



**IFTA BALLOT PROPOSAL
#02-2025**

Sponsor

IFTA, Inc. Program Compliance Review Committee

Date Submitted

March 5, 2025 September 2, 2025

Proposed Effective Date

January 1, 2026

Manual Sections to be Amended

Procedures Manual Section P1230

Subject

Jurisdiction participation in program compliance reviews.

History/Digest

P1230 currently requires jurisdictions to participate in their appropriate share of program compliance reviews each year with no member jurisdiction being required to participate in more than two program compliance reviews per year. Assistance with these program compliance reviews is distributed equally across all jurisdictions based on the schedule established by the Program Compliance Review Facilitator.

The IFTA Board of Trustees issued a Board Charge to the Program Compliance Review Committee (PCRC) in March 2024 to develop new review procedures that include an annual Admin review of all member jurisdictions. The Charge directs the PCRC to streamline the review process with more of a focus on items that are of monetary importance to all member jurisdictions. The board charge was voted on during the 2025 Annual Business Meeting and was passed by majority vote.

With streamlined review procedures reviewers will spend less time conducting reviews. ~~The PCRC also is planning to have Committee members~~ will also participate in reviews, particularly in regard to analyzing Clearinghouse data for an Annual Admin review of all jurisdictions.

The current limitation, restricting jurisdictions to no more than two reviews per year, conflicts with this new process. While participation in reviews remains a program requirement, the existing cap limits flexibility, hinders team-based reviews, and slows completion of the required reviews.

~~The current limitation—restricting reviewers to participate in no more than two reviews per year—undermines the effectiveness of the updated approach. Although reviewers are required to participate as part of the program, the existing cap creates barriers to collaboration, limits the ability to conduct team-based reviews, and hinders completion of the reviews.~~

~~Removing this restriction will not increase the overall workload for jurisdictions, as the scope of each review has been streamlined. Instead, it will provide greater flexibility in scheduling and allow jurisdictions to participate in group reviews more effectively, enhancing consistency, efficiency, and the overall quality of compliance efforts.~~

FOR VOTE BY DECEMBER 18, 2025

Intent

This ballot proposes to remove the restriction that no member jurisdiction be required to participate in more than two reviews per year. Removing this limitation will not increase the overall workload for jurisdictions, as each review has been streamlined. Instead, it will enhance scheduling flexibility, allow for more effective group reviews, and improve consistency, efficiency, and the overall quality of program compliance efforts.

This structure ensures that all required reviews are completed annually, that the workload is equitably distributed among jurisdictions, and that expectations for reviewer participation remain reasonable and predictable.

~~This ballot is being submitted to consider changing the IFTA Procedures Manual to remove the restriction that no member jurisdiction may be required to participate in more than two program compliance reviews per year. This change will support the Board's directive for more frequent, collaborative, and efficient reviews—especially those requiring team-based analysis and execution under the revised streamlined procedures.~~

FOR VOTE BY DECEMBER 18, 2025

Interlining Indicates Deletion; Underlining Indicates Addition

*P1230 REQUIRED PARTICIPATION

Jurisdictions will be required to participate in their appropriate share of program compliance reviews each year through the assignment of jurisdictional reviewers. Assistance with these program compliance reviews is distributed equally across all jurisdictions based on the schedule established by the Program Compliance Review Facilitator.

~~No member jurisdiction will be required to participate in more than two program compliance reviews per year.~~

Jurisdictional reviewers will serve a two-year term, during which they will participate in the bulk review process. The majority of review responsibilities will be concentrated during one designated travel week per year, when administrative and audit reviews are conducted collaboratively per the program compliance review guide.

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Outside of the travel week, jurisdiction reviewers may be asked to participate in entrance meetings or limited follow-up discussions, but no additional extensive review obligations will be required.

Changes Following Annual Business Meeting

This ballot reflects changes based on concerns raised during the Annual Business Meeting. Commissioners noted that staff should not be required to conduct more than their fair share of reviews. Adjustments were also made following the majority vote to ratify the PCRC Board, ensuring this ballot supports fair and effective participation in competing reviews.

