**Section 1010.710 Vehicle Proration**

a) How Proration Works

1) Proration is a method of licensing truck and bus fleets proportionately among several states. The proration fee is determined with reference to the portion of the carrier's mileage generated in each of the individual states.

2) The Illinois proration percentage is first obtained by dividing the carrier's mileage in Illinois by the carrier's total mileage. The Carrier then determines what it would cost if the carrier's entire fleet was licensed in Illinois. The Illinois proration fee is then obtained by multiplying this total fleet registration cost by the proration percentage.

3) The carrier is entitled to as many Illinois license plates as may be purchased for this total Illinois prorate fee. Prorate decals and identification cards are issued for the balance of the carrier's vehicles.

4) The vehicles for which Illinois license plates are issued are entitled to full operating privileges in Illinois, both interstate and intrastate. The vehicles for which prorate decals are issued are limited to interstate operating privileges in Illinois, with the exception of an incidental intrastate operation. Incidental shall be defined as 40% or less of the payload. If "For-Hire", the carrier must have intrastate authority.

b) Filing Date

1) Renewal applications for Vehicle Proration will be available for filing after October 1 of the current year, and must be on file in this office prior to December 1 of that year.

2) If the fees or taxes due are filed after the date specified by the Secretary of State, the Secretary will prescribe the payment of interest at the rate of 1/2 of 1% per month, or a fraction thereof, after the date January 15 of the registration year.

c) Rules and Regulations

 Pursuant to the provisions of the Illinois Vehicle Code (IVC), the following rules and regulations have been adopted regarding vehicle proration.

1) Proration is available only for commercial vehicles having a combined gross weight in excess of 12,000 pounds, including the weight of the vehicle and the maximum load, which are operated interstate. A prorate-plated unit which fails to operate interstate in the calendar year for which the license has been issued is subject to full Illinois fee with credit for the amount previously paid.

2) If the applicant operates divisions of separate fleets, the applicant must combine all of the units operated by the various divisions in one application.

3) Applications will not be accepted unless executed and submitted by the "owner", as defined in Section 3-400 of the Illinois Vehicle Code. A long-term lessee is an owner.

4) Every unit in excess of 12,000 pounds operated in the State of Illinois in interstate operations must be included on the schedule for proration.

5) Computing the mileage and factor

A) In computing the mileage, both interstate and intrastate mileage of interstate operations must be listed on the schedule.

B) In computing the prorate factor, however, only vehicles which generated Illinois miles while in the service of the applicant during the reporting period may be used.

6) Calendar Year Applications must be used for units which are to be licensed in Illinois, and these applications must be submitted with the Application for Vehicle Proration and Schedule for Proration. Proof of ownership must be submitted for all units applying for Illinois Prorate base plates. Credit will not be given for Illinois licensed vehicles unless the applications for Illinois license accompany the prorate application. An applicant may purchase as many Illinois license plates as may be purchased at standard Illinois fees for all or part of the prorate fee to be due at the time of payment. Prepare a separate application form (calendar year application) for each vehicle to be licensed in Illinois as indicated along with the application. Unused prorate fees cannot be used to purchase Illinois plates or decals subsequent to filing of the original or any supplemental application.

7) A carrier who purchased Illinois license plates in excess of the amount of prorate fees cannot use the excess as a credit to obtain additional prorate decals applied for in subsequent supplementary applications.

8) Intrastate commerce, as defined herein, will be permitted only for those units which are licensed in the State of Illinois and display Illinois license plates, with the exception of an incidental intrastate operation on a prorate decal.

9) Applications for Illinois license plates on leased vehicles must be submitted in the name of the lessee-applicant and a lease agreement must be attached. In the event that the lease is terminated, the license plates can be transferred to the owner-lessor upon receipt of a transfer application, the statutory fee, and a notarized release of interest from the lessee.

10) Transfers of prorate decals are permitted for the statutory fee, provided the transfer is to a unit of the same weight classification as the unit which was deleted.

11) Every applicant is required to maintain an individual vehicle mileage record.

d) Definitions

 The following definitions govern some of the terms used in the Application for Vehicle Proration. Please review these definitions to be sure of accurate completion of the application.

 "Combined Gross Weight": Combined gross weight shall mean the weight of the bus, truck or truck-tractor and semitrailer unit and the maximum load.

