

TO: Members of the General Assembly of Iowa
FR: Susan Fenton, Legislative Liaison
DATE: December 11, 2024
RE: International Fuel Tax Agreement Decal Cost Recovery Proposed Legislation

BACKGROUND

The International Fuel Tax Agreement or IFTA is an agreement among all US States and some Canadian provinces. The agreement makes things easier for motor carriers that drive through different places by simplifying how they report and pay fuel taxes.

Under IFTA, qualified motor carriers are required to obtain an IFTA license and in return, they benefit from streamlined reporting procedures. This includes the issuance of a single license and a set of decals for each vehicle.

Iowa has the lowest IFTA decal cost of all jurisdictions that charge a fee. IFTA decal fees are set in Iowa Code at \$0.50 each. The current cost of producing the decals is \$0.92.

PROPOSAL

The proposal we are seeking is to allow the Department of Transportation to set the IFTA decal costs by rule to align with actual production costs and provide flexibility to amend the fee via an administrative rule, rather than requiring a statute change.

Thank you for your consideration. If you have any questions, please contact me at susan.fenton@iowadot.us or 515-509-8841.