

**COUNCIL OF TAXATION SECTION
MINUTES OF REGULAR MEETING**

January 8, 2009

A regular meeting of the Council of the State Bar of Michigan Taxation Section was held on January 8, 2009 at 9:00 a.m. at the offices of Warner, Norcross and Judd in Southfield, Michigan. Jess A. Bahs, Chairperson of the Taxation Section, presided.

COUNCIL MEMBERS PRESENT

Jess A. Bahs	Ronald T. Charlebois
Warren J. Widmayer	Jay A. Kennedy
John M. O'Hara	Marjorie B. Gell (by telephone)
Fred Hoops	Wayne Roberts
Paul V. McCord	David B. Walters
Lynn M. Gandhi	Michael W. Domanski

COMMITTEE CHAIRPERSONS PRESENT

Marko Belej, Business Entities
Lisa Zimmer, Employee Benefits
George V. Cassar, Estates and Trusts
Marla S. Carew, State and Local

COUNCIL MEMBERS ABSENT

Gina M. Torielli
Jack Van Coevering

COMMITTEE CHAIRPERSON ABSENT

Jeff Freeman, Practice and Procedure

OTHERS PRESENT

Deb Michaelian, Program Facilitator
Lorraine F. New, Probate and Estate Planning Section Liaison
Robert D. Heitmeyer, IRS Liaison
Mary Hiniker, ICLE

Council Chairperson, Jess A. Bahs, called the meeting to order at approximately 9:10 AM.

A. MINUTES.

The minutes of the last meeting of the Council had been previously distributed. The minutes were accepted by unanimous vote, after the motion of Fred Hoops, as seconded by Ron Charlebois.

B. TREASURER'S REPORT.

The revised October 1, 2007 – September 30, 2008 Treasurer's report was reviewed. Jess Bahs noted that in spite of lower revenues than budgeted for that period, the Section has a large surplus as of the end of the year, having increased by \$8,411 to \$122,175 by September 30, 2008.

The October 1, 2008 – November 30, 2008 report was reviewed and discussed.

A motion to approve both of the Treasurer's reports was made by Fred Hoops, seconded by Dave Walters, and unanimously approved.

Jess Bahs also noted that Gina Torielli had distributed information on the procedure for getting reimbursed by the State Bar of Michigan for expenses incurred on behalf of the Section, including a chart of accounts to help categorize expenses when seeking reimbursement. The idea of having Section committee meetings at State Bar facilities was also discussed. Deb Michaelian noted that the Section is tax exempt and has a certificate that can be provided to vendors for purposes of proving exemption from Michigan sales and use tax.

C. COUNCIL ACTIVITIES.

Jess Bahs asked for reports and was advised of the following:

1. Continuing Professional Education Services – Mary Hiniker. Mary reviewed ICLE's offer to produce more segments of the "10 Top Tips" series. She demonstrated one of the segments that was audio, plus a powerpoint presentation prepared by Gina Torielli and a colleague. She encouraged Council members to propose ideas for additional segments of this series. Jess Bahs encouraged Council members to consider more ideas for this valuable tool designed by ICLE.
2. After- Hours Tax Law Series – Paul V. McCord. Paul McCord and Mary Hiniker reported that the October and November presentations had 73 and 68 attendees, respectively, with approximately two-thirds in person and one-third by webcast. Over 100 have registered for each of the January 27 program on Tax Issues Affecting Taxpayers in Financial Distress and the February 24, 2009 Hot Topics in Estate and Gift Tax. Ideas were solicited for the 2009 – 2010 series, and some possible topics were circulated. The schedule for the 2009 – 2010 series should be set by May for proper planning and publicity to occur.

3.
 - a. 2009 Tax Conference – Marjorie Gell. Marjie Gell provided a detailed summary of the schedule for the conference.

Three law school professors are doing morning presentations, and Marje is encouraging them to coordinate the areas they will cover. In response to a question regarding the appropriate honorarium for the academic speakers, it was noted that \$1,000 has been paid to each such speaker in recent years. After further discussion, a motion made by Warren Widmayer to pay a \$1,000 honorarium to each of the three academic speakers for the 2009 Annual Tax Conference was seconded by Ron Charlebois and unanimously adopted.

The committee chairs discussed their plans for the breakout sessions. George Cassar raised the possibility of bringing Jeffrey Pennell for the Trust and Estates Committee breakout session, with the possibility of having him do part of the main session and splitting the \$5,000 cost between the conference budget and the committee budget. He also offered the possibility of speaking remotely via audio or video broadcast. After lengthy discussion the consensus was to bring him to present live at both a portion of the main session and the breakout.

Marje indicated that there still are only two sponsors for the event, Stout Risius and Ross, and Fifth-Third Bank. The schedule for publicity was expected to be on track, with an email blast set for January and a March mailing date for the brochures.

- b. 2010 Tax Conference – John M. O'Hara. John's discussion of the 2010 conference was deferred until the Program Facilitator Report.