 "Commercial Vehicle": Commercial vehicle shall mean a bus, truck or truck-tractor and semitrailer combination having a combined gross weight in excess of 12,000 pounds which is used or maintained for transportation of persons or property for-hire, compensation, profit, or in furtherance of a commercial enterprise.

 "Interstate Commerce": Interstate commerce shall mean transportation between two or more states or transportation originating in one state and passing into or through other states for delivery in another state, and which is not intrastate.

 "Intrastate Commerce": Intrastate commerce shall mean transportation originating at any point within this state and destined to any other point or place within this state, irrespective of the route, highway or highways traversed, including transportation which passes into or through another state before delivery is made within this state, and including any act of transportation which includes or completes a pickup within Illinois for delivery within Illinois.

 "IVMR": IVMR shall mean Individual Vehicle Mileage Records required of all prorate carriers.

 "Long-Term Lease": Long-term lease shall mean a lease of a vehicle to a lessee for a period of 30 days or more.

 "Principal Place of Business": Principal place of business shall mean the place where any person transacts his principal business, or where he makes up and approves his payroll, maintains a central file of records, and maintains his principal executive offices. In the event that not all of these functions are performed in one place, then that place where a majority of such functions are performed or the place where such person does, in fact, principally transact and control his business.

 "Reporting Period": The period of twelve consecutive months immediately prior to July 1 of the year immediately preceding the commencement of the registration or license year for which proportional registration is sought.

 "Short-Term Lease": Short-term lease shall mean a lease of a vehicle to a lessee for a period of 29 days or less, but for more than one trip.

 "Trip Lease": Trip lease shall mean a lease of a vehicle to a lessee for a one-trip operation only.

e) Temporary Prorate Authorization Permit

1) Once an original application is on file, fees have been paid and the immediate operation of a vehicle is necessary prior to receiving prorate credentials from the State of Illinois, the carrier may operate the vehicle by use of the Illinois Temporary Authorization Permit. This permit may be obtained by writing the Commercial & Farm Truck Division in the Secretary of State's Office.

2) The permit must be completed in full and be typed. One copy of the permit is to be carried in the vehicle, one copy is to be retained by the company for audit purposes, and one copy is to be forwarded to the Secretary of State's Office along with the accompanying supplemental application plus the appropriate fees within five (5) working days after the permit has been issued.

3) The permits will be issued upon written request at the statutory fee and in numerical order. Temporary permits are valid for 45 days from the date of issuance by the company. These permits are not to be used for the renewal of any registration.

4) All unused permits issued for that calendar year must be returned to the Commercial & Farm Truck Division, Office of the Secretary of State, by January 15 of the next year. For the number of expired unused permits that are returned, the office will issue that same amount of next year's permits free of charge, limited, however, to the renewal by a carrier of the same account. Any permits received after January 15 will be accepted for accountability and audit purposes only.

5) No more than one permit may be issued per vehicle. If a permit is typed out incorrectly and needs to be voided, all three (3) copies are to be returned to our office with a letter of explanation.

6) If all of the permits issued to a company are not accounted for, the company will be assessed full year Illinois fees in the highest weight or fee category for power units that the company has a power unit registered in during the registration year in question and the company will lose its privilege of obtaining temporary authorization permits.

f) Additional Information

1) Uniform Proration Compact

 In requesting the issuance of Illinois license plates and prorate backing plates, carriers who are prorating under the Uniform Proration Compact should be aware of the following requirements relating to the issuance of license plates and backing plates:

A) The carrier may designate for issuance by Illinois at least that number of license plates for which payment could be made in full from the amount of money paid by the carrier in prorate fees to the State of Illinois.

B) Illinois will not issue more license plates than may be designated pursuant to subsection (1) hereof unless the applicant pays the standard Illinois fee for the additional vehicles to be licensed in the State of Illinois.

2) Leased Vehicles

 All license plates and prorate identification issued pursuant to this application will be issued in the name of the applicant-carrier. This will apply even in the case of vehicles which are leased to the applicant-carrier by the lessor. In such case, application for Illinois registration should be made in the name of the long-term lessee with the lessee's address. The name of the lessor may also be shown.

