

Alabama Department of Revenue

News Release

Aug. 2, 2002

ADOR Steps Up Enforcement: Alabama Interstate Motor Carriers Urged to Exchange Improper IRP Tags for Alabama IRP Tags

Montgomery—The Alabama Department of Revenue has some words of advice for interstate trucking companies operating in Alabama: Check your motor vehicle tags to ensure that you are in compliance with your base state's registration laws and International Registration Plan (IRP) regulations. The consequences of not being in compliance can result in drivers being ticketed for improper registrations, not only in Alabama, but also in other IRP jurisdictions.

The department's warning of stepped-up enforcement efforts follows two recent Alabama District Court criminal rulings; recent IRP sanctions against the state of Oklahoma; and announcements of an ongoing Oklahoma Attorney General's investigation involving the Oklahoma Tax Commission, former commission employees, and third-party Oklahoma registration trucking agents.

On April 1, 2002, the IRP imposed sanctions against the state of Oklahoma for permitting third-party registration agents to allow interstate motor carriers to use their physical addresses and telephone numbers as qualifications for an Oklahoma base jurisdiction registration. The International Registration Plan (IRP) was founded and operates on the "base jurisdiction" concept. A "base jurisdiction" means, for purposes of motor carrier fleet registration, the jurisdiction where the registrant has an established place of business, where mileage is accrued by the fleet, and where operational records of the fleet are maintained or can be made available for audit.

Third-party agents reportedly solicited Oklahoma IRP registrations through promotions of lower registration fees and allegedly legitimate tax avoidance schemes. In response to Oklahoma's failure to prohibit such actions, sanctions were issued by the IRP prohibiting other states from transmitting apportioned registration fees to Oklahoma until Oklahoma closed loopholes in its registration laws allowing registrations by

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third-party agents. Later this year, the Oklahoma Tax Commission implemented new rules in compliance with the IRP provisions. Since that time, the IRP sanctions have been partially lifted, but investigations have continued.

This, however, according to Alabama Commissioner of Revenue Cynthia Underwood, does not resolve Alabama's IRP issues regarding improper Oklahoma IRP registrations.

"Because the state of Oklahoma has not rescinded its illegal registrations for the current year, thousands of improper Oklahoma registrants continue to travel across the country. Alabama-based motor carriers refusing to register their vehicles under Alabama IRP registrations will face possible citations and fines, if convicted, up to \$500 per offense," warned Underwood.

To assist any improperly registered Alabama-based motor carrier in obtaining Alabama IRP registration credentials, the department will allow any improperly registered motor carrier to exchange its current Oklahoma IRP license plate for an Alabama IRP license plate, having the same registration period.

"No additional Alabama IRP registration fees will be charged for an unexpired Oklahoma license plate. The registrant will not have to seek a refund of IRP fees paid to the state of Oklahoma. The process will simply be a swap—an Alabama plate and cab card for an unexpired Oklahoma plate and cab card. However, an issuance fee of \$1.75 per vehicle will be charged and any Alabama property taxes and sales taxes determined to be due must be paid before an Alabama IRP license plate and cab card will be issued," explained Underwood.

"Over the past three years, Alabama has experienced a decline in approximately 3,000 IRP vehicle registrations. This decline spills over into other critical tax revenue areas such as property and sales tax mainly because in Alabama, the IRP registration is linked directly to the collection of sales/use tax and property taxes on vehicles and equipment operated by the motor carrier. Licensing officials must obtain proof of payment of the taxes before the vehicles and/or equipment can be registered. By

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evading IRP registration in Alabama, registrants may also evade Alabama property and sales/use taxes as well,” added Underwood.

To qualify for the license plate exchange, the motor carrier must:

- Have an established place of business located in Alabama or be an owner-operator that leases a vehicle or vehicles to a motor carrier that has an established place of business in Alabama.
- Complete and file IRP Schedules “A,” “B,” and “E.”
- Provide current Alabama property tax receipts from the county in which the registrant’s fleet is based.
- Provide sales invoices or county tax receipts reflecting the payment of sales or use taxes.
- Provide a copy of each title application or certificate of title.
- Provide proof of payment or exemption of the federal heavy vehicle use tax (IRS Form 2290) for each power unit to be registered at 55,000 lbs. or more.
- Provide current license plate and cab card.
- Pay the IRP issuance fee of \$1.75 per vehicle.

Alabama IRP applications and forms are available in Montgomery at the department’s IRP Office, located in Room 1239 of the Gordon Persons Building. Applications and forms may also be obtained at all Alabama county courthouses and all Alabama Department of Revenue Taxpayer Service Centers. Applications and forms may also be downloaded from the department’s Web site at www.ador.state.al.us.

For more information concerning Alabama IRP registration requirements, contact the Alabama Department of Revenue IRP Office at (334) 242-2999, Monday through Friday, 8 a.m. through 4 p.m. CDT.

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