



**IFTA BALLOT PROPOSAL
04-2024**

Sponsor

IFTA, Inc. Board of Trustees

Date Submitted

May 10, 2024

Proposed Effective Date

July 1, 2027 for IFTA credentials issued for the 2028 calendar year

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

IFTA Articles of Agreement	Section R221 Fleet Section R605 Identification Requirement Section R625 Display of Decals
IFTA Procedures Manual	Section P100 License Application Content

Subject

To provide for the collection of vehicle specific data related to fleet vehicles licensed under this Agreement by an applicant.

History/Digest

Since its inception, IFTA has required that an approved application for an IFTA license results in a license and a set of decals (per qualified motor vehicle) to be issued to the licensee (IFTA Articles of Agreement Article VI, Sections R600 through R660, and IFTA Procedures Manual Articles P300 through P320). Article R615 states that the decal shall not be designed to require vehicle-specific data. As part of the presentation on a future IFTA Strategic Plan at the 2022 IFTA Annual Business Meeting, several items were identified regarding the future direction of IFTA as not only an association but as an instrument of tax administration. Among the strategies to be researched was a plan to address IFTA, Inc.'s role in a possible transition to a different taxation method for sustaining a dedicated revenue source for infrastructure. The various national and regional studies being conducted now are researching a possible replacement for fuel use taxes and could involve commercial vehicles with weight classes below 26,000 lbs. and the possible inclusion of passenger vehicles. A change in the definition of qualified motor vehicles most likely would necessitate a requirement for vehicle-specific identification when credentialing for IFTA.

In the current state, every compliance program designed to detect the proper payment of fuel use tax through IFTA is hampered by the absence of vehicle specific data being collected by base jurisdictions at the time of licensing and the maintenance of same perpetually. Specifically, at licensing, jurisdictions do not know what vehicles decals issued are placed upon. Moreover, several base jurisdictions do not

charge for decals; placing compliance in jeopardy through the potential misuse of decals. Law enforcement is affected as well. Law enforcement accesses several different but related databases to determine the propriety of a vehicle status for many different safety and compliance initiatives at roadside. Currently, nothing resides in the IFTA, Inc. Clearinghouse regarding vehicle specificity that can be helpful to law enforcement at roadside. The ability to search for information based on USDOT Number, Canadian National Safety Code Number, Vehicle Identification Number, and current license plate number is essential to providing law enforcement with the tools needed to provide further assurance of compliance with IFTA and continuity with other law enforcement initiatives to ensure propriety and safety on the roads throughout the IFTA membership. Auditors are tasked with ensuring that the taxes paid on an IFTA tax return are correct and reflect all taxable operations accrued by the licensee. Currently, nothing exists that would provide the auditor with a complete profile of the vehicles operating under the IFTA license of the auditee. The audit process can be enhanced and streamlined by having this information available for review **prior** to the audit engagement. A cursory review and comparison of the licensee's fleet vehicles reported through licensing versus those reported on an IFTA tax return may also help determine whether the licensee is worthy of an audit versus a records review. This information will help ensure that the operations of all vehicles used during the subject reporting period(s) have been reported; which will further enhance a base jurisdiction's ability to identify the propriety of fuel use tax reporting in all affected member jurisdictions. The Program Compliance Review Process is designed to ensure that member jurisdictions are complying with the governing documents of IFTA. Currently, we do not know if all qualified motor vehicles operating under an IFTA license have been reported to the base jurisdiction by the licensee and taxes due have been transferred to all affected member jurisdictions.

IFTA has proactively addressed the future through the passage of Ballot 8-2022 and the intent to establish an Alternative Fuels Committee as a Standing Committee. A significant part of the future centers on how the definition of a qualified motor vehicle could change, and what that means for licensing under IFTA including vehicle-specific data.

Intent

To allow member jurisdictions to identify which qualified motor vehicles are included on an IFTA license for taxation purposes. This ballot will also have the list maintained as qualified motor vehicle information are added, deleted, or edited. The qualified motor vehicle list operated under the license will be uploaded to the clearinghouse or other database developed by IFTA, inc. This ballot does give jurisdictions time to become compliant with the requirement to maintain a list of qualified motor vehicles operated under the license for taxation purposes. This ballot will allow jurisdictions to be able to audit and verify that the vehicles operated under their IFTA license are reported during the reporting period. This ballot does not remove the decal requirement to be displayed.

Commentary

With the declining revenues for road funds and since fuel use taxes are usually used to help maintain the infrastructure this ballot will help jurisdictions verify that all vehicles operated under a license are reported during a reporting period. This list will give auditors a starting point to help verify the qualified motor vehicles and decal reconciliation and proper reporting. This list and the ability for all jurisdictions to have access to the vehicle information will help jurisdictions that may have past due tax owed identify where the vehicle is now operating. This will allow jurisdictions to work together to collect the tax due to other jurisdictions (section R140).

