Illinois Independent

Tax Tribunal

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Honorable Tim Anderson
Secretary of the Senate
401 Capitol Building
Springfield, Illinois 62706

Re: Illinois Independent Tax Tribunal Annual Report to the General Assembly

Dear Secretary Anderson:

I am providing certain statistics for the Illinois Independent Tax Tribunal for fiscal year 2016 as required by §1-85 of the Illinois Independent Tax Tribunal Act of 2012 (35 ILCS 1010/1-85). [1]

The Tax Tribunal was created by the General Assembly to provide a fair and impartial forum for taxpayers to litigate their disputes with the Illinois Department of Revenue. The Tax Tribunal, in addition to being an independent state agency, is an administrative law court under the executive branch of Illinois government. Its purpose is to resolve tax disputes in an open and transparent manner and to conduct prompt hearings when matters cannot be settled between the parties.

The Tax Tribunal began functioning as a court on January 2, 2014. There are currently two administrative law judges appointed to the Tax Tribunal. Cases filed with the Tax Tribunal follow the procedural rules of the Illinois Supreme Court, the Illinois Rules of Civil Procedure and the Tax Tribunal's own Rules.

[1] Two courtesy copies of this report, one for the President and one for the Minority Leader, are enclosed.

Most civil court matters are resolved during or following discovery and prior to trial. The Tax Tribunal's caseload is following that trend. It is anticipated that the vast majority of cases filed with the Tax Tribunal will be settled or dismissed prior to an evidentiary hearing or through dispositive summary judgment motions.

Fiscal year 2016 represents the second full fiscal year of the Tax Tribunal for which there are twelve months of statistics available.

The Tax Tribunal took in 270 new matters in FY16 which have an aggregate dollar value of $197,781,569 in potential taxes, interest, and penalties. 178 matters were closed in FY16.

It is still too early in the Tax Tribunal's existence to determine trends based on its statistics to date, however, it should be noted that a main goal of the Tax Tribunal is to resolve most matters within two years. Over its two and one-half years, the Tribunal has taken in 658 matters and it has already has closed out 301 of them.

While the length of litigation time for any one case is impossible to predict and many factors which can decide the length of litigation are outside the control of the Tax Tribunal, the Tax Tribunal will continue to provide a forum for taxpayers to litigate their cases as efficiently as possible while being a court system that allows each party a full opportunity to litigate their case.

Sincerely,

JAMES M. CONWAY
Chief Administrative
Law Judge

Enclosure- §1-85 reportable statistics

Illinois Independent Tax Tribunal
FY 2016

1. Number of Cases Opened: 270
2. Number of Cases Closed: 178
3. Size of Docket (at year end): 357
4. Average Age of Case: 10 months
5. Cases Decided for Department: 1
6. Cases Decided for Taxpayers: 2
7. Cases Resolved through Mediation or Settlement: 102
8. Dollar Amounts of Cases by Tax Type[2][3]:

Tax Type	Cases Filed	Total Dollars
Aircraft Use	2	$ 159,474
Cigarette	2	3,130,098
Employment	3	244,883
Gas Use	1	162,905
Hotel Operators Occupation	1	2,986,181
Income	72	96,968,074
Motor Fuel	1	43,495
Retailer Occupation	62	52,968,298
Sales	32	26,271,616
Tobacco Products	1	41,292
Uniform Penalty and Interest	89	14,533,773
Use	4	271,480
	270	$197,781,569

[2] The Department of Revenue assesses interest and, if deemed applicable, penalties when it issues its Notices of Liabilities to taxpayers. Those amounts are included in the calculation of total dollar amounts per case.

[3] The Tax Tribunal has jurisdiction to hear matters involving 22 tax statutes. 35 ILCS 1010/1-45. In FY16, cases were filed that involved 12 of those tax statutes.