

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

**September 13, 2018**

A regular meeting of the Council of the State Bar of Michigan Taxation Section was held on September 13, 2018, at 3 p.m. at the Townsend, Birmingham, Michigan. Ms. Carolee Smith, Chairperson of the Taxation Section, presided.

**COUNCIL MEMBERS PRESENT**

James Combs	Jackie Cook	Sean Cook
Andrea Crumback	Alexander Domenicucci	Brian Gallagher
Mindi Johnson	William Lentine	Andrew MacLeod
Michael Monaghan	Carolee Smith	Joshua Wease

**COUNCIL MEMBERS ABSENT**

Thomas Fabbri	Ryan Peruski	
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**COMMITTEE CHAIRPERSONS PRESENT**

Eric Gregory	Rebecca Pugliesi	Nick Papisifakis
Daniel Stanley		

**COMMITTEE CHAIRPERSONS ABSENT**

Jon Baloch		
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**OTHERS PRESENT**

Dennis Mitzel	Chris Jacobson	Josh Lowenthal
Negah McKevitt	George Gregory	Christina Thompson
Bob Donahue		

Carolee Smith called the meeting to order at 3:13 p.m. A quorum was not initially present at the meeting, however, voting was deferred on matters until a quorum was present which occurred approximately 10 minutes later. Ms. Smith referred to the packet and minutes and deferred minutes vote approval until a quorum was met.

Ms. Smith recognized a quorum and as corrected the minutes were approved, with Mr. Gallagher making a motion and after Mr. Combs seconded the motion.

## TREASURER'S REPORT

Mr. Combs presented an update on budget for the 2017-2018 fiscal year noting that the final numbers for the fiscal period would not be available until the month of December when the State of Michigan Bar finalizes its numbers.

Mr. Combs reported on the period and updated the report for July 31, 2018 (noting that the budget and activity was not updated for numbers received today). As of July 31, 2018, without much change from June. Mr. Combs also noted that the Tax Conference resulted in a \$6K net cost and overall the current budget reflected 10K extra cash for 2018 over 2017. Get everyone's name and receipts to address evidentiary requirements for the State Bar. Timely submission of reimbursements is highly recommended. There was an increase in membership year over year.

## COUNCIL ACTIVITIES

### 1. Strategic Planning – Ryan Peruski

Mr. Peruski was absent and did not provide a report.

### 2. Public Communications – Brian Gallagher

Mr. Gallagher led a discussion regarding his conversation with Andrew Marks at the State Bar and the consideration of a Section specific code of conduct for online activities. Brian reviewed and inconsistencies do not exist. However, discussion was held as to whether two codes – one for the bar as a whole and one for a section – is an appropriate use of resources. A proposal was made to use a specific link from the sections web page to the code provided by the State Bar so future inconsistencies would not be created by operating under two separate codes. This proposal was considered the most appropriate solution.

### 3. Michigan Tax Lawyer – Mindi Johnson

Ms. Johnson will be looking for additional authors for upcoming volumes. Ms. Johnson was not present but submitted a report provided by Ms. Smith requesting that committee chairs submit reports as soon as possible for publication in the upcoming volume.

### 4. Michigan Bar Journal Liaison / Annual Tax Dinner / Tax Court Lunch – Sean Cook

Mr. Cook briefly discussed the annual dinner following the section meeting today.

### 5. Annual Tax Conference

Ms. Crumback was not present but discussion of 2018 conference was positive and Ms. Smith discussed the final numbers for the Annual Tax Conference.

Mr. Monaghan discussed the 2019 conference planning including the ICLE contract which was discussed and generally viewed that without ICLE personnel present the conference

would not be the success that it has been in the past. Therefore, we discussed approval of the contract under the same terms as prior years, however, the State Bar needs to review each contract before execution. Therefore, approval was postponed until such review is complete.

Positive views were expressed that the 2018 conference was instructive and that a partial day conference was not desired generally by attendees – therefore a full day program is being scheduled for 2019.

The draft program is available for 2019 which includes multiple tracks for substantive focus. An invitation was to invite an attorney involved in the Wayfair case, however, the speaker has not yet confirmed (adjunct professor conflicts exist). Additionally, Patrick Robertson will be invited to return.

Early bird session for two years (Ethics and A&A credit for CPAs) both resulting in 65 attendees for both sessions. Ms. Smith had positive comments towards the A&A session. Mr. Cook recommended a topic on “purchase price” rules for both tax and audit. Ms. Smith suggested that *Altawin* is causing issues in the renewable space. Positive discussions were had for each topic and Mr. Monaghan will pursue further.

Upon appointment of the new committee chairs at the annual meeting, the topics proposed and close to final will need to be solidified. Mr. Gregory asked for a summary to send to the committees and Mr. Monaghan indicated he will finalize and send.

First plea to find sponsors. Fees will remain the same as last year including that the exhibitor fee will remain at \$500 (a reduction from the \$750 in prior years). Sponsor considerations and opportunities were discussed.

