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# State of New Hampshire

DEPARTMENT OF SAFETY  
OFFICE OF THE COMMISSIONER  
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603/271-2791

JOHN J. BARTHELMES  
COMMISSIONER

December 16, 2013

Her Excellency, Governor Margaret Wood Hassan  
and the Honorable Executive Council  
State House  
Concord, New Hampshire 03301

*Retroactive / Sole Source*

### Requested Action

The Department of Safety, Division of Administration, requests approval to enter into a **retroactive, sole source** five-year Memorandum of Agreement (MOA) with the Commonwealth of Kentucky Transportation Cabinet, Division of Motor Carriers (KYDMC) International Fuel Tax Agreement (IFTA) Processing Consortium (IPC), for a price not to exceed \$849,623.00 for the purpose of facilitating the IFTA and providing a basis for the processing of New Hampshire's IFTA tax returns. Effective upon Governor and Council approval for the period from January 1, 2014, through December 31, 2019. Funding source: 100% Highway Funds.

Funds are available in SFY 2014 and SFY 2015 operating budget and contingent upon availability and continued appropriations in SFY 2016 through SFY 2019 with the authority to adjust between fiscal years through the Budget Office if needed and justified.

02-23-23-2320015-31100000 Dept. of Safety – Division of Administration – Road Toll Administration  
020-500206 Current Expenses – E-Gov Processing Fees

<u>SFY2014</u>	<u>SFY2015</u>	<u>SFY2016</u>	<u>SFY2017</u>	<u>SFY2018</u>	<u>SFY2019</u>	<u>TOTAL</u>
\$117,150.00	\$214,106.00	\$173,753.00	\$137,845.00	\$137,845.00	\$68,924.00	\$849,623.00

### Explanation

The request to enter into this MOA is **retroactive** due to the Commonwealth of Kentucky's completion of vendor negotiations and contract award in December; therefore, the Department of Safety was unable to provide the final costs of IPC participation to the Governor and Council prior to January. This MOA is **sole source** for the State of New Hampshire due to the Commonwealth of Kentucky being the lead state and hosting jurisdiction as explained below; therefore, Kentucky's vendor selection and procurement processes were utilized.

The Department of Safety's Road Toll and Field Audit Bureaus are responsible for collecting the Motor Vehicle Road Toll. These responsibilities include the administration, processing of returns, and auditing of the IFTA licensees whose operations are based in New Hampshire but who travel throughout the participating IFTA jurisdictions. IFTA consists of the 48 contiguous states and ten Canadian provinces.

Currently, the Department, through its Road Toll Bureau, administers IFTA through a system hosted by the New York State Department of Taxation and Finance (NYSDF). On July 16, 2012, NYSDTF notified all member jurisdictions that it was planning to withdraw from hosting the IFTA Regional Processing Center (RPC). The MOA with NYSDTF was approved by the Governor and Council on February 18, 2009, item # 59E. The NYSDTF will continue to provide processing services for the IFTA tax returns through the 3<sup>rd</sup> quarter of calendar year 2014 (September 30, 2014). Complete shutdown of the service is expected approximately December 31, 2014. Upon receiving this information, New Hampshire and the jurisdictions of California, Connecticut, Kentucky, Maryland, and Michigan decided to join together and continue a multi-jurisdictional processing, similar to the NY model, with Kentucky being the hosting jurisdiction and the lead state. This group represents a

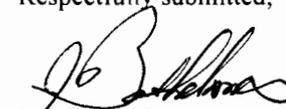
Her Excellency, Governor Margaret Wood Hassan  
and the Honorable Executive Council  
December 16, 2013  
Page 2 of 2

significant portion of the jurisdictions currently in the IFTA RPC hosted by the New York State of Taxation and Finance. By participating in the consortium, the Department is able to leverage the purchasing power of six states which will result in cost savings that could not be achieved if we were to do it alone.

Upon approval, the proposed MOA will allow the Department of Safety to proceed with the implementation of the IFTA Processing Consortium (IPC). The first 12 months of the MOA, spanning over SFY 2014 and SFY 2015, include implementation and transition costs from the current IFTA RPC to the IPC of \$262,333.00. The MOA also includes a one-time payment in the amount of \$35,908 in SFY 2016 for the IFTA audit package. The MOA costs received from KYDMC are attached.

This project is set forth in the Department of Safety's Strategic Information Technology Plan 2005-2009 Appendix VI, Project #147 dated October 21, 2005.

Respectfully submitted,



John J. Barthelmes  
Commissioner of Safety



**STATE OF NEW HAMPSHIRE**  
**DEPARTMENT OF INFORMATION TECHNOLOGY**  
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**Peter C. Hastings**  
*Commissioner*

December 17, 2013

John J. Barthelmes  
Commissioner  
Department of Safety  
33 Hazen Drive  
Concord, NH 03305

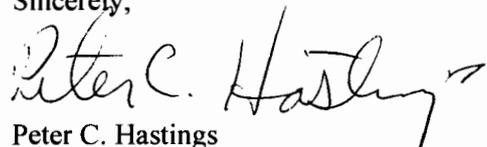
Dear Commissioner Barthelmes:

This letter represents formal notification that the Department of Information Technology (DoIT) has approved your request to enter into a Memorandum of Agreement with the Commonwealth of Kentucky Transportation Cabinet, Division of Motor Carriers (KYDMC) as described below and referenced as DoIT No. 2014-107A.

The purpose of this MOA is to facilitate the International Fuel Tax Agreement (IFTA) and to provide a basis for the processing of New Hampshire's IFTA tax returns. The IPC is a new consortium made up of states currently in the New York State Department of Taxation and Finance (NYSDTF) Regional Processing Center (RPC). These states are California, Connecticut, Kentucky, Maryland, and Michigan. This MOA will be effective upon Governor and Council approval from January 1, 2014 through December 31, 2019. The Value of this MOA is \$849,623.00.

A copy of this letter should accompany the Department of Safety submission to the Governor and Executive Council for approval.

Sincerely,

  
Peter C. Hastings

PCH/dcp  
DOS 2014-107A

cc: David Perry, Contracts Manager, Bureau of Finance & Administration  
Albert Sheldon, DOIT/DOS IT Lead

FINAL  
10/1/2013

COMMONWEALTH OF KENTUCKY

# IFTA Processing Consortium

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## Memorandum of Agreement

**Kentucky Transportation Cabinet/Division of Motor Carriers**

The purpose of the IFTA Processing Consortium (IPC) MEMORANDUM OF AGREEMENT is to facilitate the administration of the IFTA as mandated by the provisions of the Intermodal Surface Transportation Efficiency Act of 1991, and to provide the basis for the processing of participant jurisdiction (base jurisdiction) fuel tax returns subject to the IFTA at the service level defined herein for each respective participant jurisdiction.

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# ARTICLE I

## AUTHORITY AND PURPOSE

This INTERNATIONAL FUEL TAX AGREEMENT PROCESSING CONSORTIUM MEMORANDUM OF AGREEMENT (hereafter, "IPCMOA,") is entered into by and among the following member jurisdictions to the International Fuel Tax Agreement (hereafter, "IFTA"), as evidenced by the signatures of their duly authorized representatives, pursuant to the authority of the respective IFTA implementing statute or pursuant to such other authority of the respective statutes of such jurisdiction, with respect to the processing of fuel use tax returns subject to IFTA. The purpose of the IPC is to facilitate the administration of the IFTA as mandated by the provisions of the Intermodal Surface Transportation Efficiency Act of 1991, and to provide the basis for the processing of participant jurisdiction (base state) fuel tax returns subject to the IFTA at the service level defined herein for each respective participant jurisdiction.

# ARTICLE II

## DEFINITIONS

For purposes of the the following definitions apply:

1. **Participant Jurisdiction**, shall mean any state, province or other jurisdiction that has validly executed this IPCMOA, for so long as the IPCMOA remains in effect, and has selected any combination of program functionality reflected in Article V which must include function 4.1 A (i.e., return computation and liability determination and exception processing on Selected Vendor's platform) or function 4.2 (i.e., return computation, liability determination and exception processing software to be operated in-house by the participant jurisdiction).
2. **Member Jurisdiction**, shall mean any state, province or other jurisdiction participating in IFTA, but not a signatory to this IPCMOA.
3. **Agency**, shall mean the agency(ies), body(ies), office(s), department(s), cabinet(s), board(s), division(s) or commission(s) of a jurisdiction which is (are) charged under the laws of that jurisdiction with the responsibility for IFTA tax administration, including the processing of fuel use tax returns under IFTA.
4. **Agency Representative**, shall mean the head of the agency(ies), or employees, agents or authorized representatives designated in writing by the head of the agency(ies) as the person or persons who are authorized to represent that agency(ies) regarding IFTA tax administration, but only so long as the duties and employment of such agency(ies) head or designated employee, agent or authorized representative requires access to tax returns and return information for purposes of IFTA tax administration.

5. **ISTEA**, shall mean the Intermodal Surface Transportation Efficiency Act of 1991 (Public Law 102-240).
6. **Primary Clearing House**, shall mean the party who shall serve as the administrative depository for receipt and retention of the clearinghouse information from all participant jurisdictions. Such information shall include, but shall not be limited to:
  - A. statutory provisions applicable to the exchange of state or province tax returns or tax return information, and any amendments thereto;
  - B. statutory provisions concerning confidentiality of the information exchanged, the penalties for unlawful disclosure thereof, policies for destruction of such information, and any amendments thereto;
  - C. written designation(s) of the personnel authorized to request and receive tax information on behalf of the signatory agencies under the terms of the IPCMOA, and any amendments thereto; and,
  - D. current statutory provisions relating to the exchange of state or province tax returns or tax return information with state or provincial agencies other than those charged with the administration and collection of state or provincial taxes.

The primary clearinghouse shall be the Kentucky Division of Motor Carriers (KYDMC).

7. **Corporation**, shall include associations, joint-stock companies, insurance companies, financial institutions and public corporations created by federal, state or provincial, or local law.
8. **Disclosure**, shall mean the making known to any person, in any manner whatsoever, a state or provincial tax return or tax return information.
9. **Fiduciary**, shall mean a guardian, trustee, executor, administrator, receiver, conservator or any person acting in any fiduciary capacity for any person.
10. **Partnership**, shall include a syndicate, group, pool, joint venture, limited liability company or other unincorporated organization, through or by means of which any business, financial operations, or venture is carried on and which is not within the meaning of this section, a trust or estate or a corporation. The term "partner" shall mean a member in such a syndicate, group, pool, joint venture, Limited Liability Company or other unincorporated organization.
11. **Person**, shall mean any individual, a trust, estate, partnership, association, company or corporation; and includes any fiduciary acting on behalf of any such individual, trust, estate, partnership, association, company or corporation.
12. **Province**, shall mean any of the provinces or territories of Canada.