This ballot also allows jurisdictions to be able to use the IFTA platform for jurisdictional or possible national road use tax legislation. By having the vehicle specific information in an IFTA, Inc. database each member jurisdiction will have a definitive source to maintain fleets associated and reported on a license. The Board encourages the use of data that is already housed in a database within your jurisdiction, other member jurisdictions or a separate database that will be created and maintained by the repository where the IFTA licensee will have direct access to upload and update vehicle information. Eventually this may lead to one integrated database of vehicle information shared by authorized organizations.

Interlining Indicates Deletion; Underlining Indicates Addition

1 **ARTICLES OF AGREEMENT**

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3 **R221 Fleet** means one or more vehicles that are reported under the license by the carrier to show the
4 information provided in P140 for all vehicles operated and reported under the IFTA Tax Returns. The fleet
5 will be maintained and updated for changes to operation status or information in P140 of vehicles
6 throughout the period the license is active.

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8 **R605 IDENTIFICATION REQUIREMENT**

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10 The base jurisdiction shall issue a license and two decals per vehicle. The license and decals shall qualify
11 the licensee to operate in all member jurisdictions ~~without further licensing or identification requirements~~
12 ~~in regard to motor fuel use taxes.~~

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14 **~~R625 DISPLAY OF DECALS~~ VEHICLE IDENTIFICATION**

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16 Each licensee shall be issued a minimum of two vehicle identification decals for each qualified vehicle in
17 its fleet. The decals must be placed on the exterior portion of both sides of the cab. In the case of
18 transporters, manufacturers, dealers, or driveaway operations, or in the case of a short-term motor
19 vehicle rental of 29 days or less whereby the lessee has assumed responsibility for reporting and paying
20 the fuel use tax pursuant to R510, the decals need not be permanently affixed, but may be temporarily
21 displayed in a visible manner on both sides of the cab.

22
23 Each licensee shall, provide an updated fleet listing for any changes of the fleet listing on a form
24 prescribed by the base jurisdiction with each quarterly return. The updated fleet listing will add, remove,
25 or edit the information provided in P140 to the fleet of the license. The updated fleet listing will include the
26 date the vehicle was added, removed or edited and shall be maintained per the Record Keeping
27 Requirements in R700. This fleet update may be done more frequently if deemed necessary or beneficial
28 by the base jurisdiction.

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30 Each jurisdiction shall maintain a Fleet vehicle listing with information in P140 for each license with the
31 beginning and end date for each qualified motor vehicle operated under a license. This fleet list with
32 updates shall be transmitted to the clearinghouse per requirements in the data validation plan.

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34 **PROCEDURES MANUAL**

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36 **P100 LICENSE APPLICATION CONTENT**

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38 The application for an IFTA fuel tax license shall be in a uniform format and shall contain, but not be
39 limited to, the following information:

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41 **P105** The account identification number specified in IFTA Procedures Manual Section P200;
42 **P110** Name of owner, partners or corporation;
43 **P115** Legal business name (if different from the name given above);
44 **P120** Physical location of the business;
45 **P125** Mailing address of the business;
46 **P130** US DOT Number or Canadian National Safety Code Number (NSC) number of the business
47 entity stated in Section P115 (if applicable);

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49 ***~~P130~~ P135** Signature or electronic submission compliant with R940.300 and P160 and date;

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51 **~~P135~~ P140** Fleet listing of each vehicle operated under the fleet at time of application to include the
52 following:

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54 .005 US DOT Number of the vehicle or NSC number (vehicle safety if applicable)

55 .010 Vehicle Identification Number (VIN)

56 .015 Vehicle Make

57 .020 Vehicle Model

58 .025 Current Plate registered to vehicle

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60 **P145** The data required under Section P140 may be collected from either the applicant identified in

61 Section P115 directly through the License Application under Section P100, quarterly update with

62 tax return, or through the transfer of such data from either within the base jurisdiction or between

63 member jurisdictions, or through a database provided by and maintained by the Repository.

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65 **P135P150** Number of IFTA decals required by licensee;

66 **P140P155** Application fee (if applicable);

67 **P145P160** Decal fee (if applicable);

68 **P155P165** Statement of existence of bulk storage in all member jurisdictions;

69 ***P160P170** Certification:

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71 Applicant agrees to comply with tax reporting, payment, recordkeeping, and license

72 display requirements as specified in the International Fuel Tax Agreement. The applicant

73 further agrees that base jurisdiction may withhold any refunds due if applicant is

74 delinquent on payment of fuel taxes due any member jurisdiction. Failure to comply with

75 these provisions shall be grounds for revocation of license in all member jurisdictions;

76 and

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78 A statement to the effect that the applicant certifies with his or her signature or electronic

79 submission as deemed acceptable by the base jurisdiction that, to the best of his or her

80 knowledge, the information is true, accurate, and complete and any falsification subjects

81 him or her to appropriate civil and/or criminal sanction of the base jurisdiction. (e.g.,

82 perjury).

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