

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

A regular meeting of the Taxation Council of the State Bar of Michigan Taxation Section was held on January 20, 2005 at 9:00 AM. The meeting was held at the offices of Raymond & Prokop, P.C. in Southfield, Michigan. Eric Nemeth, Chairperson of the Taxation Section, presided:

COUNCIL MEMBERS PRESENT

Eric M. Nemeth	Charles M. Lax	Aaron H. Sherbin	Henry P. Lee
Jay A. Kennedy	Jess A. Bahs	Gina M. Torielli	Ronald T. Charlebois
Joan R. Dindoffer	Paul R. Jackson		

COMMITTEE CHAIRPERSONS PRESENT

Warren J. Widmayer, Employee Benefits
James F. Mauro, Practice and Procedure
Eric T. Carver, Business Entities

COUNCIL MEMBERS ABSENT

Paul R. Jackson
Thomas J. Kenny
Jeffrey A. DeVree
Alvin L. Storrs

OTHERS PRESENT

Mary Hiniker, ICLE Representative
Deb Michaelian, Program Facilitator
Ed Deron, former Chairperson
Shirley Kaigler, Probate Section Liaison

The meeting was called to order at 9:03 A.M. by Council Chairperson, Eric Nemeth.

A. **MINUTES.**

The minutes of the last meeting of the Council had been previously distributed. No comments were received pertaining to those minutes. There being no comments, on motion duly made by Gina Torielli and seconded by Ron Charlebois to accept the minutes, the motion was unanimously carried.

B. **TREASURER'S REPORT.**

Aaron Sherbin submitted a Report for the period 10/1/04 to 12/31/04 and a proposed budget for the period October 1, 2004 to November 30, 2005. Aaron

mentioned that he will update the budget to reflect actual dues received and projected additional expenses for the June 7 Tax Court Luncheon, possible MSU tax program contributions, and other items. On motion duly made by Gina Torielli and seconded by Charles Lax to approve the Report for the period 10/1/04 to 12/31/04, the motion was unanimously carried.

C. COUNCIL ACTIVITIES.

Eric Nemeth asked for reports and was advised of the following:

1. After Hours Tax Law Series. Mary Hinicker indicated that there were approximately 100 participants at the recent *Tax Traps for the Entering and Exiting LLCs* After-Hours Seminar. She suggested that the Section should consider a presentation for the next series focusing on tax-exempt entities. Mary also suggested a possible presentation on new tax legislation for next fall. Chuck Lax suggested a possible presentation on Circular 230 issues. Mary will work with Al Storrs to develop a program for the next year, and hopes to have a lineup in place to announce at the Annual Tax Conference.

2. 2005 Tax Conference. Jess Bahs discussed the upcoming Tax Conference. The Conference will be held on May 26, 2005 at the St. Johns Golf and Conference Center in Livonia. Standard Federal Bank has agreed to pay a sponsor fee of \$3,500. Stout Risius will be a second sponsor, and will pay the cost of food and drinks at a reception following the seminar. If the cost of the food and drinks is less than \$3,500, then Stout Risius will pay one-half of the difference between the cost of the reception and \$3,500.

The Conference will begin with 20-30 minute updates on recent tax developments by each of the Committees. Stacey Eastland, a nationally-known estate planning expert, will speak from 10:40 to 12:30 on Family Limited Partnerships and other estate planning issues. Lunch will follow Mr. Eastland's presentation. A possible lunch speaker will be State Treasurer Jay Rising. After lunch, a session will be held on Circular 230 and other tax practitioner/opinion issues. Each Committee will then have a breakout session from 2:25 to 4:25, followed by Cocktail Hour.

Promotion of the Annual Tax Conference will include emails and the Michigan Tax Lawyer. Dave Rosenberger will be asked to set up a golf match for those interested.

The cost of the Conference will be \$90.00 for Taxation Section members and \$120.00 for non-members. Special rates will apply for new lawyers and law students, and firms registering two or more participants.

3. Tax Court Luncheon. Ron Charlebois reported that 66 individuals attended the November 30, 2004 luncheon with Judge Krupa, which is a record for these luncheons. This included 7 young lawyers and 13 law students. The next luncheon is scheduled for June 7 with Judge Wherry.

4. Directory. Joan R. Dindoffer indicated that she has Trevor Wetherington's information and is waiting for a new data base from the State Bar. Joan

will then update the directory. Henry Lee requested that Joan take special care to verify that the list is complete. He noted that he received an incomplete mailing list for the 2004 Summer Tax Conference materials.

5. Michigan Bar Journal. Ron Charlebois indicated that the next tax theme edition of the Michigan Bar Journal is expected in late 2006. He also mentioned that the *Tax Briefs* column can be used to announce upcoming Section events and that we need to get something in each month.

6. Michigan Tax Lawyer. Tom Kenny submitted a written report that indicated that he has completed his review of the Winter, 2005 edition, and that it is expected to be mailed by 1/31/05. Also, the Spring, 2005 edition is underway.

7. Internet. Jeffrey A. DeVree sent an email to Eric Nemeth that indicated that he will continue the calendar updates and will complete his portion of the revised Policy Manual.

8. Federal and State Tax Legislation. Eric Nemeth indicated that he will be having lunch with Paul Jackson next week to review these issues.

