

**COUNCIL OF TAXATION SECTION
MINUTES OF REGULAR MEETING
April 17, 2008**

A regular meeting of the Council of the State Bar of Michigan Taxation Section was held on April 17, 2008 at 9:00 AM at the offices of Jaffe, Raitt, Heuer & Weiss, P.C., Southfield, Michigan. Jay A. Kennedy, Chairperson of the Taxation Section, presided.

COUNCIL MEMBERS PRESENT

Jay A. Kennedy	Lynn M. Gandhi
Jess A. Bahs	Warren Widmayer
Ronald T. Charlebois	Gina M. Torielli
Wayne Roberts	Aaron H. Sherbin
David Walters	Frederick H. Hoops III
Joan R. Dindoffer	

COMMITTEE CHAIRPERSONS PRESENT

Marko Belej, Business Entities
Michael Domanski, International
Lisa Zimmer, Employee Benefits
Paul McCord, State & Local
Jeff Freeman, Practice and Procedure

COUNCIL MEMBERS ABSENT

John O'Hara
Marjorie Gell

COMMITTEE CHAIRPERSON ABSENT

Douglas Stein, Estates and Trusts

OTHERS PRESENT

Deb Michaelian, Program Facilitator
Mary Hiniker, ICLE
Ryan Bailey, ICLE
Lorraine New, Probate Section Liaison
Robert Heitmeyer, IRS Liaison

Council Chairperson, Jay Kennedy, called the meeting to order at 9:00 AM. Jay noted the great attendance at this meeting.

A. **MINUTES.**

The Minutes of the last meeting of the Council had been previously distributed. The

Minutes were accepted by unanimous vote, after the motion of Warren Widmayer, as seconded by Aaron Sherbin.

B. TREASURER'S REPORT AND BUDGET.

Ron Charlebois submitted a Treasurer's report for the period from October 1, 2007 through March 31, 2008. The report indicated cash of \$163,061.69 on hand at the end of period. Sponsorships for conference are reflected in receipts and other income and expenses of the annual conference are not yet in. There are 60 checks for conference registrations were received, but not yet deposited. A motion to approve the Treasurer's report was made by Warren Widmayer, seconded by Joan Dindoffer, and unanimously approved.

C. COUNCIL ACTIVITIES.

Jay Kennedy asked for reports and was advised of the following:

1. After Hours Tax Law Series – John O'Hara. John O'Hara was not present and Mary Hiniker presented several written reports on his behalf, including a final report of attendance at the 2007-2008 After Hours Tax Law Series and the Michigan Business Tax seminar. They have been working on developing a list of topics to consider for next year's seminars. They received a number of good suggestions from the members of Tax Council: a session on tax issues for taxpayers in financial distress (foreclosure, debt forgiveness, etc.); protecting yourself in the fact of recent changes to Circular 230 and the new IRC 6694 tax return preparer penalties; winning strategies for handling Michigan property tax appeals; doing business in Canada; hot topics in estate planning; and, tax planning for Michigan businesses under the Michigan Business Tax. They have also sent out an online survey with questions specifically targeted at the membership to determine what type of seminars practitioners would be interested in, and Mary shared the survey with Council. Council members suggested webcasts on the new film industry credit, and IRS social club and employee benefits audits.

2. 2008 Tax Conference – Frederick H. Hoops, III. Fred was present and reported that the conference brochure has been mailed once and will be mailed out again this week. About 60 persons have already registered for the conference. 5/3 Bank asked to send several attendees as part of their sponsorship package, and the Council agreed. A letter will go at all three sponsors spelling out the policy. Fred and Deb Michaelian received a quote for printing the conference materials from the State Bar. The price was the same as last year and they will deliver.

3. 2009 Tax Conference – Marjorie Gell. Marjorie was not present. Jay reported the date of the 2009 Annual Conference will be April 29th, and the Council had to guarantee 150 attendees to book at St. John's.

