

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

March 20, 2014

A regular meeting of the Council of the State Bar of Michigan Taxation Section was held on March 20, 2014, at 9:00 am at the offices of Dykema Gossett PLLC located at Capital View, 201 Townsend Street, Suite 900, Lansing, Michigan. Lynn Gandhi, Chairperson of the Taxation Section, presided.

COUNCIL MEMBERS PRESENT

Lynn Gandhi	Frank Henke	William Lentine
Marjorie Gell	Michael Antovski	Jackie Cook
Alexander Domenicucci		

COUNCIL MEMBERS ABSENT

Andrew Lane	Paul McCord	Wayne Roberts
Marla Carew	Carolee Kvoriak Cameron	James Combs
Tammie Tischler		

COMMITTEE CHAIRPERSONS PRESENT

Sean Cook	Tamika Mayes	Andrew MacLeod
Evan Kaploe		

COMMITTEE CHAIRPERSONS ABSENT

Hassan Jaafar	Mickey Bartlett	

OTHERS PRESENT

George Gregory		

Lynn Gandhi called the meeting to order at 9:00 am.

MINUTES

The Council Meeting Minutes of February 13, 2014, were presented. Upon motion by Michael Antovski, seconded by Majorie Gell, the aforementioned Minutes, as amended, were unanimously approved and adopted.

TREASURER'S REPORT

The Treasurer's report for the five months ended February 28, 2014, was presented. Upon motion by Alexander Domenicucci, seconded by Marjorie Gell, the aforementioned report was unanimously approved and adopted.

COUNCIL ACTIVITIES

[Note that Council members and committee chairpersons were asked to provide written reports because representatives of the Michigan Department of Treasury were meeting with Council members in a question and answer session at 10:00 am.]

1. Michigan Tax Lawyer – Jackie Cook and William Lentine (Ass't Editor)

William Lentine provided the following written report:

- “1. Spring Edition. The Spring 2014 volume (Vol. XL, Issue 2) is supposed to include articles on the following topics: (1) Practice and Procedure, (2) International, and (3) Young Lawyers. The MTL is seeking author commitments now and submissions are due at the latest by 5/1/14.
- a. Current Articles and Commitments:
 - i. Sales and use tax conversion provisions (Sam McKim)
 - ii. Including capital gains in Distributable Net Income (DNI) to minimize the fiduciaries Trust exposure to paying the Net Investment Income (Raj Malviya)
 - iii. An article on Senate Bill 337 (relating to tax clearance, responsible officer liability for Michigan taxes, audit procedures and claims for refund) (Edward Castellani)
 - iv. Young Lawyers (tentatively anticipating from an MSU student)
 - b. Solicited Articles and Committee Reports:
 - i. Friendly reminder. Committee Chairs should solicit articles for your relevant edition. Additionally, please remember to submit committee reports by **May 1, 2014**. Please refer to prior volumes of the MTL for formatting.
 - ii. I have a call scheduled next week with an individual interested in

submitting an article on federal tax matters related to tax-exempt entities and foundations (this article may be postponed to the Fall 2014 volume).

- iii. I have inquired with a few non-Michigan based attorneys on general tax matters to include in upcoming MTL volumes.
2. Fall Edition. The Fall 2014 volume (Vol. XL, Issue 3) is supposed to include articles on the following topics: (1) Employee Benefits and (2) Estates and Trusts. The MTL will begin seeking author commitments in June and submissions are due at the latest by 9/1/14.
- a. Current Articles and Commitments:
 - i. None at the time of this submission. Please let me know if you have an interest in writing an article or have interested authors for the Fall 2014 volume.
 - b. Solicited Articles:
 - i. Friendly reminder. Committee Chairs should solicit articles for your relevant edition. Additionally, please remember to submit committee reports by **September 1, 2014**. Please refer to prior volumes of the MTL for formatting.”

Jackie Cook did not provide a written report regarding the *Michigan Tax Lawyer*.

2. Internet/Michigan Bar Journal Liaison – Andrew Lane

Andrew Lane was absent but provided the following written report:

“SBM connect is behind schedule for launch. Sandra Barger, webmaster for the SBM website, estimates that it will be another month before it is up and running. However, in anticipation of its launch, Sandra has requested that the Tax Section provide her with the following ‘seed questions’ to include within the Tax Section’s SBM connect page:

1. A welcome message from the chair
2. Explain the perks of SBM connect
3. Explain the status of current section projects & events
4. Ask for opinions on section-related topics in the news
5. Start dialog on changes in your area of law
6. Start dialog on pending public policy
7. Start dialog on recent court opinions

See the email below for examples that were submitted from the ADR Section. [The referenced email has not been included in these Minutes.]

Lynn [Gandhi] – can you please draft a short welcome message for #1?

