FOR VOTING PERIOD ENDING DECEMBER 21, 2026

IFTA Ballot Proposal

#07-2026

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

Date Submitted
September 25, 2026

Proposed Effective Date
January 1, 2027

Manual Sections to be Amended (Version January 2026)

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. In addition, IFTA Inc is conducting an audit percentage study with the International Registration Plan, Inc (IRP). The proposed amendment reduces the audit requirement to two percent (2%) per year for a temporary time period of three years upon passage while IFTA Inc conducts the study with IRP. After the three-year period, the audit percentage will revert to the 3% or the new audit requirement determined by the joint study.

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 for a temporary time period of three years upon passage while IFTA Inc conducts the audit percentage study with IRP. After the three-year period, the audit percentage will revert to the 3% or the new audit requirement determined by the joint study. 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

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 a minimum of ~~3~~ two percent (2%) 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.

The audit requirement of completing an average of a minimum of two percent (2%) per year will remain in effect upon passage for a temporary time period of three years while IFTA, Inc. conducts an audit percentage study with IRP, Inc. After the three-year period, the audit percentage will revert to 3%.

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.