13. **Secondary Clearinghouse(s)**, shall mean the party(ies) appointed to serve as the administrative depository for the compilation and dissemination of certain clearinghouse information for supplemental IPCMOA(s) executed by two or more signatory agencies pursuant to Article VII of the IPCMOA. The signatory agencies to the supplemental IPCMOA(s) shall prescribe the authority and responsibilities of the secondary clearinghouse(s) within the IPCMOA(s).
14. **Signatory Agency** shall mean any agency, instrumentality, body, office, department, board, division or commission of a state or province that has executed the IPCMOA, for so long as the IPCMOA remains in effect with that agency.
15. **State**, shall mean any of the states of the United States of America.
16. **State or Provincial Audit Agency**, shall mean any agency, body, office, department, board, division or commission of a state or province which is charged under the laws of that state or province with the responsibility of auditing state or province revenues and programs.
17. **State or Province Tax Return**, shall mean any tax information return or report, declaration of estimated tax, claim or petition for refund or credit, or petition for reassessment or protest that is required by, or provided for, or permitted, under the provisions of the tax laws of the state or province of a signatory agency, which is filed with the agency by, on behalf of, or with respect to any person, and any amendment, or supplement thereto, including supporting schedules, attachments, or lists which are supplemental to, or part of, the return so filed.
18. **State or Province Tax Return Information**, (hereinafter referred to as "information" or "return information") includes, but is not limited to:
  - A. A taxpayer's identity, the nature, source or amount of his income, gains, losses, formulary apportionment factors, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, deficiencies, assessments, over assessments, or tax payments, whether the taxpayer's return was, is being, or will be, examined or subject to other investigation for processing; whether the taxpayer is authorized to use a direct pay permit and any information related thereto; names of customers and any other relevant information related to specific transactions or any other data, received, recorded by, prepared by, furnished to or collected by the agency with respect to an IFTA tax return or with respect to the determination of the existence, or possible existence of liability (or the amount thereof), or by any person under the laws of the state or province of a signatory agency for administration, collection or enforcement of the tax laws of the state or province of a Signatory agency including tax, additions to tax, penalty, interest, fine, or other imposition, of offense; and,
  - B. Any part of any written determination or any supporting document relating to such written determination. "Return information" does not include, however, data in a

form which cannot be associated with, or otherwise identify, directly or indirectly, a particular taxpayer.

19. **Taxpayer**, shall include, but is not limited to, any individual, corporation, partnership, fiduciary or other entity subject to tax, believed to be subject to tax, or required to file a tax return or information document under the tax laws of the state or province of the signatory agencies whether or not such return or document was actually filed.
20. **Tax Administration**, The term "tax administration" includes but is not limited to:
  - A. The administration, management, conduct, direction and supervision of the execution and application of the tax laws or related statutes of the state or province of a Signatory agency and the development and formulation of state or provincial tax policy relating to existing or proposed state or provincial tax laws and related statutes of the state or province of the Signatory agencies, and
  - B. Includes audit assessment, collection, enforcement, litigation, publication and statistical gathering functions under the tax laws and related statutes of the state or province of a signatory agency.
21. **Taxpayer Identity**, The term "taxpayer identity" means the name of a person with respect to whom a tax return is filed, his/her mailing address, taxpayer identifying number, or a combination thereof.
22. **Taxpayer Return Information**, The term "taxpayer return information" means return information as defined in Paragraph 18, above, which is filed with, or furnished to, the agency by or on behalf of the taxpayer to whom such tax return information relates.
23. **IFTA Processing Consortium**, The term "IFTA Processing Consortium" or "IPC" means the following: A consortium of IFTA member jurisdictions assembled to share an IFTA returns processing solution hosted by a Selected Vendor. The IPC shall conduct its business through a Policy and Management Advisory Committee as defined herein and shall cooperatively participate in accordance with this Memorandum of Agreement. The management of the IPC shall be chaired by a representative of the Kentucky Division of Motor Carriers. KYDMC shall be responsible for front line technical assistance to the IPC members, billing services for IPC usage of the Hosted Vendor Solution, oversight of the Policy and Management Advisory Committee, coordination of technical and functional assistance between the IPC members and the Selected Vendor, compliance with and maintenance of contract language between the vendor and by KYDMC on behalf of the IPC, and for contact with the Selected Vendor unless otherwise agreed to by KYDMC, the Selected Vendor, and the IPC member jurisdiction.
24. **Hosted Vendor Solution**, The term "Hosted Vendor Solution" means the following: A hosted solution for the administration of the International Fuel Tax Agreement. Functions and services supported by the solution are enumerated in the RFP and contract between the Selected Vendor and the KYDMC.
25. **Selected Vendor**, The term "Selected Vendor" means the following: The vendor chosen by and contracted with the KYDMC for the purpose of providing returns processing and other services

related to the administration of the International Fuel Tax Agreement in the jurisdictions that are members of the IFTA Processing Consortium (IPC).

26. **Policy and Management Advisory Committee**, The participant jurisdictions Policy and Management Advisory Committee (hereinafter, "Policy and Management Advisory Committee" or "PMAC") shall be comprised of a person designated by the agency head from each participant jurisdiction. In the event the agency head does not select a person, the IFTA Commissioner will assume the role of PMAC member or appoint a designee. The committee shall be chaired by the KYDMC representative. The function of the Policy and Management Advisory Committee shall be to provide input and advice to KYDMC with regard to IPC policy development and participant jurisdiction needs.
27. **Verifiable Electronic Means**, shall mean communication and information access through the IPC online system with a logon ID.
28. **User Group**, shall mean a subgroup of representatives from each participant jurisdiction performing a related function. Each participant jurisdiction shall designate their representative(s) to the group.

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## ARTICLE III

### PARTICIPANT JURISDICTIONS POLICY AND MANAGEMENT ADVISORY COMMITTEE

#### SECTION I. GENERAL

KYDMC shall be solely responsible for the original development of the IPC. During that development phase, KYDMC shall solely contract with the Selected Vendor, and shall oversee all original development activities. The original IPC program and any subsequent changes to the program must conform to IFTA and ISTEPA. Each participant jurisdiction shall be responsible for compliance to IFTA rules and regulations. Selected Vendor will make the system available to facilitate the participant jurisdiction's internal audit(s) and IFTA Program Compliance Review(s).

#### SECTION II. POLICY AND MANAGEMENT ADVISORY COMMITTEE DEFINED

The participant jurisdictions Policy and Management Advisory Committee (hereinafter, "PMAC") shall be comprised of the duly authorized person from each participant jurisdiction and shall be chaired by the KYDMC representative. Each participant jurisdiction shall have one vote on the Policy and Management Advisory Committee. The PMAC member may designate a representative to vote for that jurisdiction if he or she is unavailable to vote at any meeting. There will be at least two annual meetings of the PMAC. Any participant jurisdiction may request an additional meeting of the PMAC, but it shall require a simple majority vote of the PMAC to approve the scheduling of an additional meeting. The PMAC may schedule periodic user group meetings.

#### SECTION III. PMAC FUNCTIONS

The function of the Policy and Management Advisory Committee shall be to provide input and advice to KYDMC with regard to IPC policy development and participant jurisdiction needs. KYDMC shall serve as the sole conduit through which the Policy and Management Advisory Committee and the respective participant jurisdictions shall interact with the Selected Vendor for all program operations, systems changes and problem resolution related communications with KYDMC. Any jurisdiction or the Policy and Management Advisory Committee may request a program change by initiating the change control procedure outlined in **Appendix 1**.

#### SECTION IV. PMAC PRINCIPLES

The following principles shall be adhered to by the Policy and Management Advisory Committee:

1. Any changes to the original IPC program must conform to the provisions of IFTA and ISTEAA;
2. KYDMC shall solely contract with the Selected Vendor and shall oversee all development activities during the initial program development phase and for any subsequent development activities. During the program operations phase, each respective participant jurisdiction shall operate under this MOA for services with the Selected Vendor;
3. Although the Policy and Management Advisory Committee shall advise KYDMC with respect to issues of IFTA program administration, KYDMC shall serve as the sole conduit through which that committee and the participant jurisdictions will interact with the Selected Vendor for all program operations, systems changes and problem resolution related communications with the KYDMC Selected Vendor; and,
4. The costs for any services not directly related to the Hosted Vendor Solution for the Administration of IFTA and as enumerated in the contract between KYDMC and the Selected Vendor shall be borne solely by the respective jurisdiction(s) in Appendix 7.
5. Any member jurisdiction will be accepted as a participant jurisdiction if they execute and agree to the terms of the IPCMOA.
6. Prior to renewing a contract with a Selected Vendor, entering into a new contract with a Selected Vendor, or approving a price increase requested by a Selected Vendor, KYDMC shall call a meeting of the Policy and Management Advisory Committee. A vote shall be held regarding the modification of services being provided by a Selected Vendor or any proposed increases in costs.

**Appendix 2** details the decision making structure and respective roles of KYDMC and the Policy and Management Advisory Committee.

## **ARTICLE IV**

### **KYDMC AND SELECTED VENDOR SERVICE PROVISIONS**

KYDMC shall manage the daily operations of the IFTA Processing Consortium (IPC). Services provided by the Selected Vendor shall be in accordance with the contract between KYDMC and the Selected Vendor.

The Selected Vendor shall bill KYDMC for all services related to the Hosted Vendor Solution as utilized by the IPC jurisdictions. KYDMC will in turn bill the respective IPC participant jurisdiction for its share of the service costs in accordance with Article VI herein.

1. The following services will be provided by Selected Vendor, if selected by the participant jurisdiction(s):

- A. **Profile Maintenance.** Maintaining an updated data base for the participant jurisdictions. Including mailing address, tax preparer, credits and delinquent returns.
- B. **Printing and Mailing.** Printing and mailing of customized taxpayer returns (including a preprinted header and credit) to taxpayers or preparers.
- C. **Return Computation and Liability Determination.** Return computation and liability determination, and detailed distribution data for monthly settlement to be operated by Selected Vendor on behalf of the participant jurisdiction(s).
- D. **Return Computation and Liability Determination Software.** Return computation and liability determination, and detailed distribution data for monthly settlement software to be provided by Selected Vendor for the participant jurisdiction(s) to operate in-house.
- E. **Monthly Settlement/ Funds Transfer.** Data receipt, data capture, and transmission of monthly account settlement data among the participant jurisdictions. In addition, initiate funds transfer (i.e., disbursement) upon the completion of the monthly settlement process. (i.e., ACH Credit, Fedwire, bank check or internal bank transfer, among the participant jurisdictions and member jurisdictions to affect financial settlement)

**Appendix 4** details the performance standards related to the Selected Vendor functions and participant jurisdiction's responsibilities.

## ARTICLE V

### PARTICIPANT JURISDICTION SERVICE REQUIREMENTS

Participant jurisdictions will select, from the services listed below, their respective required program functionality. Each participant jurisdiction will contract individually with the KYDMC Selected Vendor services (i.e., funds transfer services). Each participant jurisdiction must identify to KYDMC services it will require by completing and filing a copy of **Appendix 3** with KYDMC in the manner provided therein.