Committee Chairs – can you please provide me with information that you would like included for #s 3-7 (if applicable) that is relevant to your respective committees?

Council – If there is anything that you would like included as a seed question that is applicable to #s 3-7 or otherwise, please provide me with the detail that you would like included on our SBM connect page.

Please have your responses to me no later than April 4th.”

3. Membership Outreach and Tax Court Luncheon Coordinator – Tammie Tischler

Tammie Tischler was absent but provided the following written report:

“Tax Court Luncheon: I have obtained the budget figures for the last two luncheons.

The 2011/2012 luncheon is broken down as follows: Expenses: \$2,856.00. ½ covered by outreach. The income was \$676.00.

The 2012/2013 luncheon is broken down as follows: Expenses \$2,952.00. ½ covered by outreach. The income was \$640.00.

The luncheon has been posted on the Tax Council calendar. I will continue outreach efforts based on the discussion at the last meeting. I am also working on the language that we could use on the Card like they have at the Business Section.”

4. 2014 Tax Conference – Carolee Kvorciak Cameron

Carolee Cameron was absent but provided the following written report:

Registrations: We now have 27 registrations for the Tax Conference with about 9 weeks to go. Last year we had 48 this far out so we are behind. Of the 27, 26 are attending in Plymouth and only one registered for the live webcast. We encourage everyone to reach out to their contacts in the tax community and remind them to attend this year’s conference.

Marketing: The first brochure has been mailed. Email messages are going out too and there are more upcoming. Registration is at www.icle.org/tax. A PDF of the brochure can be found there too.

Replacement for John Nixon: We have John Nixon, now former director of the State Budget Office, scheduled to give an update on the Michigan Economy. Mr. Nixon, as you may have heard, has resigned and returned to his home state of Utah. We have

replaced him with Bob Schneider from Citizens Research Council, who will give an overview of Governor Snyder's proposed FY2015 budget.

Next Year's Conference: Thursday, May 21, 2015 is reserved at St. John's for next year's conference."

5. 2015 Tax Conference – James Combs

James Combs was absent and did not provide a written report.

6. Federal & State Legislative Update and Public Policy Liaison – William Lentine and Jackie Cook

William Lentine provided the following written report:

“Dave Camp Proposal. The House Ways and Means Committee released Camp's tax reform proposal – The Tax Reform Act of 2014. The Tax Reform Proposal includes numerous changes but with mid-term elections this year the bill is unlikely to pass. The tax reform proposal appears to follow the theory of reducing rates and broadening the base by eliminating a number of tax credits and limiting deductions while reducing rates. One of the most discussed proposals in the draft bill would force businesses to change accounting methods which may adversely impact many service professionals.”

Jackie Cook provided the following written report:

“HB 4291 presented to Governor for signing on March 11, 2014:

The Legislature passed HB 4291 which requires the Department to provide a taxpayer, upon request, their 'complete audit work papers and the audit report of findings.' HB 4291 also requires the Department to comply with certain auditing standards in performing audits and requires the Department to issue promulgated rules on audit standards within a year. The language added to MCL 205.21(1) states:

'A taxpayer who has been audited by the department or its agent or a taxpayer whose books, records, and papers have been examined by the department shall, upon request, be provided a complete copy in printed or electronic format of the complete audit work papers and the audit report of findings. Any audit performed by the department or its duly authorized agents under section 3(a) shall be performed in accordance with auditing standards which shall include, but are not limited to, confidentiality, technical training, independence, due professional care, planning, supervision, understanding of the entity audited including internal control and an assessment of risk, audit evidence and documentation, sampling and sampling projections, and elements of the audit report of findings. The department shall promulgate administrative rules on audit standards within 1 year of the date of enactment of the amendatory act that added this sentence.'

Senate Bills 821-830 (further PPT reform) were passed by the Senate and referred to the House Tax Policy Committee on March 4, 2014:

A ten-bill package, introduced by the Senate on February 25, 2014, ‘would increase the amount of funding from the use tax dedicated to reimbursing local units, and impose the essential services special assessment at the state level, rather than the local level. If this new proposed legislation is enacted, then it will become the subject of the August 2014 vote rather than the 2012 legislation.’ 3.10.2014 House Fiscal Agency Legislative Analysis, available at <http://www.legislature.mi.gov/documents/2013-2014/billanalysis/House/pdf/2Q13-HLA-0821-0B3F590A.pdf>.”

7. Directory and Annual Meeting – Frank Henke

Frank Henke provided the following written report:

- “1. The annual meeting and dinner has been scheduled for September 16, 2014. The annual meeting will be from 3:00 p.m. to 5:30 p.m., and the dinner will be from 5:30 to 8:00. I am presently looking for a possible sponsor for this event in order to alleviate the costs. **(Note: can you please arrange for this to be placed on the calendar and on the website?)**
2. I am working on updating the directory, and will have a status report on this at the next council meeting.”

