STATE+LOCAL TAX
INSIGHTS

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CONTRACT MANUFACTURING AND MASSACHUSETTS: OUT-OF-STATE BUSINESSES BEWARE

By Philip S. Olsen and Michael P. Penza

In Massachusetts, the concept of manufacturing has evolved. Smoke stacks and assembly lines, once common in the Commonwealth, continue to disappear as businesses increasingly rely on multi-national, contract manufacturing processes. However, Massachusetts' definition of manufacturing has not changed dramatically over the years. In 1928, the Massachusetts Supreme Judicial Court defined manufacturing as "change wrought through the application of forces directed by the human mind, which results in the transformation of some preexisting substance or element into something different."[1] Compare that with the current statutory definition of manufacturing: "transforming raw or finished physical materials by hand or machinery, and through human skill and knowledge, into a new product possessing a new name, nature and adapted to a new use."[2] While the definitions could reasonably be read as requiring direct involvement by the taxpayer throughout the process, the Supreme Judicial Court has interpreted

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Upcoming Speaking Engagements

May 15

TeleStrategies' Communications Taxation Conference
Orlando, Florida

- **"Sales and Excise Tax of Digital Products and Online Services: Developments and Defenses"** Michael J. Hilkin and Rebecca M. Balinskas

May 17

New Jersey Bar Association Annual Meeting
Atlantic City, New Jersey

- **"What Every Lawyer Needs to Know About Taxes"** Michael J. Hilkin

May 21-22

2018 Energy Tax Association Annual Conference
San Antonio, Texas

- **"State of the States"** Craig B. Fields and Nicole L. Johnson

May 23

Philadelphia Tax Executives Institute
Valley Forge, Pennsylvania

- **"East Coast Developments"** Holly L. Hyans

June 1

Georgetown University Law Center, 2018 Advanced State and Local Tax Institute
Washington, D.C.

- **"Debating the Future of Sales Tax Nexus"** Craig B. Fields
- **"The Traps and Opportunities of Nonuniform Sourcing Rules Applicable to Sales of Other Than Tangible Personal Property"** Mitchell A. Newmark

June 5-6

COST Forum on U.S. State and Local Taxes for Canadian Companies
Toronto, Canada

- **"State Taxes – Payroll Taxes and Withholding Tax Issues"** Nicole L. Johnson
- **"State Taxes – Handling Disputes"** Nicole L. Johnson
- **"Practical Administration of the Concepts Covered"** Nicole L. Johnson
- **"Ask the Experts"** Nicole L. Johnson

June 19

New Jersey Bar Association
New Brunswick, New Jersey

- **"State Implications of Federal Tax Reform"** Mitchell A. Newmark and Nicole L. Johnson

June 20

Interstate Tax Corporation, State Taxation of Multistate Business
New York, New York

- **"Unitary and Separate Accounting"** Michael J. Hilkin

September 19

Wisconsin State & Local Tax Club
Milwaukee, Wisconsin

- **"Significant Developments In State And Local Taxation"** Craig B. Fields

the term "manufacturing" expansively to include those companies that design and sell products manufactured by third-parties. The Massachusetts Department of Revenue (the "Department") was initially unsuccessful in arguing against this expansive interpretation when Massachusetts businesses claimed sales and use tax exemptions as manufacturers. Undaunted, the Department embraced this expansive view in order to increase the corporate excise tax burden on businesses located outside the Commonwealth.

"MANUFACTURING" AS APPLIED TO MASSACHUSETTS BUSINESSES

Massachusetts provides property tax exemptions, sales and use tax exemptions and investment tax credits to manufacturers located in Massachusetts.[3] Early on, the Supreme Judicial Court recognized that such benefits were designed to encourage manufacturing activities in the Commonwealth.[4] With this goal in mind, the Court has explained that the phrase "engaged in manufacturing" should not be given "a narrow or restricted meaning."[5] Thus, the Court and the Massachusetts Appellate Tax Board have consistently held that a company does not itself have to build and distribute a finished product to be considered a manufacturer. The proper test, therefore, for determining whether a company is engaged in manufacturing is whether its activities are an "essential and integral step" in the manufacturing process.[6]

