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State of New Hampshire

DEPARTMENT OF SAFETY
OFFICE OF THE COMMISSIONER
33 HAZEN DR. CONCORD, NH 03305
603/271-2791

JOHN J. BARTHELMES
COMMISSIONER

May 14, 2014

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

Requested Action

Authorize the Department of Safety, Division of Administration, to encumber funds in support of an open-ended Memorandum of Understanding (MOU) with the New York Department of Taxation and Finance (VC#80853), in the amount not to exceed \$30,000, increasing the total from \$316,770.00 to \$346,770.00, for the purpose of facilitating the International Fuel Tax Agreement (IFTA) and providing a basis for the processing of New Hampshire's IFTA tax returns during the transition to a new hosting jurisdiction, the Commonwealth of Kentucky. Effective upon Governor and Council approval through December 31, 2014. Funding source: 100% Highway Funds.

Funds are available in the SFY2015 operating budget as follows:

02-23-23-232015-31100000	Dept. of Safety – Div of Admin – Road Toll Administration	<u>SFY2015</u>
020-0206	Current Expenses-E-Gov Processing Fees	\$30,000.00

Explanation

The purpose of this request is to maintain uninterrupted International Fuel Tax Agreement (IFTA) processing during the final stages of transition between the IFTA Regional Processing Center (RPC) hosting jurisdiction of New York and the Kentucky Transportation Cabinet IFTA Processing Consortium (IPC). 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. The Department, through its Road Toll Bureau, previously administered IFTA through a system hosted by the New York State Department of Taxation and Finance (NYS DTF) under an open-ended MOU approved by Governor and Council on February 18, 2009, Item #59E. On July 16, 2012, NYS DTF notified all member jurisdictions that it was planning to withdraw from hosting the IFTA Regional Processing Center (RPC). The Department then entered into a Memorandum of Agreement (MOA) with the Commonwealth of Kentucky, with Kentucky acting as lead state and hosting jurisdiction; this MOA was approved by Governor and Council on January 15, 2014, item #54. Currently, the system is undergoing a transition from RPC to IPC with an expected completion date of December 31, 2014, and these encumbered funds will provide uninterrupted services for the State during that transition.

Respectfully submitted,


John J. Barthelmes
Commissioner of Safety

State of New Hampshire

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DEPARTMENT OF SAFETY
OFFICE OF THE COMMISSIONER
33 HAZEN DR. CONCORD, NH 03305
603/271-2791

JOHN J. BARTHELMES
COMMISSIONER

January 5, 2009

His Excellency, Governor John H. Lynch
and the Honorable Council
State House
Concord, New Hampshire 03301

Requested Action

The Department of Safety, Division of Administration, requests approval to enter into a five-year Memorandum of Understanding with the New York State Department of Taxation and Finance (VC#80853), Regional Processing Center for a not to exceed price of \$316,770, for the purpose of facilitating the International Fuel Tax Agreement (IFTA) and to provide a basis for the processing of New Hampshire's IFTA tax returns. Effective upon Governor and Council approval July 1, 2009 through June 30, 2014. Funding source: 100% Highway Fund

Funding is anticipated to be available, in the account titled Road Toll Administration, for SFY 2010 through SFY 2014, as outlined below, upon the availability and continued appropriation of funds in the future operating budgets with authority to adjust encumbrances in each of the State fiscal years if needed and justified.

Agency	Appropriation Code	SFY 2010	SFY 2011	SFY 2012	SFY 2013	SFY 2014	Total
DOS	Road Toll Administration 010-023-3110-020-0206	\$ 63,071	\$ 60,641	\$ 62,460	\$ 64,334	\$ 66,264	\$ 316,770

Explanation

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

The implementation of this Memorandum of Understanding (MOU) was delayed due to the fact that a Legislative Study Committee was created to evaluate the merits of transferring the authority of collecting road tolls from the Department of Safety to the Department of Revenue Administration. Once it was determined that Road Toll was remaining with the Department of Safety we went forward and solicited a proposal for a New Automated Fuel Toll System (AFTS). When soliciting Requests for Proposal (RFP) #2007-060 for the AFTS we

asked each vendor for an IFTA tax processing solution as optional. We determined that we had three possible alternatives:

1. Maintaining the current Road Toll System to process just IFTA;
2. Vendor proposed solution;
3. Enter into a MOU with NYSDTF IFTA RPC.

