

**COUNCIL OF TAXATION SECTION
MINUTES OF REGULAR MEETING
May 4, 2006**

A regular meeting of the Taxation Council of the State Bar of Michigan Taxation Section was held on May 4, 2006 at 9:00 AM. The meeting was held at the offices of Howard and Howard Attorneys, P.C., in Bloomfield Hills, Michigan. Charles M. Lax, Chairperson of the Taxation Section, presided:

COUNCIL MEMBERS PRESENT

Jess A. Bahs	Jay A. Kennedy	Warren Widmeyer
Ronald T. Charlebois	Charles M. Lax	Marjorie B. Gell
Jeffrey A. DeVree	Aaron H. Sherbin	Michael Domanski
Joan Dindoffer	Alvin L. Storrs	Gina M. Torielli
Paul R. Jackson		

COMMITTEE CHAIRPERSONS PRESENT

John O'Hara, Business Entities
Frederick H. Hoops, Estates and Trusts
Joseph Pia, Practice and Procedure
David Walters, Employee Benefits

COUNCIL MEMBERS ABSENT

Eric M. Nemeth

COMMITTEE CHAIRPERSONS ABSENT

Wayne D. Roberts, State & Local

OTHERS PRESENT

Deb Michaelian, Program Facilitator
Mary Hiniker (ICLE)

The meeting was called to order at 9:20 AM by Council Chairperson, Charles Lax ("Chuck").

A. MINUTES.

There being no changes to the minutes, the minutes were accepted by unanimous vote, after motion by Gina Torielli, as seconded by Aaron Sherbin.

B. TREASURER'S REPORT.

Jay Kennedy submitted the attached Treasurer's report, which was accepted by unanimous vote, after motion by Joan Dindoffer, as seconded by Gina Torielli. Current cash on hand is \$168,802. Jay reported that funds were still available for future committee meetings during the year.

C. COUNCIL ACTIVITIES.

Chuck asked for reports and was advised of the following:

1. Continuing Professional Education – Al Storrs. Al and Mary Hiniker of ICLE discussed upcoming seminars. ICLE may hold more seminars at St. Johns Golf & Conference Center in the future. ICLE will have more live web casts next year. The after-hours tax programs for the upcoming year are scheduled for: October 24, 2006, November 28, 2006, January 30, 2007, and February 27, 2007. Some of the after-hours programs will include the following topics: Part II on Partnerships (liquidations, transfers, terminations); Hot Topics Regarding Estate and Gift Taxes; and recent state and local tax issues, including real estate property and transfer taxes. Mary is considering an international tax program. Paul Schaefer and Mike Domanski may consider an outline for an international tax program.

2. 2006 Annual Tax Conference – Gina Torielli. Gina submitted the attached written report. Seminar revenue is estimated to be \$25,000 and expenses should be slightly less. 170 people had registered to attend the upcoming Annual Tax Conference. Gina asked that Council members and their colleagues try to arrive early on the conference date to show support for the first speaker. Due to road construction issues, there have been traffic problems around the St. Johns Golf & Conference Center. The first speaker for the day will be Steve Miller, IRS Commissioner for Tax Exempt and Government Entities. Steve is a high ranking official within the IRS. Gina asks that as many people attend the first session as possible.

3. 2007 Annual Tax Conference - Warren Widmayer. Warren mentioned there had been some prior discussion regarding whether to conduct the Annual Tax Conference in the northern part of the state during the summer, as was previously done prior to 2005. Some Council Members expressed concern about reduced attendance, compared to the seminars held in the Detroit area. Warren will prepare evaluation forms to be circulated at the upcoming Annual Tax Conference—some of the questions will be about preferable dates and locations. There was some discussion about the spring date conflicting with the annual Probate and Estate Planning Seminar. It may be that more people would attend the Annual Tax Conference if it did not conflict with other competing seminars. Warren will report back to the Council after he has reviewed evaluations regarding the upcoming conference.

4. Tax Court Luncheon - Paul R. Jackson. The next Tax Court session will start on June 12, 2006. Paul Judge was confirming the final date for the lunch with Judge Laro. The probable location will be the Detroit Athletic Club. Notice of the time and location will be E-mailed.

5. Directory - Joan R. Dindoffer. The directory is available and ready for the members to download it from the Tax Section website.

6. Michigan Bar Journal Liaison - Paul R Jackson. Some of the articles for the upcoming tax edition of the Michigan Bar Journal include the subjects of state and local tax topics, ESOP issues, state tax issues with multiple LLCs, and beneficiary designations.

7. Michigan Tax Lawyer - Marjorie B. Gell. All articles had been timely submitted for purposes of the next issue. There will be additional articles submitted by students. LEXIS is interested in including prior editions of the *Michigan Tax Lawyer* in its searchable database. LEXIS will pay an annual royalty of \$1,000 to the Tax Section. Council Members expressed concern with whether LEXIS will require exclusivity; Marjorie will further investigate this and report back to the Council.

8. Internet - Ronald T. Charlebois. Chuck complimented Ron and Deb Michaelian with their efforts to improve the Tax Section website. More information and material has been added to the website. Members of the Tax Section were recently E-mailed notice of some of the enhancements to the website. Ron would like more articles referenced at the site and he requested that Council Members recommend articles of interest. Regarding the posting of employment positions, Ron reported that attorneys seeking employment will be able to post basic contact information about themselves, but will not be able to post actual resumes.

