Virtual Roundtable: FRP, Two Years Later
Compiled Notes from Discussions November 16 and 17, 2016

For more information on the Full Reciprocity Plan, refer to http://www.irponline.org/?page=FullReciprocity and the posted Q&A

How did you communicate FRP to industry?
- Blast emails to industry/all registrants/anybody who had commercial motor vehicles
- Sent letters with renewals
- Law enforcement side: distributed emails to local law enforcement.
- Updated internet page with FRP changes.
- Worked with local trucking association. Good feedback.
- Engaged motor carrier association and industry.

What were industry reactions?
- After a lot of outreach, still receiving questions from existing customers.
- Customers are glad not to have to pay for jurisdictions they may not use. It is not perfect, but the prior way was not perfect.
- Most customers have a positive attitude
- Renewal is easier to understand for carriers without estimated mileage.
- No more adding jurisdictions saves time and effort.
- Some confusion from new carriers about needing to pay for all jurisdictions. More education needed to let them know why they are paying
- Existing carriers confused about the cab card regarding having all jurisdictions on the card.

Training for staff/auditors? Any issues?
- Sat down with all auditors. Everyone excited because estimated distance was tedious. Do current year audits, but usually do 3-4 year audits. Now working with two versions of the Plan. Makes things easier. They don’t remember what to do for years prior to FRP. They have actual and they don’t have any distance so they zero it out. Going back and forth between years tends to be more difficult. Also, all new staff. One year – they want to know why they can’t get a refund – explain that’s FRP. Gone a couple rounds with some carriers about that.

Any challenges deploying FRP? Are you seeing an increase in carriers reducing weights in jurisdictions they don’t want to travel to, to manipulate/minimize fees?
• Some carriers request weight decrease at renewal, they have an amount they increased, but at 2017 renewal they want to reduce that amount.
• Most jurisdictions were hard line regarding weight variance.
• Quality control. It has been hard with weight variance.
• 10% variance explanations – they have to make sense.
• Canadian and U.S. weights are typically very different. There is a standard deviation. Trucks that would go at a high weight in Canada can’t go at high weight in U.S. It is a cut and dry answer. No distance in the U.S. Typically would find regional situations.
• Some carriers do more than 10% weight variance due to the fact that they have West coast runs and East coast runs. Need approval before allowing that. Haven’t seen a growth in that since FRP.

Issue of carriers requesting weight decreases at renewal, then increasing during the year, then decreasing at the next renewal. How do we identify this? How do we know this? Are you running some system reports?
• Would you let them decrease that weight? One jurisdiction didn’t think so if a staff member sees it.
• Example: A carrier increased this weight in another jurisdiction. They didn’t pay any fees to begin with. The next year – still didn’t have distance in that jurisdiction. Trying to see what people are doing with weight decreases at renewal time.
• The audit group looks at that. We have not come across any carriers that have that issue. That was a concern. Processing staff are not doing anything for that now. Could refer them for audit.
• What if coming back the following year and not reporting distances? Response: one jurisdiction Would add fees and miles for unreported jurisdiction. Unless records inadequate, couldn’t do anything.
• New issue for one jurisdiction, will look into ways to stop this.

Any issues with the 10% weight variance?
• If they’re all at 10,000 pounds and then there are jurisdictions that will allow higher weight. What difference does it make? Do you have indicators to allow it to go? Leaning towards stopping them if they go less.
• 10% variance is for anything 80,000 pounds or lower.
• Flags in system – use it as fraud deterrent.

New carrier in the past 18 months. What do you do if carrier can’t produce the records/distances?
• Some carriers are not cooperative. Clarification: say they were leased on and company won’t give up records.
• Follow up with companies themselves, typically will have better luck.
• Assess the carrier for failure to provide records on an audit. Referral from operations. They had been leased onto someone. Reported average per vehicle distance. Couldn’t provide actuals because he had turned them in.
• Reached out to the company, if they refused to turn the records over; we used average distance chart.
• If carrier cannot give actual distance – what recourse do we have? Why would you not use APVD chart? Throw it back to audit. Inadequate records assessment appropriate.

Are we seeing an increase in unreported distances due to FRP?
• No
• Truck that had to do 100% fee on; distance wasn’t reported in a jurisdiction. We’re not able to do that now.
• If you find fuel receipts in a jurisdiction, you can’t adjust it if records not there.
• Have not seen that to the degree that was speculated before FRP.
• See it a lot. Not fraudulently trying to report jurisdictions.

FRP financial impact study. Have you noticed impact to registration fees or permits?
• Two jurisdictions saw a decrease in registration fees.
• Four jurisdictions saw a decrease in trip permits.
• Three jurisdictions have not seen a much of a decrease in trip permits.
• One jurisdiction indicated it is not a pass-through state. Don’t see much of a difference. Do see impact to trip permits.

Permits: FRP did away with need for permits. Are we seeing that across the board?
• Two states have seen significant decrease in permits. One of them waiting for two year mark as a lot of jurisdictions are staggered before do an analysis.
• Some are waiting for the audits to be completed to see if there was a decrease or increase.

Has anyone missed second year estimates?
• No.

How has FRP impacted your audit processes? Easier or not easier?
• Process is easier. Just look at actual numbers. Run into where registrant has messed up – put in wrong jurisdictions. Ending up having to add a jurisdiction, adding manually. Still seeing that often.
• Easier. Before FRP, had to consider that carrier could say “don’t keep the jurisdiction”. Delete the estimate”. 
Doing multiple year audits – could be doing an audit involving FRP and non-FRP. Has that been a challenge? What training have you provided to your staff?