Additionally, language was updated for clarity. Reviewers are already required to participate, and the jurisdictional rotation schedule is posted on the IFTA website:

<https://www.iftach.org/procomp/Jurisdictions%20Participation%202%20year%202019-2020%20through%202037-2038.pdf>

FOR VOTE BEFORE DECEMBER 18, 2025



**IFTA BALLOT PROPOSAL
#03-2025**

Sponsor

IFTA Audit Committee

Date Submitted

April 1, 2025

Proposed Effective Date

January 1, 2026

Manual Sections to be Amended

Audit Manual Sections A350 & A460 (Effective Date: September 2024)
Procedures Manual P570 (Effective Date: January 2024)
Including amendments from Ballot 5-2024 (Effective Date: January 2026)

Subject

IFTA Audit Manual and IFTA Procedures Manual - Alternative Fuel Audit Impacts

History/Digest

In accordance with IFTA Articles of Agreement Article XVIII Sections R1810.100 and R1810.200.020, and as stated in Sections II and III of the Committee Charter, the IFTA Audit Committee is responsible for maintaining the IFTA Audit Manual. This duty includes periodic reviews to determine if any changes or updates are needed and to make such recommendations to the IFTA, Inc. Board of Trustees. The duties of the Audit Committee also include a review of ballot proposals ratified by membership to determine whether any sections of the IFTA Audit Manual are impacted by the ratified language and to recommend changes if applicable. With the passage of IFTA Ballots 8-2022 and 3-2023, IFTA has addressed the future of fuels used to propel qualified motor vehicles and to provide for the alternative method of taxing consumption based on applying a tax to taxable distance.

The Board of Trustees issued a charge on February 12, 2024, as follows:

- 3.1 Develop a sub-committee
- 3.2 Research
- 3.3 Provide results of research and recommendations to the Board including, if applicable, a ballot proposal for recommended changes to the Audit Manual

Intent

This ballot proposes amendments to the IFTA Audit Manual and IFTA Procedures Manual to support the auditing and taxation of all fuel types on behalf of all jurisdictions. This will amend the IFTA Audit Manual to align it with the implementation of Ballot 05-2024 that takes effect on January 1, 2026.

The term “average fuel consumption factor” is used in this ballot to maintain consistency with the terminology already established in Section P720.350 of the IFTA Procedures Manual, where it is listed as required information on the standard tax return. This clarification reinforces the principle that the average fuel consumption factor is an all-encompassing measurement used by jurisdictions to represent fuel consumption, including miles per gallon (MPG), kilometers per liter (KPL), and miles per gallon equivalent (MPGe). Average fuel consumption factor serves as a standardized factor for auditing purposes, regardless of the fuel type used, and supports consistent application across jurisdictions.

Miles per gallon equivalent (MPGe) is recognized as a valid fuel consumption measurement for the electricity fuel type, consistent with its use by the U.S. federal government and recognized in the industry. While Canada does not currently have an adopted or recognized standard average fuel consumption factor for the electricity fuel type, nor currently taxes electricity, this proposal allows inclusion of any future average fuel consumption factor as standards evolve.

Kilowatt-hour (kWh) will not be added to the IFTA Audit Manual and IFTA Procedures Manual because it is a unit of measurement and does not represent an average fuel consumption factor (refer to Ballot 05-2024 which takes effect on January 1, 2026).

Jurisdictions may still apply a 20% reduction to the average fuel consumption factor or reduce the MPG/KPL (average fuel consumption factor) to 4.0 MPG or 1.7 KPL, depending on the audit scenario. The inadequate records assessment added for jurisdictions that impose tax by applying a tax rate to distance is a standalone assessment. It is not a double assessment, as any reduction to the average fuel consumption factor has no bearing on the tax rate applied to distance. These mechanisms operate independently to ensure fairness and consistency.

Interlining Indicates Deletion; Underlining Indicates Addition

AUDIT MANUAL

A350 AUDIT ADJUSTMENTS

- .100 When records for the fleet as a whole are adequate for audit, the base jurisdiction shall have the authority to adjust the reported average fuel consumption factor (e.g.: MPG, ~~or~~ KPL, kWh, MPGe, and/or any other measurement of distance traveled per unit of fuel consumed) ~~or any factor used to compute motor fuel consumption.~~
- .300 If the base jurisdiction determines that such factors as those in A350.200 fail to provide a basis to support an audit adjustment, the jurisdiction may, for the specific vehicles at issue, ~~either~~
- .005 reduce the vehicle average fuel consumption factor (e.g.: MPG, ~~or~~ KPL, MPGe, and/or any other measurement of distance traveled per unit of fuel consumed) ~~kWh or any factor used to compute motor fuel consumption~~ by 20% or
- .010 ~~adjust~~ reduce the vehicle MPG to 4.00 or the KPL to 1.7;
- .015 for jurisdictions that impose tax on the consumption of fuel by applying a tax rate to distance, increase only jurisdictional distance by 20%. The jurisdictional distance increase shall not affect total distance.

