



STRATEGIC PLAN FOR THE INFLATION REDUCTION ACT



June 2024

STATEMENT OF CHIEF JUDGE KATHLEEN KERRIGAN

*Committees on Appropriations
Subcommittees on Financial Services and General Government
United States House of Representatives and United States Senate*

Madam Chair, Madam Vice Chair, Messrs. Chairman, Ranking Members, and Members of the Committees:

Thank you for the opportunity to present the United States Tax Court's Strategic Plan for using the funding included in Public Law 117-169, commonly known as the Inflation Reduction Act (IRA).

IRS audit and enforcement activity levels directly affect the Court's caseload, but that impact is typically several years after IRS action. The Court expects a greater impact on its caseload and trial sessions from current IRS audit and enforcement activity in the years following FY 2030. The Court seeks to use the IRA funds to prepare for the impact of increased enforcement. The Strategic Plan is focused on ensuring that the Court's capacity is modernized and scalable so that resources and staffing levels are available to handle the increased caseload. These initiatives can be divided into the following three areas:

- (1) **Technology modernization** to increase access to the Court through modernized and enhanced technology; provide a more user-friendly, accessible, and robust website resource for taxpayers and practitioners; and deploy enhanced features and increase capabilities of its electronic filing and case management system.*
- (2) **Facilities modernization** to increase productivity and address safety deficiencies by addressing electrical upgrades, increasing air circulation, and repairing areas that suffered water damage.*
- (3) **Staffing and training** to meet the demands of an increased caseload from IRS audit and enforcement activity.*

The Court has begun to implement this Strategic Plan and wants to continue to implement it in a way that optimizes the benefits of the funds. Staggered spending of the funds is optimal for the Court and taxpayers. The Court, therefore, requests an extension of the date for which the funding remains available by four years to September 30, 2035. An extension will allow the Court to pivot as necessary to address the types of controversies in and complexities of the cases resulting from increased IRS audit and enforcement activity.

Thank you for your continued support of the United States Tax Court.

Kathleen Kerrigan

Kathleen Kerrigan, Chief Judge

June 7, 2024

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Inflation Reduction Act Funding

Public Law 117-169,¹ commonly referred to as the Inflation Reduction Act (IRA), provided \$153,000,000, in addition to the Court's annual appropriation, effective August 16, 2022, and to remain available until September 30, 2031.²

Strategic Plan for the Inflation Reduction Act

The Court will use IRA funds to modernize and enhance technology; improve facilities at the Washington, D.C., courthouse and its 37 field courtrooms; and obtain appropriate staffing and provide necessary training.

Technology Modernization

The Court will use IRA funds to accelerate its plans to (1) increase access to the Court through modernized and enhanced technology; (2) improve its website to provide a more user-friendly, accessible, and robust resource for taxpayers and practitioners; and (3) deploy enhanced features and increase capabilities of DAWSON (Docket Access Within a Secure Online Network), its open-source, cloud-based electronic filing and case management system. For example, this year the Court will be unveiling a Petition Wizard, which will assist unrepresented taxpayers in filing a petition electronically. Additionally, taxpayers will soon be able to find individuals who are licensed to practice before the Court in a searchable database.

Before the pandemic, the Court's technology baseline was significantly behind the pace of modern technology and included dependence on a proprietary case management system that had originated from a mainframe solution. To replace that system, the Court created DAWSON. At the time of its rollout, DAWSON provided the necessary minimal functions of a case management system.

The pandemic spurred the Court to make multiple enhancements to DAWSON and to upgrade software and replace outdated equipment to allow employees to work remotely. Additionally, in 2021 the Court transitioned from hard drive file services to a cloud-based system. The Court will use IRA funds to expand upon the improvements already made to prepare for an anticipated increase in caseload due to increased IRS enforcement and also any unanticipated caseload increases.³

The IRA funds will allow the Court to execute the projects necessary to fully deploy the technology on an accelerated timeline, which will improve the Court's functionality. These technology projects fall into five general categories:

- 1) *Automation of Judicial Processes*. The Court plans to develop and implement feature enhancements of DAWSON. One recent improvement is allowing electronic access to posttrial briefs in represented cases, avoiding the need to make a formal request to the Court's records department. Additional projects include simple web applications, such as integrating pay.gov,

¹ § 10301(4), 136 Stat. 1818, 1833 (Aug. 16, 2022).

² *Id.*

³ Throughout the Court's history, its caseload fluctuates due to but not limited to new tax legislation and new tax shelters.

and low-code automations for routine tasks performed by Court personnel that will reduce duplication of work.

- 2) *Automation of Non-Judicial Processes.* The Court continues to identify and adopt shared federal services for the automation of administrative functions. For example, the Court recently automated the system for reimbursing travel expenses.
- 3) *Digitization of Records and Resources.* The Court library is expanding the size and scope of its digital collection, through scanning and archiving current collections and through contracts for more robust legal resources. This project provides judges and staff with remote access to treatises, legislative histories, case history, and will eliminate the need for libraries in field courtrooms.
- 4) *Courtroom Modernization.* The Court intends to invest in modernizing its courtrooms with technologies for displaying evidence and accommodating remote witnesses that will enhance trial sessions.
- 5) *Security Modernizations.* The Court plans to invest in additional projects needed to improve the physical and cybersecurity of the Court. For example, the Court recently entered an interagency agreement with the DOJ for the Court's cybersecurity needs.