6. Federal & State Legislative Update and Public Policy Liaison – Andrew MacLeod
7. Andrew MacLeod spoke on guidance for the new Tax Act.

Mr. MacLeod spoke on guidance for the new Tax Act. Mr. MacLeod then discussed *Wayfair*, addressing states’ Nexus for Sales and Use Tax so anticipate some news including guidance on that front in the coming year. Additionally, new guidance under 2018-68 was recently issued for Code Section 162(m) broadening a covered employee and including grandfathering rules. Notice 2018-64 provides some clarity under Code Section 199A for W-2 wages for purposes of QBI.

In Michigan, RAB 2018-16 came out regarding *Wayfair* whereby out of state sellers no physical presence and sales in excess of 100,000 or 200 separate transactions in a calendar year then taxable nexus and ongoing reporting and withholding; considered as having nexus until no longer deemed to have in prior year (actually providing clarity on losing nexus); effect 9/30/18...any prior activity there is no penalty and interest

Carolee noted that as it is guidance there is a new administration on January 1, 2019 which may lead to new discussion topics.

8. ICLE – Max Matthies

ICLE – no personnel present and no report provided.

Mr. Cook mentioned he is recording a federal tax webinar in November.

9. Grant Program – Tom Fabbri

Mr. Fabbri was not present; no report was submitted but Mr. Combs mentioned that checks were cut and paid.

10. Pro Bono Project/Community Service Initiative Coordinator – Joshua Wease

Mr. Wease reported on probono discussing the use of the grant proceeds for the hotline and public workshops provided in low income communities. Law students will be providing the workshops. Tom Toft is running the Grand Rapids tax clinic.

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

Messrs. Skinner and Heitmeyer were not present and did not provide a report.

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

Mr. Gregory reported that a new liason will be required. Meg Lentz is the new T&E section chair. Mr. Gregory mentioned that the Michigan inheritance tax issues at the State of Michigan should be resolved and indicated a general view exists to get rid of it.

13. State Bar of Michigan Liaison Report – Shenique Moss

Ms. Moss was not present and did not submit a report.

14. Program Facilitator Report – Mary Owiesny

Ms. Owiesny was not present.

**COMMITTEE ACTIVITIES**

1. Federal Income Tax – Jon Baloch

Mr. Baloch was not present and did not provide a report.

2. Employee Benefits – Eric Gregory

Mr. Gregory was present and reported that an event will be jointly hosted with the Estates and Trusts Committee on Qualified Plans and assets event in Birmingham (November 7, 2018). Additionally, he is currently working on a mid-Michigan event for this Fall.

3. Estates and Trusts – Nick Papsifakis

Mr. Papsifakis was present and confirmed the joint program scheduled with the EB Committee.

4. State and Local Taxation – Daniel Stanley

Mr. Stanley was present. Dan Stanley discussed the success of the SALT Mixer in Lansing with approximately 46 attendees including 2 legislators attending. He recommend doing it at the Chamber next year. Mr. Stanley then discussed the *Wayfair* case; and mentioned associated RAB caveats (i) physical nexus is still present; (ii) the RAB provides retroactive effect through 2017 for 2018 nexus thereby providing taxpayers some degree of certainty from State Treasurer Nick Khoury for application of the RAB without analysis of current year sales.

5. Young Tax Lawyers – Rebecca Pugliesi

Ms. Pugliesi reported that the YTL held an event in Lansing at the Lansing Brewing Company on July 31, 2018 at 5:00. The event had positive feedback including that Ms. Smith mentioned the great venue. Additionally, a happy hour will be held after the Fundamentals Program.

**OLD BUSINESS**

No Eblast was sent out but Ms. Smith will pass that information on to Ms. Cook for consideration in the new fiscal period.

**NEW BUSINESS**

US Tax Court Luncheon will be in session on October 22. Additionally, another session will be held in February. Debate was had as to whether tax section members would value lunches with the same judge in a short period of time.

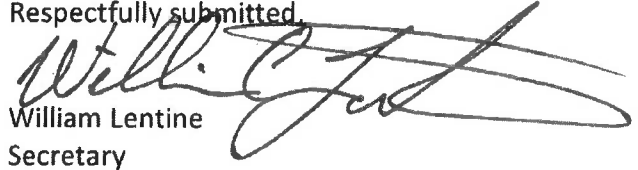
Mr. Combs discussed a Law School writing contest for the Fundamentals Program announcement. He proposed that a prize could include publication in the Michigan Tax Lawyer, however, such a program would require judges, page limits and additional guidance. However, all contestants would receive an acknowledgement in the MTL. Judges would be needed and Mr. Domenicucci indicated he would consider volunteering to lead the judges barring other commitments.

Next year's annual meeting will be held on September 26, 2019 – Ms. Smith recommended confirming that it is not on same day as the annual bar meeting.

There being no other business, Ms. Smith requested whether there was a motion to adjourn the meeting. Mr. Combs moved and was seconded by Mr. MacLeod.

The meeting was adjourned at approximately 4:18 p.m.

Respectfully submitted,

  
William Lentine  
Secretary