The Department of Safety received approval to enter into a contract with ZyTax, Inc. for an Automated Fuel Toll System (AFTS) on July 16, 2008. Both ZyTax, Inc. and ACS included an IFTA solution in their respective responses to RFP #2007-060. Based upon these responses it was clear that the New York State Department of Taxation and Finance (NYSDTF) IFTA Regional Processing Center (RPC) was the most cost-effective and reasonable solution for the State. We have included a spreadsheet analysis that contains cost proposals by each vendor and cost of entering into an MOU with NYSDTF.

The following services will be provided by the NYSDTF; taxpayer demographics database maintenance, printing and mailing of customized taxpayer returns, return computation and liability determination, return computation and liability software, and monthly settlement/funds transfers to IFTA participating jurisdictions. Currently these services are being done in-house through the current Road Toll System (RTS) that is being replaced by the AFTS. Without going forward with this MOU the Department would be required to maintain the current antiquated RTS for processing IFTA tax returns and transmittals only. When determining the estimated funding costs the NYSDTF based this estimate on 2,800 IFTA licensees with a three percent assumed annual increase. The first year of the MOU is slightly higher because it includes startup costs.

The RPC is a consortium of the sixteen IFTA jurisdictions currently participating; Alabama, California, Connecticut, Delaware, Georgia, Kentucky, Maine, Massachusetts, Michigan, New Brunswick, New Jersey, New York, Pennsylvania, Rhode Island, and Texas. The participating jurisdictional agencies belong to a Policy and Management Advisory Committee (PMAC). Upon approval of this MOU the Commissioner or his designee will be designated as a member of the PMAC. The function of the PMAC is to provide input and advice to NYSDTF with regard to IFTA RPC policy development and participant jurisdiction needs.

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. This MOU received approval from OIT on December 3, 2008.

Please see attached summary of the alternative solutions and related costs considered and DoIT approval letter, and estimated MOU costs received from NYSDTF.

Respectfully submitted,


John J. Barthelme
Commissioner of Safety



STATE OF NEW HAMPSHIRE
DEPARTMENT OF INFORMATION TECHNOLOGY
27 Hazen Dr., Concord, NH 03301
603-271-2843 1-800-852-3345 x2843
Fax: 603-271-1516 TDD Access: 1-800-735-2964

Richard C. Bailey, Jr.
Chief Information Officer

January 26, 2009

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 Understanding (MOU) for the purpose of facilitating the International Fuel Tax Agreement and to provide a basis for the processing of New Hampshire's International Fuel Tax Agreement (IFTA) tax returns, with the New York State Department of Taxation and Finance (NYSDTF) as described below and referenced as OIT No. 2009-072.

This MOU with the NYSDTF will provide New Hampshire with taxpayer demographics database maintenance, the printing and mailing of customized taxpayer returns, return computation and liability determination, return computation and liability software and monthly settlement/funds transfer to IFTA participating jurisdictions. The MOU becomes effective upon Governor and Council approval and extends through June 30, 2014. The total contract amount is not to exceed \$316,770.

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

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

Sincerely,

Richard C. Bailey, Jr.

RCB/dcp
OIT 2009-072

cc: Leslie Mason, Contracts Manager, DoIT, Bureau of Finance & Administration
Albert Sheldon, DoIT DOS
Brian Lumbert, DoIT DOS

INTERNATIONAL FUEL TAX AGREEMENT

REGIONAL PROCESSING CENTER

MEMORANDUM OF UNDERSTANDING

December 14, 1995

Revised July 2008

ARTICLE I

AUTHORITY AND PURPOSE

This INTERNATIONAL FUEL TAX AGREEMENT REGIONAL PROCESSING CENTER MEMORANDUM OF UNDERSTANDING (hereafter, "RPCMOU,") 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 RPCMOU 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 RPCMOU, the following definitions apply:

1. **Participant Jurisdiction**, shall mean any state, province or other jurisdiction that has validly executed this RPCMOU, for so long as the RPCMOU 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 New York State Department of Taxation and Finance 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 RPCMOU.
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 Clearinghouse**, 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 RPCMOU, 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 New York State Department of Taxation and Finance, (NYSDTF), Albany, NY.