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This "essential and integral step" test repeatedly thwarted the Department's efforts to deny manufacturing status to in-state businesses that relied on contract manufacturing. For example, in 1995, the Supreme Judicial Court held in *Commissioner of Revenue v. Houghton Mifflin Co.* that a Massachusetts book publisher was a manufacturer entitled to investment tax credits.[7] The publisher did not print or bind the books that it published; rather, it outsourced that work to independent contractors.[8] The publisher provided the independent contractors with CD-ROM tapes and computer disks that contained the publisher's specifications regarding content, design, and layout.[9] The Court reasoned that the publisher was engaged in manufacturing because it transformed:

> ideas, art, information, and photographs, by application of human knowledge, intelligence, and skill, into computer disks, ready for use by independent printers, containing an immense amount of information in a highly organized form.[10]

It concluded that the publisher's creation of the CD-ROM tapes and computer disks were an "essential and integral" step in the manufacture of books, as they were "physically useful" in the manufacturing process.[11]

The Court has explained that the phrase "engaged in manufacturing" should not be given "a narrow or restricted meaning."

In 2007, the Appellate Tax Board determined in *The First Years, Inc. v. Commissioner of Revenue* that a Massachusetts designer of childcare products was also a manufacturer.[12] The company developed designs and models of childcare products, and then, with the aid of third-parties, created the tooling and molds necessary to manufacture those products.[13] The company provided the tooling and molds to third party manufacturers, which mass-produced the company's products according to the company's specifications.[14] In finding that the company performed an "essential and integral" step in the manufacturing process, the Board analogized the tooling and molds to the CD-ROM tapes and computer disks in *Houghton Mifflin*—both were "physically useful" to manufacturing a finished product.[15]

Then in 2010, the Supreme Judicial Court appeared to take an even more expansive view of manufacturing in *Onex Communications v. Commissioner of Revenue*.[16] In *Onex*, a Massachusetts company created a "telecommunications switching chip set, known as the OMNI chip."[17] The company created a "blueprint" for the OMNI chip, which was "a computer-edited design that included technical specifications of the hardware and software components" of the OMNI chip and "included detailed manufacturing instructions."[18] The company provided the "blueprint" on a computer disk to a third-party manufacturer, which produced the OMNI chips.[19] The Court found that the manufacture of the OMNI chip was "entirely dependent" on the "blueprint" created by the company and, thus, concluded that the company performed an "essential and integral step" in the manufacturing process.[20] The Court stated that the creation of the "blueprint" was "virtually identical" to the creation of the CD-ROM tapes and computer disks in *Houghton Mifflin*.[21] However, unlike in *Houghton Mifflin*, the Court did *not* characterize the "blueprint" as "physically useful" in the manufacturing process and did *not* mention that the "blueprint" was transferred on a computer disk, possibly suggesting that a company could be a manufacturer without contributing anything tangible to the manufacturing process performed by a third-party.[22]

"MANUFACTURING" AS APPLIED TO OUT-OF-STATE BUSINESSES

Ironically, with the adoption of single sales factor apportionment for manufacturers beginning in 2000, the Department has relied on its defeats in *Houghton Mifflin*, *The First Years*, and *Onex* to successfully litigate against non-Massachusetts businesses. The imposition of a single sales factor formula favors in-State manufacturers while disadvantaging out-of-State manufacturers whose payroll and property would primarily be located outside Massachusetts. Thus, the Department has modified its approach to manufacturing: instead of opposing in-State companies' claims to sales or property tax exemptions, or investment tax credits, it is now focused on deeming out-of-State corporations to be manufacturers required to use single sales factor apportionment.

The Department is now focused on deeming out-of-State corporations to be manufacturers required to use single sales factor apportionment.

For instance, in 2012, the Department successfully argued in *Random House, Inc. v. Commissioner of Revenue* that a book publisher located outside of Massachusetts was a manufacturer required to use the single sales factor formula.[23] The facts in *Random House* were similar to those in *Houghton Mifflin*, except that the publisher in *Random House* transferred its specifications regarding content and design to its third-party manufacturer electronically.[24] The Board found this distinction irrelevant and, citing *Onex*, stated that "the [Supreme

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Judicial Court] and the Board recognize the crucial role that electronic sources and processes are increasingly playing in the modern manufacture of tangible personal property."[25] The Board then determined that the publisher's "design and editorial activities" were "essential and integral steps" in the manufacture of books.[26]

A company does not literally have to manufacture goods in order to be considered a manufacturer.