8. Continuing Professional Education and After-Hours Tax Law Series – Jeff Kirkey and Marla Carew

Jeff Kirkey was absent and did not provide a written report.

Marla Carew was absent but provided the following written report:

“Jeff Kirkey and I are discussing next season’s 2014-2015 Tax After Hours. I’ll defer to Jeff, but to the best of my understanding ICLE will continue to use the shorter, pre-recorded webcast format for all Tax After Hours presentations. Our immediate next steps will be to survey Section members on topics of interest, pick the four topics that look like they will be most desired/useful, and select speakers.”

9. Grant Program – Marla Carew

Marla Carew was absent but provided the following written report:

“The Grant review team of myself, Alex Domenicucci and Marjorie Gell will begin review of grant applications ASAP. Applications from U of M, MSU and the Accounting Aid Society were all received before the March 15 deadline. Michigan Poverty Law has historically responded with a request for grant funds but additional follow up will be needed unless the application arrives in Tuesday’s mail.”

10. Pro Bono Project/Community Service Initiative Coordinator – Paul V. McCord

Paul McCord provided the following written report:

“Referrals and Participation. Currently, there are 40 attorneys who have volunteered to participate in the Section’s pro bono project. As of last count, there have been 15 cases referred. See attached. There remains capacity that is not being utilized. It is important to engage attorneys that have agreed to participate in the program, or at least advise the attorneys that a case referral is forthcoming. At the last meeting of the pro bono Administrative Group (Nicole Appleberry, Michele Halloran, Justin Sheehan, Robert Mathis, and myself) on January 28, 2014, the group discussed strategies for increasing tax case referrals. The group discussed that the Accounting Aid Society probably has numerous cases that are appropriate for referral to the Program. After the meeting, Rob sent the referral procedures to Ms. Stiles at the Accounting Aid Society and also re-advise of the case types that can be referred to the Program. Rob Mathis sent an email to all of the pro bono attorneys that have not received a case yet and advise to be on the lookout for a referral in the coming months.

Additionally, on February 28th, 2014, a Tax Clinic at MSU’s Detroit Center (located at 3408 Woodward Avenue, Detroit) has conducted. This clinic was open to taxpayers that that have tax cases scheduled for Tax Court on March 31, 2014, and offered them an opportunity to speak with someone about their case. Cases that are appropriate for referral to program will be referred. The MSU-LITC recently indicated that they have recently received a number of requests for service and that they may make some additional referrals.

2014 Tax Training. Last year, a training session was held in June to orient program volunteers. At present, as there are more than enough pro bono volunteer attorneys given the apparent limited demand. A full training was decided not to be needed. Any additional training would be provided on an ad-hoc basis as needed.

Next Meeting. Tuesday, April 8, 2014 @ 9 a.m. (Conference Call). At that meeting the Administrative Group will assess the number of referrals to the Program, and discuss whether additional steps need to be taken to utilize the program’s capacity.”

11. IRS Area Counsel Liaison Report – Eric Skinner and Rob Heitmeyer

Eric Skinner and Rob Heitmeyer were absent and did not provide a written report.

12. Probate and Estate Planning Section Liaison Report – George Gregory

George Gregory provided the following written report:

“The Probate & Estate Planning Section is working on a number of projects. At its latest meeting on March 15, 2014 it actively discussed:

1. Fiduciary Access to Digital Assets Act

Section’s proposal is based on the Uniform Act. There is sponsored legislation which is different (House Bills 5366, 5367, 5368, 5369, 5370 (go together)

and SB 293) but covers the same issues.

2. Proposal for special trustees for special functions (administrative, investment, distributions) with liability limited to the areas of use.
3. Revised Brochure for Patient Advocate
4. An all electronic Journal with no printed version.
5. Discussion about using IRAs for child support and alimony.
6. Principal Residence Exemption while in assisted living and for three years of probate administration.
7. Uncapping on intra-family transfers. Over 20 alternative suggestions.
8. I presented materials about the Tax Section's Annual Institute in Plymouth.

The Section has committees actively working on a number of areas including:

- a. Directed trusts.
- b. Domestic asset protection trusts.
- c. Insurance legislation.
- d. Artificial reproduction.
- e. Specialization.
- f. Fiduciary exception to the attorney- client privilege.
- g. Real estate uncapping on transfers to family members.
- h. End of life issues.
- i. Pending legislation.

There is more information at <http://michbar.org/probate/> including minutes and agendas.”

13. State Bar of Michigan Liaison Report – Richard Siriani

Richard Siriani was absent and did not provide a written report.

