



IFTA BALLOT PROPOSAL
#07-2026

Sponsor

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

Date Submitted

May 29, 2026

Proposed Effective Date

January 1, 2027

Manual Sections to be Amended (January 1996 Version, Effective July 1, 1998, as revised)

IFTA Audit Manual	Section A250	NUMBER OF AUDITS
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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 2025 demonstrates that 92% 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 – ALL CHANGES MUST BE HIGHLIGHTED IN RED

1 **IFTA AUDIT MANUAL**

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3 **A250 NUMBER OF AUDITS**

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5 Base jurisdictions will be held accountable for audits and will be required to complete audits of an
6 average of ~~3~~ two percent (2%) per year of the number of IFTA accounts required to be reported by that
7 jurisdiction on the annual reports filed pursuant to the IFTA Procedures Manual, Section P1110.300.005
8 excluding new licensees, for each year of the program compliance review period, other than the
9 jurisdiction's IFTA implementation year. Such audits shall cover all of the returns that were filed or
10 required to be filed during a license year or shall cover at least four (4) consecutive quarters. This does
11 not preclude audits of individual licensees several times during the program compliance review period.
12 However, audits of a single licensee that cover multiple license years, fuel types, or both shall be counted
13 as one audit for program compliance review purposes.

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

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