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 RPCMOU(s) executed by two or more signatory agencies pursuant to Article VII of the RPCMOU. The signatory agencies to the supplemental RPCMOU(s) shall prescribe the authority and responsibilities of the secondary clearinghouse(s) within the RPCMOU(s).
14. **Selected Contractor(s)**, shall mean a contractor(s) selected by NYSDTF to provide Regional Processing Center core functions, as indicated in Article IV, herein.
15. **Signatory Agency**, shall mean any agency, instrumentality, body, office, department, board, division or commission of a state or province that has executed the RPCMOU, for so long as the RPCMOU remains in effect with that agency.
16. **State**, shall mean any of the states of the United States of America.
17. **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.
18. **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.

19. **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 a 1FTA 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.

20. **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.

21. **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.

22. **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.
23. **Taxpayer Return Information**, The term "taxpayer return information" means return information as defined in Paragraph 19, above, which is filed with, or furnished to, the agency by or on behalf of the taxpayer to whom such tax return information relates.
24. **Regional Processing Center**, The term "Regional Processing Center", or "RPC" means the following functions, and activities which support those functions, in whole or part, regarding IFTA processing: Profile Maintenance; Customized printing and mailing of participant jurisdiction tax returns; Tax return deposit and data capture by the selected lockbox contractor; Fee transmittal deposit and data capture by the selected lockbox contractor; Fee transmittal processing and dissemination through NYSDTF; Return computation, liability determination and exception processing on the NYSDTF platform; Detailed return data posted to the RPC for monthly settlement; Return and fee transmittal report computation, liability determination, and exception processing software to be operated in-house by the participant jurisdiction; Monthly settlement/funds transfer.
25. **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 NYSDTF representative. The function of the policy and management advisory committee shall be to provide input and advice to NYSDTF with regard to IFTA RPC policy development and participant jurisdiction needs.
26. **Verifiable Electronic Means**, shall mean communication and information access through the IFTA RPC online system with a logon ID.
27. **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.

ARTICLE III

PARTICIPANT JURISDICTIONS POLICY AND MANAGEMENT ADVISORY COMMITTEE

SECTION I. GENERAL

NYSDTF shall be solely responsible for the original development of the RPC. During that development phase, NYSDTF shall solely contract with the NYSDTF selected contractor(s) and shall oversee all original development activities. The original RPC program and any subsequent changes to the program must conform to IFTA and ISTE. Each participant jurisdiction shall be responsible for compliance to IFTA rules and regulations. NYSDTF will make the RPC 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 NYSDTF 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 NYSDTF with regard to IFTA RPC policy development and participant jurisdiction needs. NYSDTF shall serve as the sole conduit through which the policy and management advisory committee and the respective participant jurisdictions shall interact with the NYSDTF selected contractor(s) for all program operations, systems changes and problem resolution related communications with the NYSDTF selected contractor(s). 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 RPC program must conform to the provisions of IFTA and ISTEAA;
2. NYSDTF shall solely contract with the NYSDTF selected contractor(s) 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 contract individually with the NYSDTF selected contractor(s) for their respective services;
3. Although the policy and management advisory committee shall advise NYSDTF with respect to issues of IFTA program administration, NYSDTF shall serve as the sole conduit through which that committee and the participant jurisdictions will interact with the NYSDTF selected contractor(s) for all program operations, systems changes and problem resolution related communications with the NYSDTF selected contractor(s); and,
4. Any member jurisdiction will be accepted as a participant jurisdiction if they agree to the terms of the RPCMOU.

Appendix 2 details the decision making structure and respective roles of NYSDTF and the policy and management advisory committee.

ARTICLE IV

NYSDTF SERVICE PROVISIONS

NYSDTF shall manage the daily operations of the IFTA Regional Processing Center ("RPC"). The following services, as indicated below, are a combination of NYSDTF services (e.g., printing and mailing) and indirect services (e.g., lockbox and funds transfer) provided by a NYSDTF selected contractor(s).

The signatory agency representative qualified to sign the RPCMOU, shall complete and sign **Appendix 3** indicating which service provisions they require; and, for services provided by a NYSDTF selected contractor(s) execute a contract for the services selected.

1. The following services will be provided by a NYSDTF selected contractor(s):
 - A. **Lockbox Services.** May include some or all of the following functions, return and fee transmittal receipt, taxpayer identification, deposit, data preparation, data capture, and data delivery.
2. The following services will be provided by NYSDTF, 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 NYSDTF 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 NYSDTF 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 NYSDTF 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 NYSDTF selected contractor(s) for NYSDTF selected contractor(s) services (i.e., lockbox and funds transfer services). Each participant jurisdiction must identify the NYSDTF services it will require (including contractor(s) services), by completing and filing a copy of Appendix 3 with NYSDTF 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 NYSDTF. Printing & mailing service must be used in conjunction with service (1) above.
2. Tax return deposit and data capture by the selected lockbox contractor. 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 selected lockbox contractor. 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 NYSDTF. 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 NYSDTF platform.
 - 4.1 B Detailed return data posted to the RPC 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. NYSDTF 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 NYSDTF with software provided by the selected funds transfer contractor or owned by NYSDTF. 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 Regional Processing Center.