9. Federal and State Legislation - Jeffrey A. DeVree. Jeff recently met with some representatives from the state legislature. Certain representatives have asked questions about how Michigan should tax Michigan business activity. Jeff believes there may be some misunderstanding among policymakers regarding how the Single Business Tax works (or does not work). Some members of Council expressed concern with becoming involved in the legislative process. Jeff presented good ideas as to how the legislature could more easily sell a modified value-added tax, such as by starting with revenue and allowing deductions for certain expenditures, as opposed to starting with income and then requiring add-backs. The position of the Council was that Jeff should continue to monitor the Michigan legislative process and offer educational assistance, but should not at this time support or propose any particular legislation.

10. Membership Outreach Coordinator – Michael Domanski. Mike reported that a meet and greet session was held at MSU/DCL law school. Mike is in the process of setting up additional meet and greet sessions with other law schools. Most of the sessions should occur this fall. Certain law schools are requesting that this occur annually. Mike and Gina coordinated a scholarship arrangement so that law school

students could attend the upcoming Annual Tax Conference at a reduced cost. Student awards will be presented at the upcoming Annual Tax Conference.

11. Annual Meeting/Past Chairpersons' Dinner - Joan R. Dindoffer. The Annual Meeting/Past Chairpersons' Dinner will be held on Thursday, September 14, 2006, at Meadowbrook Country Club. Joan is interested in ideas for speakers. Council members were urged to contact Lou Kasiske if they remained in contact with him. Lou was a past chairperson of the Council and is well known. Brooks Patterson was also mentioned as a possible speaker.

D. COMMITTEE ACTIVITIES.

1. Business Entities - John M. O'Hara. John submitted the attached written report. John may have a meeting this summer regarding 1031 issues. Comerica expressed interest in assisting with this meeting. John is working on an article for the *Michigan Bar Journal*, fall issue. June Summers Haas will be a speaker at an upcoming meeting to be held on May 19, 2006, regarding state and local tax issues impacting business activity.

2. Employee Benefits - David B. Walters. The committee is planning a meeting in September and is planning additional meetings for the balance of the year.

3. Estates and Trusts - Frederick H. Hoops. Fred submitted the attached written report. The last meeting was held on February 16, 2006, at the Skyline Club regarding planned giving arrangements. There was also a meeting on April 4, 2006, at Clark Hill PLC regarding advanced techniques and life insurance premium finance.

4. Practice and Procedure - Joseph Pia. There will be a telephone conference meeting on June 5, 2006. Cooley's facilities will be used for the meeting. A representative of the IRS will talk about bank secrecy laws and money laundering issues. Another meeting may be held in July regarding independent contractor issues. Joe may hold another meeting in September as well. Joe is considering topics such as updates regarding Circular 230, personal injury settlements, and divorce issues.

5. State and Local - Wayne Roberts. Wayne was unable to attend but submitted the attached written report.

6. Probate and Estate Planning Section Liaison Report - Shirley Kaigler. Shirley was unable to attend and did not submit a written report.

7. State Bar of Michigan Liaison Report - Lambro Niforos. Lambro was unable to attend.

8. IRS Area Counsel Liaison Report - Robert D. Heitmeyer. Robert was unable to attend.

9. Program Facilitator's Report - Deborah L. Michaelian. Nothing to report at this time.

E. OLD BUSINESS.

1. By-Laws Update – Aaron Sherbin. Aaron recently prepared Restated Bylaws to replace the Tax Section's current bylaws. The State Bar of Michigan will review and comment on the proposed bylaws. Ten members of the Section will need to submit a petition, and the matter must be voted upon at the Tax Section's next annual meeting. Prior to the annual meeting, the Council must vote on whether to recommend the Restated Bylaws.

F. NEW BUSINESS.

1. Co-Sponsorship of ICLE Family and Closely-Held Business Institutes on November 2, 2006 – Mary Hiniker. ICLE was considering a seminar regarding family and closely-held businesses. Mary asked if the Council was willing to be a co-sponsor. Co-sponsorship would not require the Council to commit any funding. Sponsorship will entitle section members to a discounted registration fee. The Probate and Estate Planning Section is also involved. This may become an annual event. The Council unanimously voted in favor of this sponsorship, after motion by Joan Dindoffer, as seconded by Gina Torielli.

2. Grant Program for Low Income Tax Clinics – Aaron Sherbin. Aaron provided the Council a written draft of the proposed grant procedure, a copy of which is attached. This will be placed in the Policy and Procedure Manual for the Council. The grant amount available for this year, and thus the current limit, is \$5,000. Aaron's draft sets forth information needed, procedures, what the Committee will consider, etc. Grant requests will be considered quickly so that the grants can be announced at the Tax Section's annual meeting. The Council unanimously voted in favor of Aaron's suggested grant program, after motion by Ron Charlebois, as seconded by Warren Widmayer. Applications for grants are to be submitted by June 30, 2006.

G. ADJOURNMENT.

There being no further business, and after motion, second, and unanimous consent, the meeting was adjourned at 11:00 AM.

Respectfully submitted,

Jess A. Bahs
Secretary