA. January 1, 2024, for adding as fuel type on the
IFTA tax return.