A460 AUDIT REPORT

- .500 Distance and Fuel Examination:
- .015 Describe procedures used to verify reported distance, fuel and average fuel consumption factor (e.g.: MPG, KPL, MPGe, and/or any other measurement of distance traveled per unit of fuel consumed);
- .700 Billing Summary: All items listed below, except penalty .045, must be presented in the billing summary by reporting period.
- .020 Average fuel consumption factor (e.g.: MPG, KPL, MPGe, and/or any other measurement of distance traveled per unit of fuel consumed) as reported;
- .025 Average fuel consumption factor (e.g.: MPG, KPL, MPGe, and/or any other measurement of distance traveled per unit of fuel consumed) as a result of audit;

PROCEDURES MANUAL

P570 INADEQUATE RECORDS ASSESSMENT

- .100 If the base jurisdiction determines that the records produced by the licensee for audit do not, for the licensee's fleet as a whole, meet the criterion for the adequacy of records set

out in P530, or after the issuance of a written demand for records by the base jurisdiction, the licensee produces no records, the base jurisdiction shall impose an additional assessment by ~~either~~:

.005 ~~adjusting~~ reducing the licensee's reported fleet MPG to 4.0 or 1.70 KPL; or

.010 reducing the licensee's reported average fuel consumption factor (e.g.: MPG, KPL, kWh, MPGe, and/or any other measurement of distance traveled per unit of fuel consumed) ~~or any factor used to compute motor fuels consumption by 20% twenty percent;~~

.015 for jurisdictions that impose tax on the consumption of fuel by applying a tax rate to distance, increase only jurisdictional distance by 20%. The jurisdictional distance increase shall not affect total distance.

.200 This section does not affect the ability of a base jurisdiction to disallow tax-paid credit for fuel purchases which are inadequately documented, or, for cause, to conduct a best information available audit which may result in adjustments to either the audited or reported average fuel consumption factor (e.g.: MPG, or KPL, kWh, MPGe, and/or any other measurement of distance traveled per unit of fuel consumed), ~~or any factor used to compute motor fuels consumed,~~ or suspend, revoke, or cancel the license issued to a licensee.



**IFTA BALLOT PROPOSAL
#04-2025**

Sponsors

Jurisdictions of California, Maryland, Massachusetts, Indiana, Texas, Rhode Island, Kansas, New York, and Connecticut

Date Submitted

September 19, 2025

Proposed Effective Date

January 1, 2026

Manual Sections to be Amended

(Version September 2024)

IFTA Audit Manual

Section A250

NUMBER OF AUDITS

Subject

Reducing the audit percentage required to be completed by each jurisdiction annually by changing the Audit Manual, Section A250 Number of Audits.

History/Digest

Each year, base jurisdictions are required to audit an average of three percent (3%) of IFTA accounts required to be reported by that jurisdiction. With the increase in new accounts year-over-year, this has become an emerging issue where it is increasingly difficult for jurisdictions to complete the required number of audits to meet the IFTA 3% requirement. The proposed amendment reduces the audit requirement to two percent (2%) per year.

A review of the IFTA Annual Reports for years 2020 through 2024, demonstrates that 91% of IFTA Jurisdictions are already meeting an average of at least 2%. By amending the audit requirement to 2%, it would allow IFTA Jurisdictions to keep an active and compliant membership within IFTA, Inc., while maintaining carrier compliance through current audit coverage.

Intent

The intent of this ballot proposal is to reduce the audit requirement from 3% to 2% per year. This amendment will benefit all jurisdictions by creating more time for jurisdictions to use their audit resources efficiently. Jurisdictions would be able to pursue more investigative audit methods, conduct more complex audits, and conduct team audits across State lines. In addition, jurisdictions may focus on a robust audit selection to increase compliance and fuel tax recovery on behalf of all member jurisdictions.

This ballot proposal will strengthen the engagement of all IFTA Jurisdictions through effective communication as we address emerging issues in the fuel tax industry.

Interlining Indicates Deletion; Underlining Indicates Addition

IFTA AUDIT MANUAL

A250 NUMBER OF AUDITS

Base jurisdictions will be held accountable for audits and will be required to complete audits of an average of ~~3~~ two (2) 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.

For purposes of this requirement, a Member Jurisdiction may substitute three Records Reviews for one Audit; provided, that no Member Jurisdiction may substitute Records Reviews for more than twenty-five percent of the total of the Audits required under this section. To use Records Reviews as a substitute for Audits, a Member Jurisdiction must adopt formal procedures that comply with the guidelines for Records Reviews set out in the Audit Manual. All accounts may be subject to a Records Review. Records Reviews cannot count toward the high or low distance audit requirement established in Section A260 Selection of Audits of the IFTA audit manual. All Records Reviews will count towards the unspecified distance account audit requirements. Any follow up or secondary Records Review on compliance issues will not count as another Records Review.