Appendix 4 details the performance standards related to participant jurisdictions in the Regional Processing Center.

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.

ARTICLE VI

CHARGE-BACK PROCESS

SECTION I. GENERAL CHARGE-BACK STRUCTURE

The RPC charge-back structure will be as follows:

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

- B. If statutory considerations prevent the standard billing arrangements for any participant jurisdiction, NYSDTF 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 NYSDTF internal control procedures. The respective charge-back accounting records and supporting documentation for each respective participant jurisdiction will be made available by NYSDTF for inspection by the respective jurisdiction, upon 30 day notice to NYSDTF.
4. Itemized Charge-Back Statements. Itemized statements will contain three sections setting forth:
- A. a "system utilization" charge, based on two factors. The first is, each participant jurisdiction's relative transaction load on the IFTA Regional Processing Center System. The second factor is the selection of optional services available through the RPC.
 - B. a "direct fee" charge based on each participant jurisdiction's optional usage of the IFTA RPC System. Jurisdictions will be billed at a set rate or by the actual expense incurred.
 - i. The set rates will be billed at a predetermined rate based on either an hourly rate of the grade level required to perform the function or the cost incurred by NYSDTF for performing a function.
 - ii. An actual expense is a participant jurisdiction's expense billed to NYSDTF by an outside vendor. It will be passed on to the affected jurisdiction.
 - C. an "equal charge" based on each participant jurisdiction receiving the same level of support and benefit from the optional use of an IFTA RPC function.
5. Fees Not Included in Charge-Backs. Bank services fees from the NYSDTF selected contractor(s) for lockbox services will not be included in the charge-back accounting, as such fees will be billed directly by the NYSDTF selected contractor(s) to the participant jurisdiction. Similarly, all communications line connection and usage charges incurred during actual usage of the IFTA RPC System will be billed to and paid directly to the vendor(s) by the respective participant jurisdiction.

SECTION II. IFTA CHARGE-BACKS

1. System utilization charges will include the following components:
 - A. Platform Equipment Maintenance: All platform equipment maintenance charges for service contracts and/or components of the IFTA Processing System.
 - B. Software License and Maintenance: All software support, currency, licensing and usage charges for all commercial software products necessary to effectively operate and manage the IFTA Processing System including the communications devices. Also included are personnel costs for ongoing application maintenance support.
 - C. Facilities: All directly attributable costs for the facility within which the IFTA Processing System operates to include space, power and environments and physical security.
 - D. RPC Telecommunication Charges: All charges related to the maintenance and availability of the telecommunication system.
 - E. New Equipment and Software more than \$20,000: Equipment acquisition costs (including shipment, installation, transition and financing), due to either obsolescence or expanded capacity requirements (IFTA Processing System enhancements/modifications and/or additional participant jurisdictions) other than miscellaneous components (defined to be items under \$20,000) will be acquired and financed based on the useful life of such components (normally 3-5 years). The amortized cost will be charged-back annually to all participant jurisdictions upon notification to the Policy & Management Advisory Committee.
 - F. Technical Services: Personnel costs for ongoing technical support of the IFTA Processing System and associated communications functions.
 - G. System Operation: Personnel costs for ongoing operation of the IFTA Processing System.
 - H. Disaster Recovery: Costs for Hot Site/Cold Site disaster recovery as well as off-site storage of software, data base backups and transaction files, if directly attributable.
 - I. Office Supplies: All consumables used in the operation of the IFTA Processing System, including but not limited to: tapes, disks, print ribbons, and paper.

- J. Packaging and Shipping: Any packaging and shipment (e.g., mailing) charges associated with systems impacts and outputs.

2. Direct charges will include the following components:

A Telecommunication Charges for Data Transmission: All charges billed to NYSDTF by an outside vendor for transmission of data to the participant jurisdictions.

B Printing and Mailing of Returns: includes the production and mailing of tax returns, credits and delinquency notices.

C System Change - Jurisdiction Specific: Systems changes designed to put into effect unique jurisdiction-specific IFTA system functionality.

