



DEPARTMENT OF TRANSPORTATION

DIVISION OF MOTOR VEHICLES

RALEIGH, NORTH CAROLINA

NCDMV - STUDY STREAMLINING IFTA AND IRP PROCESSES

S.L. 2017-57 §34.33 (a) and (b)

February 2018



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EXECUTIVE SUMMARY**PURPOSE**

The purpose of this study is to research streamlining the processes motor carriers must follow to comply with the requirements of the International Fuel Tax Agreement (IFTA) and the International Registration Plan (IRP) to receive registration plates, motor carrier licenses, and motor carrier decals; and to examine the feasibility of co-locating the processes within the Division of Motor Vehicles. This study uses the common term “customer” to represent all forms of interaction with the North Carolina Division of Motor Vehicles (NCDMV) and the North Carolina Department of Revenue (NCDOR), to include applicant, licensee, driver, taxpayer, registrant, or any other type of business.

SESSION LAW

This study was conducted by the NCDMV in consultation with the NCDOR, to address sections 34.33(a) and (b) of Session Law 2017-57 passed by the North Carolina General Assembly in June 2017 listed below.

DMV/STUDY STREAMLINING IFTA AND IRP PROCESSES

SECTION 34.33. (a) Study. – The Division of Motor Vehicles of the Department of Transportation, in consultation with the Department of Revenue, shall study streamlining the processes motor carriers must follow to comply with the requirements of the International Fuel Tax Agreement and the International Registration Plan to receive registration plates, motor carrier licenses, and motor carrier decals. The study shall include an examination of the feasibility of consolidating processes with the Division of Motor Vehicles.

SECTION 34.33. (b) Report. – The Division of Motor Vehicles shall submit its findings under subsection (a) of this section, including any legislative recommendations, to the Joint Legislative Transportation Oversight Committee by March 1, 2018.

TASKS

The NCDMV and the NCDOR evaluated this directive from two points of view based on the statute as follows:

1. Maintaining IFTA licensing and decaling functions within the Excise Tax Division of the NCDOR and IRP licensing within the NCDMV; however, work towards streamlining the processes and/or giving the public more information to understand the process. *(Appendix B)*
2. Maintaining IFTA licensing and decaling functions within the Excise Tax Division of the NCDOR, but providing staff to the NCDMV Charlotte State IRP Office. *(Appendix C)*

FINDINGS

The NCDMV has identified the following findings and options in conducting this study.

FINDING 1**Keep IFTA Licensing and Decaling with NCDOR**

The most practical and cost efficient finding would allow NCDOR to continue to issue IFTA licenses and decals as they are now.

a. Cost analysis

There would be no cost associated with this option since all employees, equipment, technology, and supplies would remain where they are currently located.

FINDING 2**Allocate NCDOR staff to the NCDMV Charlotte State IRP Office**

The last finding would have NCDOR revert to staffing employees at the NCDMV Charlotte State IRP Office. However, there are significant considerations such as time, money and resources that it would be involved in accomplishing this with little to no return on investment.

a. Cost analysis

There would be a need for at least two Information Processing Technicians and one Supervisor at a reoccurring cost of \$123,200 per year. The cost for supplies, telephones, furniture, computers, software and maintenance agreements for the computers and software, along with training, would be about \$75,277 for a first-year total of \$198,477; \$176,827 for subsequent years. **See appendix A*

b. Current IFTA Statistics for Initial Accounts

The average yearly amount of initial Interstate and Intrastate applications filed over the last three years was 2,808; none could be processed online. Dividing 2,808 by 260 working days, equals about 11 applications a day. Not knowing how many of these customers would prefer to perform this service in person or by mail or fax, and not knowing which location they would visit, makes it difficult to determine the number of additional employees needed at the NCDMV Charlotte State IRP Office.

c. Current IFTA Statistics for Renewal Accounts

Currently, the average amount of renewals NCDOR processed over the last three years is 21,370, all of which could have been processed by the customer online.

