

**COUNCIL OF TAXATION SECTION
MINUTES OF REGULAR MEETING
JANUARY 11, 2007**

A regular meeting of the Taxation Council of the State Bar of Michigan Taxation Section was held on January 11, 2007 at 9:00 AM at the offices of Edward Rose & Sons in Farmington Hills, Michigan. Aaron H. Sherbin, Chairperson of the Taxation Section, presided:

COUNCIL MEMBERS PRESENT

Aaron H. Sherbin	Paul R. Jackson
Jay A. Kennedy	Gina M. Torielli
Jess A. Bahs	Warren Widmayer
Ronald T. Charlebois	Marjorie Gell
Charles M. Lax	Joan R. Dindoffer
	Michael Domanski

COMMITTEE CHAIRPERSONS PRESENT

David Walters, Employee Benefits
Joseph Pia, Practice and Procedure
Paul McCord, State & Local

COUNCIL MEMBERS ABSENT

Alvin L. Storrs
Frederick H. Hoops III
Wayne Roberts

COMMITTEE CHAIRPERSON ABSENT

John O'Hara, Business Entities
Douglas Stein, Estates and Trusts

OTHERS PRESENT

Alan Valade, Business Tax Advisory Group
Robert D. Heitmeyer, IRS Liaison
Deb Michaelian, Program Facilitator

The meeting was called to order at 9:00 AM by Council Chairperson, Aaron H. Sherbin.

A. **BUSINESS TAX ADVISORY GROUP.**

The Chairperson indicated that the first order of business was the introduction of Alan Valade to the Council. Alan is a member of the Taxation Section and represents the State Bar of Michigan as part of the newly formed Business Tax Advisory Group. Alan reported that the Group was established by the Department of Treasury in response to the repeal of the Single Business Tax. Dale Vettel from the Department's

Bureau of Tax Policy was installed as the initial group leader. Based upon past experience, the new Group's membership was intentionally kept to a minimum in the hope of facilitating bi-monthly meaningful discussions among principals from the Department of Treasury and various professional/business leaders regarding internal tax policy and other issues involved with any Michigan business tax restructuring proposals. Nonetheless, Alan reported that the first (and last) meeting of the new Group held in November of last year was somewhat tumultuous. Even though no future meetings are currently scheduled, the Department of Treasury has suggested that meetings may restart after tax restructuring has been established with a focus on technical issues. Alan indicated that he would advise the SALT Committee of any future Group activities. He concluded his appearance before Council by briefly discussing the proposed tax on legal services.

B. MINUTES.

The Minutes of the last meeting of the Council had been previously distributed. There being no changes to the Minutes, the Minutes were accepted by unanimous vote, after the motion of Gina Torielli, as seconded by Warren Widmayer.

C. TREASURER'S REPORT.

Jess A. Bahs submitted a report for the period from October 1, 2006 to December 31, 2006. The Report indicated cash of \$135,184.92 on hand at December 31, 2006. Jess commented that the amount of the Tax Section dues reflected receipts through October of 2006, with an increase near the budgeted amount expected by the time of his next report. A motion to approve the Treasurer's report was made by Ron Charlebois, seconded by Jay A. Kennedy, and was unanimously approved.

D. COUNCIL ACTIVITIES.

Aaron Sherbin asked for reports and was advised of the following:

1. Continuing Professional Education – After Hours Tax Law Series – Alvin Storrs. Al was not present. Mary Hiniker from ICLE was not present but submitted a report on the 2006-2007 After Hours Tax Law Series. Her report indicated that the first two sessions were well attended with pre-registrations for remaining sessions indicating success for the entire series.

2. 2007 Tax Conference – Warren Widmayer. Warren indicated that the 2007 program is now set. The featured speakers include Ira B. Shepard from the University of Houston Law School, Robert J. Kleine, State Treasurer, and Jay Adkisson of Riser Adkisson, Atlanta, Georgia. Each of the three major sponsors (LaSalle Bank, Stout Risius Ross, and Bernstein Global Wealth Management) has agreed to a \$5,000 sponsorship fee. Warren indicated that since all three segments of the program (breakfast, lunch and cocktail hour) were already sponsored, a fourth major sponsor was probably not likely. After a brief discussion regarding the registration fees to be charged for the 2007 Conference, it was agreed that the cost to the attendees would remain at the 2006 levels.