Program functionality consists of the following:

1. Maintain an updated taxpayer profile data base for the participant jurisdictions. Including mailing address, tax preparer, credits and delinquent returns.
  - 1.1 Customized printing and mailing of participant jurisdiction tax returns and delinquency notifications by Selected Vendor. Printing & mailing service must be used in conjunction with service (1) above.
2. Tax return deposit and data capture by the Hosted Vendor Solution. Functions may include all or a subset (based on a participant jurisdiction's requirements) of the following:

- Receipt;
  - Taxpayer Identification;
  - Data Preparation;
  - Deposit;
  - Data Capture; and
  - Data Delivery
3. Fee transmittal deposit and data capture by the Hosted Vendor Solution. Functions may include all or a subset (based on a participant jurisdiction's requirements) of the following:
- Receipt;
  - Jurisdiction Identification;
  - Data Preparation;
  - Deposit;
  - Data Capture; and
  - Data Delivery
4. Fee transmittal processing and dissemination through Selected Vendor. Functions include:
- Summary of Data
  - Posting of Participant Jurisdiction Required Data Fields; and
  - Identification of Exceptions;
- 4.1 A Return computation, liability determination and exception processing on the Hosted Vendor Solution's platform.
- 4.1 B Detailed return data posted to the Hosted Vendor Solution for monthly settlement.
- 4.2 Return and fee transmittal report computation, liability determination, and exception processing software to be operated in-house by the participant jurisdiction. Selected Vendor's will provide:
- Original Software
  - Updates and Enhancements;
  - System Documentation;
  - Technical Assistance;
  - Training;
  - Installation Documentation; and
  - Impact Analysis at Least 30 Days Prior to Installation
5. Monthly settlement and funds transfer by Selected Vendor with software provided by the selected funds transfer contractor or owned by Selected Vendor. Functions include:
- Offsetting Liabilities Between Participant Jurisdictions;
  - Funding Requirement Determination; and
  - Initiate Fund Transfers on behalf of the Participant Jurisdictions to settle their liabilities to all Participant Jurisdictions and Member Jurisdictions

6. Audit interface accepts audit information from an external system and processes it through the Hosted Vendor Solution.

**Appendix 4** details the performance standards related to participant jurisdictions in the IPC.

**Appendix 5** outlines the performance standards of the Help Desk. The Help Desk is available to all participant jurisdictions using any of the services enumerated above.

## **SUBJECT TO CHANGE DUE TO SELECTED VENDOR**

### **ARTICLE VI**

### **CHARGE-BACK PROCESS**

#### **SECTION I. GENERAL CHARGE-BACK STRUCTURE**

Appendix 7 details the Cost Structure for each participant jurisdiction and this Memorandum of Agreement is signed on the basis of the costs presented in this document. The Cost Structure assumes commitment will be secured from the nine (9) jurisdictions. If any jurisdiction does not commit, or is unable to meet its payment schedule or its payment obligations, and the costs in Appendix 7 increase as a result, the remaining participant jurisdictions will be notified and a new Cost Structure must be affirmed.

The IPC charge-back structure will be as follows:

1. Calendar Monthly Basis. The general charge-back accounting will be on a calendar monthly basis.
2. Charge-Back Payment. Participant jurisdictions will be billed by KYDMC on a calendar-month basis. Itemized statements will be mailed within 20 days of the end of the calendar-month. Payment in U.S. funds shall be mailed or via electronic (guaranteed funds process) within 25 working days from the date of each such statement.
  - A. If payment is not received by KYDMC within 15 days of the mailing due date, KYDMC will mail a "Notice of Late Payment". If payment is not received within 180 days of the notice, KYDMC may cease providing service to the delinquent jurisdiction.

- B. If statutory considerations prevent the standard billing arrangements for any participant jurisdiction, KYDMC may make alternative provisions. The additional administrative costs would be borne by the participant jurisdiction and included in their charge-back bill.
3. Charge-Back Records Availability. The charge-back billing will be subject to established KYDMC internal control procedures. The respective charge-back accounting records and supporting documentation for each respective participant jurisdiction will be made available by KYDMC for inspection by the respective jurisdiction, upon 30 day notice to KYDMC.
  4. Itemized Charge-Back Statements. Itemized statements will contain three sections setting forth:
    - A. Apportioned Charges, as agreed to by the PMAC, based on the number of accounts in the member IPC jurisdiction divided by the total number of accounts administered in all IPC member jurisdictions. Costs allocated based on the resultant percentage.
    - B. Equal Charges, as agreed to by the PMAC, based on each participant jurisdiction receiving the same benefit from the use of a hosted vendor function.
    - C. Administrative Charges, as agreed to by the PMAC, the costs incurred by the IPC administrator (KYDMC) allocated to the IPC member jurisdiction.
  5. Fees Not Included in Charge-Backs. Bank services fees from the participant jurisdiction Selected Vendor(s) for lockbox services will not be included in the charge-back accounting, as such fees will be billed directly by the Selected Vendor(s) to the participant jurisdiction. Similarly, all communications line connection and usage charges incurred during actual usage of the IPC System will be billed to and paid directly to the Selected Vendor(s) by the respective participant jurisdiction.

## **SECTION II. IFTA CHARGE-BACKS**

1. Determination of whether IFTA Charge Backs are to be Appropriated or Equal Charges shall be established by the Policy and Management Advisory Committee.
  - A. Implementation and Development (Year 1)
  - B. Data Conversion (Year 1)
  - C. Hosting and Maintaining Solution (Year 1)
  - D. Software Maintenance (Year 1)
  - E. Initial Licensing of Software (Year 1)

- F. Hosting and Maintaining Solution (Succeeding Years, e.g. years 2 through 5)
- G. Software Maintenance (Succeeding Years, e.g. years 2 through 5)
- H. Administrative Costs (Lead Jurisdiction Assistance/IPC Accounting and Billing)
- I. Administrative Costs (PMAC Travel)
- J. Costs related to any modification and/or enhancement to the Hosted Vendor Solution not covered by the prevailing contract between KYDMC and the Selected Vendor and as approved by the Policy and Management Advisory Committee.

**Appendix 6** details the methodology of the charge-back.

### **SECTION III. CHARGE-BACK CALCULATIONS**

1. Charge-Back Projections. In December of each year, KYDMC will provide each participant jurisdiction with a projected charge-back amount for the upcoming calendar year.

For participant jurisdictions utilizing function 4.1A or 4.2 from Article V, either alone or in combination with any other function listed in Article V, the projected charge-back amount will be calculated as follows:

- A. a projection of the charges for the upcoming calendar year (except where prohibited by statute) based on the actual costs for the IPC system over the prior twelve months, except during the initial year when the estimated usage charge will be based on anticipated first year system utilization;
  - B. Any planned changes, enhancements or expansions will be estimated and charged back to all participant jurisdictions through the PMAC process.
2. Actual Charge-Back Amounts. Starting in January of each year, Selected Vendor will implement charge-backs based upon the projected total IPC system usage charge utilizing the applicable charge-back methodology cited in Subsection 1; and will commence applying the direct fee charge rates, if applicable, to the actual volume of optional services selected and used (in that and subsequent month(s)) by the respective participant jurisdictions.
  3. Management Reports. IPC system management reports will be made available by Selected Vendor to participant jurisdictions on a monthly, quarterly and annual basis. The management report is intended as a tool to aid participant jurisdictions in their IFTA budgeting and fiscal planning.

**SECTION IV. CHARGES TO BE BORNE DIRECTLY BY PARTICIPANT JURISDICTIONS AND DIRECTLY BILLABLE TO THEM BY THEIR SELECTED VENDOR(s)**

The following costs or fees are to be billed directly by the respective contractor(s) to the respective participant jurisdiction(s) and each such participant jurisdiction shall be solely responsible for such costs or fees:

1. Any terminal/PC user workstations necessary to connect to the IPC System along with all associated maintenance/replacement requirements costs and any associated installation, and operations costs.
2. The cost of any communications devices necessary to connect the IFTA user workstation/LAN/host to the IPC System, along with all associated maintenance/replacement requirements costs, and any associated installation and operating costs.
3. Any acquisition, usage and support costs for all commercial software products necessary for the respective participant jurisdictions to operate their internal systems environment (i.e., workstation/LAN/host) and effectively connect such user environment (i.e., communications devices) to the IPC System; including any associated installation and currency costs. Any software developed by the participant jurisdiction to support or communicate with the IPC will remain the property of the participant jurisdiction.

**ARTICLE VII**

**EXCHANGE OF IFTA INFORMATION**

**SECTION I. UNIFORM EXCHANGE OF IFTA INFORMATION**

The purpose of this article is to enhance and facilitate tax administration in all its aspects to the extent each participant jurisdiction to the IPCMOA is empowered to administer its tax laws by exchanging tax information with other participant jurisdictions. Participation in Article VII is optional. Participant jurisdictions will select the appropriate box in **Appendix 3** indicating their intention. Participant jurisdictions intend that the information exchanged may be specifically requested, voluntarily transmitted, or on-line access granted ( Article V, 4.1 A users only) under an established exchange procedure, in instances where the transferring/authorizing jurisdiction believes that such information will be useful in facilitating tax administration. Authorization of on-line access (4.1A users only) of IFTA information is encouraged. On-line access will be logon specific.

It is the understanding and intent of the participant jurisdictions that all information, in any form whatsoever, exchanged pursuant to the IPCMOA shall be employed solely for the purposes of tax administration.

## SECTION II. INFORMATION SUBJECT TO EXCHANGE

1. Information Subject to Exchange. Except as set forth in Subsection 2 of this Section, this Article shall apply to the exchange of any information in the possession of one participant jurisdiction which could reasonably be considered useful to other participant jurisdictions for the facilitation of tax administration. Such information includes, but is not limited to, lists of taxpayers or potential taxpayers including identifying data; tax or information returns or documents including supporting schedules, attachments, and lists; nexus information and questionnaires; research and revenue estimating materials; audit reports and other information regarding audit; collection and enforcement activities; appeals and criminal tax matters with respect to any taxpayer or group of taxpayers.
2. Information not Subject to Exchange. Notwithstanding Article I, the following information shall not be subject to exchange:
  - A. Information received from the U.S. Internal Revenue Service pursuant to Section 6103(d) of the Internal Revenue Code, or any other U.S. federal agency, unless the exchange is authorized in advance by the U.S. Internal Revenue Service or such other U.S. federal agency;
  - B. Information received from Revenue Canada pursuant to Section 241 of Canada's Income Tax Act, or any other agency or Department of the Government of Canada or a provincial government, unless the exchange is authorized in advance by the government, agency or department from which the information originates;
  - C. Any information the disclosure of which would be in violation of or detrimental to the administration of the laws of the state or province of the participant jurisdiction;
  - D. Information the disclosure of which is not in accord with the IPCMOA in the judgment of the participant jurisdiction from which the information is sought.

## SECTION III. CONFIDENTIALITY

1. Each participant jurisdiction shall inform the others of the current statutory provisions of its state or province concerning confidentiality of the information exchanged, the penalties for unlawful disclosure thereof, and any amendments thereto, by providing this information to the primary clearinghouse.
2. The primary clearinghouse shall distribute the applicable statutory provisions of the state or province of each Signatory agency as they apply to the exchange of information pursuant to the IPCMOA including destruction policy. Each participant jurisdiction shall, at least annually, update the information by providing notification of any amendments to the primary clearinghouse at least 30 days prior to the effective date of such amendments when possible. The primary clearinghouse shall then notify the agency head, or his or her designee, of each Signatory agency of such amendments in a timely manner.