4. Tax Court Luncheon – Jack Van Coevering. Jack was not present and provided no report.
5. Directory – Fred Hoops. Fred Hoops was present and indicated that the directory is in process at this time. Deb Michaelian has requested the list from the State Bar. The main issue is updating the government contact information, which changes frequently.
6. Michigan Bar Journal Liaison – Paul McCord. Paul McCord was present and made an oral report. Paul indicated that the upcoming Section Briefs will cover the Annual Tax Conference, the policy position on the Real Estate Transfer Tax legislation and brief mentions of committee activities. He is investigating the upcoming tax article issue to determine article length and the number of articles the Section will be asked to provide.

Michigan Tax Lawyer – Lynn Gandhi. Lynn reported that the first edition for 2009 is in editing, and that she was shooting for delivery to the printer by January 15. She urged committee chairs to get her the committee reports. Lynn also expressed concern that the quantity of the Journal's content is diminishing. She urged the committees to provide committee updates in addition to reports. The

upcoming issue features an International Tax Committee article and the policy position on the transfer tax legislation.

7. Internet – Fred Hoops. Fred was present, and indicated that he was soliciting input from the Council for adding more content to the web site. Jess Bahs urged each Council member to come up with at least one idea for adding content to the web site. Fred also noted that to keep the calendar current, he needs the committee chairs to provide their meeting calendars, which none have done. Jess Bahs urged all committee chairs to post their upcoming meetings. Fred excused himself from the meeting following his report.

8. Federal and State Legislation and Public Policy Liaison – Wayne Roberts. Wayne Roberts was present and made an oral report on the following items:

Technical corrections to Michigan Business Tax passed the State Senate.

Michigan offer in compromise legislation - Wayne distributed a copy of the latest draft of a bill being supported by Representative Green. The bill has not yet been introduced. Wayne expects the bill to have full professional support from our section, the Michigan Association of Certified Public Accountants, and some business associations.

Transfer tax legislation – the bill has passed and is awaiting Governor Granholm's signature. There were some revisions made immediately preceding passage, but it was not clear how much effect the Taxation Section's policy position had on the process.

9. Membership Outreach Coordinator – Dave Walters. Dave Walters reported that he is lining up dates for meet and greet events with the law schools.

10. Annual Meeting/Past Chairperson's Dinner – Jack Van Coevering. Jack was not present and provided no report.

11. Grant Program – Dave Walters. Dave reported that he expects to get the grant application packages out by the end of January. The deadline last year was April 1. Jay Kennedy noted that the review and approval process does not take much time, so the time frame should be fine if the packages get out by the end of January. Deb Michaelian noted that the timeline for the grant application process should be posted on the web site.

D. PROBATE AND ESTATE PLANNING SECTION LIAISON REPORT.

Lorraine New was present and provided a written report. The Michigan Trust Code, which the Probate and Estate Planning Section helped develop in conjunction with the Michigan Bankers Association Trust Counsel Committee, has been re-introduced by the State Legislature. The Probate and Estate Planning Section also voted to support the Personal Property Trust Perpetuities Act introduced in the House and an amendment restricting its application.

E. STATE BAR OF MICHIGAN LIAISON REPORT

Lambro Niforos was absent and did not submit a report.

F. IRS AREA COUNSEL LIAISON REPORT

Rob Heitmeyer was present and made an oral report. He noted that he could forward upcoming Tax Court calendars to the Council for posting on the Section's web site, and distributed a copy of the trial calendar for the March 16 session with Judge Vasquez. He stated that 2008 was the busiest year ever for the Office of Chief Counsel, with over 300 requests for summons enforcement, 80% from collection activity and 20% from examination activity. His office also dealt with over 800 docketed Tax Court petitions and 75 requests for alter ego lien determinations.

G. PROGRAM FACILITATOR REPORT

Deb Michaelian was present and gave an oral report. Deb has recently explored the possibility of considering Rock Financial as an alternate location for the Tax Conference. She stated that the location is convenient and the facility is impressive and would meet our needs. She presented available dates for the 2010 conference. John O'Hara agreed that it would be an appropriate facility and location, and agreed to further investigate this option as well as the possibility of changing the date to a fall date.

H. COMMITTEE ACTIVITIES

Jess A. Bahs then asked for Committee reports and was advised of the following:

1. Business Entities – Marko Belej. Marko stated that a wine and cheese reception with no topic or speaker was planned for January 29, with a meet and greet format in which members were asked to bring a transaction to discuss.
2. Employee Benefits – Lisa Zimmer. Lisa was present and provided a written report on the November 20, 2008 joint meeting with the Michigan Employee Benefits Conference. She stated that she was surveying committee members for interest on topics and speakers, with the next planned meeting being the Annual Tax Conference breakout session.
3. Estates & Trusts – George Cassar. George was present and made an oral report. George reported that his committee last met regarding a presentation on FDIC coverage, for which he received numerous RSVPs but only 6 actual attendees.
4. Practice and Procedure - Jeffrey Freeman. Jeff was not present and did not submit a report.
5. State and Local – Marla Carew. Marla was present and gave an oral report. She is talking to June Haas as a possible speaker for her committee's breakout session. She noted that the Attorney General's presentation last year was a big draw. She also expressed concerns about low attendance and prompted discussion regarding possible

reasons. Many Council members expressed the opinion that the economic downturn is affecting law firms and reducing support for non-billable activities not perceived as likely to generate business.