14. YLS Liaison Report – Phil Admiraal

Phil Admiral was absent and did not provide a written report.

15. Program Facilitator Report – Erin-leigh Sexton

Erin-Leigh Sexton was absent and did not provide a written report.

Lynn Gandhi reported that Erin is moving to Arizona and will be stepping down as Program Facilitator. Lynn also reported that Erin has agreed to continue in the position during a transitional period.

COMMITTEE ACTIVITIES

1. Business Entities – Andrew MacLeod

Andrew MacLeod provided the following written report:

“On March 6th, James Combs of Honigman conducted a presentation on ‘Select Issues in Tax-Free Distributions under Section 355’. The presentation was very well done, was attended by approximately 14 people, and networking / cocktails followed at Foran’s Pub.

On Thursday September 11th at 4pm at Dickinson Wright’s Detroit office, there will be a presentation titled ‘Tax and Other Issues Facing Corporate Tax Departments’. At present, Jay Frucci, the Chief Tax Officer, of Ally Financial Inc. is scheduled to speak regarding tax and business issues and challenges presently facing corporate tax departments. Jay has agreed to speak, but consideration is also being given as to whether to invite other panelists to participate. The presentation is anticipated to last for about an hour, with networking/cocktails to follow at a local establishment.”

2. Employee Benefits – Mickey Bartlett

Mickey Bartlett was absent but provided the following written report:

“For the Employee Benefits update, I’m working on the May 7 ERISA Talent Show. I just secured my 3rd volunteer who stepped forward after reading my Report of the Employee Benefits Committee in the Michigan Tax Lawyer. I’m in the process of working with the volunteers to nail down the content for the presentation.”

3. Estates and Trusts – Sean Cook

Sean Cook had nothing new to report.

4. Practice and Procedure – Evan Kaploe

Evan Kaploe had nothing new to report.

5. State and Local Taxation – Tamika Mayes

Tamika Mayes provided the following written report:

“SALT Roundtable Conference Call Series

I have a draft of the framework for the SALT roundtable conference call series. I would like to announce the roundtable by the Annual Conference and have the first call scheduled for July or August and quarterly thereafter. If anyone is interested in leading

a discussing roundtable or has suggested topics, please contact Tamika Mayes at Tamika.mayes@gm.com.

* Note also that the SBM Real Property Section will have a roundtable on real property matters at the DAC in April. Please see the SBM website - real property section - for more details.

Upcoming Events

Joint meeting/event with SBM Property Tax Section (Jason Long).

I am still working with Jason Long to confirm a date for a joint SALT/Property Tax Section event or meeting. I will add to the calendar once confirmed with Jason and will ensure it is not scheduled to close in time to annual conference.

Joint event with Young Lawyer Committee of the Taxation Section

The event with the Young Lawyer Committee was cancelled. I will try to reschedule once a new chair is appointed for that committee.”

6. International Taxation – Hassan Jaafar

Hassan Jaafar was absent and did not provide a written report.

7. Young Lawyers

Lynn Gandhi reported that Stephanie Teitsma has resigned as Chairperson of the Young Lawyers Committee due to work conflicts. Lynn asked Council to give some thought to who might be a possible replacement for Stephanie.

OLD BUSINESS

1. Task Force Regarding Michigan Treasury Proposed Appeals Administration

Council discussed whether the tax court proposed by the task force would be under the jurisdiction of the Supreme Court or whether it would be an administrative tribunal. There appears to be consensus among Council that there should not be a reduction in the avenues to the Michigan judicial system that are available to taxpayers. Council discussed possibly sending a follow-up letter to Senator Caswell positing that the tax court should retain its jurisdiction until there is a more comprehensive study.

2. Revision of Tax Council Manual

Marjorie Gell has sent position descriptions to Council members and committee chairpersons.

NEW BUSINESS

1. Michigan Supreme Court Task Force re Bar Membership

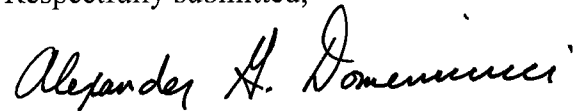
Lynn Gandhi indicated that a Supreme Court Task Force has been established to address the question of voluntary membership in the State Bar of Michigan.

2. Michigan Department of Treasury

Council welcomed Michael Eschelbach, Lance Wilkinson, and Daniel Greenberg from the Michigan Department of Treasury. The representatives from the Department of Treasury took questions from members of Council.

There being no additional business, a motion was made by Alexander Domenicucci, seconded by Michael Antovski, the meeting was adjourned at approximately 11:25 am.

Respectfully submitted,

A handwritten signature in black ink that reads "Alexander G. Domenicucci". The signature is written in a cursive style with a large, prominent initial 'A'.

Alexander G. Domenicucci
Acting Secretary