3. Each Signatory agency agrees to protect the confidentiality of any information obtained pursuant to the IPCMOA in accordance with the laws of its state or province; provided, however, notwithstanding the above, no participant jurisdiction to this IPCMOA shall disclose any information obtained pursuant to the IPCMOA to any other state or province without the explicit consent of the participant jurisdiction furnishing the information. In addition, no participant jurisdiction shall disclose any information obtained pursuant to the IPCMOA to any other agency, department or unit within the receiving state or province, or to any local government unit, except as otherwise provided in Section III, Subsection 4. Further, no information obtained pursuant to the IPCMOA shall be disclosed to officers, employees, or other members of a state or provincial legislature, except as required by the laws of the state or province of the receiving agency for purposes of an audit of the state or provincial tax agency or for the purposes of the audit of a refund of tax.
4. Nothing herein shall be construed so as to prohibit disclosure of any information obtained by virtue of the IPCMOA to the following:
  - A. Other employees, agents or authorized representatives of the receiving party who are charged with tax administration;
  - B. A legal representative of the receiving party for use in administrative, civil or criminal proceedings concerning tax administration purposes;
  - C. Other state or provincial employees, agents or authorized representatives to whom such disclosure is necessary in connection with the processing, storage, and transmission of such information;
  - D. Other state or provincial employees, agents or authorized representatives, charged by that state's or province's laws with the responsibility of auditing the activity of the signatory agencies; or,
  - E. To a duly designated officer of a state or provincial audit agency in conjunction with an audit of the state or province IFTA tax agency or for the purposes of the audit of a refund of IFTA tax.
5. Signatory agencies should require that independent contractors, consultants, agents or authorized representatives comply with all applicable confidentiality provisions prohibiting disclosure of any information obtained by virtue of the IPCMOA and should hold said parties subject to applicable penalties and/or prosecution for such unlawful disclosure under the civil and criminal laws of the state or province of the receiving agency.

## SECTION IV. PROCEDURES FOR EXCHANGE OF INFORMATION

### 1. Types of Exchange.

- A. This provision of the IPCMOA constitutes a request by each Signatory agency for information obtained by any other participant jurisdiction or participant jurisdictions relative to the probable taxability of any taxpayer in the state or province of the Signatory agency, when practical.
- B. Information may be exchanged upon request, voluntarily transmitted, or on-line access (4.1A users only) granted where the providing participant jurisdiction believes that such information will be useful to the other participant jurisdiction for tax administration purposes. The providing participant jurisdiction may forward to the other participant jurisdiction sufficient details required to make a request for the information as provided in Section IV, Subsection 3 of the IPCMOA.
- C. The exchange may be on a one-time basis (e.g., request for one-quarters returns, etc.) or it may be established on an ongoing basis. Two or more agencies may establish written procedures regarding the method and frequency of the exchange based on their individual requirements.
- D. The exchange may also be through on-line access (4.1A users only) into the IFTA return processing system where the providing participant jurisdiction believes that such information will be useful to the requesting participant jurisdiction(s) for tax administration purposes. On-line access may be on a one-time basis (i.e., renewed annually) or it may be established on an ongoing basis. All requests must be authorized by the base participant jurisdiction and communicated to the primary clearinghouse for initiation of user access, which will be log-on specific, for the requesting participant jurisdiction. Authorization of on-line capability of IFTA information is encouraged.

### 2. Requirements of Persons Designated to Request and Receive Information.

- A. Each Signatory agency shall designate to the others, in writing or by verifiable electronic means, the personnel authorized to request and receive tax information on its behalf under the terms of the IPCMOA by providing, in writing, such information to the primary clearinghouse. Each party agrees to at least annually supply a list of authorized personnel to the primary clearinghouse. The primary clearinghouse shall provide all such information to each Signatory agency. The primary clearinghouse shall not be designated to receive any confidential information, but shall function as provided in Article II, paragraph 6.
- B. If there is any change affecting any designated individual's right of access to tax information or status as a participant jurisdiction's representative, the participant jurisdiction shall immediately advise the primary clearinghouse of such a change, in writing or verifiable electronic means, specifying that such individual is no longer

authorized to request and receive tax information. The primary clearinghouse shall immediately provide such information to each Signatory agency.

### 3. Requests for Information Between Participant Jurisdictions.

- A. Information may be requested at any time by any Signatory agency. Informal (e.g., telephone) inquiries regarding the availability of information for exchange are encouraged. Such inquiries will be verified, through a phone call, to a designee of the requesting participant jurisdiction's IFTA Commissioner.
- B. Formal requests for information shall be in writing or by verifiable electronic means from the requesting Signatory agency to the providing Signatory agency and must indicate the tax administration reason for the exchange if the reason is not apparent from the context of the request.
- C. Informal requests and voluntary exchanges shall be conducted under an established exchange procedure, as outlined in section IV.
- D. Each formal request shall also specify, to the extent such information is known and available, the following:
  - i. The name and address of each taxpayer for whom information is requested;
  - ii. The taxable period or periods for which information is desired and required;
  - iii. The taxpayer's employer identification number, social security number, or jurisdiction assigned account number; and,
  - iv. Any other information which may help to facilitate the exchange.
- E. If the providing Signatory agency approves of the information request and it requires on-line access to be granted, the providing Signatory agency shall provide written or verifiable electronic approval to the primary clearinghouse to update its listing of personnel authorized to have on-line access.

## **SECTION V. RETURN OR DESTRUCTION OF EXCHANGED INFORMATION**

Information provided to the requesting participant jurisdiction remains the property of the furnishing jurisdiction. The recipient participant jurisdiction agrees to return all returns and/or information (along with all copies made thereof) to the furnishing participant jurisdiction, or to destroy the returns and/or information in conformity with the recipient's controlled destruction policy(ies) at the discretion of the furnishing jurisdiction.

It shall not be necessary for the recipient participant jurisdiction to return or destroy the information it disclosed in the course of judicial or administrative proceedings, to the extent that such information has become part of the record thereof.

## **SECTION VI. SUPPLEMENTAL IPCMOA**

The IPCMOA may be supplemented by addenda between two or more Signatory agencies prescribing the nature, quality and operations for the continuous exchange of tax information. A secondary clearinghouse(s) may be appointed to administer the compilation and dissemination of certain information under the supplemental IPCMOA(s). The supplemental IPCMOA(s) shall prescribe the authority and responsibilities of the secondary clearinghouse(s). All provisions contained in the addenda must be consistent with the terms and conditions in the IPCMOA. If the addenda are intended to control in the event of a conflict, this shall be specifically stated in the addenda. In the absence of such language, the Article VII Exchange of IFTA Information shall control in the event of a conflict. Such Addenda will be considered to be part of the IPCMOA and will be binding on only the parties thereto, their agents and employees, and their successors in office to the same extent as the IPCMOA, unless limited by the addenda, or rescinded or amended or a Signatory agency withdraws from the IPCMOA, as provided in Article IX.

## **SECTION VII. COSTS**

1. The Signatory agencies agree not to charge one another for the costs of routine reproduction of returns and return information mutually exchanged. The providing participant jurisdiction may charge a reasonable fee for furnishing tax returns and return information in magnetic tape format or under other non-routine circumstances. Such costs shall be agreed upon before they are incurred. Information requests shall not be denied on account of the cost alone, unless the requesting participant jurisdiction declines to pay the direct costs of the providing participant

jurisdiction and the request involves excessive time and resources in the opinion of the providing participant jurisdiction.

2. The participant jurisdictions also agree to cooperate to the extent practicable in allowing personnel of the requesting participant jurisdiction to inspect and copy information if they determine that the time demands of the information request exceed what they can reasonably supply.

**SECTION VIII.        TERMINATION OF EXCHANGE AGREEMENTS  
                                 UNDER THIS ARTICLE**

1. Written notice of intent to terminate participation in Article VII of the IPCMOA shall be served by the terminating participant jurisdiction on the Policy and Management Advisory Committee and primary clearinghouse at least 30 days prior to the date of termination, when possible. The primary clearinghouse shall then notify the head of the agency, or his or her designee, of all other Signatory agencies.
2. Any unauthorized use or disclosure of state or provincial tax returns or return information furnished pursuant to the IPCMOA or inadequate procedures for safeguarding the confidentiality of such returns and return information by an agency constitutes grounds for immediate termination of Article VII of the IPCMOA, as to any, some or all Signatory agencies, and the exchange of information hereunder.
3. Any unauthorized disclosure or use of information of a participant jurisdiction shall be reported to that jurisdiction or its Signatory agency including therein the identification of the jurisdiction from which originated the unauthorized disclosure or use, the names of the people involved, the facts surrounding the disclosure or use and the measures to remedy the situation.

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## **ARTICLE VIII**

### **TERMINATION, MODIFICATION OR WITHDRAWALS**

#### **SECTION I. MODIFICATION OF IPCMOA**

Additions and modifications to the provisions of this IPCMOA may be made by mutual written consent of the duly authorized representatives of the participant jurisdictions, acting through the PMAC. The procedure for proposing any such additions or modifications is set forth in **Appendix 1** of this IPCMOA. As provided therein, initial modification requests should be made through the KYDMC Change Control Representative (CCR). Such requests shall ultimately be ratified at a meeting of the PMAC, and must be ratified by two thirds (2/3) vote of duly authorized PMAC representatives.

#### **SECTION II. PARTICIPATION OF MEMBER JURISDICTIONS IN THE INITIAL CONTRACT PERIOD**

Jurisdictions signing the initial MOA have agreed to participate as a member of the IPC for the period of the contract between KYDMC and the Selected Vendor. A jurisdiction wishing to terminate its participation in the IPC during the initial contract period shall do so in accordance with Section VI of this Article.

#### **SECTION III. PARTICIPATION OF KYDMC AS ADMINISTRATOR IN THE INITIAL CONTRACT PERIOD**

The KYDMC shall serve as the Administrator of the IPC for the period of the contract between KYDMC and the Selected Vendor. Withdrawal of KYDMC as the Administrator of the IPC shall be in accordance with Section VII of this Article.

#### **SECTION IV. RENEWAL CONTRACT PERIODS, PARTICIPATING JURISDICTIONS**

Contract renewal periods agreed to by the PMAC and executed by the KYDMC with the Selected Vendor shall constitute a continuous participation of such jurisdiction as a member of the IPC unless said jurisdiction elects to terminate its participation in accordance with Article VIII, Section VI.

#### **SECTION V. RENEWAL CONTRACT PERIODS, KYDMC AS ADMINISTRATOR**

Contract renewal periods agreed to by the PMAC and executed by the KYDMC with the Selected Vendor shall constitute a continuous participation of the KYDMC as the Administrator of the IPC unless the KYDMC elects to withdraw in accordance with Article VIII, Section VII.