9. Membership Outreach. Henry Lee submitted a detailed report entitled *Membership Outreach Recommendations* which is attached to these minutes. Joan Dindoffer indicated that a pizza and pop gathering is scheduled for Wayne State University Law School on January 26, 2005. A similar gathering will be held at Univ. of Mich. Law School on March 16 or March 23.

D. COMMITTEE REPORTS.

1. Business Entities. Eric Carver submitted a written report that indicates that Committee meetings are scheduled for March 17, July 21 and October 21. The March 17 meeting will be held at Dykema Gossett's Bloomfield Hills office and will feature Jeffrey Risius' discussion of the latest trends and techniques in valuing business entities. It was suggested that the third meeting should be scheduled before the expiration of Eric's term as Committee Chairperson in September, 2005.

2. Employee Benefits. Warren Widmayer submitted a written report that indicated that the next meeting is scheduled for February 24, 2005 at 3:00 p.m. This meeting will feature Timothy Hauser, Assoc. Solicitor of Labor Division of Plan Benefits Security, who will discuss Title I Fiduciary Issues. Other upcoming events described in the report include the Great Lakes Benefits Conference on May 5-6 and the Annual Tax Conference.

3. Estates & Trusts. Fred Hoops submitted a report that indicated that a meeting is scheduled for April 30, 2005 featuring Jeffrey Risius who will discuss Business Valuation. It was suggested by Eric Nemeth that the Committees should attempt to reach out to new speakers. - See Business Entities Committee report above.

4. Practice & Procedure. James Mauro submitted a report which includes a meeting with Jack Van Coevering on 3/2/05 that will include a discussion of Mich. Tax Tribunal proposed changes, and proposed meetings on June 1, 2005 and August 3, 2005.

5. State & Local. Wayne D. Roberts submitted a letter from Jack Van Coevering of the Michigan Tax Tribunal asking for Taxation Section participation in two initiatives- a commission formed by the Mich. Dept. of Labor and Economic Growth to study the Tribunal and an expansion of education outreach regarding the Tax Tribunal practice and procedure. The Section appointed the State and Local Tax Committee Chairperson as the Section's Michigan Tax Tribunal representative to follow up with these initiatives.

6. Probate and Estate Planning Section Liaison. Shirley Kaigler indicated that the Probate and Estate Planning Section is recommending new EPIC language regarding the determination of the marital share. She also mentioned the Traxall case, in which an issue is the need for both Co-Trustees to sign documents. Finally, Jay Kennedy was appointed to serve with George Gregory on a joint committee to review tax issues with the proposed Uniform Trust Code.

7. Report of the State Bar of Michigan Liaison. Roger Young was not present and did not submit a report.

E. TELECONFERENCE WITH JUDGE WILLIAM C. WHITBECK.

A conference call was held with Hon. William C. Whitbeck, Chief Judge of the Michigan Court of Appeals. During this call Judge Whitbeck requested proposals for improvement of Court of Appeals procedures. These proposals should be submitted by June 1, 2005, and should include a description of the proposed court rule, etc., the perceived benefit, and a means of measuring the result. James Mauro will consider drafting proposals on behalf of the Taxation Section.

F. OLD BUSINESS.

Chuck Lax is continuing his efforts to revise the Policy and Procedure Manual. He hopes to submit a draft by the May 12 meeting which Chuck hopes will be approved by the June 23 meeting. Sherill Siebert and Ed Deron have agreed to assist with the review of the revised Manual.

G. NEW BUSINESS.

Eric Nemeth distributed a Request for Funding for the Michigan State University College of Law Tax Clinic Initiative. The Clinic has asked for \$10,000 of additional funding. A brief discussion followed in which several participants questioned whether other Michigan law schools have similar programs. Joan Dindoffer volunteered to

contact the other law schools. This matter will be discussed further at the Council's next meeting.

Chuck Lax submitted a report regarding his attendance at the National Association of State Bar Tax Sections, held October 29-30 at the Hyatt Regency in San Francisco. His perception from discussions with representatives of other states is the Michigan Taxation Section is one of the most active groups, even among groups in larger states. Other representatives were particularly impressed with the Michigan Section's education activities, the *Michigan Tax Lawyer*, and the outreach activities. Chuck's report indicated that we may consider including IRS representatives as liaison members of the Council. Also, some states provide recognition awards for tax practitioners.

Gina Torielli invited members of the Council to attend a Cooley Law School Distinguished Tax Lecture on February 17, 2005 featuring Eric Solomon, Deputy Assistant Secretary (Regulatory Affairs) of the U.S. Department of Treasury. Mr. Solomon is scheduled to speak on Circular 230 and related issues. Upon motion duly made, seconded, and unanimously carried, the Counsel agreed to be a co-sponsor of this program for a cost of \$1,000.

A motion by Aaron Sherbin, and seconded by Eric Nemeth, was made to donate One Hundred Dollars (\$100) to the Shalom Aleichem Institute in memory of Lillian Jaffe-Oaks, Charles M. Lax's mother-in-law. The motion was unanimously carried.

There being no further business, a motion to adjourn was made by Henry Lee and seconded by Jay Kennedy. After unanimous consent, the meeting was adjourned at 10:45 A.M.

Respectfully submitted,

Jay A. Kennedy
Secretary