



## DEPARTMENT OF INSPECTOR GENERAL TAX APPEALS COMMISSION

February 6, 2026

To: Governor Sarah Huckabee Sanders  
Cabinet Secretary Allison Bragg, DIG  
Speaker Brian S. Evans  
President Pro Tempore Bart Hester  
Rep. Carol Dalby, Chair – Judiciary  
Sen. Alan Clark, Chair – Judiciary  
Rep. Les D. Eaves, Co-Chair – ALC  
Sen. Ben Gilmore, Co-Chair – ALC

Re: Arkansas Tax Appeals Commission 2025 Annual Report

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

In accordance with Arkansas Code Annotated section 26-18-1106(b)(7), I respectfully submit the third annual report of the Arkansas Tax Appeals Commission. This report provides a comprehensive summary of the Commission's activities and accomplishments during the 2025 calendar year.

The Arkansas Tax Appeals Commission was established to serve as an independent forum for resolving disputes between taxpayers and the Department of Finance and Administration ("DFA"). Its mission is to ensure fair, impartial, and timely resolution of tax controversies, thereby promoting confidence in the integrity of the state's tax system.

Over the past year, the Commission continued to refine its operations, improve efficiency, and strengthen transparency. This report details petition activity, case outcomes, and operational performance, offering insight into both the challenges faced and the progress achieved.

### *Highlights*

- **Petition Filings:** The number of petitions filed declined slightly in 2025 (declines of 10% in 2024 and 6% in 2025).

- **Decisions Issued:** Decisions issued as a percentage of appeals filed were 11% in 2025, compared to 15% in 2024 and 11% in 2023.
- **Settlements and Resolutions:** In 2025, approximately 66% of appeals were settled or otherwise resolved between the parties without a hearing, compared to 70% in 2024 and 55% in 2023.
- **Dismissals:** Dismissals occur when taxpayers submit petitions that lack the minimum required information, leading the Commission to reject them. The proportion of petitions dismissed for such deficiencies remained unchanged at 21%.
- **Operational Efficiency:** Commission operations exhibited clear and measurable improvement, with average case timelines declining across all categories of appeals.

### *Background*

The Arkansas Tax Appeals Commission serves as an independent forum for taxpayers to appeal actions taken by the Department of Finance and Administration, most commonly proposed tax assessments. Established by Act 586 of 2021, the Commission was organized in 2022 and commenced hearings in 2023.

All taxpayer appeals before the Commission are confidential. Commission decisions are published at <https://ig.arkansas.gov/tax-appeals-commission/ig-decisions-search/>, with taxpayer-identifying information redacted to protect privacy. Most appeals are adjudicated by a single commissioner; however, matters of greater complexity or significance are heard by the full Commission sitting as a panel.

### *Statistics*

| <u>Category</u>                  | <u>2025</u>  | <u>2024</u>  | <u>2023</u>  |
|----------------------------------|--------------|--------------|--------------|
| <b>Case Load as of Year-End</b>  | <b>357</b>   | <b>318</b>   | <b>486</b>   |
| <b>Number of Petitions Filed</b> | <b>2,715</b> | <b>2,880</b> | <b>3,210</b> |
| <b>Number of Claims Settled</b>  | <b>1,784</b> | <b>2,009</b> | <b>1,752</b> |
| <b>Total Number of Decisions</b> | <b>311</b>   | <b>422</b>   | <b>344</b>   |
| Decisions in Favor of DFA        | 235          | 302          | 275          |
| Decisions in Favor of Taxpayer   | 67           | 93           | 63           |

| <b><u>Category</u></b>                                 | <b><u>2025</u></b> | <b><u>2024</u></b> | <b><u>2023</u></b> |
|--------------------------------------------------------|--------------------|--------------------|--------------------|
| Decisions Partly in Favor of Both Parties              | 9                  | 24                 | 6                  |
| Default Decisions Against DFA                          | 0                  | 3                  | 0                  |
| <b>Total Number of Petitions Rejected or Dismissed</b> | <b>581</b>         | <b>616</b>         | <b>630</b>         |
| Petition Rejected                                      | 283                | 276                | 140                |
| Jurisdictional Dismissal on DFA Motion                 | 24                 | 30                 | 23                 |
| Jurisdictional Dismissal on Commission Initiative      | 176                | 294                | 467                |
| Dismissal for Nonprosecution                           | 98                 | 16                 | 0                  |
| <b>Methods of Hearing Cases</b>                        |                    |                    |                    |
| In Person                                              | 4                  | 20                 | 31                 |
| Teleconference                                         | 103                | 189                | 154                |
| Videoconference                                        | 33                 | 57                 | 37                 |
| Hybrid In-Person and Remote                            | 15                 | 4                  | 2                  |
| Hearing Waived (Written Submissions)                   | 204                | 289                | 322                |
| <b>Average Number of Days to Reach a Decision</b>      |                    |                    |                    |
| Business Closure                                       | 9                  | 11                 | 13                 |
| Cancellation or Refusal to Issue License               | 9                  | 12                 | 18                 |
| Joint Refund Offset Spousal Relief                     | 23                 | 27                 | 32                 |
| Proposed Tax Assessment                                | 47                 | 49                 | 44                 |
| Refund Claim Denial                                    | 76                 | 122                | 95                 |

### *Analysis and Comments*

Because the Commission has minimal influence over whether cases settle, although not conclusive, the increase in the number of settlements from 2023 to 2024 likely reflects a meaningful improvement in the DFA's efforts to resolve matters after they reached the Commission. Likewise, the decline from 2024 to 2025 suggests that the DFA has strengthened its practices earlier in the process, particularly prior to issuing deficiency notices. This interpretation is supported by the year-over-year decrease in the total number of petitions filed.

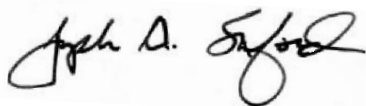
Commission procedures and staffing have continued to strengthen, as demonstrated by reduced timelines for resolving cases across all categories of appeals. These improvements were achieved despite the Commission operating for ten months – and continuing to operate – with only two commissioners. Such performance underscores the exceptional competence and commitment of our highly trained staff, as well as the substantial efficiencies gained through the strategic implementation of advanced technology.

Because appeals involving tax assessments and refund claim denials typically require five to six months to resolve, the statistics reported for 2023 did not reflect a full operational ramp-up. By contrast, 2024 represented the Commission’s first complete year of adjudications, both in terms of volume and substantive outcomes.

### *Conclusion*

This report fulfills the statutory requirement to provide annual statistical information. The Commission remains available to furnish additional data or analysis at the request of the Governor, the General Assembly, or other interested parties.

Respectfully submitted,



Joseph A. Sanford  
Acting Chief Commissioner

Cc: Rep. Frances Cavanaugh, Chair – Revenue & Taxation  
Sen. Jimmy Hickey, Jr., Chair – Revenue & Taxation  
Rep. David Ray, Vice-Chair – Revenue & Taxation  
Sen. Steve Crowell, Vice-Chair – Revenue & Taxation  
Sen. Blake Johnson, Senate Majority Leader  
Sen. Jonathan Dismang, Co-Chair of Joint Budget  
Rep. Lane Jean, Co-Chair of Joint Budget  
Cabinet Secretary Jim Hudson, DFA  
Commissioner D. Clay Sloan