## **SECTION VI. TERMINATION**

A participant jurisdiction shall serve written notice of its intent to terminate participation in the IPCMOA at least seven hundred twenty (720) days prior to the effective date of the termination by certified mail upon the Administrator of the IPC, who shall be responsible for serving a copy of such notice upon all of the PMAC authorized representatives. The final charge-back will follow the same charge-back rules as those outlined in Article VI except for the inclusion of a net reconciliation of the overage or underage for the current and prior year. The Selected Vendor computation and liability software and all supporting documentation are for the administration of IFTA. They may not be copyrighted, sold or exchanged for commercial use or used for any but its intended purpose.

## **SECTION VII. WITHDRAWAL OF KYDMC AS ADMINISTRATOR**

The KYDMC may withdraw from its role as Administrator of the IPC by providing at least seven hundred twenty (720) days notice to the participating jurisdictions.

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## ARTICLE IX

### ADDITIONAL PARTICIPANT JURISDICTIONS

#### SECTION I. GENERAL POLICY

Since the Selected Vendor computation and liability software and all supporting documentation are created for the sole purpose of administration of the fuel use taxes and returns subject to the IFTA, and since the purposes of the IPCMOA is to facilitate such administration by and between IFTA member jurisdictions; then it follows that any such member jurisdiction desirous of utilizing the IPC and agreeing to be bound by the terms of the IPCMOA may be added as participant jurisdictions. Any new jurisdictions joining the consortium after the first day of \_\_\_\_\_ 2013 shall pay initial startup costs in the sum of \_\_\_\_\_ dollars.

#### SECTION II. PROCEDURES FOR ADDING SUBSEQUENT

##### PARTICIPANT JURISDICTIONS

1. Subsequent to the effective date of this IPCMOA, new participant jurisdictions may be added if any agency representative of a member jurisdiction agrees to bind such agency and such jurisdiction to the terms and conditions contained herein, and evidences such agreement by affixing its signature as an addendum to this IPCMOA. A new participant jurisdiction will select an effective date to coincide with the first day of a calendar quarter.
2. Continued participation as a member of the IPC and the procedure for termination as a member of the IPC shall be in accordance with Article VIII herein.
3. New participant jurisdictions shall be responsible for any costs associated with the implementation and ongoing use and maintenance of the Hosted Vendor Solution plus administrative costs assessed by the KYDMC as the Administrator of the IPC. Determination of such costs shall be made by the KYDMC and shall be approved by the PMAC in accordance with Article VI herein.
4. In the event overall costs are decreased as a result of a new participant jurisdiction, such reductions shall be prorated against all original participant jurisdictions and applied against the next scheduled payment.



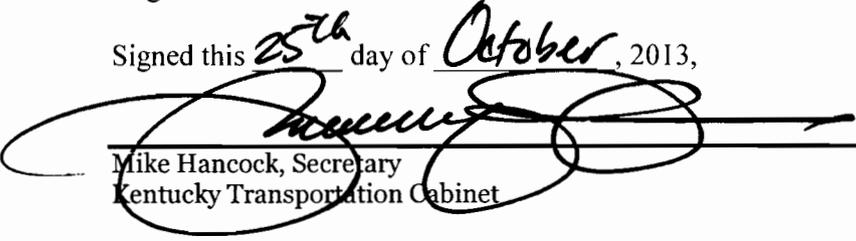
## ARTICLE XI

### EFFECTIVE DATE, TERMS AND RATIFICATION

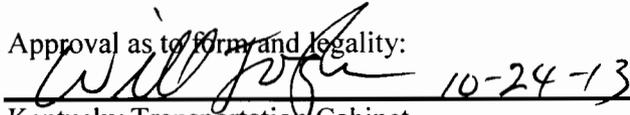
#### SECTION I. EFFECTIVE DATE AND TERMS

This IPCMOA and Appendixes attached hereto, shall take effect on 10/25/13; or on the date designated by the signatory agency representatives in Article XI section II of this agreement. This IPCMOA shall be binding on the participant jurisdictions, their agents and employees, and their successors in office, and shall continue in effect by and between the participant jurisdictions, unless and until a participant jurisdiction elects to withdraw from the IPCMOA as provided in Article VIII, herein. The Appendixes attached hereto are hereby incorporated into the IPCMOA and are deemed to be part hereof, as though they were set out in full herein. This agreement may be executed in multiple counter parts and each counterpart shall have the same force and effect as if all parties were signatories of a single document.

Signed this 25<sup>th</sup> day of October, 2013,

  
\_\_\_\_\_  
Mike Hancock, Secretary  
Kentucky Transportation Cabinet

Approval as to form and legality:

 10-24-13  
\_\_\_\_\_  
Kentucky Transportation Cabinet  
Legal Counsel

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**SECTION II. RATIFICATION**

The following agency representatives, as evidenced by their respective signature, hereby ratify and agree, on behalf of their respective agencies and member jurisdictions, to be bound by the provisions of this IPCMOA, and of the Appendices attached hereto:

Signed this 21 day of October, 2013,

 \_\_\_\_\_ John J. Barthelmes  
Name of agency head:

For the State / Province of New Hampshire

Title of agency head Commissioner

The State / Province of NH agrees to be bound by this

Memorandum of Agreement effective the 25<sup>th</sup> day of Oct, 2013. 

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**APPENDIX I IFTA CHANGE CONTROL PROCESS**

<b>COMMON PROCEDURES</b>	<b>IPCMOA CHANGES</b>	<b>PROGRAM CHANGES</b>
1) Participant Jurisdiction contacts KYDMC to request change.		
2) Participant Jurisdiction's Primary Contact (PJPC) discusses the potential change with the Change Control Representative (CCR) in KYDMC.*		
3) The CCR prepares a Change Request with the assistance of the PJPC completing the sections regarding: <ul style="list-style-type: none"> <li>• Type of change (IPCMOA or Program)</li> <li>• Participant Jurisdiction's Primary Contact</li> <li>• Description of current procedure or policy</li> <li>• Affected screens, functions or plans</li> <li>• Description of change</li> <li>• Reason for request (e.g., legislative mandate, production problem, performance monitoring results, etc)</li> <li>• Desired or required implementation date</li> <li>• Comment period and review date</li> </ul>		
4) The CCR determines the Primary KYDMC Contact (if different from the CCR) and complete KYDMC Primary Contact section of the Change Request.	4A) Primary KYDMC Contact for IPCMOA issues will be the KY's member of the PMAC.	4B) Primary KYDMC Contact for Program issues will be a representative from Motor Carrier Management, Office of Information Technology (OIT) Services or Commonwealth of Kentucky (COT)
5) The CCR has a preliminary discussion with the Primary KYDMC Contact to determine the course of action <ul style="list-style-type: none"> <li>• Move forward</li> <li>• Contact requesting jurisdiction for clarification / reevaluation</li> </ul>		
6) Change requests that are beyond the scope of the IPC and/or the contractors will be returned to the requesting jurisdiction for clarification/reevaluation of the change request.	6A) The PMAC member will notify the Participant Jurisdiction PMAC member of the results of the KYDMC discussions. The participant jurisdiction would have the option of withdrawing the request, reevaluating the request based on the information provided by KYDMC or provide KYDMC with additional information to consider.	6B) The CCR will notify the PJPC of the KYDMC discussions. The participant jurisdiction would have the option of withdrawing the request, reevaluating the request based on the information provided by KYDMC or providing KYDMC with additional information to consider.

<p>7) Requests that are within the capabilities of the IPC will continue with the change control process.</p>		
<p>8) The CCR assigns a IPCMOA/Program change control number.</p>		
<p>9) The CCR completes the Change Request sections regarding: * IPCMOA/Program change control number.</p>		
<p>10) The CCR makes copies of the Change Request and keeps one in a binder according to IPCMOA/Program change control number.</p>		
<p>11) The CCR forwards a copy of the Change Request along with any documentation to the Primary KYDMC contact for analysis Core service changes that affect the KYDMC Selected Vendors will be submitted to them for analysis. They will analyze the impact of cost, work flow, systems, department dependencies, resource requirements and overall efficiency.</p>	<p>11A) IPCMOA changes that will necessitate a program change will be submitted to the affected KYDMC bureau for analysis. It will be analyzed for feasibility, impact to the charge-back, the RPC, the contractors (through their analysis).</p>	<p>11B) KYDMC will analyze potential changes for feasibility, impact to the charge-back, the IPC, the contractors (through their analysis) and other jurisdictions.</p>
<p>12) Copies of the request and analysis are forwarded to all jurisdictions for comments.</p>	<p>12A) IPCMOA issues are distributed to PMAC members 60 days prior to their next scheduled meeting. An extraordinary meeting will be convened for matters of immediate concern or at the desire of a majority of members. The PMAC chair will poll the members on the need for an extraordinary meeting and the meeting format.</p>	<p>12B) Program issues will be distributed to the PMAC member for dissemination within their jurisdiction.</p>
<p>13) The Primary KYDMC contact will contact the CCR with a summary of the analysis and any Bureau specific change control number (e.g., ISM900 Change Control Number). The CCR will complete the appropriate sections of the Change Request.</p>		
<p>14) If the analysis determines that change requests are unpractical or too costly to implement.</p>	<p>14A) The PMAC Member will notify the Participant Jurisdiction PMAC member of the results of the KYDMC analysis. The participant jurisdiction would have the option of withdrawing the request, reevaluating the request based on the information provided by KYDMC or provide KYDMC with additional information to consider.</p>	<p>14B) The CCR will notify the Participant Jurisdiction's Primary Contact of the KYDMC analysis. The participant jurisdiction would have the option of withdrawing the request or reevaluating the request based on the information provided by KYDMC or provide KYDMC with additional information to consider.</p>

	<p>15A) Changes that pass analysis and receives 2/3 majority of the PMAC will be drafted as an addendum to the IPCMOA. Changes that also change programs will be implemented by the appropriate KYDMC bureau in coordination with participant jurisdiction(s).</p> <p>16A) The participant jurisdictions will have 180 days in which to sign the addendum in the IPCMOA. If the addendum has not been signed within 180 days, it will be deemed notification of the jurisdiction's intent to withdraw from the IPCMOA. (Unless otherwise notified in writing by the jurisdiction.</p>	<p>15B) Changes that are adopted will be implemented by the appropriate KYDMC bureau in coordination with participant jurisdiction(s).</p> <p>16B) N/A</p>
<p>15) The results or status of all changes requests will be distributed to all jurisdictions through the newsletter or at the scheduled meeting. The CCR will complete the appropriate section of the Change Request.</p>		
<p>*KYDMC prepares Change Requests for all changes to core services. Where the contractor desires to initiate a change, the contractor contacts the CCR for informed discussions and, upon agreement, the Department CCR prepares and submits CR. If the Department does not agree to the proposed change to core services, the contractor shall not proceed with change or contracted services. Any preliminary analysis completed as part of the informal discussions shall be included in the CR documentation.</p>		

**Kentucky Transportation/Division of Motor Carriers  
IPCMOA CHANGE REQUEST**

<input type="checkbox"/> Program Change	ISM 990 Change Control #	Program Change Control Request #	IPCMOA Change Control Request #
<input type="checkbox"/> IPCMOA Change			

Participant Jurisdiction's Primary Contact:	Telephone:
Requesting Jurisdiction:	Fax:

I. Description of Current Process:

Screen(s)/Function(s)/Plan(s) Affected:

II. Description of Change Required:

III. Reason for the Request:

IV. Analysis Summary	V. Disposition of Request
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VI. (Desired/Required) Implementation Date:	VII. Comments Due:
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VIII. Attachments (List as Needed):

Change Control Rep.	Phone	Fax
Primary KYDMC Contact	Phone	Fax
Bureau		

## Appendix 2

### IPCMOA-POLICY AND MANAGEMENT ADVISORY COMMITTEE

#### DECISION MAKING STRUCTURE

Decision Making	KYDMC Managed	Policy and Management Advisory Committee With KYDMC as Chair
<b>PROGRAM ADMINISTRATION</b>		
<b>Performance Monitoring of KYDMC Selected Vendor(s) – Core Services (functions listed in Article V)</b> -- Accuracy and Completeness -- Timeliness -- Security -- Disaster Recovery -- Documentation	KYDMC responsible for oversight of the Selected Vendor(s) deposit & return processing; and, KYDMC responsible for oversight of Selected Vendor's funds transfers.	Not Applicable
<b>Fee Arrangements</b>	KYDMC responsible for negotiating all fees with the Selected Vendor(s) effecting core processing.	Not Applicable.
<b>Billing Structures</b>	KYDMC responsible for paying for development costs associated with program changes; and, Costs will be reimbursed to KYDMC through billing arrangements based on nature of development effort (see below). KYDMC will notify the Policy and Management Advisory Committee of any change, modification or enhancement that materially affects the charge-back.	Not Applicable.
<b>Change Control Implementation</b>	Selected Vendor will develop and provide test scenarios to KYDMC; Participant jurisdictions will provide test conditions, through KYDMC, for selected funds transfer option; and KYDMC will certify system(s).	Not Applicable

<p><b>Processing Communications Issues for Core Services (i.e., Article V) Shared by all Participant Jurisdictions.</b></p> <ul style="list-style-type: none"> <li>-- Procedures/Processing/Training</li> <li>-- Systems and Equipment</li> <li>-- Special Assistance</li> </ul>	<p>KYDMC will serve as conduit between the Selected Vendor(s) and participant jurisdictions; Participant jurisdictions and Contractor(s) will bring processing concerns to KYDMC attention for communication to all appropriate parties; and, KYDMC will negotiate an equitable resolution.</p>	<p>Not Applicable</p>
<p><b>Critical Communications Issues</b></p> <ul style="list-style-type: none"> <li>-- Security/Confidentiality Breach</li> <li>-- Loss of Money, Data, Returns or Documents</li> <li>-- Disaster Recovery/Disruption of service</li> <li>-- Discontinuance or modification of services</li> <li>-- Loss/Reassignment of Key Manager(s)</li> </ul>	<p>KYDMC will be the initial contact; KYDMC will determine immediate actions to be taken, if necessary; KYDMC will communicate critical information to participant jurisdictions; and KYDMC will negotiate an equitable resolution.</p>	<p>Not Applicable</p>
<p><b>Entry of new participants – IPC</b></p>	<p>Not Applicable</p>	<p>KYDMC advises Policy &amp; Management Advisory Committee of estimated cost of entry; and estimated impact to the charge-back, prior to entry.</p>
<p><b>Change Control</b></p> <ul style="list-style-type: none"> <li>-- Non-Core Functions (impacts one participant jurisdiction)</li> </ul>	<p>Not Applicable</p>	<p>KYDMC communicates with Contractor; and, Costs borne by requesting participant jurisdiction. If, however, other participant jurisdictions utilize within one year, they will reimburse the other participant jurisdiction for equitable development costs.</p>
<p><b>Change Control – Funds Transfer Services</b></p> <ul style="list-style-type: none"> <li>-- Participant Jurisdiction changes funds transfer option</li> </ul>	<p>Not Applicable</p>	<p>Participant jurisdictions' communicates with Contractor and other participant jurisdictions; Costs for receipt portion borne by requesting participant jurisdiction; and, Costs for disbursement portion are divided equally among participant jurisdictions.</p>
<p><b>Dispute Resolution</b></p> <ul style="list-style-type: none"> <li>-- With Contractor(s)</li> <li>-- Between or among participant jurisdictions</li> <li>-- With IFTA regulations</li> </ul>	<p>Not Applicable</p>	<p>KYDMC communicates with Contractor(s) &amp; P&amp;MAC.  KYDMC communicates with the participant jurisdictions &amp; P&amp;MAC.  KYDMC communicates with IFTA Inc &amp; P&amp;MAC.</p>
<p><b>Imposition of penalties for Contractor(s) failure to perform according to standards.</b></p>	<p>Not Applicable</p>	<p>KYDMC presents supporting documentation; and the P&amp;MAC will arbitrate a jointly acceptable resolution.</p>
<p><b>Security Breach Violations</b></p>	<p>Not Applicable</p>	<p>KYDMC presents Performance Monitoring</p>

			evidence; and KYDMC assesses penalties. KYDMC gathers and presents evidence.
<b>Removal of Key Contractor Personnel</b>		Not Applicable	
<b>Changes to key contract provisions</b>		Not Applicable	KYDMC negotiates with Contractor(s).
<b>Sanctions, Penalties or Removal of Participant Jurisdiction for cause.</b>		Not Applicable	KYDMC presents supporting documentation; and the PMAC will arbitrate a jointly acceptable resolution.

## Appendix 3

### IPCMOA-PARTICIPANT JURISDICTION SERVICE REQUIREMENTS

FUNCTION		YES	NO
1	Maintain an updated data base of taxpayers profiles including credits, returns status, mailing address, business address and tax preparer.	X	
1.1	Customized printing and mailing of participant jurisdiction tax returns and delinquency notifications by Selected Vendor. Must be selected in conjunction service (1) above.	X	
2	Tax return deposit and data capture by the Hosted Vendor Solution.	X	
3	Fee transmittal deposit and data capture by the Hosted Vendor Solution.	X	
4	Fee transmittal computation and dissemination by Selected Vendor.	X	
4.1A	Return computation and dissemination by Selected Vendor.	X	
4.1B	Detailed return data posted to the IPC for monthly settlement.	X	
4.2	Return Computation, liability determination, and exception processing software to be operated in-house by the participation jurisdiction.	X	
5	Monthly settlement by Selected Vendor and funds transfer by the selected funds transfer contractor.	X	
6	IPC Audit interface.	X	

**Instructions: Please place an "X" in the appropriate column to indicate selection of a function.**

Signed this 21 day of October, 2013.

  
 Name of agency head John J. Barthelmes

For the State/Province of NH.

Commissioner  
 Title of agency head

**Participation in Article VII  
 Information Exchange**

YES	NO
X	

## Appendix 4

<b>IFTA MOA-PERFORMANCE STANDARDS FOR NON-CONTRACTOR SERVICES</b>			
<b>Responsibility</b>	<b>Task</b>	<b>Timeliness</b>	
<b>Selected Vendor</b>	<b>1. Printing and Mailing</b>	<p>100% of all returns will be printed and mailed using the IFTA profile database addresses provided by the participant jurisdictions and credits residing on the IFTA returns processing system.</p>	<p>100% of all returns will be mailed 30 days prior to the filing due date. 100% of all fee transmittal reports will be mailed to member jurisdictions the first business day following monthly settlement.</p>
	<b>2. Processing Systems</b>	<p>All data supplied by either the contractor (i.e., lockbox and funds transfer services) or participant jurisdictions must be processed 100% free from systems errors and processed in complete and accurate conformance with all applicable requirements.</p>	<p>100% of all processing systems must be operational in accordance with the approved implementation schedule.</p>
	<b>3. Monthly Settlement</b>	<p>100% of all settlement distribution data will be accurate and complete, and will be based on either the IFTA return processing system outputs or data supplied by the participant jurisdictions (see below: participant jurisdiction monthly settlement standards).</p>	<p>100% of all netting amounts required for monthly settlement will be provided by Selected Vendor to the participant jurisdictions by 9:00 am EST 3 business days prior to the last business day of the month. Selected Vendor will provide an annual calendar detailing funding dates for each jurisdiction no later than December 31 of the prior year.</p>
	<b>4. Funds Transfer Authorization</b>	<p>100% of all fund transfers initiated on behalf of participant jurisdictions will be complete and accurate.</p>	<p>100% of all fund transfers initiated will be in the time standards articulated in the IFTA Articles of Agreement.</p>
	<b>5. Jurisdiction Specific System Changes</b>	<p>100% of all participant jurisdiction specific systems changes will be accurate and complete based on the test conditions provided by that participant jurisdiction.</p>	<p>100% of all jurisdiction specific system changes will be completed in the mutually agreed upon time frame between KYDMC and that participant jurisdiction.</p>
	<b>6. Technical Support</b>	<p>100% of all technical support services will be provided accurately and completely.</p>	<p>100% of all technical services will be provided on a timely basis, as necessary.</p>

	<p><b>7. System Maintenance</b></p>	<p>100% of all system maintenance will be accurate and complete.</p>	<p>100% of all systems maintenance will be completed in the time frame specified by the participant jurisdictions and agreed to by KYDMC.</p>
	<p><b>8. Help Desk</b></p>	<p>100% of all help desk services will be provided accurately and completely until final resolution is achieved.</p>	<p>100% of all help desk services will be provided on a daily basis, as necessary.</p>
	<p><b>9. Data Communication</b></p>	<p>100% of all data communications services will be provided accurately and completely.</p>	<p>100% of all data communications services will be provided on a daily basis, as necessary.</p>
	<p><b>10. Jurisdiction and Bank Liaison</b></p>	<p>100% of all jurisdiction and bank liaison services will be provided accurately and completely until final resolution is achieved.</p>	<p>100% of all jurisdiction and bank liaison services will be provided on a daily basis, as necessary.</p>
	<p><b>11. Performance Monitoring of Lockbox and Funds Transfer Services</b></p>	<p>100% of all performance monitoring results will be provided to the Policy and Management Advisory Committee. These results will be accurate, complete, and fully documented.</p>	<p>A performance monitoring plan will be developed on an annual basis; contractor (lockbox and funds transfer) services will be monitored for timeliness on a semi-annual basis; contractor services will be monitored for physical security on an annual basis, and for employee security and confidentiality on an on-going basis; contractor services will be monitored for compliance with processing procedures during the initial quarter of processing, and components of procedures will be subsequently monitored on an annual basis.</p>
	<p><b>12. Disaster Recovery</b></p>	<p>100% of all disaster recovery activities will adhere to KYDMC's disaster recovery procedures.</p>	<p>100% of all pre-disaster business functions will be restored within KYDMC's overall disaster recovery time frames.</p>
	<p><b>13. Security and Confidentiality</b></p>	<p>100% of all transactions will be secured according to the participant jurisdictions security and confidentiality statutes (see below participant jurisdiction security and confidentiality standards).</p>	<p>100% of all return data will be secured on a continual basis.</p>
	<p><b>14. Training and Procedures</b></p>	<p>100% of all training and procedures will be accurate and complete.</p>	<p>100% of all training and procedures will be developed and provided to participant jurisdictions according to a mutually agreed upon schedule between the participant jurisdictions and Selected</p>