3. 2008 Tax Conference – Frederick H. Hoops, III. Fred was not present and did not submit a report.

4. Tax Court Luncheon – Joan Dindoffer. Joan submitted a report indicating that Paul McCord obtained a commitment from Judge Vasquez to speak at the next Court Luncheon to be scheduled in March of this year at the Detroit Club. Joan asked whether an increase in the attendance fees should be considered. Joan pointed out that the fees charged in 2006 would not cover the entire cost for the March event. Aaron indicated a preference for keeping the fees reasonable to promote attendance. It was decided to hold the costs to the attendees at the 2006 rates for now. Furthermore, Joan also pointed out for consideration by Council the possible scheduling of a second luncheon for spring Tax Court calendar beginning in May. Based upon the fact that the Annual Tax Conference is held in May, it was recommended that Joan postpone the second luncheon until later in the year.

5. Directory – Gina Torielli. Gina reported that she is reviewing the status of the Directory project with Deb Michaelian.

6. Michigan Bar Journal Liaison – Paul R. Jackson. Paul reported that the tax theme edition of the *Michigan Bar Journal* was published in the December 2006 issue. The next tax theme edition would be schedule based upon the two-year rotation. Paul also reminded everyone to contact him if they wish to utilize the Tax Section Briefs located in the *Michigan Bar Journal* to make announcements of Section events.

7. Michigan Tax Lawyer – Marjorie B. Gell. Marjorie reported that she continued to experience problems with the publisher while working on the last issue that may be attributed to recent internal changes at the firm. If things do not improve she will report back to Council. She reported that three articles have been received for the winter issue. Members are to contact her if they know of someone interested in submitting an article.

8. Internet – Gina Torielli. Gina reported that she sent out her first quarterly website announcement to the membership. She also reported that the 2006 Tax Conference materials were now accessible on the Taxation Section's website.

9. Federal and State Legislation – Wayne Roberts. Wayne was not present but did submit a report. In his report Wayne indicates that it appears very likely that the Governor will propose a sales tax on services as part of any upcoming tax restructuring.

10. Public Policy Liason – Wayne Roberts. Wayne was not present and did not submit a report.

11. Membership Outreach Coordinator – Michael W. Domanski. Michael reported the scheduling of a law school meet and greet at the University of Michigan on January 25, 2007 and the University of Detroit on February 8, 2007. Aaron encouraged all members of Council, especially alumni of the law school visited, to participate in these events.

12. Annual Meeting/Past Chairpersons' Dinner – Paul R. Jackson. Paul reported that the next annual meeting and dinner will be held at Meadowbrook Country Club on September 19, 2007 with further details to be provided later. Paul is currently in the process of arranging for a speaker to attend.

13. Grant Program – Jay A. Kennedy. Jay indicated that notices of the 2007 outreach grants will be sent out by the end of January. Jay also proposed that the cutoff date for applications from eligible recipients be moved up to March 31st so that members of the grant committee may complete the review and selection stages in order for the awards to be made at the Annual Tax Conference in May.

E. COMMITTEE ACTIVITIES.

1. Business Entities - John M. O'Hara. John was not present but did provide a written report. His report indicated that the next Business Entities Committee meeting is scheduled for January 25, 2007 at the Farmington Hills offices of Edward Rose and Sons. Eric Nemeth of the Varnum law firm will be the guest speaker; he is planning to discuss a variety of tax issues facing business entities.

2. Employee Benefits - David B. Walters. David reported that at the Michigan Employee Benefits Conference held in November 2006 (which was co-sponsored by his Committee), James Holland, who is an actuary and a manager with the IRS, discussed provisions of the recently enacted Pension Protection Act of 2006. David also reported that upcoming planned activities of his Committee include a meeting scheduled for February 15, 2007 (with Monika Templeman of the IRS discussing employee plan examination and compliance initiatives), a meeting scheduled for May 2, 2007 (with Tim Hauser from the Department of Labor) and a meeting scheduled for September 20, 2007 (with Sal Tripodi presenting the annual benefits update).

3. Estates & Trusts – Douglas Stein. Doug was not present but did provide a written report indicating that the last meeting of his Committee on November 14th covering fiduciary tax return preparation was well attended. The next meeting is scheduled for February 1, 2007 and will cover real estate transfers. Doug also included in his report that he expects to have Jerry Hesch at the Committee meeting held in conjunction with the 2007 Annual Tax Conference.