RECOMMENDATIONS

1. Due to the significant time, money and resources required to add NCDOR employees to the NCDMV Charlotte State IRP Office, NCDOR and NCDMV would advise against these actions.
2. The NCDOR currently offers customers the ability to obtain an initial IFTA license and decals by mail, fax or in person at the Raleigh NCDOR office, with annual renewal licenses and decals also obtainable by online application. To minimize technical and reorganization expenditures, NCDOR and NCDMV could offer customer education and outreach, including virtual learning, that would teach motor carrier customers how to obtain their IFTA license and decal as well as their IRP plates.

a. NCDOR Streamlining/Education

NCDOR could provide the following to better educate IFTA customers:

- Produce YouTube videos to inform the customer how to obtain an IFTA license and decal
- Provide social media coverage using the video and FAQs on how to obtain an IFTA license and decal
- Provide an educational packet to truck dealers on IFTA licensing and decaling

b. NCDMV Streamlining/Education

NCDMV could also provide the following to better educate and service IRP customers:

- Produce a series of videos for each fleet classification to inform the customers how to obtain IRP license plates
- Provide social media coverage using the videos and FAQs on how to obtain IRP license plates
- Provide additional contract License Plate Agencies to service IRP customers. (We just added six more locations in January 2018 to bring the total to 42.)

APPENDIX

APPENDIX A

North Carolina Department of Revenue Motor Fuels Licensing/Decals (NCDMV Charlotte State IRP Office)

		2017-2018	2018-2019
531212	SPA Regular Salaries	123,201	123,201
531512	Social Security	9,425	9,425
531522	Reg Retirement Contributions	21,104	22,718
531562	Medical Insurance	17,607	18,312
532447	Maintenance Agreement - PC	750	750
532448	Maintenance Agreement - PC Software	345	345
532811	Telephone Service (Recurring)	1,800	1,800
532811	Telephone Service (Non-recurring))	900	
533110	Supplies	1,500	1,500
534511	Furniture - Office (non-recurring)	7,800	
534534	PC & Printer Purchases (Recurring)	750	750
534534	PC & Printer Purchases (Non-recurring)	3,000	
534713	PC Software Purchases (Recurring)	345	345
534713	PC Software Purchases (Non-Recurring)	450	
	Network printer/fax/copier/scanner (Non-Recurring)	7,000	
532942	Training (non-recurring)	2,500	
Total Cost		198,477	179,146
		176,827	R
		21,650	NR
438102	DOT		

Positions Required

2	Information Processing Tech (IPT) - PG63	38,867	77,734	77,734
1	Supervisor - PG67	45,467	45,467	45,467
3	Total Salaries (midpoint salary grade)			123,201

APPENDIX B

Process for Department of Revenue

IFTA SUMMARY

IFTA is a tax collection agreement by and among the 48 contiguous states of the United States and the 10 Canadian provinces that border on the U.S. It provides for a uniform administration of motor fuel use tax laws with respect to qualified motor vehicles that are operated in more than one member jurisdiction. The core concepts of IFTA are authorized by Congress pursuant to the Compact Clause of the United States Constitution and can preempt the operation of inconsistent state law. Although IFTA is not federal law and states are not required to join, any state that does join is required to collect fuel use tax consistent with the International Fuel Tax Agreement per the Intermodal Surface Transportation Efficiency Act. The IFTA governing documents include the Audit and Procedures Manual which include the IFTA licensing process.

IFTA LICENSING & DECALS CURRENT PROCESS

The NCDOR currently offers customers the ability to obtain an initial IFTA license and decals by mail, fax or in person at the Raleigh NCDOR office. Annual renewal license and decals are obtainable by the previously mentioned methods. However, customers with an established account may also be renew online.

IFTA LICENSING & DECALS PREVIOUS PROCESS

The NCDOR previously issued IFTA license and decals at the NCDOR Raleigh and Greensboro locations and, while co-located, at the NCDMV Charlotte State IRP Office. In 2011, DOR reorganized various divisions in the agency to streamline processes. The auditors in the Motor Fuel Tax Division were moved to the Examination Division in DOR so the auditors could conduct audits full-time rather than working in the non-audit-related functions of issuing licenses and decals

Since 2006, motor carrier licensing and decal issuance has been conducted electronically through the IFTA web portal and via fax and mail. Because there were no additional staff to complete issuances at the NCDMV Charlotte State IRP Office or the Greensboro DOR Office, all licenses and decals were issued out of Raleigh to improve NCDOT efficiency and effectiveness.

STEPS TO OBTAINING MOTOR CARRIER LICENSE AND DECALS**Steps needed prior to completing a GAS-1274 Registration Application for Motor Carrier License and Decals**

- Several agencies must be contacted prior to completing the form:
 1. The initial step is to determine the business structure – sole proprietor, corporation, partnership, limited partnership, limited liability corporation, limited liability partnership, etc.
 2. Corporations, partnerships, LLCs, LLPs must first register with the IRS to obtain a Federal Employer's Identification Number (FEIN).
 3. Businesses may also be required to register with the North Carolina Secretary of State. If the entity is an out-of-state business, the business must obtain a Certificate of Authority to transact business in North Carolina from the Secretary of State.
 4. Determine the gross vehicle weight of the vehicle. Contact the Federal Motor Carrier Safety Administration to acquire a USDOT number and a motor carrier (MC) number (if required).
 5. Register your vehicle with DMV or IRP. Intrastate carriers must register with DMV or IRP. Interstate carriers must register at IRP.