				Vendor prior to initial program implementation.
	<b>15. Documentation</b>		All processing system documentation must be 100% accurate and complete.	All processing system documentation must be completed prior to implementation of any processing system, or modification to those systems.
<b>Participating Jurisdictions</b>	<b>1. Terminal/PC User Workstations</b>	100% of all terminal/PC user workstations necessary to connect to the IFTA processing system must adhere to the IFTA processing system requirements.	100% of all terminal/PC user workstations necessary to connect to the IFTA processing system must be installed and operational prior to the mutually agreed upon training schedule between Selected Vendor and the participant jurisdiction.	
	<b>2. Communication Devices</b>	100% of all communication devices necessary to connect to the IFTA processing system must adhere to the IFTA processing system requirements.	100% of all communication devices necessary to connect to the IFTA processing system must be installed and operational prior to the mutually agreed upon training schedule between Selected Vendor and the participant jurisdiction.	
	<b>4. Commercial Software</b>	100% of all communication software necessary to connect to the IFTA processing system must adhere to the IFTA processing system requirements.	100% of all communication software necessary to connect the IFTA processing system must be installed and operational prior to the mutually agreed upon training schedule between Selected Vendor and the participant jurisdiction.	
	<b>5. Initial Population and Updates to IFTA Database</b>	Participant jurisdictions are responsible to ensure that their initial population and updates of taxpayer indicative data into the IFTA database is 100% accurate and complete.	Initial population of the IFTA database will occur one month prior to initial printing and mailing of IFTA returns, if selected; subsequent updates will occur up until the cut-off time mutually agreed to between KYDMC and the participant jurisdictions for printing and mailing of quarterly IFTA returns.	
	<b>6. Test Conditions for System Test</b>	Participant jurisdiction must prepare 100% accurate and complete test conditions for system testing (if jurisdiction specific system change).	All participant jurisdiction test data must be provided to Selected Vendor by the mutually agreed upon cut-off time for test condition development between KYDMC and the participant jurisdiction.	
	<b>7. Documentation for Bank Liaison Problem Resolution</b>	Participant jurisdiction must prepare 100% accurate and complete documentation of lockbox and/or funds transfer inaccuracies for Selected Vendor intervention.	Participant jurisdictions must provide documentation of lockbox and/or funds transfer inaccuracies two business days prior to KYDMC intervening with the Contractor.	

	<b>8. Provision of Settlement Data</b>	Participant jurisdiction settlement data, if not provided by the IFTA processing system, must be 100% accurate and complete.	Participant jurisdictions must provide monthly settlement data by 4:00 pm EST on the 4 <sup>th</sup> business day prior to the last business day of the month.
	<b>9. Funding of Funds Transfer Account</b>	Participant jurisdictions must fund the funds transfer account 100% accurately and completely based on the participant jurisdiction settlement report produced by the IFTA processing system or reported to that participant jurisdiction by KYDMC staff.	Participant jurisdictions funds must be credited to the funds transfer account by 3:00 pm EST one business day prior to the last business day of the month.
	<b>10. System Access</b>	Participant jurisdictions must provide access authorization to KYDMC support staff to perform routine maintenance and operations (i.e., bank liaison) functions.	Participant jurisdictions must provide access authorization to KYDMC support staff to perform routine maintenance and operations (i.e., bank liaison) functions within 10 business days of initial installation, but prior to operation.

## Appendix 5(subject to change due to Selected Vendor)

Help Desk Procedure	Date:
Recording Problem Severity Level	

### 1. Problem Reporting Procedure

The Help Desk documents all computer-related problems reported to them by Help Desk coordinators. Help Desk coordinators are designated by Selected Vendor. Problems can be either hardware or software problems. Problems can occur on either of the Department's mainframe computer systems, on any equipment connected to the Department's Local Area Network (LAN), or on any of the Department's stand-alone computer equipment. The Help Desk is responsible for documenting and tracking all computer-related problems reported. The Help Desk opens all user-reported problems, they resolve problems within their area of expertise, they assign problems they cannot resolve to an appropriate technical liaison, and they close all user-reported problems after verifying the problem's resolution with the DTF Help Desk coordinator who reported the problem.

### 2. The Help Desk Designates Severity Levels When Problems Are Opened

Each problem reported to the Help Desk requires a severity level. Severity levels reflect the degree to which the problem affects the DTF computer environment. Here is a list of severity level descriptions:

Severity Level	Description
1	Critical to DTF Multiple users cannot continue to work High profile user needs problem resolved as soon as possible
2	Of major importance to DTF User production seriously impaired
3	Normal DTF problem User can continue work or has a workaround
4	User question Request for inventory sticker to be replaced

### 3. The Help Desk Contacts Technical Liaisons and Selected Vendors to Work on Problems

If the Help Desk coordinator cannot resolve a problem, they send this problem to the appropriate technical Liaison or Department Selected Vendor for resolution.

If a problem is a severity level 2, 3, or 4, the Help Desk Contacts the technical liaison or Selected Vendor by agreed upon communications methods for the group involved. Selected Vendors who are not on site will be contacted via modem or by telephone. If the contact is a technical liaison who is a member of the Selected Vendor staff, contact will be via the Selected Vendor's problem tracking system or via the Selected Vendor's electronic mail system.

For severity level 1 problems, the technical contact must also be made aware of the problem via a telephone conversation or via a personal communication. If a severity level 1 problem is sent to a Selected Vendor, and the Selected Vendor does not call the person who reported the problem within one hour, or

the Selected Vendor is not on site within two hours, the Help Desk escalates the problem by contacting Selected Vendor management to inform them of the problem, and to request an immediate response from the Selected Vendor.

#### **4. The Help Desk Monitors Severity 1 Problems Until They Are Closed**

The Help Desk closely monitors all Severity 1 problems reported by users by taking the following actions:

- The Help Desk notifies appropriate Department management every time a Severity level 1 problem is opened by the user
- The Help Desk scans the Department's problem tracking system daily to determine whether any problem (originally reported at a lower level) has been elevated to a Severity level 1 problem. If a problem is elevated to Severity level 1, the Help desk notifies Department management that this problem has been elevated to a Severity 1 problem.
- The Help Desk notifies the Department management when any Severity level 1 problem has been downgraded to a lower severity level or when a Severity level 1 problem has been closed.
- The Help Desk notifies the user community when a Severity level 1 problem will immediately stop their work, providing an estimate of the downtime, when possible.
- The Help Desk notifies users via electronic mail bulletin boards, when critical files or applications will not be available for their use, providing an estimate of the downtime, when possible.
- The Help Desk keeps in constant contact with the Department staff and Selected Vendors who are working on Severity level 1 problems, providing user and management status updated when requested or when appropriate.

# SUBJECT TO CHANGE DUE TO SELECTED VENDOR

## Appendix 6

### CHARGE-BACK METHODOLOGY

#### MODEL OBJECTIVE:

- Define the functions and activities that are subject to charge back.
- Associate functions to selected services.
- Set forth the rules for allocating cost to the participant jurisdictions.

#### DEFINITIONS:

*KYDMC/SELECTED VENDOR FUNCTIONS:* The administrative functions performed by Selected Vendor to support the selected services. Function costs include personnel expenses, non-personnel service expenses and supply costs.

*SERVICE:* The services selected by the participant jurisdictions, as outlined in the Memorandum of Agreement.

*CHARGE-BACK RESPONSIBILITIES:* The participant jurisdictions that are liable for the expenses associated with a function.

*CHARGE-BACK RULES:* The method used to allocate the cost of each service. The expenses are divided into three types:

- I. Equal -- Expenses that support all users of a function, regardless of volume, are shared equally among those jurisdictions (e.g., Bank Monitoring Funds Transfer).
- II. Direct -- Expenses related to an individual jurisdiction will be billed at a set rate or by the actual expense incurred.
  - The set rates will be billed at a predetermined rate based on either an hourly rate of the person or persons performing the function (e.g., Help Desk) or the cost incurred by Selected Vendor for performing a function (e.g., Printing & Mailing Returns).  
An actual expense is a participant jurisdiction's expense billed to Selected Vendor, by an outside Selected Vendor. It will be passed on to the affected jurisdiction (e.g., Telecommunication Charges for Data Transmission)
- III. System Utilization -- Expenses influenced by volume are allocated proportionately. The jurisdiction's share of a proportional expense will be based on two factors. The first factor is the services selected by each jurisdiction. Each service requires a different level of system support. Jurisdictions that select services, which use more of the system, will share in more of the system related expense. The second factor is the participant jurisdiction's number of carriers. Jurisdictions are responsible for paying a percentage based on their volume of carriers.

The chart below quantifies the percentage of system use for each selected service:

	SELECTED SERVICES	PERCENTAGE OF SYSTEM UTILIZATION
1	PROFILE MAINTENANCE	12%
1.1	PRINT & MAIL RETURNS	0%
2	LOCKBOX RETURNS	0%
3	LOCKBOX FEE TRANSMITTAL	0%
4.0	FEE TRANSMITTALS PROCESSED THROUGH THE RPC	26%
4.1A	RETURNS & EXCEPTIONS PROCESSED THROUGH THE HOSTED SELECTED VENDOR SOLUTION	27%
4.1B	POSTING RETURN DATA TO THE RPC	14%
4.2	RETURNS & EXCEPTIONS PROCESSED THROUGH THE PARTICIPANT JURISDICTIONS PLATFORM	2%
5	MONTHLY SETTLEMENT	14%
6	SELECTED VENDOR AUDIT INTERFACE	5%

For example, if some jurisdiction accounts for 50% of the “RETURNS PROCESSED THROUGH THE RPC” (service 4.1), it would be responsible for 50% of the system related expense for that service, which is 42% of the total system support expense. The exceptions to this would be for jurisdictions that use the RPC software on their own platform (4.2) and monthly settlement (5). Numbers of carriers impacts neither service. Therefore, the jurisdictions using those services will share equally the 2% and 14% respectively, of the total system related expense for those services.

**SOURCE DOCUMENTATION-** The agency’s reports, systems and bureaus that record the data used to determine the expense of a function.

