SCOTT DOUGLASS McCONNICO

Eric Hagenswold

PARTNER

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Overview

For more than 25 years, Eric has been litigating state and local tax disputes and solving taxpayers' state and local tax problems. He represents clients regarding assessments and refund claims involving most of the major state and local taxes. Eric is based in Texas, but he has represented clients regarding state and local tax issues in more than 30 states. He has successfully litigated hundreds of cases in trial courts, appellate courts, and administrative proceedings before taxing authorities. Because of his success as a litigator, Eric is often able to settle or resolve disputes with taxing authorities allowing his clients to achieve favorable outcomes without the costs of litigation.

In addition to his litigation practice, Eric assists clients with tax advice and obtaining private letter rulings. Eric speaks on state and local tax topics at seminars for corporate tax professionals such as the Council on State Taxation, the Institute for Professionals in Taxation, the Texas Society of CPAs, and the Tax Executives Institute.

Experience

Obtained final judgment in district court granting 100% of taxpayer's franchise tax refund claim. The case involved the issue of whether the taxpayer's reporting of gross income from long-term contracts as "other Income" on line 10 of its federal Form 1120 was in compliance with federal income tax law or resulted in a margin calculation that violated Texas franchise tax law. Quanta Services Inc. v. Glenn Hegar et al., Cause No. D-1-GN-22-004846.

Obtained final judgment in district court granting 100% of taxpayer's sales and use tax refund claim by defeating State's Plea to the Jurisdiction based on limitations. The Court overruled the Texas Comptroller's policy of applying a separate statute of limitations to refund claims for sales and use tax remitted under a direct payment permit. El Paso Merchant Energy-Petroleum Company v. Susan Combs et al., Cause No. D-1-GN-06-003071.

Successfully resolved major air carrier's $23 million sales and use tax refund claim after district court litigation. The case involved the issue of whether purchases of real property improvements and tangible personal property by non-exempt entity were exempt because they were for the use of an exempt entity. Continental Airline, Inc. v. Glenn Hegar et al., Cause No. D-1-GN-10-001751; United Airlines, Inc. v. Glenn Hegar et al., Cause Nos. D-1-GN-12-003602 & D-1-GN-17-005507.

Successfully resolved well service company's $2.5 million sales and use tax refund claim after district court litigation. The case involved the issue of whether well service equipment constituted motor vehicles exempt from the sales and use tax. FTS International Services, LLC v. Glenn Hegar et al., Cause No. D-1-GN-16-004741.

Successfully resolved sales tax assessment against web hosting company after district court litigation. The case involved the issue of whether the web hosting company's purchases of software qualified for the sale for resale exemption. Softlayer Technologies, Inc. v. Susan Combs et al., Cause No. D-1-GN-13-000673.

Successfully resolved sales tax assessment against IVR services company after district court litigation. The case involved the issue of whether IVR services constituted taxable data processing services. Enacomm Inc. v. Glenn Hegar et al., Cause No. D-1-GN-20-001910.

Successfully resolved sales tax assessment against flowback services company after district court litigation. The case involved the issue of whether flowback services constitute taxable equipment rentals. Virtex Operating Company, Inc. v. Glenn Hegar et al., Cause No. D-1-GN-20-007182.

Successfully resolved franchise tax assessment against steelmaking company after district court litigation. The case involved the issue of whether the cost of goods sold deduction included the cost of medical and pension benefits for retired production workers. AK Steel Holding Corporation v. Glenn Hegar et al., Cause No. D-l-GN-14-000024.

Successfully resolved international chemical company's $3 million franchise tax refund claim after district court litigation. The case involved the issue of whether a parent corporation can write off the decline in value of a subsidiary for purposes of calculating the parent's taxable capital. Millennium Inorganic Chemicals, Inc. v. Susan Combs et al., Cause No. D-1-GN-06-000655.