Steps to complete a GAS-1274 Registration Application for Motor Carrier License and Decals

- Once the motor carrier has registered with the appropriate agencies, complete the GAS-1274 Registration Application for Motor Carrier License and Decals. Motor carriers must be in good standing with the Secretary of State (if applicable), DMV, and the Department of Revenue prior to the application being approved. Below is a list of the information required on the application.
 1. SSN or FEIN (depending on your business structure)
 2. Legal name of the business
 3. Trade name of the business (if applicable)
 4. Business location address
 5. Mailing address (if different)
 6. Email address
 7. Lease information (if applicable)
 8. Names, addresses, telephone numbers, social security numbers, and driver license numbers of all corporate officers, partners, or LLC members
 9. The president or owner must sign in this section
 10. Banking information
 11. Date business started in this state
 12. IRP base state and account number
 13. USDOT number
 14. License plate number

15. Type and number of sets of decals
16. Signature, title, and date

Steps to completing a GAS-1274A Renewal Application for License and Decals

- License and decals must be renewed by December 31 of each year. Reminder postcards are sent to each licensee in August notifying them that credentials may be ordered online beginning September 1. Motor carriers must be in good standing with the Secretary of State (if applicable), DMV, and the Department of Revenue for license and decals to be approved. Below is a list of the information required to renew online.
 1. License plate number of the qualified motor vehicle
 2. Type of decal
 3. Number of sets of decals
 4. Year for which credentials are needed
- If a renewal application is submitted in paper format, the following additional information is required:
 1. Legal name
 2. Mailing address
 3. Phone number
 4. Email address
 5. FEIN or SSN (depending on the business structure)
 6. NCDOR ID
 7. License plate number of the qualified motor vehicle
 8. Type of decal
 9. Number of sets of decals
 10. Year for which credentials are needed

APPENDIX C

Process for Division of Motor Vehicles

IRP SUMMARY

IRP is a registration reciprocity agreement among the 48 contiguous states of the United States, District of Columbia and 10 Canadian provinces that border on the U.S. It provides for one state to accept payment of apportionable registration fees based on the total distance the fleet vehicle operated in each jurisdiction. The apportionable vehicle will only be issued one license plate and one cab card for each fleet vehicle under the Plan and each jurisdiction will distribute any fees collected by them to the other jurisdictions via the IRP Clearinghouse monthly.

IRP LICENSING CURRENT PROCESS

Initial IRP accounts must be established at the NCDMV Raleigh or Charlotte State IRP Offices or by mail. However, renewals can be obtained online, in person at the NCDMV Raleigh or Charlotte State IRP Offices or by mail. Other services such as adding vehicles to an existing account, replacing plates, stickers or cab cards can be done at the NCDMV Raleigh or Charlotte State IRP Offices, by mail, or at 42 contract license plate agencies across the state.

IRP NEW ACCOUNT REQUIREMENTS

- Applicant must be able to demonstrate residency in North Carolina or have an **established place of business** in North Carolina. **Must provide at least three from the following list but only one per category.**
 - If Applicant is an individual, his or her current driver's license issued by that jurisdiction. A temporary driving certificate is not accepted; must have hard copy of driver's license – **Must have current address.**
 - If the applicant is a corporation, the principal owner is a resident of that jurisdiction. Officers must be listed on the NC Secretary of State website in order use proofs in the individual name and have a NC Driver's License.
 - Applicant's current federal income tax return indicating a valid NC address with the IRS confirmation that the return was received. Also acceptable is the IRS transcript.
 - Applicant's current Mortgage Statement

- Documentation proving the applicant has paid real estate or personal property taxes within the last year in North Carolina.
 - Proof applicant has paid personal income taxes to North Carolina.
 - Current utility bill (water, gas, electric, sewer or cable) in the applicant's name with NC address. Phone bills are not acceptable.
 - Current vehicle registration in applicant's name.
 - Documents issued by the state of North Carolina, county, city and/or some federal government documents.
 - Preprinted Bank Statement
 - Current W-2
- IRP account must have fleets which accrue North Carolina distance/miles.
 - Address where operational records of the fleet are maintained or can be made available.
 - If a corporation (Inc.) or LLC, the business name must be current-active through NC Secretary of State.
 - Must have active interstate USDOT number in account name (Inc. or LLC or full individual name, including middle name). – Will not need USDOT number if carrier is leased with a company using their USDOT number and MC number.
 - If applicant will be leased to a company (operating using their USDOT and motor carrier numbers) a signed lease agreement (signed by both parties) and insurance card (need insurance coverage when loaded; we do not certify bob tail insurance) from company leased to. Must include USDOT number and MC number. If providing your own liability insurance, a Form E must be faxed or filed electronically from your insurance company or be on file with the IRP office in your account name. – would be a “For Hire Leased Carrier.”