D Bank / Jurisdiction Liaison: Daily program administration related to processing issues for core services related to procedures, processing, training, accounting, systems and equipment, and special assistance; critical communications issues related to security and confidentiality breaches, loss of money, data, returns/reports or documents, disaster recovery/ disruption of services, discontinuance or modification of services, and loss/reassignment of key managers; fee arrangements; billing structures; and, change control development and implementation.

E Help Desk: Personnel costs for an ongoing help desk function to support the participant jurisdictions. (Monday thru Friday, 7:00 am- 6:00 pm, EST)

F. Training Post Implementation: The personnel and traveling costs associated with training participant jurisdiction's personnel on the RPC system.

3. Equal charges will include the following components:

A. Table updates: The personnel expense associated with updating and maintaining the quarterly tax tables.

B. Monthly Settlement: The personnel costs and bank charges for monthly liability determination, the offsetting process and the funds transfer process.

C. Performance Monitoring of Bank (Returns): The personnel cost of monitoring the NYSDTF selected contractor(s) timeliness, procedures, security and confidentiality for the return lockbox process.

- D. Performance Monitoring of Bank (Fee Transmittal): The personnel cost of monitoring the NYSDTF selected contractor(s) timeliness, procedures, security and confidentiality for the fee transmittal process.
- E. Performance Monitoring of Bank (Funds Transfer): The personnel cost of monitoring the NYSDTF selected contractors timeliness, procedures, security and confidentiality for the funds transfer process.
- F. System Change - Universal: The programming charge for changes to the RPC system affecting all participant jurisdictions.
- G. Application Maintenance: Personnel costs for ongoing technical support of the IFTA Processing System.
- H. RPC Travel: Expenses associated with PMAC and/or users group conferences, including travel for RPC support personnel and conference facilities.
- I. Program Support: Administrative support and assistance related to MOU, charge-back, user access security and RPC interjurisdiction communication issues.

4. Additional charges may include, but not be limited to, the following, where applicable:

- A. The initial IFTA RPC System complex is sufficient to house and support the operation of up to 14 participant jurisdictions as specified in the current IFTA RPC System participant jurisdictions requirements, and was funded by the U.S. Federal and New York State governments.
- B. Any costs of modification and enhancement of such IFTA Processing System will be shared by all participant jurisdictions, as encountered during the current year. Any jurisdiction beginning participation during the course of a modification/enhancement will proportionately share in the cost of such modification/enhancement going forward but not retroactively.
- C. All acquisition costs of additional commercial software products required to effectively manage and operate the IFTA Processing System will follow the normal charge-back process, except if NYSDTF should opt to finance any one-time charges over the useful life of the system, in which case the amortized cost of such acquisition will be charged back by system utilization to all participant jurisdictions, as a component of the annual cost projection.

Appendix 5 details the methodology of the charge-back.

SECTION III. CHARGE-BACK CALCULATIONS

1. Charge-Back Projections. In December of each year, NYSDTF 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 IFTA RPC 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.
2. Actual Charge-Back Amounts. Starting in January of each year, NYSDTF will implement charge-backs based upon the projected total IFTA RPC 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. IFTA RPC system management reports will be made available by NYSDTF 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.
 4. Cost Controls. As a means to control cost and limit waste, NYSDTF will adhere to New York State government procurement procedures when purchasing goods or services for the RPC. NYSDTF will provide a summary of the competitive bid process and summarized cost analysis to all affected participant jurisdictions.

To ensure a consistent charge-back throughout the calendar year, NYSDTF will absorb any overage or underage from such annual estimates and will then adjust the projection of costs for the next calendar year to net out such differences. All such adjustments will be separately identified on the annual projection of costs.

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

The following costs or fees are to be billed directly by the respective vendor(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 IFTA RPC 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 IFTA RPC 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 IFTA RPC System; including any associated installation and currency costs. Any software developed by the participant jurisdiction to support or communicate with the RPC 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 RPCMOU 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 RPCMOU 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 RPCMOU 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 RPCMOU 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 RPCMOU in accordance with the laws of its state or province; provided, however, notwithstanding the above, no participant jurisdiction to this RPCMOU shall disclose any information obtained pursuant to the RPCMOU 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 RPCMOU 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 RPCMOU 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 RPCMOU 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 RPCMOU 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 RPCMOU 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 RPCMOU.
- 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 RPCMOU 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 RPCMOU

The RPCMOU 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 RPCMOU(s). The supplemental RPCMOU(s) shall prescribe the authority and responsibilities of the secondary clearinghouse(s). All provisions contained in addenda must be consistent with the terms and conditions in the RPCMOU. 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 RPCMOU and will be binding on only the parties thereto, their agents and employees, and their successors in office to the same extent as the RPCMOU, unless limited by the Addenda, or rescinded or amended or a Signatory agency withdraws from the RPCMOU, 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 RPCMOU 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 RPCMOU 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 RPCMOU, 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.

