



ARKANSAS TAX APPEALS COMMISSION

900 West Capitol Avenue, Suite 310

Little Rock, Arkansas 72201

501.682.2741

tac@arkansas.gov

www.tac.arkansas.gov

February 21, 2024

To: Governor Sarah Huckabee Sanders
Cabinet Secretary Allison Bragg, DIG
Speaker Matthew J. Shepherd
President Pro Tempore Bart Hester
Rep. Carol Dalby, Chair - Judiciary
Sen. Gary Stubblefield, Chair - Judiciary
Rep. Jeff Wardlaw, Co-Chair - ALC
Sen. Terry Rice, Co-Chair - ALC

Re: Arkansas Tax Appeals Commission 2023 Annual Report

Dear Governor Sanders, Cabinet Secretary Bragg, and leaders of the General Assembly:

I present to you the first annual report of the Arkansas Tax Appeals Commission, as required by Arkansas Code section 26-18-1106(b)(7). This report summarizes the Commission's first year of work in 2023. To highlight key points:

- The Commission received 3,204 tax appeals. Most of these settled or otherwise resolved without a decision.
- Of the 346 rendered decisions, 20% were all or in part in favor of taxpayers and 80% fully in favor of DFA.
- We offer relatively fast appeals, with the average time taking less than six months for all appeal types.
- All decisions are published online for review by taxpayers or other interested persons.

Background

The Arkansas Tax Appeals Commission hears taxpayer appeals from decisions made by the Department of Finance and Administration, primarily proposed tax assessments. The Commission – an independent tribunal within the Department of Inspector General – replaced DFA's internal Office of Hearings and Appeals.

Act 586 of 2021 created the Commission. The initial three commissioners were appointed effective July 2022. The Commission's rules came into effect and the Commission began accepting case transfers December 12, 2022. DFA assessments or other actions made in 2023 or later are appealed by taxpayers directly to the Commission, and appeals began in earnest in January 2023.

Taxpayer appeals to the Commission are confidential. Our decisions are published at <https://ig.arkansas.gov/tax-appeals-commission/ig-decisions-search/>, with taxpayer-identifying information redacted.

Overall Statistics

Case Load

The case load of the Commission as of December 31, 2023, was 480 open appeals. That is typical for the Commission. During the busy season in spring and early summer, it was substantially higher.

Petitions Filed

The number of appeal petitions filed in 2023 was 3,204. This includes submissions that may not ultimately be heard by the Commission, such as late petitions or petitions that lack information required by law.

Decisions and Other Case Outcomes

The Commission resolved 2,724 appeals in 2023. Resolutions were as follows:

- 346 decisions were rendered by the Commission, as detailed below. Bear in mind that the Commission did not decide many regular, non-expedited cases until the second half of 2023, due to the ramp-up schedule.
 - 276 decisions were in favor of DFA (80%);
 - 63 decisions were in favor of taxpayers (18%); and
 - 7 decisions were partially in favor of both sides (2%).
- 1,749 appeals were settled or otherwise resolved by the parties.
- 629 petitions were rejected or dismissed for lack of jurisdiction, comprised as follows:

- 140 petitions were rejected outright, mostly for late filing. The Commission lacks authority to extend the appeal deadline. Ark. Code Ann. § 26-18-1110(a)(4)(B)(i).
- 23 petitions were dismissed on motion by DFA for lack of Commission jurisdiction.
- 466 petitions were dismissed by the Commission on its own initiative after giving the taxpayer an opportunity to cure the noncompliance. In most instances this was due to the petition's failure to contain required information or documentation.
 - Appeals of proposed assessments or refund claim denials must identify the items at issue and explain why the taxpayer disagrees with DFA's action. Ark. Code Ann. § 26-18-1113(b)(1)(B).
 - Appeals for spousal relief from joint refund offsets must include documentation certifying that the nondebtor spouse does not owe a debt to the claimant agency and documentation supporting the nondebtor taxpayer's proportionate share of the refund. Ark. Code Ann. § 26-36-315(c)(1)(B).
 - In a few instances, a purported authorized representative filed a petition for a taxpayer without a valid power of attorney, and one was not provided when given thirty days to do so. Ark. Code Ann. § 26-18-1118(a)(3).

Average Time to Reach a Decision

The average times for the Commission to render a decision for various kinds of tax appeals were as follows. The time is calculated from the petition filing date to the decision date.

- Business closure order: 14 days
- Cancellation or refusal to issue a license: 28 days
- Joint refund offset spousal relief: 42 days
- Proposed tax assessment: 137 days
- Refund claim denial: 145 days

Methods of Hearing Cases

Of the decisions made in 2023, methods of hearing were as follows:

- In person: 38
- Teleconference: 189
- Videoconference: 23
- Hybrid in-person and remote: 1¹
- Hearing waived (written submissions only): 95

Conclusion

The Commission seeks to hear tax appeals fairly and efficiently. As outlined above, our operations in the first year have generally met the expected deadlines and we believe that they have yielded fair results.

The foregoing report provides the statistical information required by law. I would be happy to provide additional information and statistics about tax appeals upon request.

Sincerely,

Matt Boch
Chief Commissioner

¹ A handful of the cases listed as in-person were hybrid, with DFA participating remotely as allowed by Arkansas Code § 26-18-1115(l)(5).

Cc: Rep. Les Eaves, Chair – Revenue & Taxation
Sen. Jimmy Hickey, Chair - Revenue & Taxation
Sen. Blake Johnson
Sen. Jonathan Dismang
Cabinet Secretary Jim Hudson, DFA
Commissioner Joseph A. Sanford
Commissioner D. Clay Sloan