More recently, on May 23, 2017, in a one-line decision, the Board denied a California footwear company's attempt to avoid single sales factor apportionment in *Deckers Outdoor Corp. v. Commissioner of Revenue*.[27] The Board ruled that the company, which relied on third-parties to manufacture its footwear overseas, was a manufacturer, reaffirming the principle that a company does not literally have to manufacture goods in order to be considered a manufacturer.[28] The Board is expected to issue its full opinion in *Deckers* in the near future.

Massachusetts-based businesses that rely on contract manufacturing should continue to claim all benefits associated with being a "manufacturer" under the Commonwealth's tax laws.

As a result of *Deckers* and *Random House*, non-Massachusetts corporations, that may outsource certain operations and not consider themselves engaged in manufacturing in their home state, could nevertheless be found to be manufacturers in Massachusetts.

SUMMARY

Considering the expansive interpretation given to the term "manufacturing," Massachusetts-based businesses that rely on contract manufacturing should continue to claim all benefits associated with being a "manufacturer" under the Commonwealth's tax laws.

Out-of-State businesses should not simply roll over if the Department asserts that they are manufacturers.

Out-of-State businesses, however, should not simply roll over if the Department asserts that they are manufacturers based on the Board's decisions in *Random House* and *Deckers*. Whether a company's activities result in it being considered a manufacturer under Massachusetts law is a fact driven question, determined on a case-by-case basis. It is important to have a clear understanding of the process through which a company brings a product to market. This may present the company with an opportunity to distinguish its facts from those set forth in the Massachusetts cases. One example would involve the level of supervision or control over the third-party manufacturer. The less control exercised, the less likely a finding of manufacturing.

Finally, although it may seem unconstitutional on its face, in *Genentech, Inc. v. Commissioner of Revenue*, the Supreme Judicial Court rejected the claim that application of the Massachusetts single sales factor apportionment formula to an out-of-State manufacturer violates the Commerce Clause.[29] However, the *Genentech* case did not involve contract manufacturing. The question remains whether the Supreme Judicial Court might revisit this issue if faced with the expansive approach to manufacturing applied in the *Deckers* case.

1 *Bos. & Me. R.R. v. Billerica*, 262 Mass. 439, 444-45 (1928).

2 Mass. Gen. Laws ch. 63, § 38(l)(1). This definition applies for purposes of the Massachusetts Corporation Excise Tax. A substantially similar definition applies for purposes of the Massachusetts sales, use, and property taxes. *See* 830 Mass. Code Regs. 58.2.1(6)(b).

3 830 Mass. Code Regs. 58.2.1(4).

4 *See, e.g.*, *Assessors of Bos. v. Comm'r of Corps. & Taxation*, 323 Mass. 730, 741 (1949) (explaining that the local property tax exemption provided to manufacturers was designed to encourage manufacturing in Massachusetts).

5 *William F. Sullivan & Co. v. Comm'r of Revenue*, 413 Mass. 576, 579 (1992) (quoting *Joseph T. Rossi Corp. v. State Tax Comm'n*, 369 Mass. 178, 181 (1975)).

6 *See Onex Commc'ns Corp. v. Comm'r of Revenue*, 457 Mass. 419 (2010) (creation of blueprint for production of a computer chip was an essential and integral step in the manufacturing process even though the chip was produced by a third-party).

7 423 Mass. 42 (1996).

8 *Id.* at 44.

9 *Id.*

10 *Id.* at 48.

11 *Id.* at 49.

12 Docket No. C267626 (Mass. App. Tax Bd. Sept. 17, 2007).

13 *Id.*

14 *Id.*

15 *Id.*

16 457 Mass. 419.

17 *Id. at 420.*

18 *Id.* 420-21.

19 *Id.* at 421.

20 *Id.* at 431.

21 *Id.*

22 *See id.*

23 Docket No. C303502 (Mass. App. Tax Bd. Oct. 2, 2012).

24 *Id.*

25 *Id.*

26 *Id.*

27 Docket Nos. C320020 & C321955 (Mass. App. Tax Bd. May 23, 2017).

28 *Id.*

29 476 Mass. 258 (2017).

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TRIPLE THE RISK, TRIPLE THE UNCERTAINTY: TAX FALSE CLAIMS ACT SUITS

PART TWO OF A TWO PART SERIES

By Hollis L. Hyans and Matthew F. Cammarata

At the American Bar Association Section of Taxation Meeting in September of 2017, a member of the Taxpayer Protection Bureau of the New York State Office of the Attorney General ("AG") stated that the AG's role in False Claims Act ("FCA") suits is to "investigate false statements to the government. We are not auditors. We don't audit. . . . The [New York State Department of Taxation and Finance] has a different mission."[1] This statement captures the dual purposes of tax FCA suits: they arise at the intersection of general litigation and state tax litigation – an intersection with which many companies' state tax departments (and even many state tax practitioners) may not be familiar. While the AG's primary concern may be the false statement element of the matter, the suit requires a full and nuanced understanding of the state tax issues that serve as the basis for the FCA allegations.