Common or Contract Motor Carrier number required – depending upon what hauling Interstate – MC number required when hauling any commodity that has been through a process for hire – commodity list available on FMCSA Website www.fmcsa.dot.gov - (Motor Carrier number must be in account name) (Inc. or LLC or full individual name, including middle name.)

- Form E required when hauling commodities in their natural state (hauls raw materials – ex. logs, livestock, fresh produce, etc. – nothing that has been thru a process) for hire - commodity list available on FMCSA Website - www.fmcsa.dot.gov - Form E must be in Account Name. (Inc. or LLC or full individual name, including Middle name) – would be a For Hire Exempt Carrier.

- For Private Carriers, a Certificate of Insurance will be required in Account Name (Inc. or LLC or full individual name, including Middle name) and showing the liability limits. – would be a Private Carrier
- Insurance requirements:
 - Interstate property carrying vehicles with a GVWR of 10,001 pounds or more are required to have \$750,000 liability insurance coverage.
 - Hauling Passengers –
 - \$1.5 Million liability limits required for 15 passengers or less
 - \$5 Million liability limits required for 16 or more passengers
- If someone other than the account holder or officer of the corporation will be processing paper work on your behalf, they will need a notarized power of attorney.
- Provide original titling documents with proper assignments, if a dealer sale must have bill of sale; or if a leased vehicle must provide copy of front and back of out of state title and completed MVR-330 signed by the Lessor or notarized power of attorney.
(Copies of MVR-330 not acceptable)
- Will need an Employer Identification Number – issued by the IRS. Can apply on-line at www.irs.gov
- A stamped receipted copy of the Schedule 1 (Form 2290) is required for all vehicles with a combined gross weight of 55,000 lbs. or more, or a copy of the 2290 along with the front and back of canceled check or a copy of the PDF file that was filed electronically. The PDF document will have a special watermark on the Schedule 1 (Form 2290) which indicates “IRS e-file” and indicates “Received MM/DD/YYYY.” Applicants that report twenty-five (25) or more vehicles are required to file electronically.
- If previously registered by the same applicant in another jurisdiction must report actual distance and provide a copy of the previous registration on each vehicle being registered.
- New Account Application Forms – Available at www.ncdot.gov/dmv/forms/ - IRP
 - IRP-A Apportioned Account Application
 - IRP-F Apportioned Fleet Application
 - IRP-E Apportioned Equipment Application
 - IRP-M Apportioned Mileage Application – 2 pages
 - IRP-W Apportioned Weight Group Schedule

- When all information has been verified by the IPT, they will input data into the IRP System and generate an invoice for customer. (Customer can bring in New Account Application or we can print after processing for the customer to sign the New Account Application).
 - a. Invoice can be faxed or mailed back to carrier for payment if paperwork mailed in
 - b. Paperwork processed in office - The customer has option of paying by check, money order or credit card. After payment is processed customer is handed invoice, receipt, and registration/cab card and IPT attaches the year sticker to the license plate. Advise customer that the Cab Card is the registration for an Apportioned License Plates and the blue registration card is a STICKER RECEIPT only for Apportioned License Plates.

STEPS FOR COMPLETING IRP RENEWAL

- The IRP Renewal Application packets are mailed approximately 75 days prior to the expiration date. IRP renewals can be processed 60 days prior to the expiration date.
- There are three ways IRP renewals can be processed; by mailing completed IRP renewal application to the Raleigh or Charlotte IRP Office, processing online or in person at Charlotte or Raleigh IRP offices.
- IRP renewals cannot be processed at license plate agencies.
- If renewals are processed by internet and paid by EFT and customer elects to pick up renewal at the Raleigh location, at least 3 business days must be allowed for processing before coming to the IRP Office. If paid by EFT and customer elects to have credential mailed, allow 7-10 business days for processing.
- If renewing by mail, allow ample time for processing. Once the IRP renewal is received, it is processed the next business day and an invoice mailed. Payments can be mailed to DMV and the Division will mail the credentials (year stickers and cab cards) to the customer. If the customer walks in, they can pay and leave with the credentials.
- All renewal packets include:
 - Apportioned Renewal Checklist – Explains each page of the application and requirements for items needed to complete the renewal process
 - Internet Processing Letter with logon instructions
 - Renewal Schedule A – Account Information
 - Renewal Schedule F – Fleet Information
 - Renewal Schedule E – Equipment Information
 - Renewal Schedule W – Weight Group Page – will have one for each weight group associated with Fleet.

