



# Jesse White

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## SECRETARY OF STATE

# NEWS

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### **TRUCKING OVERSIGHT AUTHORITY AWARDS ILLINOIS \$6.3 MILLION White Wins Three-Year Battle with Oklahoma Over Registration Fees**

Illinois Secretary of State Jesse White announced that his office has won a final judgement against the state of Oklahoma for \$6.3 million in unpaid registration fees for interstate trucks.

White originally filed a claim against the state of Oklahoma more than three years ago asserting the state's lax oversight allowed thousands of out-of-state trucking companies to improperly register there and subsequently report false mileage estimates. These false mileage estimates led to improperly reduced registration fees being paid to Illinois.

The International Registration Plan (IRP) Dispute Resolution Committee's recent decision ends the three-year dispute and allows White's office to immediately deposit \$3.1 million of registration fees he has withheld from Oklahoma into Illinois' road fund.

In addition to the \$6.3 million judgement in favor of Illinois, Oklahoma was assessed four percent interest on all unpaid fees and will incur an additional 10 percent penalty if the total outstanding fees aren't paid within 45 days. If Oklahoma fails to make payments, Illinois will continue to withhold registration fees due to Oklahoma until the full amount is collected.

"I'm pleased that the IRP Dispute Resolution Committee has resolved this issue and ruled in our favor," said White. "We believe the IRP has sent a strong message to all of its members that it will not tolerate this type of fraud. I commend our auditors and attorneys for discovering this problem and for recovering more than \$6 million for Illinois' road fund."

The State of Illinois, along with all other states in the continental U.S., the District of Columbia and ten Canadian provinces, belong to the IRP for the registration of semi-trucks and trailers as well as certain other types of vehicles.

Under the plan, a truck owner can register in one state and pay to that state the pro-rated registration fees for all of the states in which the truck operates. The fees paid for a given state depend on the number of miles the truck or trailer operates in that state and the annual registration fee in that state. The state in which the vehicle is registered then transmits the fees collected to the appropriate states.

In Oklahoma, the IRP is administered by the Oklahoma Tax Commission (OTC). White's office investigated a pattern of improper IRP registrations in the state of Oklahoma that began as early as 1996 and escalated dramatically in 2000. The investigation determined that the OTC was allowing truckers from throughout the country to use the addresses of middlemen, called service agents, to register in Oklahoma. White's office found that thousands of registrants were using the same address and phone number.

The scheme also allowed the truckers to estimate mileage based on mileage charts developed by these service agents. Both new registrants and existing trucking operations were allowed to use these mileage charts. The mileage charts developed by the service agents were designed solely to artificially reduce the registration fee. The charts estimated truckers would drive only a few hundred miles in states with high registration fees, and hundreds of thousands of miles in states with the lowest registration fees. The charts usually gave Oklahoma an exaggerated percentage of the miles as well, thus allowing it to collect millions of dollars in truck registration fees to which it was not entitled. As with the addresses, White's office found that the service agents used the exact same statement of estimated mileage for thousands of different registrants.

Although the IRP requires trucks to register in a jurisdiction where they have an established place of business, the State of Oklahoma consistently refused to enforce that provision. The IRP's peer review process found Oklahoma in violation of this provision in 1997 and again in 2001. White's investigation showed that more than 100,000 trucks and trailers were fraudulently registered in Oklahoma.

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