In the first part of this two part series, we explored the complexity engendered by these dual purposes and the basics of tax FCA suits, as well as some of the initial questions companies and practitioners encounter when faced with FCA claims.[2] In this second part, we explore in greater detail some of the difficulties that arise in actually litigating tax FCA suits.

In this second part, we explore in greater detail some of the difficulties that arise in actually litigating tax FCA suits.

In the eight years since the New York FCA was made applicable to tax claims, *People v. Sprint Communications, Inc.* has been the most publicly litigated tax FCA matter, and has not yet even reached a decision on the merits.[3] In *Sprint*, a *qui tam* relator filed a suit in 2011 alleging that Sprint Nextel Corp. ("Sprint") submitted false statements by failing to collect, remit and report "sales taxes on the *full amount* of fixed periodic charges for wireless voice services," as required by the New York sales tax law.[4] The AG took over the action and filed an amended complaint in 2012, exercising its authority under the FCA to take control of litigating actions filed by *qui tam* relators.[5] Sprint filed a motion to dismiss for failure to state a claim, but New York's highest appellate court, the Court of Appeals, upheld the denial of Sprint's motion.[6] The Court's decision did not resolve the case on the merits, but merely found that the AG's amended complaint sufficiently pleaded a cause of action under the New York FCA, and that the case could move forward to discovery and trial.[7]

The Court held that the AG "has a high burden" in FCA matters, and that the "FCA is certainly not to be applied in every case where taxes were not paid."

Two aspects of the Court's decision have an impact on taxpayers facing New York FCA litigation. First, the Court held that an FCA defendant's reasonable interpretation of the tax law is not sufficient to sustain a motion to dismiss.[8] This makes it more difficult for taxpayers that have reasonably interpreted the tax law to avoid costly and lengthy litigation. Indeed, Sprint noted in its arguments to the Court that another taxpayer had litigated the identical legal issue before the New York State Tax Appeals Tribunal, and while the taxpayer lost on the merits, the Department of Taxation and Finance ("DTF") had imposed minimum interest and no penalties because it concluded reasonable cause had existed for the filing position.[9] Nonetheless, in the FCA case the AG sought to impose liability against Sprint based on a theory of fraud.[10] The Court denied Sprint's motion to dismiss and allowed the case to proceed.[11]

Second, and more importantly, the Court held that the AG "has a high burden" in FCA matters, and that the "FCA is certainly not to be applied in every case where taxes were not paid."[12] In order to meet its burden, the AG cannot merely point to "notice of a contrary administrative position," but instead must affirmatively prove allegations of fraud.[13] Thus, while taxpayers that reasonably interpret the tax law may not be able to secure an early dismissal of an FCA matter, the ensuing litigation process may provide opportunities for taxpayers to leverage their reasonable interpretations of the tax law against the AG's "high burden" of proof. This burden is different from the one that applies in a typical administrative state tax proceeding, which generally falls squarely on the taxpayer to prove that a tax assessment is incorrect.[14] If an FCA matter moves beyond a motion to dismiss, the AG must prove that his/her own interpretation of the statute is

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proper, that the taxpayer knew its interpretation was wrong and that the taxpayer did not actually rely in good faith on a reasonable interpretation of the statute.[15]

Companies are entitled to a fulsome production of information that enables them to adequately prepare a defense.

Following the denial of its motion to dismiss, Sprint secured an important procedural victory in its defense against the AG's FCA suit. In a discovery dispute, Sprint moved to compel the AG to disclose "a taxpayer's or DTF's opinions" about the substantive tax issues raised in the FCA matter.[16] The Supreme Court, Appellate Division granted Sprint's motion to compel, holding that the documents could not be shielded from disclosure.[17] In so holding, the court took note of the fact that Sprint sought this information to defend itself "in a tax collection case brought by the People" and that "the People are relying, at least in part, on other cell phone companies' conduct to show that [Sprint's] conduct was unreasonable."[18] The court rejected the AG's arguments that it would only use third-party discovery material and material it had disclosed to defendants in the prosecution of the case.[19] The court instead focused on Sprint's defense, stating that "the fact that the People have chosen to restrict the materials they will use to prosecute [Sprint] does not mean that [Sprint] must restrict the materials" it will use to defend itself.[20] While litigation in the *Sprint* matter is ongoing, Sprint's victory in this discovery dispute should indicate to other companies facing FCA claims that they are entitled to a fulsome production of information that enables them to adequately prepare a defense.

