



**IFTA BALLOT PROPOSAL  
03-2023**

**Sponsor**

IFTA, Inc. Board of Trustees

**Date Submitted**

May 19, 2023

**Proposed Effective Date**

January 1, 2024

**Manual Sections to be Amended**

(January 1996 Version, Effective July 1, 1998, as revised)

IFTA Articles of Agreement

Sections: R820, R1020.200

IFTA Procedures Manual

Sections: P550.700, P720.350, P1040.300

**Subject**

Creating a mechanism for member jurisdictions to collect and report tax based on distance rather than fuel consumed.

**History/Digest**

Currently, there is a long-standing, well-established method for each jurisdiction to file mileage and fuel activity for the conventional motor and alternative fuel types; i.e. diesel, gasoline/gasohol, propane/liquid petroleum gas (LPG), compressed natural gas (CNG), and liquefied natural gas (LNG). Industry standard units of measurement, such as the liquid gallon, gasoline gallon equivalent (GGE), and diesel gallon equivalent (DGE) have been recognized by jurisdictions and tax rates have been established for these fuel types. However, with the more recent advent of electric vehicles (EVs) that are now reaching the IFTA-qualifying criteria, there are many jurisdictions that have not yet recognized electricity as a motor or alternative fuel type and, therefore, do not have the industry standard kilowatt hour (kWh) unit of measurement established or a tax rate to be applied to this volume. Additionally, jurisdictions are contemplating imposing tax for the consumption of alternative fuels used in qualified motor vehicles based on distance rather than on fuel consumed. One such jurisdiction (Indiana) has recently passed legislation that will require the reporting of the consumption of alternative fuels based on distance traveled by qualified motor vehicles operating on alternative fuels through IFTA as an instrument of tax administration.

### **Intent**

The intent of this ballot is to establish a short-term solution in which a carrier has the ability to report and pay tax for the use of alternative fuels in qualified motor vehicles based on distance rather than fuel consumed. The further intent of this ballot is to also provide member jurisdictions with the ability to collect and report tax for the use of alternative fuels in qualified motor vehicles based on distance.

### **Commentary**

This provision would not require a member jurisdiction to impose tax based on methods other than on fuel consumption by qualified motor vehicles. No jurisdiction will need to seek legislative action to implement this provision. Rather, this proposal will enable member jurisdictions to provide a method for collecting and reporting tax imposed by other member jurisdictions for alternative fuels used in qualified vehicles based on distance. Member jurisdictions would simply need to provide a tax return to accommodate this type of reporting methodology in accordance with Section P720 as proposed herein. This would be a consistent application of Article R140 of the Agreement which fosters the Cooperative Administration of IFTA.

Interlining Indicates Deletion; Underlining Indicates Addition

## **ARTICLES OF AGREEMENT**

### **\*R800**

### **TAXATION OF MOTOR FUELS**

#### **\*R820 TAXABLE FUEL USE**

All motor fuel as defined in R239, which is acquired and which is normally subject to consumption tax, is taxable unless proof to the contrary is provided by the licensee. The licensee must report all fuel placed in the supply storage unit used to propel the qualified motor vehicle, as taxable on the tax return. The requirements contained in this section relative to the reporting and taxability of fuel placed into the supply storage unit would not apply to specific schedules included on the IFTA Tax Return for member jurisdictions that have elected to tax alternative fuels used in qualified motor vehicles based on distance.

#### **\*R1000 TAX PAID PURCHASES**

#### **\*R1020 BULK FUEL PURCHASES**

**.200** A licensee may claim a tax-paid credit on the IFTA tax return for fuel withdrawn from bulk storage only when the fuel is placed into the fuel supply storage unit tank of a qualified motor vehicle; the bulk storage tank is owned, leased, or controlled by the licensee; and either the purchase price of the fuel includes fuel tax paid to the member jurisdiction where the bulk fuel storage tank is located or the licensee has paid fuel tax to the member jurisdiction where the bulk fuel storage tank is located.

## **PROCEDURES MANUAL**

### **\*P550 FUEL RECORDS**

**.700** When alternative fuels are purchased or stored in bulk, these same requirements shall apply, in so far as they are practicable. In instances where, with respect to an alternative fuel, a licensee cannot practicably comply with these requirements, the licensee must maintain records that fully document its purchase, storage, and use of that alternative fuel. The requirements contained in this section would not apply to specific schedules included on the IFTA Tax Return for member jurisdictions that have elected to tax alternative fuels used in qualified motor vehicles based on distance.

### **P700 STANDARD TAX RETURNS**

#### **\*P720 REQUIRED INFORMATION**

Each jurisdiction shall provide, at a minimum, the following elements to be present on a standard tax return. These elements may be preprinted, have a field or space for, or be automatically calculated:

**.350** Average fuel consumption factor (to two decimal places) for the tax reporting period (if the member jurisdiction is imposing tax based on fuel consumption);

#### **\*P1040 MONTHLY TRANSMITTALS**

The transmittal data listing shall contain, but not be limited to, the following information:

**.300** The reported fleet fuel consumption factor for each licensee (if the member jurisdiction is imposing tax based on fuel consumption);