



***IRP and Apportionment  
License Conference  
January 15, 2020***





## *International Registration Plan*

- The International Registration Plan (IRP) is a reciprocity agreement among states of the US, the District of Columbia and provinces of Canada which recognizes the registration of commercial motor vehicles issued by other jurisdictions.
- Motor carriers register with and pay to one jurisdiction. The fee is based on the percentage of distance traveled in each jurisdiction according to that jurisdiction's fee schedule; these fees are then distributed to the relevant jurisdictions.
- Registered motor carriers receive apportioned plates and are able to travel through all IRP member jurisdictions.
- Commercial motor vehicles either alone or used in combination weighing more than 26,000 pounds (11,794 kilograms), and traveling in two or more jurisdictions, are likely registered under IRP.

<https://www.irponline.org/>



## *Apportionment – History in Alabama*

- B-H Transfer Company, Inc., a Georgia company which maintained a fleet of tractor trucks and semi-trailers at its Sylacauga terminal in Talladega County, filed suit against Revenue Commissioner Julie Magee in the Circuit Court of Talladega in 2013. B-H Transfer contended that, to the extent that Alabama's ad valorem taxation scheme prohibited the apportionment of the value of motor vehicles that have a tax situs in other states it violated the Commerce Clause of the United States Constitution.
- On February 25, 2014 the Circuit Court of Talladega County issued its Final Order and Judgment in favor of B-H Transfer
- In March, 2014 a Tax Administration Order was issued by Revenue Commissioner Julie Magee in response to the circuit court judgement to apportion ad valorem tax on vehicles with IRP registrations and those engaged in interstate commerce having tax situs in AL



## *Apportionment – Alabama Registered IRP*

When calculating the property tax due on Alabama registered IRP trucks the market value of the truck must be apportioned. The apportioned amount for Alabama registered IRP trucks is determined by using the fleet mileage traveled inside the State of Alabama as a percentage of total fleet mileage.

The owner is responsible for providing documentation from the Alabama Department of Revenue Motor Vehicle Division as proof of mileage traveled. The market value of each truck is apportioned based on this percentage.



# Example of Alabama IRP Registration



ALABAMA DEPARTMENT OF REVENUE  
MOTOR VEHICLE DIVISION  
INTERNATIONAL REGISTRATION PLAN

P.O. Box 327620 • Montgomery, AL 36132-7620 • (334) 242-2999  
([www.revenue.alabama.gov](http://www.revenue.alabama.gov))

## IRP JURISDICTION FEES DUE

Jurisdiction	Apportion%	Charge	Credit	Net Due
WV	0.64400%	\$31.20	\$0.00	\$31.20
		Amount Due Foreign Jurisdiction :		\$3832.33
AL	27.78200%	\$905.68	\$0.00	\$905.68



## *Apportionment – Out of State Registered IRP*

When calculating the property tax due on out of state registered IRP trucks the market value of the truck must be apportioned based on the state in which the truck is registered. The apportioned amount is determined by using the fleet mileage traveled inside the State of Alabama as a percentage of total fleet mileage.

The owner is responsible for providing documentation from the state in which the truck is registered as proof of mileage traveled. The market value of each truck is apportioned based on this percentage.



## *Statewide Apportionment Factor*

The Alabama Department of Revenue issues an annual statewide factor for apportionment based on the statewide average fleet mileage of all IRP registered trucks traveling inside the state of Alabama as reported to the Alabama Department of Revenue Motor Vehicle Division in the previous year.

**The statewide average fleet mileage apportionment factor for the  
2020 tax year is 21%**



## *When to Use the Statewide Factor*

If Alabama IRP trucks and out-of-state IRP trucks have no history of fleet mileage for the previous year, use the statewide average fleet mileage apportionment factor.

There are only certain circumstances when the statewide factor should be used:

- IRP trucks of a start-up business
- reactivated /reopened IRP accounts
- trucks that were leased to another company in the previous year.





## *Example*

### Property Tax Calculation for Tax Year 2020:

- Statewide average fleet mileage apportionment factor of 21%
- The percentage of the market value of each truck taxable in Alabama will be 21% of the total market value.
- A truck valued at \$100,000 would then have a taxable market value in Alabama of \$21,000 ( $\$100,000 \times .21 = \$21,000$ ).



## *Apportionment of Semi-Trailers*

- Semi-trailers are not registered under IRP and may display an Alabama issued standard trailer plate, an Alabama issued permanent trailer plate, or an out-of-state issued trailer plate.
- When calculating the property tax due on Alabama and out-of-state registered semi-trailers engaged in interstate commerce when the owner has no IRP trucks, the statewide average fleet mileage apportionment factor is used to apportion the market value of for registration or other valuation for ad valorem tax purposes.

**The statewide average fleet mileage apportionment factor for the  
2020 tax year is 21%**



## *Minimum Value*

When calculating the taxable market value of Alabama registered IRP trucks and out-of-state registered IRP trucks and semi-trailers having tax situs in Alabama, the apportioned market value may be less than the current set minimum market value. If this results in an apportioned market value less than the current set minimum market value the lesser amount shall be used.

Example: The billing invoice or detailed mileage data indicate an apportionment factor of 16%. The percentage of the market value of each truck taxable in Alabama will be 16% of the total market value. A truck valued at \$2,000 would then have a taxable market value in Alabama of \$320 ( $\$2,000 \times .16 = \$320$ ).



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