Companies must think carefully in FCA suits about the impact that a widely disseminated press release might have on the company's business.

While the *Sprint* matter is the most well-developed example of FCA litigation in New York, no case has been fully litigated through trial, and many questions remain open. There are significant differences between a typical state tax administrative litigation and an FCA tax suit, in addition to the different burdens of proof, that companies should carefully examine when analyzing the prospects of litigation and possible settlement of FCA matters. For example, while administrative tax litigation in New York (and in most other states) takes place before a specialized tax tribunal and generally involves trials without juries, an FCA matter is generally heard before a court of general jurisdiction and may be heard by a jury. The presence of a jury as opposed to a specialized tax judge increases the possibility that the fraud claims raised in the FCA matter will dominate the jury's considerations, and that the merits of the substantive tax issues may not be given the same consideration that they would be given in a tax tribunal.

On the other hand, because the AG bears the burden of proof, the AG must explain potentially complex tax concepts to a group of laypeople and convince them that a clear tax obligation was knowingly avoided. This presents opportunities to strengthen a company's defense of an FCA action, especially in situations where it has taken a reasonable tax position on an issue that lends itself to multiple interpretations.

The application of FCA statutes to tax matters is a developing area of the law both in New York and across the United States.

Even if the parties ultimately decide to settle the matter, the settlement process itself presents issues to consider that are markedly different from the typical administrative tax litigation. Settlements with state taxing authorities in non-FCA matters generally remain confidential, both as to the facts underlying the settlement and the amount of the settlement. No such confidentiality provisions apply to actions brought in state courts of general jurisdiction. In New York, the AG's Taxpayer Protection Bureau routinely issues press releases that contain the identity of the taxpayer, the amount of the settlement and a recitation of the facts prepared by the AG (and, therefore, may be presented in a manner most favorable to the AG's case) describing the alleged violation of the FCA.[21] In some cases, a redacted version of the settlement agreement also may be released to the public.[22]

Following the New York AG's announcement of a settlement of a non-FCA fraud case with Maurice R. Greenberg, the former chief executive of American International Group, Mr. Greenberg held a news conference to correct what he alleged were mischaracterizations in the AG's description of the settlement.[23] Despite the fact that the negotiated settlement statements did not use the word fraud and did not include any explicit admission of wrongdoing, the headline of the AG's settlement announcement read "Greenberg Admits to Initiating, Participating and Approving Two Fraudulent Transactions."[24] Therefore, unlike in confidential non-FCA state tax matters,

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companies must think carefully in FCA suits about the impact that a widely disseminated press release might have on the company's business.

The application of FCA statutes to tax matters is a developing area of the law both in New York and across the United States. For example, in New York, a complaint was recently unsealed in a case involving estate taxes – the first time the New York FCA has been applied to the estate tax.[25] That same case also involves allegations brought under the personal income tax related to the decedent's residency and whether a false claim had been made that the decedent's domicile had been changed.[26] In Illinois, another particularly active jurisdiction for FCA matters, an intermediate appellate court recently held that a Department of Revenue audit of a taxpayer does not preclude an action under the Illinois FCA against that taxpayer.[27] In Minnesota, a case is pending before the State Supreme Court that presents the issue of whether telecom charges are statutory fees, in which case a claim for underpayment of those fees would be allowed under the Minnesota FCA, or taxes, in which case a claim under the Minnesota FCA would be barred.[28]

State tax FCA matters attract considerable attention and fuel ongoing policy debates about the merits of applying FCA statutes to tax matters.

State tax FCA matters attract considerable attention and fuel ongoing policy debates about the merits of applying FCA statutes to tax matters. The Council on State Taxation has filed amicus briefs in both New York and Minnesota FCA matters arguing that FCA suits are not appropriate venues to resolve disputes concerning interpretations of tax codes.[29] In Illinois, the legislature has proposed several reforms to the State's FCA to limit the applicability of the FCA to tax claims, due in large part to the proliferation of *qui tam* suits brought under the Illinois FCA.[30] While these policy debates continue, companies and tax practitioners alike should pay careful attention to this developing area of the law, as the unique combination of state tax litigation and general litigation presents both new risks to a company's normal state tax defense strategies, as well as new opportunities to improve state tax defense strategies in a different forum.