Obtained final judgement in district court granting 100% of taxpayer's franchise tax refund claim. The case involved the issue of whether profits from the sale of interest in spun-off affiliate was "nonunitary" income that was not subject to the franchise tax. Pfizer Inc. v. Carole Keeton Strayhorn et al., Cause No. GN-001781.

Obtained final Comptroller's Decision after contested hearing before the State Office of Administrative Hearings ruling that leases of chemical tanks attached to chassis constituted motor vehicle leases exempt from sales and use tax. The Comptroller's Decision dismissed the assessment. This was a significant decision clarifying the Comptroller's rules and policies regarding application of the sales tax to leases of equipment attached to motor vehicles. TCPA Hearing No. 118,044 (2023).

Obtained final Comptroller's Decision after contested hearing before the State Office of Administrative Hearings ruling that industrial gas plant equipment remained tangible personal property and purchases of repair parts and labor qualified for the manufacturing exemption. The Comptroller's Decision dismissed the assessment. This was a significant decision because the equipment was very large, e.g., 20,000 lb. chillers, 50,000 lb. boilers, and a main compressor that was 40x20x10 ft. and weighed 240,000 pounds. Despite some of the equipment being bolted to concrete slabs for 38 years, the Comptroller's Decision ruled that the equipment remained tangible personal property for purposes of the manufacturing exemption. TCPA Hearing No. 108,455 (2017).

Obtained final Comptroller's Decision after a contested hearing before the State Office of Administrative Hearings ruling that trailer-mounted hydraulic fracturing units constituted motor vehicles exempt from the sales and use tax. This was a significant decision defining the scope of the motor vehicle exemption to the sales and use tax. TCPA Hearing No. 106,629 (2016).

Obtained final Comptroller's Decision in contested hearing before the State Office of Administrative Hearings ruling that the sales and use tax did not apply to a structured purchase of corporate aircraft. This was a significant decision because it denied the Comptroller's attempt to apply an "economic substance" doctrine and resulted in a 90% reduction of the $4 million assessment. TCPA Hearing No. 105,611 (2013).

Obtained final Comptroller's Decision after a contested hearing before the State Office of Administrative Hearings ruling that chain flooring vendor and installer was entitled to the lower .5% franchise tax rate for retailers and wholesalers. The Comptroller's Decision dismissed the assessment. This was a significant decision establishing factors used to distinguish between retailers and contractors for purposes of assigning the .5% rate. TCPA Hearing Nos. 103,139 & 103,662 (2012).

Obtained final Comptroller's Decision after a contested hearing before the State Office of Administrative Hearings enforcing settlement agreement in favor of major oil and gas producer. Enforcement of agreement resulted in a multi-million dollar sales and use tax refund. TCPA Hearing Nos. 47,752 & 47,753 (2012).

Obtained favorable Proposal for Decision after a contested hearing before the Texas State Office of Administrative Hearings ruling that the trade-in exemption to the sales and use tax applied to taxpayer's transactions with its purchasing affiliate. The decision resulted in abatement of $5.5 million in sales and use tax assessments.

Negotiated favorable settlement of $3.4 million well service tax refund claim. The case involved the issue of whether perforation services were subject to the well service tax because they were performed by the same company performing fracking services and whether the well service company was entitled to recover a refund when it passed the tax expense through to its customer.

Negotiated favorable settlement of $1.5 million IFTA assessment against oilfield services company.

Negotiated favorable settlement of $20 million franchise tax assessment against large food products company. The case involved the issue of whether certain transportation and pension costs were included in the cost of goods sold deduction.

Negotiated favorable settlement of $8 million motor vehicle tax assessment against large terminal chassis leasing company. The case involved the issue of whether certain service charges related to chassis leases were subject to motor vehicle tax.

Represented oil well services company in contested hearing against the Texas Comptroller resulting in $3.5 million reduction of sales and use tax assessment.

Represented national furniture retailer before the Texas Comptroller resulting in $4.5 million reduction of sales and use tax assessment.