4. Practice and Procedure - Joseph Pia. Joe reported on the recent activities of his Committee. Joe mentioned that he was co-chair of a practitioner liaison group to provide a forum to advance ideas regarding the tax system. The planning of Committee meetings for the current year includes a discussion of the tax impact on the Bankruptcy Reform Act of 2005 (with Lisa Gretchko of Howard & Howard and John Stevens of the IRS as speakers) on January 30, 2007, a presentation on tax refund suits and claims on February 22, 2007 (with Mark Rizik as speaker) and a discussion of filing tax returns for potential criminal defendants (with Neal Nusholtz as speaker).

5. State and Local – Paul V. McCord. Paul submitted a written report summarizing the state tax restructuring proposals to replace the SBT. Future events sponsored by the Committee will include a February 9, 2007 meeting at which Mitchell Bean, Director of the House Fiscal Agency, will speak on state budget projections and

the impact of SBT tax reform. A meeting is also scheduled for March 16, 2007 in Lansing with senior members of the Department of Treasury's Tax Policy staff. Finally, Paul reported that he has invited Rep. Andy Dillon and Sen. Michael Bishop to speak at the meeting of SALT Committee held concurrent with the 2007 Annual Tax Conference.

F. Probate and Estate Planning Section Liason Report – Shirley Kaigler.

Shirley was unable to attend and no report was filed,

G. State Bar of Michigan Liaison Report – Lambro Niforos

Lambro was unable to attend and no report was filed.

H. IRS Area Counsel Liaison Report – Robert D. Heitmeyer.

Rob briefly remarks discussed recent activities/practices of the Office of Chief Counsel, including the processing of small tax cases and summons enforcement matters. Also noted was an increase in the number petitions filed with the Tax Court.

I. Program Facilitator Report – Deborah L. Michaelian.

Deb indicated that she will in the near future address the need to update each member's manual.

J. OLD BUSINESS.

Aaron noted that the Lexis contract with the Section had been signed and summarized the salient portions.

K. NEW BUSINESS.

1. By-Law Revision. Aaron Sherbin reported that the Board of Commissioners of the State Bar approved the amendments to the Section's By-Laws.

2. National Association of State Bar Tax Sections ("NASBTS"). Jay Kennedy reported on the activities of the annual meeting of the NASBTS that he attended as the representative from the Michigan Taxation Section. The quality of the Michigan Tax Lawyer publication and the extent of the other activities of this Section were favorably noted by many in attendance. Seminar information and other materials from the Conference were made available to members.

3. Patenting of Tax Advice and Tax Strategies. Jay Kennedy reported that this was a hot topic at the NASBTS Conference. Jay discussed some of the potential issues involved with efforts to patent tax advice/strategies and gave an example of a tax strategy purported to be covered by a federal patent. Highlights of the August 17, 2006 letter from the Tax Section of the New York State Bar Association were discussed. Jay suggested that this Section may desire to take a position on this matter after further consideration of all relevant issues.

4. MACPA Tax Tribunal Seminars. Wayne Roberts filed a written report that stated three of the four scheduled seminars were cancelled due to lack of enrollment. He further reported that the one seminar conducted by the MACPA was limited to a focus on small claims representation and property tax matters, just as he had reported at the last Council meeting.

5. Michigan Tax Conference. Wayne Roberts filed a written report that the proposed conference was proceeding to the planning stage. The MACPA, the Taxation Section and the Michigan Department of Treasury are being tentatively designated as co-sponsors of this event although the Department has yet to formally commit. Further information will be made available at a future date.

6. Distinguished Tax Lecture Gina Torielli presented the Council with an opportunity to co-sponsor with the Thomas M. Cooley Law School a presentation by Douglas C. Drake, a public finance and policy expert, on business taxation in Michigan. The event will be held in Lansing and the Section would be obligated to match Cooley Law School up to \$500 to act as a co-sponsor. A motion to approve the co-sponsorship was made by Gina Torielli, seconded by Aaron Sherbin, and was unanimously approved.

There being no further business, and after motion, second, and unanimous consent, the meeting was adjourned at approximately 11:15 AM.

Respectfully submitted,

Ronald T. Charlebois
Secretary