4. Tax Court Luncheon – Warren Widmayer. Warren was present and reported that the next Tax Court luncheon will be held on June 24rd in honor of Judge Diana Krupka. The Detroit Club is secured and the form is ready to go. Joan will contact law schools regarding the available student scholarships.

5. Directory – David Walters. David was present and made an oral report. He reported that the information for the directory from the State Bar is now available, the IRS information has been updated, and once the State Treasury information is updated, the new directory will be posted. The Assistant Treasurer's office is updating the State information, and the target is the end of the month.

6. Michigan Bar Journal Liaison – John O'Hara. John sent a written report. He spoke with Linda Novak, the editor of the *Michigan Bar Journal*. The tax-themed issue for the *Journal* will be December 2009. While this time period falls outside his term, John will line up a variety of articles so the next liaison is not need to scramble to get commitments. There was no entry for the Tax Section in the April *Bar Journal*, because it was the annual directory issue. However, for May, he will report on the June Tax Court Luncheon. He promoted the annual tax conference in the January, February and March issues of the *Michigan Bar Journal* to give it maximum exposure.

7. Michigan Tax Lawyer – Lynn Gandhi. Lynn was in attendance and made an oral report. The publication date for the Spring 2008 issue is May 15, 2008, and it is due to the publisher on May 1, 2008. Articles include SALT – “Be Wary of Settling State Tax Disputes With the Michigan Dept. of Treasury,” and “Michigan's Short Statute of Limitations for Refund Claims Based on Constitutional Challenges: Harming the Perception of Michigan's Tax System.” Lynn has the student articles, and just needs committee reports.

8. Internet – David Walters. David was present and made an oral report. Internet issues seem to be on track. The access issues he reported on last meeting have been corrected. Not much progress has been made yet on linking the website “employment opportunities” area to the State Bar classifieds, and in updating the “articles of interest” section. Deb is getting the 2006 tax-themed issue *State Bar Journal* articles to include in that section.

9. Federal and State Legislation and Public Policy Liason – Wayne Roberts. Wayne was present and made an oral report regarding the MBT amendments (film industry credits) and amendments to the Property Tax Act regarding second principal residence exemption. He will send an email blast regarding the deadline for filings regarding the new exemption and ICLE also will send notice to its partners with credit for the Section.

10. Membership Outreach Coordinator – Joan Dindoffer. Joan was present and also submitted a written report. A Meet and Greet is being planned at the Cooley Oakland campus on June 5th, immediately after the Tax Council meeting which will be held there. Jay asked that the event begin at 11:30, to accommodate Council members who will stay for the event. Joan also mentioned that she has been asked if it is okay to provide a free lunch at the tax conference for professors or parents of student awardees. Council unanimously approved the expenditure.

11. Annual Meeting/Past Chairperson's Dinner – Warren Widmayer. Warren was present and made an oral report. The event will be held on September 25th at the

Meadowbrook Country Club. Tom Hoisington, a top lobbyist and popular speaker at last November's Michigan Tax Conference, will speak.

12. Grant Program Joan Dindoffer. Joan was in attendance and submitted a written report. The grant committee met. Joan asked is Counsel will approve up to \$2,000 to increase grants for 2008 to allow grants to 2007 awardees at last year's levels and also to accommodate one new applicant.

D. COMMITTEE ACTIVITIES.

Jay A. Kennedy then asked for reports and was advised of the following:

1. Business Entities – Marko Belej. Marko was present and made an oral report. The committee's next event will be at the tax conference.

2. Employee Benefits – Lisa Zimmer. Lisa was present and she submitted a written report. There is nothing new to report since the last Council meeting. The next meeting of the Employee Benefits Committee is scheduled for the May 28, 2008, Annual Tax Conference, Helen Morrison, Attorney Advisor, Office of Benefits Tax Counsel of the U.S. Department of Treasury will speak to the Committee on IRC Section 409A and the Final Regulations.