ARTICLE VIII

TERMINATION, MODIFICATION OR WITHDRAWALS

SECTION I. MODIFICATION OF RPCMOU

Additions and modifications to the provisions of this RPCMOU 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 RPCMOU. As provided therein, initial modification requests should be made through the NYSDTF 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. TERMINATION

A participant jurisdiction shall serve written notice of its intent to terminate participation in the RPCMOU at least one hundred and twenty (120) days by regular mail upon the primary clearinghouse, which 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 VII except for the inclusion of a net reconciliation of the overage or underage for the current and prior year. The RPC computation and liability software and all supporting documentation are for the administration IFTA. They may not be copyrighted, sold or exchanged for commercial use or used for any but its intended purpose. NYSDTF shall make the software and documentation available to any jurisdiction withdrawing from the RPC or IFTA member jurisdiction.

SECTION III. WITHDRAWAL OF NYSDTF

In the event that NYSDTF withdraws from its role as administrator of the RPC, it will provide to the participant jurisdictions, at least 2 calendar quarters notice, computation and liability software for the IFTA process and all supporting documentation.

ARTICLE IX

ADDITIONAL PARTICIPANT JURISDICTIONS

SECTION I. GENERAL POLICY

Since the RPC 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 RPCMOU is to facilitate such administration by and between IFTA member jurisdictions; then it follows that any such member jurisdiction desirous of utilizing the RPC and agreeing to be bound by the terms of the RPCMOU may be added as participant jurisdictions.

SECTION II. PROCEDURES FOR ADDING SUBSEQUENT PARTICIPANT JURISDICTIONS

Subsequent to the effective date of this RPCMOU, 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 RPCMOU. A new participant jurisdiction will select an effective date to coincide with the first day of a calendar quarter.

ARTICLE X

NOTIFICATION

Any notification required by this RPCMOU to be made upon the PMAC or NYSDTF, respectively, shall be mailed to:

- A. PMAC New York State Department of Taxation & Finance
 IFTA Commissioner
 W.A. Harriman Campus
 Albany NY 12227

- B. NYSDTF New York State Department of Taxation & Finance
 Regional Processing Center- Administrator
 W.A. Harriman Campus
 Building 8 Rm 839
 Albany NY 12227

ARTICLE XI

EFFECTIVE DATE, TERMS AND RATIFICATION

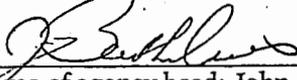
SECTION I. EFFECTIVE DATE AND TERMS

This RPCMOU and Appendixes attached hereto, shall take effect on January 1, 1996; or on the date designated by the signatory agency representatives in Article XI section II of this agreement. This RPCMOU 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 RPCMOU as provided in Article VIII, herein. The Appendixes attached hereto are hereby incorporated into the RPCMOU and are deemed to be part hereof, as though they were set out in full herein.

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 RPCMOU, and of the Appendices attached hereto:

Signed this 10th day of December, 2008,


Name of agency head: John J. Barthelmes

For the State of New Hampshire

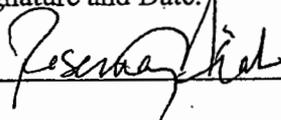
Title of agency head: Commissioner of Safety

The State of New Hampshire agrees to be bound by this

Memorandum of Understanding effective the 1st day of July 1, 2009

By An Authorized Official of: the New Hampshire of the
Attorney General

Name: Rosemary Wiant
Title: Assistant Attorney General

Signature and Date:
 12-19-08

By An Authorized Official of: the New Hampshire Governor &
Executive Council

Name: _____
Title: _____
Signature and Date: _____



State of New Hampshire

DEPARTMENT OF SAFETY
 OFFICE OF THE COMMISSIONER
 33 HAZEN DR. CONCORD, NH 03305
 603/271-2791

JOHN J. BARTHELMES
 COMMISSIONER

JHC #54
 01-15-2014

December 16, 2013

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

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 (NYSDTF). 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 3rd 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
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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