A) Trip Lease

i) A carrier whose fleet has been prorated with the State of Illinois may trip lease a prorated vehicle to another carrier whose fleet has also been prorated with the State of Illinois, provided a copy of the lease is in the cab of the unit being operated by the lessee.

ii) The lessor, however, must maintain, for the purpose of individual vehicle mileage records, the mileage operated under the trip lease, and the lessor must, in filing a prorate application for the succeeding year, record the miles operated by that truck under the trip lease. In the event that a reciprocity carrier trip leases to a prorate carrier (lessee), the prorate carrier must purchase an Illinois 72-hour trip permit.

B) Short-Term Lease (Less than 30 days, but for more than one trip): The lessor must maintain, for the purpose of individual vehicle mileage records, the mileage operated under a short-term lease and the lessor-carrier must, in filing a prorate application for the succeeding year, report the miles operated by any unit under a short-term lease.

C) Long-Term Lease: The registration identification card for base plates from all jurisdictions must indicate the name of the lessee, or the names of the lessor and lessee, if the lease is for 30 days or longer.

i) 30 days or more/prorated units – the lessee must maintain, for the purpose of individual vehicle mileage records, the mileage operated under a long-term lease, and the carrier must, in filing a prorate application for the succeeding year, report the miles operated by any unit under a long-term lease.

ii) 30 days or more/fiscal-plated units – the vehicle shall be registered jointly in the names of the lessor and the lessee, and if said unit has been issued an Illinois fiscal plate, then mileage generated by that unit shall be reported on the prorate application if the unit operates interstate while in the service of the applicant.

g) Mileage Record Keeping Requirements

1) Individual Vehicle Mileage Records

A) As a condition precedent to the filing of a prorate application, every applicant is required to maintain individual vehicle mileage records, hereinafter referred to as IVMR, in the form and manner prescribed in these instructions.

B) Any registrant whose application for prorate registration has been accepted shall preserve the records on which it is based for a period of four years. Such records shall be made available to the Secretary of State's Office for audit as to accuracy of computation, payments, and assessments for deficiencies or allowances for credits, during the normal business hours of the day.

C) The IVMR is a summary of the driver's daily logs or other source documents that when completed will show a pattern of continuous movement of the individual vehicle. Trips must be listed in chronological order. The applicant will be required to explain time lapses and unaccounted for movements in sufficient detail to permit the auditor to satisfy himself that all mileage is properly recorded.

D) The IVMR is not to be submitted to this office. It is to be maintained by the carrier as a mileage record from which the carrier may complete the schedule and be available for audit.

E) An IVMR must be maintained by the applicant for each vehicle that is a part of the fleet. IVMR's must be prepared on a monthly basis. At the end of the mileage period, all mileage records must be made available at one location for audit purposes.

F) The source documents comprising the IVMR's must contain the following information:

i) Date

ii) Trip Origin & Destination

iii) Driver's Name

iv) Total Trip Miles

v) Mileage by States

vi) Vehicle Serial Number

vii) Vehicle Fleet Number

viii) Decal Number

ix) Plate Number

x) Routes Traveled

G) The IVMR must include any and all movements of the prorated vehicle, whether loaded or empty.

H) All applicants are required to maintain IVMR's for the purpose of accumulating the required mileage statistics. The Secretary of State will permit the use of alternate systems when permission has been granted by the Reciprocity-Prorate Audit Division of the Secretary of State's Office. To obtain this permission, the following conditions must be met:

i) The applicant must submit in writing to the Office of the Secretary of State, a request for permission to use a substitute mileage accounting system, setting forth the reason(s) why a substitute system is necessary.

ii) As part of the request, include samples of the form which is proposed to be used.

iii) A detailed step-by-step procedure for the use of this system must also be submitted.

iv) If such permission is granted, the applicant will not be required to maintain the IVMR.

v) An applicant may continue the use of an approved alternate system, provided the applicant does not change the system, until notification by the Secretary of State to the contrary. The Secretary of State, through the Reciprocity-Prorate Audit Division, will approve an alternate system if all of the information required to be maintained above in the IVMR's is maintained, although not in the IVMR format.

2) Monthly summaries of IVMR's must then be compiled for the fleet.

3) Annual summaries of the fleet must be prepared from the monthly summaries.

4) When a leasing company or any trucking service company prepares the prorate application for any carrier, the carrier must retain copies of the mileage information furnished as well as all supporting documents.

(Source: Amended at 8 Ill. Reg. 5329, effective April 6, 1984)