Represented large insurance provider in contested hearing against the Texas Comptroller resulting in $15.7 million in insurance premium and maintenance tax refunds.

Represented major air carrier in contested hearings before the Texas State Office of Administrative Hearings resulting in $1.2 million in sales and use tax refunds.

Obtained 75% reduction of $1 million franchise tax assessment against multi-national oil and gas company by proving inter-company loans qualified as deductible debt.

Assisted large automobile leasing company in securing substantial reductions in motor vehicle sales tax and titling fees by structuring corporate merger and reorganization to avoid taxable transfers and preserve fair market value deductions.

Articles & Presentations

- Author and Presenter, "Recent Developments in Texas Property and Sales Tax Law," Institute for Professionals in Taxation, Texas Two Day Seminar, November 2025.
- Author and Presenter, "Recent Developments in Texas: Issues and Opportunities," Council on State Taxation Southwest/West Regional State Tax Seminar, August 2019.
- Author and Presenter, "State and Local Tax Developments," Institute for Professionals in Taxation, Energy SALT Seminar, February 2018.
- Author and Presenter, "Special Report – Recent Developments in Texas Taxes: Issues and Opportunities," Council on State Taxation Southwest/West Regional State Tax Seminar, November 2017.
- Author and Presenter, "Texas State and Local Tax Developments and Recent Case Law," Institute for Professionals in Taxation, Energy SALT Seminar, February 2016.

- Co-Author and Co-Presenter, “State Tax Cases, Issues, and Policy Matters,” 2015 Council on State Taxation Southwest/West Regional State Tax Seminar, August 2015.
- Author and Presenter, “Texas Sales and Use Tax Litigation Update,” Tax Executives Institute 25th Annual Tax School, May 2013.
- Author and Presenter, “New Developments and Hot Issues in Texas Sales and Use Tax,” 2012 Austin CPA Chapter Annual Tax Conference, November 2012.
- Co-Author and Co-Presenter, "Latest and Greatest Tax Litigation," Council on State Taxation Pacific Southwest Regional State Tax Meeting, October 2009.
- Co-Author, “Sales Tax Top 10: Cases and Legislative Changes,” Institute for Professionals in Taxation Annual Conference, July 2009.
- Author and Presenter, “Hot Issues in Texas,” Twenty-First Annual Tax Executives Institute – Houston Chapter, State and Local – Current Issues, May 2009.
- Co-Author, "What's Happening Everywhere Today: Texas Tax Litigation," New York University School of Continuing and Professional Studies, 27th Institute on State and Local Taxation, December 2008.
- Co-Author, "What's Happening Everywhere Today," New York University School of Continuing and Professional Studies, 26th Institute on State and Local Taxation, December 2007.
- Co-Author, “Administrative Hearing and Court Case Update: Now What Have They Done?” Texas Society of Certified Public Accountants Texas State Taxation Conference, October 2007.
- Co-Author, “Texas Tax Update,” Texas Society of Certified Public Accountants 53rd Annual Texas CPA Tax Institute, November 2006.
- Co-Author and Co-Presenter, “Hot Topics in the Southwest: Recent Judicial and Administrative Developments,” Council on State Taxation Southwest/West Regional State Tax Seminar, June 2006.
- Co-Author, “Recent Developments in Texas Tax Law,” New York University School of Continuing and Professional Studies, 24th Annual Institute on State and Local Taxation, December 2005.

Practice Areas

- State & Local Tax
- Mixed Beverage Audits
- Administrative Appeals of Audits & Refund Claims
- Tax Litigation in District Court & Court of Appeals

Education

- Austin College, B.A., English and Political Science, 1992 magna cum laude
- University of Texas School of Law, 1997 with honors

Admissions

- State Bar of Texas
- U.S. District Court for the Western District of Texas
- U.S. Court of Appeals, Fifth Circuit
- Texas Court of Appeals, Third Circuit
- U.S. Tax Court