- Renewal Schedule M – Mileage Information
***** IRP Accounts will receive a separate renewal packet for each fleet in that Account.**
- The checklist informs customers of what needs to be completed prior to completing on-line, mailing, or walking in to office.
- When processing online, customers must submit stamped receipt copy of Form 2290 (schedule 1) for current year. If customer elects to pay by EFT, a voided check will need to be submitted. Should be submitted prior to beginning the on-line renewal process. Once information is updated in the system (voided checks shredded after updated in system), the renewal process can be started.
- Process for completing IRP Renewal Forms:
 - Open renewal packet
 - Renewal Schedule A - Verify address, contact person & telephone/fax numbers are correct on and sign and date.
 - Renewal Schedule F – Verify address, contact person & telephone/fax numbers are correct, mark any changes to Fleet Type, Commodity Class, and enter insurance company name, policy number and sign and date.
 - Renewal Schedule E – Verify equipment information. Make any corrections (unit number, un-laden/empty weight, number of axles) including weight group number if license weight of truck needs to be changed. Draw one line through any unit to be deleted.
 - Renewal Schedule W – Block 4 list all unit numbers registered in that weight group. Will have a Renewal Schedule W for each weight group associated with account. (even if no active units registered in that weight group) Sign and date.
 - Renewal Schedule M (2 pages) – Enter actual miles for each jurisdiction accrued for mileage reporting period indicated on line 3. Do not round numbers and do not include tenths. Sign and date.
 - Attach stamped receipted copy of Form 2290 (Schedule 1) for all vehicles 55,000 lbs. or more if applicable. IRS form 2290 must reflect the correct year's July 1st – June 30th period at top of form. Each page must clearly show E-file watermark if filed electronically or IRS receipted date stamp.
 - If customer's fleet type is FHL (For Hire Leased) – meaning leased to a company (operating under their USDOT and Motor Carrier Numbers and insurance) they must submit a copy of lease agreement/contract and copy of current insurance card every year.

***** If processing by mail all pages should be returned to IRP Office when application is complete. When we receive application if all necessary documents are not received or completed a correspondence letter is written requesting required information. Once all information is received, the renewal is processed and an invoice is mailed to the customer.**

*****If processing in person, bring completed renewal application and all required documentation (as explained above) with you to the office. (Majority of walk-in customers come in with nothing or an unopened renewal packet) If Form 2290 has not been paid we can collect payment on behalf of the IRS (a separate check or money order is required) for up to 24 vehicles (25 or more requires that you file electronically at www.irs.gov.)**

- Procedures the IPT follows before processing renewal application
 - Verify USDOT number is active and shows INTERSTATE carrier through www.Safer.fmcsa.dot.gov/CompanySnapshot.aspx website (if not customer has to get corrected before application can be processed)
 - Verify Motor Carrier Number is active and insurance on file with Federal Motor Carrier Safety Administration - www.fmcsa.dot.gov – If motor carrier number not active renewal cannot be processed
 - If carrier is LLC or INC we verify that is current-active through NC Secretary of State Website. If LLC or Inc. is not current-active renewal cannot be processed.
 - Insurance:
 - a. If customer is leased, we need a signed lease agreement/contract (signed by both parties) and insurance card from carrier leased with which must be verified on FMCSA that USDOT number and Motor Carrier number is active and has current insurance.
 - b. If customer is Common/Contract carrier we must verify with FMCSA website that authority/motor carrier number is active and has current insurance on file and USDOT number is active.
 - c. If customer is For Hire Exempt (hauls raw materials nothing has been thru a process) we must verify customer has active and current Form E on file.
 - d. If customer is private (hauls strictly his own products and hauls doesn't haul for anyone else) we can accept an insurance card or a certificate of insurance to verify company name and insurance policy number.
- When paperwork has been checked, and verified the IPT can process renewal and generate an invoice for customer.
 - a. Invoice can be faxed or mailed back to carrier for payment if paperwork mailed in
 - b. If processed online customer has option of mailing in check, paying by EFT online or walking payment into Raleigh or Charlotte IRP offices.

Paperwork processed inside office customer has option of paying by check, money order or credit card. After payment is processed, customer is handed invoice, receipt and registration/cab card and year sticker for license plate.