

# **FOR VOTE AT THE 2025 ANNUAL BUSINESS MEETING**



## **IFTA BALLOT PROPOSAL #11-2025**

### **Sponsor**

Jurisdictions of Massachusetts, Maryland, Connecticut, and Alabama

### **Date Submitted**

May 22, 2025

### **Proposed Effective Date**

January 1, 2026

### **Manual Sections to be Amended**

(Version January 2024)

Articles of Agreement

Section R1555

COMPLIANCE MATTERS

### **Subject**

Setting forth the possible measures that can be imposed to bring a Member Jurisdiction into compliance with its obligations; and clarifying how revenue receipts submitted by Member Jurisdictions to the IFTA, Inc. Clearinghouse may be used.

### **History/Digest**

The Articles of Agreement contain general provisions regarding membership and the process of addressing non-compliance with the agreement by a member jurisdiction. However, the member jurisdictions, through this primary governing document, have not specifically addressed the consequences of non-compliance other than identifying what body should hear such allegations. As was recently demonstrated, the Dispute Resolution Committee, the body assigned the task of hearing allegations of a member jurisdiction's non-compliance and determining an appropriate course of action to cure such non-compliance, lacks clear guidance on permissible remedies. To avoid these issues going forward, the Articles of Agreement, the primary governing document, should fill this void.

### **Intent**

The intent of this ballot proposal is to benefit all jurisdictions by specifying the consequences of member non-compliance, establishing a floor for consistency in non-compliance determinations, and providing concrete guidance to the Dispute Resolution Committee.

As a result of this change, jurisdictions will have fair notice of the consequences of non-compliance and a reasonable opportunity to confront any allegations of non-compliance. Furthermore, the Dispute Resolution Committee will have clear guidance when conducting its proceedings.

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### Interlining Indicates Deletion; Underlining Indicates Addition

#### **R1555 COMPLIANCE MATTERS**

##### **.100 Dispute Resolution Process**

Disputes concerning issues of compliance with the International Fuel Tax Agreement may be resolved pursuant to the IFTA Dispute Resolution Process. The IFTA Dispute Resolution Process may be utilized to resolve only:

**.005** Compliance disputes between member jurisdictions;

**.010** Compliance disputes between member jurisdictions and IFTA licensees in those matters where no administrative remedy to the IFTA licensee is available within the member jurisdiction involved in the dispute. Compliance disputes subject to this section shall not include disputes between member jurisdictions and IFTA licensees over matters of substantive jurisdiction law, including but not limited to, laws governing the imposition, assessment, and collection of jurisdiction motor fuel use taxes collected pursuant to the International Fuel Tax Agreement; and

**.015** Compliance matters where (i) the Program Compliance Review Process, including follow-up, has been completed; and (ii) a Final Determination Finding of Non-Compliance has been issued by the Program Compliance Review Committee related to Sections R970, R1210, R1230, R1260, R1270, R1370, R1380, P1040, A250 or A260.

##### **.200 Submission of a Final Determination Finding of Non-Compliance**

A Final Determination Finding of Non-Compliance issued by the Program Compliance Review Committee related to Sections R970, R1210, R1230, R1260, R1270, R1370, R1380, P1040, A250, or A260, where follow-up has been completed, shall be forwarded to the IFTA 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.

##### **.300 Permitted Disciplinary Action**

Where a Member Jurisdiction is alleged to have failed to comply with any requirement authorized under this Agreement, and where the Dispute Resolution Committee, after giving fair notice to the Member Jurisdiction of its alleged failure, and, after a hearing on the matter, has concluded that the Member Jurisdiction has failed to comply with its obligations under this Agreement, the Dispute Resolution Committee may impose only such remedial action as set forth herein. The remedies set forth herein are exclusive and should be imposed in a progressive manner in order to give the Member Jurisdiction a reasonable opportunity to come into compliance.

**.005** If the Member Jurisdiction fails to bring its program into compliance by the date determined by the Committee, the Member Jurisdiction shall suffer immediate loss of voting power and all Board and standing committee seats.

**.010** If the Member Jurisdiction fails to bring its program into compliance after 60 days of its loss of voting power, the Member Jurisdiction's membership dues for the current year shall be doubled. The Committee may grant an extension beyond the 60-day period if it believes the Member Jurisdiction is taking reasonable steps to come into compliance.

55 **.015** If the Member Jurisdiction fails to be in compliance after one year of its loss of voting  
56 power and membership dues being doubled, the Member Jurisdiction's membership dues  
57 for the next fiscal year shall be tripled and a recommendation for a resolution of expulsion  
58 may, at the Committee's discretion, be forwarded by the Committee to the IFTA, Inc. Board  
59 of Trustees for action pursuant to subsection .400~~600~~ of this Section.

61 **.020** If the Member Jurisdiction fails to be in compliance after one year of its membership dues  
62 being tripled, a recommendation for a resolution of expulsion shall be forwarded by the  
63 Committee to the IFTA, Inc. Board of Trustees for action pursuant to subsection .400~~600~~  
64 of this Section.

65  
66 **.025** If the expulsion resolution fails, the Member Jurisdiction's membership dues shall remain  
67 tripled until its program is in compliance.

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69 When adjudicating disputes arising from a Member Jurisdiction's failure to comply with any  
70 requirement authorized under this Agreement, the Dispute Resolution Committee is limited to  
71 those actions provided for herein. Any resolution of such disputes shall not include monetary  
72 finances or penalties levied against a Member Jurisdiction.

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74 **.400 Resolution**

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76 Any resolution of compliance matters may not include the impoundment of or use of any related funds  
77 forwarded with any member jurisdiction's transmittal data listing in the IFTA, Inc. Clearinghouse.

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79 **.500 Stays**

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81 Any determination by the Dispute Resolution Committee is stayed pending any appeal to the Board of  
82 Trustees. Any determination by the Dispute Resolution Committee and/or the Board of Trustees is stayed  
83 for 60 ~~days~~ after the Board of Trustees issues its order regarding the Dispute Resolution Committee's  
84 determination and remains stayed pending a Member Jurisdiction's filed claim seeking judicial relief  
85 regarding the determination.

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87 **.600 Expulsion Process**

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89 **.005** The IFTA, Inc. Board of Trustees shall call a Special Meeting pursuant to Article IV,  
90 Section 5 of the Bylaws, to request a resolution to expel a member jurisdiction which has  
91 failed to bring its IFTA program into compliance one year following its loss of voting  
92 power under the penalty provisions of the IFTA Dispute Resolution Process consider a  
93 recommendation for a resolution of expulsion submitted to it by the Dispute Resolution  
94 Committee pursuant to Section R1555.300.015 or .020. If approved, the Board of  
95 Trustees shall bring such resolution to the full membership for a vote.  
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**Comments Following the Comment Period ending June 29, 2025.**

The sponsoring jurisdictions made technical, non-substantive revisions to Ballot 11-2025. See above changes to Lines 59, 63 and 83.