FOR VOTE BEFORE DECEMBER 18, 2025



**IFTA BALLOT PROPOSAL
#06-2025**

Sponsor

IFTA, Inc. Board of Trustees

Date Submitted

May 23, 2025

Proposed Effective Date

Upon Passage

Manual Sections to be Amended

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

IFTA Articles of Agreement

Section R1545-ACTIVE MEMBERSHIP STATUS
Section R1545.300

Subject

The definition of retaining an active membership status.

History/Digest

Article R1545 defines what a member jurisdiction must do to retain an active membership status. Failure to comply with sections R1545.100, R1545.200, or R1545.300 would result in the removal of voting privileges under Article R1546 as those privileges are granted only to those jurisdictions that hold an active membership status in accordance with Article R1545. Section R1545.300 states the following, *“Comply with all other provisions of the Agreement.”* At any given time, a member jurisdiction could be out of compliance with any provision of the Agreement. The direct language of R1545.300 is clear that any issue of non-compliance with the Agreement would result in a loss of an active membership status and voting privileges. Article R1555.200 defines the sections of the Agreement that membership has determined are worthy of a Final Determination Finding of Non-Compliance and therefore to be forwarded to the Dispute Resolution Committee to be heard as a dispute. The sponsor proposes that membership consider making the provision of Section R1545.300 consistent with the language of Article R1555.200.

Article R1545 of the IFTA Articles of Agreement outlines the requirements for a jurisdiction to retain Active Membership status. Section R1545.300 currently states that a jurisdiction must “comply with all other provisions of the Agreement.” While this language appears straightforward, its literal interpretation introduces significant uncertainty: any instance of non-compliance—regardless of severity or context—could technically trigger the loss of Active Membership status and voting privileges under Article R1546.

This ambiguity creates a risk of inconsistent enforcement and undermines confidence in the membership process. Jurisdictions may be unsure whether minor procedural oversights or temporary administrative delays could result in very punitive consequences, even if the issue has been resolved or they are

actively working toward resolution.

To address this, the sponsor proposes aligning R1545.300 with Article R1555.200, which defines a structured and deliberate process for determining serious non-compliance. Under R1555.200, only issues that have undergone a Program Compliance Review and resulted in a Final Determination Finding of Non-Compliance (FDFNC) are eligible to be forwarded to the Dispute Resolution Committee. This ensures that only the most significant and unresolved compliance failures—those that materially impact the integrity of the IFTA program— result in the loss of Active Membership status.

This amendment does not mean that the sections referred to in R1555.200 are the only provisions of the agreement worthy of enforcement. Article R1545 is not an enforcement tool to be used by jurisdictions of licensees to ensure or somehow enforce compliance. Article 1545 simply speaks to the conditions to maintain Active Member Status. Article R1555 addresses all Compliance Matters. Should a dispute arise between a member jurisdiction and another member jurisdiction or a licensee concerning issues of compliance with any section of the agreement the IFTA Dispute Resolution Process is the appropriate avenue for compliance enforcement. It is worth noting that the DRC Process specifically refers to the immediate loss of voting power as a potential remedy.

By amending R1545.300 to reference R1555.200, the ballot seeks to:

- Eliminate uncertainty around what constitutes grounds for losing Active Membership
- Ensure that only serious and documented non-compliance leads to loss of voting privileges
- Provide transparency and predictability for all member jurisdictions

Without this clarification, jurisdictions remain vulnerable to subjective or inconsistent interpretations of R1545.300. This ballot aims to safeguard the fairness and credibility of the IFTA membership framework.

Intent

To clearly define the intent of R1545.300 by amending the language therein to the language in Article R1555.200.

Interlining Indicates Deletion; Underlining Indicates Addition

***R1545 ACTIVE MEMBERSHIP STATUS**

To retain active membership status, the jurisdiction must:

.100 Collect and transfer fees for other jurisdictions in a timely manner;

.200 Pay membership fees in a timely manner; and

.300 ~~Comply with all other provisions of the Agreement.~~ Not remain out of compliance with an issue that has been the subject of a Final Determination Finding of Non Compliance (FDFNC) under R1555.200.

Voting privileges provided in Articles of Agreement R1546 are granted only to eligible members jurisdictions holding active membership status.