

## Strengthen Taxpayer Rights Before the Office of Appeals

### #37 REQUIRE THAT AT LEAST ONE APPEALS OFFICER AND ONE SETTLEMENT OFFICER BE LOCATED AND PERMANENTLY AVAILABLE IN EACH STATE, THE DISTRICT OF COLUMBIA, AND PUERTO RICO

#### Present Law

Section 3465(b) of the Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98) provides: “The Commissioner of Internal Revenue shall ensure that an appeals officer is regularly available within each State.”

#### Reasons for Change

Twelve states and Puerto Rico currently have no Appeals or Settlement Officers with a post of duty within their borders.<sup>132</sup> These states are Alaska, Arkansas, Delaware, Idaho, Kansas, Montana, North Dakota, New Mexico, Rhode Island, South Dakota, Vermont, and Wyoming. The IRS takes the position that its current staffing satisfies the statutory requirement by providing for “circuit riding” on at least a quarterly basis to states lacking a permanent Appeals field office.

As a legal matter, the National Taxpayer Advocate believes “circuit riding” does not satisfy the statutory requirement because Appeals Officers engaged in “circuit riding” among multiple states are not “regularly available” in any one state. As a practical matter, “circuit riding” does not provide taxpayers who request in-person hearings with timely service and does not ensure that Appeals Officers are familiar with local conditions. Taxpayers and their representatives regularly complain about the difficulty of obtaining convenient and timely in-person access to Appeals and Settlement Officers. During Fiscal Year 2017, for example, non-docketed cases involving in-person conferences remained in Appeals’ inventory for more than twice as long (372 days) as Appeals cases overall (180 days).

In addition, Appeals’ ability to effectively pursue administrative case resolutions often depends on the Appeals Officer’s familiarity with prevailing economic circumstances and other local factors impacting taxpayers in a given geographic region. Appeals Officers who live elsewhere and visit a state for an occasional hearing often do not have this familiarity.

#### Recommendation

Amend the IRC to require that at least one Appeals Officer and one Settlement Officer be located and permanently available in each state, the District of Columbia, and Puerto Rico. Alternatively, amend section § 3465(b) of RRA 98 by striking “an appeals officer is regularly available within each State” and inserting “there is at least one appeals officer and one settlement officer located and permanently available in each State, the District of Columbia, and Puerto Rico.”<sup>133</sup>

<sup>132</sup> Generally, Appeals Officers are assigned to cases associated with the IRS Examination function, whereas Settlement Officers are assigned to Collection cases.

<sup>133</sup> S. 1793, 115th Cong. § 502 (2017) contains the same language recommended here. Taxpayer Rights Act of 2015, H.R. 4128, 114th Cong. § 309(c) (2015), and S. 2333, 114th Cong. § 309(c) (2015) contains language generally consistent with this recommendation.