**RATIONALE-** The basis of the decision concerning the method of cost allocation.

CHARGE BACK METHODOLOGY						
	SELECTED VENDOR /KYDMC FUNCTIONS	SERVICES	CHARGE-BACK RESPONSIBILITIES	CHARGE-BACK RULES	SOURCE DOCUMENTATION	RATIONALE
NON-PERSONNEL	PLATFORM EQUIPMENT MAINTENANCE	ALL	ALL SIGNERS OF THE IPCMOA	PROPORTIONATE TO SYSTEM UTILIZATION	MAINTENANCE LOG/SERVICE CONTRACT	SUPPORTS OPERATION & DEVELOPMENT FOR ALL USERS.
	TELECOMMUNICATION CHARGES FOR DATA TRANSMISSION	ALL	INDIVIDUAL JURISDICTIONS	ACTUAL	PHONE RECORDS	EACH JURISDICTION WILL BE RESPONSIBLE FOR THEIR OWN TELECOMMUNICATION COST
	IPCTELECOMMUNICATION CHARGES	ALL	ALL SIGNERS OF THE IPCMOA	PROPORTIONATE TO SYSTEM UTILIZATION	INVOICES	SUPPORTS OPERATION & DEVELOPMENT FOR ALL USERS

	SOFTWARE LICENSE & MAINTENANCE	ALL	ALL SIGNERS OF THE IPCMOA	PROPORTIONATE TO SYSTEM UTILIZATION	INFO PROVIDED BY ISM	SUPPORTS OPERATION & DEVELOPMENT FOR ALL USERS
	FACILITIES	ALL	ALL SIGNERS OF THE IPCMOA	PROPORTIONATE TO SYSTEM UTILIZATION	OGS RATE PER SQ FT	SUPPORTS OPERATION & DEVELOPMENT FOR ALL USERS
	NEW EQUIPMENT & SOFTWARE > \$20K	ALL	ALL SIGNERS OF THE IPCMOA	PROPORTIONATE TO SYSTEM UTILIZATION	ISM INVOICE	SUPPORTS OPERATION & DEVELOPMENT FOR ALL USERS
	DISASTER RECOVERY	ALL	ALL JURISDICTIONS USING RPC PROCESSING	PROPORTIONATE TO SYSTEM UTILIZATION	ISM RECORDS	SUPPORTS OPERATION & DEVELOPMENT FOR ALL USERS
	PRINT & MAIL RETURNS	II	INDIVIDUAL JURISDICTIONS SELECTING SERVICE	SET RATE PER PIECE	MGT REPORT	OPTIONAL SERVICE
PERSONNEL EXPENSE:	HELP DESK	ALL	ALL JURISDICTIONS USING FUNCTION	SET HOURLY RATE	ISM TIME REPORTS	EACH JURISDICTION WILL REQUIRE VARYING LEVELS OF SUPPORT
	TECHNICAL SERVICES	ALL	ALL SIGNERS OF THE IPCMOA	PROPORTIONATE TO SYSTEM UTILIZATION	ISM TIME REPORTS	SUPPORTS OPERATION & DEVELOPMENT FOR ALL USERS
	TABLE UPDATES	ALL	ALL JURISDICTIONS USING NY TABLE UPDATES	EQUAL	MGT REPORT / ISM REPORT	SUPPORTS ALL JURISDICTIONS USING SYSTEM
	SYSTEM CHANGE SPECIFIC	ALL	INDIVIDUAL JURISDICTIONS USING CHANGE	SET HOURLY RATE	ISM PROVIDED / CHANGE CONTROL	SPECIAL REQUESTS BILLED TO REQUESTING JURISDICTIONS OR JURISDICTIONS OPTING FOR CHANGE
	SYSTEM CHANGE- UNIVERSAL	ALL	ALL SIGNERS OF THE IPCMOA	EQUAL SET HOURLY RATE	ISM PROVIDED / CHANGE CONTROL	SUPPORTS OPERATION & DEVELOPMENT FOR ALL USERS
	SYSTEM OPERATION RPC	ALL	ALL SIGNERS OF THE IPCMOA	PROPORTIONATE TO SYSTEM UTILIZATION	ISM TIME REPORTS	SUPPORTS OPERATION & DEVELOPMENT FOR ALL USERS
	MONTHLY SETTLEMENT*	5	ALL JURISDICTIONS SELECTING SERVICE	EQUAL	PROCESSING DIV TIME REPORT & BANK INVOICES	EACH PARTICIPANT RECEIVES THE SAME LEVEL OF SERVICE AND BENEFIT
	BANK MONITORING FUNDS TRANSFER	5	ALL JURISDICTIONS SELECTING SERVICE	EQUAL	PROCESSING DIV TIME REPORT	ALL PARTICIPANTS BENEFIT FROM THE TIMELINESS, ACCURACY, PROCEDURAL.

						SECURITY AND CONFIDENTIAL MONITORING
	BANK MONITORING LOCK BOX RETURNS	2	ALL JURISDICTIONS SELECTING SERVICE	EQUAL	PROCESSING DIVISION TIME REPORT	ALL PARTICIPANTS BENEFIT FROM THE TIMELINESS, ACCURACY, PROCEDURAL SECURITY AND CONFIDENTIAL MONITORING
	BANK MONITORING LOCKBOX FEE TRANSMITTALS	3	ALL JURISDICTIONS SELECTING SERVICE	EQUAL	PROCESSING DIV TIME REPORT	ALL PARTICIPANTS BENEFIT FROM THE TIMELINESS, ACCURACY, PROCEDURAL, SECURITY AND CONFIDENTIAL MONITORING
	BANK / JURISDICTION LIAISON	2,3, OR 5	INDIVIDUAL JURISDICTIONS USING SERVICE	SET HOURLY RATE	PROCESSING DIV TIME REPORT	EACH JURISDICTION MAY REQUIRE VARYING LEVELS OF SUPPORT
	TRAINING POST IMPLEMENTATION	ALL	ALL SIGNERS OF THE IPCMOA	SET DAILY RATE PLUS TRAVEL EXPENSES	ISM TIME REPORTS	EACH JURISDICTION MAY HAVE UNIQUE REQUIREMENT FOR ALL USERS
SUPPLIES	OFFICE SUPPLIES	ALL	ALL SIGNERS OF THE IPCMOA	PROPORTIONATE TO SYSTEM UTILIZATION	RIM MGT	SUPPORTS OPERATION & DEVELOPMENT FOR ALL USERS
	PACKAGING & SHIPMENT	ALL	ALL SIGNERS OF THE IPCMOA	PROPORTIONATE TO SYSTEM UTILIZATION	MAIL RM REPORT	SUPPORTS OPERATION & DEVELOPMENT FOR ALL USERS

**Charge-back will include any unique charges paid by KYDMC in its role as administrator**

**SUBJECT TO CHANGE DUE TO SELECTED VENDOR**

**Appendix 7**

**COST STRUCTURE**

(PLEASE SEE ATTACHED DOCUMENT AND REFER TO THE SELECTED VENDOR'S COST PROPOSAL)

**IFTA PROCESSING CONSORTIUM  
PROPOSED COST STRUCTURE**

DESCRIPTION	TOTAL	KY	CA	CT	MD	MI	NH
<b>ACCOUNT BASE</b>	<b>37,681</b>	<b>3,883</b>	<b>18,938</b>	<b>2,274</b>	<b>4,528</b>	<b>6,254</b>	<b>1,804</b>
<b>PERCENTAGE OF ACCOUNTS</b>		<b>0.1030</b>	<b>0.5026</b>	<b>0.0603</b>	<b>0.1202</b>	<b>0.1660</b>	<b>0.0479</b>
<b>YEAR 1</b>							
Implementation and Development (Equal Charge)	\$ 859,000	\$ 143,167	\$ 143,167	\$ 143,167	\$ 143,167	\$ 143,167	\$ 143,167
Data Conversion (Equal Charge)	\$ 368,000	\$ 61,333	\$ 61,333	\$ 61,333	\$ 61,333	\$ 61,333	\$ 61,333
Hosting and Maintaining Solution (Equal Charge)	\$ 70,000	\$ 11,667	\$ 11,667	\$ 11,667	\$ 11,667	\$ 11,667	\$ 11,667
Software Maintenance (Equal Charge)	\$ 50,000	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333	\$ 8,333
Initial Licensing of Software (Equal Charge)	\$ 215,000	\$ 35,833	\$ 35,833	\$ 35,833	\$ 35,833	\$ 35,833	\$ 35,833
Administrative Costs (KY Assistance)	\$ 12,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
<b>TOTAL YEAR 1 COSTS</b>	<b>\$ 1,574,000</b>	<b>\$ 262,333</b>	<b>\$ 262,333</b>	<b>\$ 262,333</b>	<b>\$ 262,333</b>	<b>\$ 262,333</b>	<b>\$ 262,333</b>
<b>YEAR 2 (Deliverable 12/2015)</b>							
Implementation and Development (Audit Package)	\$ 215,450	\$ 35,908	\$ 35,908	\$ 35,908	\$ 35,908	\$ 35,908	\$ 35,908
<b>YEARS 2-5</b>							
Hosting and Maintaining Solution (Equal Charge)	\$ 80,000	\$ 13,333	\$ 13,333	\$ 13,333	\$ 13,333	\$ 13,333	\$ 13,333
Software Maintenance (Equal Charges 85%)	\$ 2,975,000	\$ 495,833	\$ 495,833	\$ 495,833	\$ 495,833	\$ 495,833	\$ 495,833
Software Maintenance (Apportioned Charges 15%)	\$ 525,000	\$ 54,075	\$ 263,865	\$ 31,658	\$ 63,105	\$ 87,150	\$ 25,148
Software Maintenance (Total)	\$ 3,500,000	\$ 549,908	\$ 759,698	\$ 527,491	\$ 558,938	\$ 582,983	\$ 520,981
<b>Administrative Costs</b>							
Lead Jurisdiction Assistance/IPC Accounting	\$ 86,400	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400
Travel	\$ 16,000	\$ 2,667	\$ 2,667	\$ 2,667	\$ 2,667	\$ 2,667	\$ 2,667
<b>Total Administrative Costs</b>	<b>\$ 102,400</b>	<b>\$ 17,067</b>	<b>\$ 17,067</b>	<b>\$ 17,067</b>	<b>\$ 17,067</b>	<b>\$ 17,067</b>	<b>\$ 17,067</b>
<b>TOTAL YEARS 2-5 (Including Administrative Costs)</b>	<b>\$ 3,682,400</b>	<b>\$ 580,308</b>	<b>\$ 790,098</b>	<b>\$ 557,891</b>	<b>\$ 589,338</b>	<b>\$ 613,383</b>	<b>\$ 551,381</b>
<b>ANNUAL COST (Years 2-5)</b>	<b>\$ 920,600</b>	<b>\$ 145,077</b>	<b>\$ 197,525</b>	<b>\$ 139,473</b>	<b>\$ 147,335</b>	<b>\$ 153,346</b>	<b>\$ 137,845</b>
<b>TOTAL CONTRACT COST (Including a one time charge for the audit package)</b>	<b>\$ 5,471,850</b>	<b>\$ 878,550</b>	<b>\$ 1,088,340</b>	<b>\$ 856,133</b>	<b>\$ 887,580</b>	<b>\$ 911,625</b>	<b>\$ 849,623</b>
<b>AVERAGE ANNUAL EXPENSE (5 YEAR CONTRACT)</b>	<b>\$ 1,094,370</b>	<b>\$ 175,710</b>	<b>\$ 217,668</b>	<b>\$ 171,227</b>	<b>\$ 177,516</b>	<b>\$ 182,325</b>	<b>\$ 169,925</b>

**LEGEND**

1. Account base taken from 1Q2013 account structure for the RPC quarterly billing.
2. Years 2-5 Software Maintenance based on 85% Equal Charges, 15% Apportioned Charges).
3. Administrative Costs in Years 2-5 are based on \$300 per month per jurisdiction plus a Travel Budget of \$4000 per year.