6. International Law – Michael Domanski. Mike was present and also gave an oral report. Mike noted the same concerns expressed by Marla regarding attendance. He heavily promoted a two-day series of meetings with prominent Toronto attorneys. He got 15 RSVPs and 8 –10 shows for the first day presentation, due partly to bad weather. The second day's meeting was held at U of D and 35 or so showed up, many of them law students. He felt that the joint venture approach employed in this case helped, and that he was considering more partnering with other groups for both networking synergy and increasing attendance.

I. OLD BUSINESS.

1. Section Positions on Pending Legislation and Developments. See Wayne Roberts' earlier report.
2. e-Newsletter. Jess Bahs solicited suggestions for Section members who could be recognized in the newsletter for significant contributions to Section activity.
3. Michigan Offer-In-Compromise Legislation. See Wayne Roberts' earlier report.
4. E-mail lists for committee members. Jess Bahs noted this was being worked on as part of the survey he is conducting.
5. Calendar for upcoming year. Jess Bahs reiterated that more input from the committee chairs is needed to get the schedule nailed down.
6. Survey update. Jess stated that the survey being conducted by email was underway.
7. Adding material to website. See Fred Hoops' earlier report.
8. Law school for legislators. Wayne Roberts stated that State Bar lobbyist Elizabeth Lyons had asked the Section to put together a 30-minute presentation for incoming legislators focusing on the Michigan Business Tax and property tax structures. Council consensus was that this was a good opportunity to help educate legislators on these difficult and complicated issues and perhaps make the Section more of a resource for better informing the legislative process.

J. NEW BUSINESS.

1. National Association of State Bar Tax Section Conference. Ron Charlebois attended this conference in California in October on behalf of the Section. He noted that there was discussion regarding a number of issues that are currently high priority for our Section, including a roundtable discussion focused on membership increases and other states seeking to develop an offer in compromise law. He brought back numerous materials from the conference that may be of interest to Council members.

Deb Michaelian agreed to circulate a list of the materials and make copies for anyone interested upon request.

2. Policy and Procedures Manual proposed changes. Gina Torielli has drafted some proposed changes to the Michigan Tax Lawyer section of the Policies and Procedures Manual. These have been circulated to Council members for review and consideration at the February Council meeting. Members were urged to forward any proposed changes to Jess Bahs and Gina Torielli before the meeting.
3. Switching printers for upcoming Tax Lawyer editions. Mary Hiniker was asked to leave the room during this discussion. Concerns were expressed regarding the current printer and numerous problems encountered in the most recent edition. Both ICLE and the State Bar were discussed as possible alternative sources for printing services, but while ICLE would provide editing, layout and proofreading services, it would outsource the actual printing. Other sections use the State Bar and report good experience with that service. After further discussion, on the motion of Warren Widmayer, supported by George Cassar, Council approved changing the printing of future editions of the Michigan Tax Lawyer to the State Bar of Michigan, until further notice.
4. Use of administrative resources for web vs. Tax Lawyer vs. Annual Tax Conference. Deb Michaelian was asked to join Mary Hiniker outside of the meeting room during this discussion. Jess Bahs noted that ICLE has offered repeatedly to assist the Section in planning and conducting the Annual Tax Conference, which has been one of Deb's primary responsibilities in the past. Jess expressed complete satisfaction with Deb's work on the conference, but was concerned that it is difficult for any Program Facilitator to split time between the conference and other important Council administrative matters. He expressed particular concern about the Section's need to devote more time and resources to the Section website, since use of the internet has become so central to most practitioners' information gathering and interaction. He noted complaints from some members regarding stale content on the website and lack of current calendar information. Discussion followed regarding the alternatives of realigning the Program Facilitator's time allotment toward internet and other administrative support, assuming the future use of ICLE as a conference planning resource. A discussed alternative was leaving the Program Facilitator's emphasis on conference and other administrative matters, while also hiring additional support for the website maintenance and development functions. As there seemed to be no clear consensus from the Council on these points, Jess stated he would solicit input from Deb, potential vendors of web support (such as Josh Ard) and possibly ICLE. This matter would then again be addressed at a later date.

Dave Walters announced that the Great Lakes Region TE/GE Council was co-sponsoring a joint annual meeting with other TE/GE Councils in Baltimore, Maryland on February 6, which would feature prominent speakers from the IRS and Treasury in both the qualified plans and exempt organizations areas, and invited anyone interested in attending to contact him.

There being no further business, upon motion by Ron Charlebois, seconded by Warren Widmayer and unanimously approved, the meeting was adjourned at approximately 11:47 A.M.

Respectfully submitted,

Warren J. Widmayer
Secretary