1 Maria Koklanaris, *New York False Claims Act Tax Cases Increasing, State Official Says*, Tax Notes (Sept. 19, 2017). That state official made clear in his remarks that he was speaking on his own behalf and not on behalf of the agency.

2 Part one of this series is available at https://media2.mofo.com/documents/170912-salt-insights.pdf.

3 No. 103917/2011 (N.Y. Sup. Ct. filed Mar. 31, 2011).

4 *People v. Sprint Nextel Corp.*, 26 N.Y.3d 98, 107 (2015) (emphasis in original), *cert. denied*, 136 S. Ct. 2387 (2016).

5 *Id.*; *see* N.Y. State Fin. Law § 190(2)(b).

6 *Sprint*, 26 N.Y.3d 98.

7 *Id.*

8 *Id.* at 112.

9 *Id.*

10 *Id.*

11 *Id.* at 113.

12 *Id.*

13 *Id.*

14 Even in non-FCA administrative proceedings, the DTF bears the burden to prove fraud. N.Y. Tax Law § 1089(e)(1).

15 *See Sprint*, 26 N.Y.3d at 113 ("There can be no doubt the AG will have to prove the allegations of fraud, that Sprint knew the AG's interpretation of the statute was proper, and that Sprint did not actually rely on a reasonable interpretation of the statute in good faith.").

16 *People v. Sprint Commc'ns Inc.*, 148 A.D.3d 471, 473 (1st Dep't 2017).

17 *Id.*

18 *Id.*

19 *Id.*

20 *Id.*

21 *See Taxpayer Protection Bureau Press Releases*, N.Y. State Office of the Attorney Gen., available at https://ag.ny.gov/press-releases/49.

22 Press Release, N.Y. State Office of the Attorney Gen., A.G. Schneiderman Announces $1.1 Million Settlement with a Minnesota Pillow Retailer for Failing to Collect New York Sales Taxes (Aug. 17, 2016) (on file with authors). Following the announcement of the settlement, tax industry publications included an unredacted copy of the fully executed settlement agreement in their coverage of the case. *See, e.g.*, Eric Yauch, *New York Whistleblower, Retailer Settle* Qui Tam *Suit*, Tax Notes (Aug. 17, 2016).

23 *Randall Smith, Former A.I.G. Chief Tries to Fight the Headlines*, N.Y. Times, Feb. 14, 2017, at B4.

24 *Id.*

25 False Claims Act Amended Complaint, *State ex rel. Light v. Melamed*, No. 101451/2014 (N.Y. Sup. Ct. Jan. 19, 2018).

26 *Id.*

27 *See People ex rel. Lindblom v. Sears Brands, LLC*, No. 1-17-1468 (Ill. App. Ct. Apr. 17, 2018).

28 *See Phone Recovery Servs., LLC v. Qwest Corp.*, No. A17-0078 (Minn.) (argued Apr. 4, 2018).

29 Brief for *Amicus Curiae* Council on State Taxation in Support of Defendants-Appellants, *People v. Sprint Nextel Corp.*, 26 N.Y.3d 98 (N.Y. 2015) (No. 103917/2011); Brief of *Amicus Curiae* Council on State Taxation in Support of Respondents CenturyLink, Inc., et al., *Phone Recovery Servs, LLC v. Qwest Corp.*, No. A17-0078 (Minn. Feb. 6, 2017).

30 *See, e.g.*, S. 0009, 100th Gen. Assemb., Reg. Sess. (Ill. 2017); S. 1250, 100th Gen. Assemb., Reg. Sess. (Ill. 2017).

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OUR EXPERIENCE. We've been doing it longer, have more experience and published decisions, and have obtained a greater number of favorable settlements for our clients than the rest.

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OUR DEPTH. Our team is comprised of a unique blend of public and private backgrounds with experience spanning various industries. We're nationally recognized as a leading practice for tax law and tax controversy by *Chambers*, *Legal 500* and *Law360*. In fact, we've been referred to as "one of the best national firms in the area of state income taxation" by *Legal 500 US* and were rated Law Firm of the Year for Litigation – Tax by the 2016 "Best Law Firms" Edition of *U.S. News & World Report – Best Lawyers*.

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