- Have not seen that. Auditor keys that into system – system had no issue during interim period.

Has explaining it been a challenge?

- No

Are you doing a lot of FRP audits?

- Doing 2014 and 2015 right now. Next year – we’ll be doing all FRP audits.

Audit question: Registrants reporting distance in your jurisdiction and another jurisdiction. When to pull them up for audit – we only do IRP and another office does IFTA. Pulling IFTA reports – travelling in more jurisdictions other than what’s reported in your jurisdiction. Our jurisdiction will tack on those distances for unreported jurisdictions. How do other jurisdictions handle this or are you seeing this?

- One scenario, calling these accounts inadequate.
- Issue – adding those jurisdictions in and collecting fees for them. Adding 20% is different. Some jurisdictions issue a bill – assess 20% on that. Because Plan says 20% for fees paid. Assess them and then they pay that.
- Do you add them on top of 100%?
  - Adding them on top of what they reported in both cases whether the carrier has records or not.
- In cases where they have records, there’s no ??? above 100% - they have to be within 100%. If carrier has records – add the miles and the fees and recalculate everybody. Inadequate situation touchier – Audit Committee looking at that issue. There is no language that allows a jurisdiction to add unreported distance.
- When we find it – ignoring it. There are no fees paid. Don’t have ability to add jurisdictions, have no way to handle those types of things.
- Question: If we add the jurisdictions, does it calculate above 100%?
  - System handles everything off of fees paid. If not, our system doesn’t know what to do with that. Having to manually calculate fees. Programmers able to create program – what fees should be paid. Jurisdictions might be seeing this.

Does the Plan say you can’t charge more than 100%?

- The Plan says you pay 20% on fees paid. If unreported – no fees paid. You can’t charge them fees – the number you’re calculating has never been paid by carrier.
- This was a ballot that failed.
- There are many facets to this. This language was drafted – either you have enough info for an audit or you don’t. There is an understanding that auditors will audit on behalf of
all jurisdictions. We know there was travel. The Plan prohibits that right now. Other
alternatives. The Audit Committee has been trying to gather data on this.
  o How often we’ve seen this happen?
  o Is an adjustment needed?
  • Audit Committee: encourage jurisdictions to email examples to Audit Committee. That’s
    what we’re looking for. Trying to gage if jurisdictions starting to see it and understand
    issue.

FRP vs. conversion credits: we’re finding new registrants who doing base plates only. One
jurisdiction provides credit – IRP converted plate for jurisdiction base, because we have to do
conversion distance. It’s no longer regional – we are losing credits that we allow for that. Only
provide credit for base jurisdiction fees only, not for other apportioned jurisdictions.
  • Another jurisdiction: in first quarter they bring it to FRP – we refund and make them pay
    whatever the charges are on apportioned plate. If it’s longer than a quarter, they’re out
    the money.
  • Another jurisdiction- refunds are provided. Don’t carry credits from one system to the
    next.

How are jurisdictions handling weight changes in jurisdictions that have no miles/no distance?
After the renewal they wouldn’t be charged. They could potentially be getting higher rate and
not be charged.
  • Discussed earlier. Everybody sticks to the 10% variance. For most jurisdictions, they
don’t apply 10% variance if maxing out weight. If going below, for example, someone
lowering their weights, we would question it.
  • Scenario: A carrier had actual miles in a few jurisdictions. Then wants to do a weight
increase for a jurisdiction where didn’t have any miles. They do the weight increase – no
charge because there were no miles. Then drop down the weight at renewal time. Not
having to pay for it. This was discussed at Annual Meeting – should weights take into
account fees?
    o Jurisdiction - haven’t seen that (don’t think so)
    o Jurisdiction- didn’t know whether to allow them to drop the weight. When
      renew, will have that increased distance.

Owner-operator distance: moving to his own operation. Entirely different area of operation.
Are jurisdictions treating that the same way?
  • Did he actually have a new operation or was he leased onto someone else and now he
    has his own business? Yes.
  • Would be a new carrier?
  • If that truck had axle miles, would still have to report actual miles, instead of setting up
    new account using the APVD chart.
• Handling that in a different way.
  o Does this need to be discussed?
• Were in all of US and all of Canada; now they have operation that’s just two jurisdictions.
• If you handle it differently – not being handled the same way across the board.
• If they have actual distances and they have fuel reports; he would still be new account but he can count the miles.
• He can or he has to? What if he can’t get distance from previous employer?
• Open a new account if can’t get miles. In most cases, use actual miles.
• No guarantee that miles reported by former employer was reported accurately.
• Possible issue to be addressed.
• Fine line. Just percentages. A year in the past. Not a big difference in some jurisdictions between actual distance and average.
• Problem prior to FRP.
• From industry point of view, this needs to be addressed.
• What if can’t get miles from previous employer? Don’t track those miles per vehicle. Goes to the fleet. You don’t know what each one has done.
• If auditor can’t get those miles, will use the percentages of that carrier. For opening up new account.
• Have them sign a paper – responsible for reporting miles to their state. Need to go back to their own records.
  o Feedback: It depends on what lease says. A carrier opening new fleet. Looking at multiple years for audits. If we see that it’s completely different – leave it as it is. All based on the operation.
  o Interested in seeing information about how other jurisdictions doing that.
  o Disconnect in FRP
  o Ask them questions about the operation. Carrier can’t get distances – if we can’t, forced to go back to estimated/average distances.

Any questions from industry?
• System/applications provider: most of the transitions went smoothly.

New carriers that can’t collect distance from prior employer?
• Application can do actual or average. Most jurisdictions don’t allow a new fleet to be set up.