Facilities Modernization

The Court plans to implement a modernization plan based on recommendations from the General Services Administration (GSA) for the Washington, DC, courthouse and field courtrooms. These plans include electrical upgrades, increasing air circulation, repairing areas that suffered water damage, and security upgrades.

The Court plans to upgrade and increase its courtrooms' electrical capacity for the first time in over 35 years. These updates will provide the technological capabilities needed to more seamlessly conduct trial sessions with electronic evidence and remote witnesses. Electronic equipment is commonly used to display evidence in larger trials held in Washington, DC. Currently, the Court often does not have the electronic capability for the equipment the parties want to use. Additionally, electrical upgrades are necessary for the entire Washington, DC courthouse to meet the demands required for a technology-dependent workforce.

- The physical spaces for the information technology equipment in the Washington, DC courthouse are unchanged from the 1973 initial construction. To maintain the required temperature for computer equipment, renovations are needed to increase air circulation and exhaust any heat. Similar renovations are needed in the field courtrooms to prevent equipment damage.
- The Court's library space has endured years of water damage from leaks through the ceiling. In FY 2024, GSA concluded a project to replace the water membrane under the courthouse's monumental stairs. With the completion of these repairs, the Court plans to proceed with the long-delayed library re-design to ensure safe and efficient working conditions for judges and staff. The library's renovation with high-density shelving will also provide the Court with an additional conference room and other physical space for collaboration.

Staffing and Training

The Court's caseload often increases unexpectedly, and the Court needs enough employees to address fluctuations. Increased staffing also allows for succession planning. The Court has an aging workforce with a significant number of personnel eligible or near eligible for retirement. To complete the projects commenced with IRA funding as well as to handle the expected increased caseload, the Court plans to use term employees and contractors. Using term employees will allow the Court to expand its workforce in the areas where necessary, hiring only those employees to meet then-current demands while maintaining flexibility to pivot as needed. The Court expects for information technology projects it will need 12-16 full-time equivalents (FTEs). The Court also may need 8-10 counsel and case-processing FTEs, 6-8 FTEs for facilities projects in the DC courthouse and field courtrooms, and additional operational FTEs.

Processes, Procedures, and Guidance

The Court's policies, procedures, and guidance will require continual adjustments as implementation of this Strategic Plan progresses to ensure scalability when staffing levels and resource demands change to address an increase (or decrease) in case filings or the change in the composition of the cases.

Proposed Appropriation Language

The Court recommends extending the IRA funds beyond September 30, 2031, so that it may use the funds in a meaningful way. Therefore, the Court proposes the following appropriation language:

EXTENSION OF CERTAIN BALANCES MADE AVAILABLE TO THE UNITED STATES TAX COURT.—The amounts appropriated or otherwise made available for activities of the United States Tax Court by paragraph (4) of section 10301 of Public Law 117–169 (commonly known as the “Inflation Reduction Act of 2022”) shall remain available until September 30, 2035.

Spending Plan Tables⁴

TOTAL (Dollars in thousands)	FY 2023 ENACTED	FY 2024 PLANNED	FY 2025 PLANNED	FY 2026 PLANNED	FY 2027 PLANNED	FY 2028 PLANNED	FY 2029 PLANNED	FY 2030 PLANNED	FY 2031 PLANNED
BEGINNING BALANCE	153,000	152,000	147,308	132,929	120,739	106,041	91,850	80,192	68,117
Processes, Procedures, and Guidance	-	(1,352)	(1,346)	(1,393)	(1,441)	(1,492)	(1,544)	(1,598)	(1,654)
Staffing and Training	-	(15)	(6,424)	(6,629)	(6,838)	(7,031)	(7,206)	(7,386)	(7,571)
Technology Modernization	(1,000)	(2,760)	(2,010)	(2,068)	(2,918)	(2,497)	(2,508)	(2,291)	(3,778)
Facilities Modernization	-	(565)	(4,600)	(2,100)	(3,500)	(3,171)	(400)	(800)	(100)
ENDING BALANCE	152,000	147,308	132,929	120,739	106,041	91,850	80,192	68,117	55,014

TOTAL (Dollars in thousands)	FY 2032 PLANNED	FY 2033 PLANNED	FY 2034 PLANNED	FY 2035 PLANNED
BEGINNING BALANCE	55,014	41,828	29,478	16,919
Processes, Procedures, and Guidance	(1,712)	(1,772)	(1,834)	(1,898)
Staffing and Training	(7,760)	(7,955)	(8,155)	(8,240)
Technology Modernization	(3,714)	(2,623)	(2,570)	(5,321)
Facilities Modernization	-	-	-	(1,460)
ENDING BALANCE	41,828	29,478	16,919	0

TOTAL (Dollars in thousands)	
BEGINNING BALANCE	153,000
Processes, Procedures, and Guidance	(19,035)
Staffing and Training	(81,211)
Technology Modernization	(36,058)
Facilities Modernization	(16,696)
ENDING BALANCE	0

⁴ These tables document spending as if the IRA funding was extended to 2035.



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