3. Estates & Trusts – Douglas Stein. Doug was not present, but he submitted a written report. In February, the committee met at the local offices of UHY. The topic was "Valuation Issues in Estate Planning," where they discussed how to value S corporations and how to "tax effect" an S corporation in the 6th Circuit. It was well-attended. Dennis M. Mitzel will be speaking at the Estates and Trusts breakout session at the 21st Annual Tax Conference. Mr. Mitzel will be speaking on "Naming Trusts as Beneficiaries of Qualified Plans." George Cassar has shown interest in taking over Doug's position in September.

4. Practice and Procedure - Jeffrey Freeman. Jeff was present and he made an oral report. The committee had a meeting at St. John's conference center on March 20th, using the ICLE web cast technology. The topic will be "Revolving Your Tax Controversy through the IRS Appeals Office and ADR. The speaker was the Manager of the Appeals Office covering Michigan. Jeff would like to do more meetings in this format. The committee's next meeting is tentatively set for June 19th and will be webcast from Ann Arbor.

5. State and Local – Paul V. McCord. Paul was present and he also submitted a written report. The committee is drafting proposed legislation that would create an offer and compromise program within the Michigan Department of Treasury. The Section formally adopted a policy position in support of legislation that would allow the Department to compromise tax liability. Wayne Roberts is heading up this project. The committee also developed a white paper regarding the application of the Michigan Business Tax to individuals, trust, estates and certain partnership and investment vehicles and the recent amendments to the MBT. This project was a joint effort with the Probate

Section. Lynn Gandhi chaired this project for the SALT Committee. The SALT committee has not held a meeting since the last report in March 2008, because its March meeting was rescheduled to early June due to a Treasury conflict. The committee is holding a reception on May 1st from 5-7pm at Honigman's Lansing office with Treasury officials. The Treasurer, Chief Deputy Treasurer and Deputy Treasurers have been invited as well as the Assistant Attorneys General who handle tax affairs. June Summers Haas organized this event and the committee is grateful for her efforts.

On May 28, 2008, Jeff DeVree of Clark Hill will make a presentation at the annual tax conference regarding the MBT. During the SALT Breakout, Wayne Roberts will provide a short Michigan developments update. Jordan Goodman of the Chicago law firm of Horwood, Marcus & Berk will make a multi-state presentation with an emphasis on the recent *MeadWestvaco* decision that was issued on April 15, 2008, unitary filing and business/nonbusiness income issues.

6. International Committee – Michael Domanski. Mike was present and gave an oral report. Mike is planning a joint seminar in June with Automation Alley and the International Law Section on international tax and business issues. The focus will probably be Europe and Russia. The venue at Automation Alley in Troy and advertisement are free to the Section. Law students would be invited. Mike would like the Section to sponsor a breakfast or cocktail hour.

E. PROBATE AND ESTATE PLANNING SECTION LIAISON REPORT.

Lorraine New was present and filed a written report on recent activities of the Probate and Estate Planning Section. The Probate and Estate Planning Section meets monthly on Saturday mornings at the University Club in Lansing; the last meeting was March 15. A major focus of the probate section is the uniform trust code (Mark Harder, Chair; mharder@wnj.com) and it hopes to complete the entire package by spring. A special meeting will be held May 17th in order to complete the work. At the last meeting, Senate Bill 1200 which would allow educational accounts such as 529 plans to be exempt assets in bankruptcy proceedings, was discussed and received probate council approval. In addition the uniform prudent management of institutional funds act was discussed and received probate council approval. House Bill 5499 pertaining to the rights of individuals subject to guardianships, which is opposed by the Michigan Probate Judges, was opposed by the probate council. Subcommittees continue to consider the issues of Michigan durable power of attorney act, (Daniel Marsh, chair) and specialization of probate and estate planning practitioners (Shaheen Imami, chair). The next issue of the *Probate Journal* will focus on charitable giving. The next meeting of the probate section will be April 19 at 8:30 a.m. in Lansing.

F. STATE BAR OF MICHIGAN LIAISON REPORT.

Lambro Niforos was unable to attend and sent no written report.

G. IRS AREA COUNSEL LIAISON REPORT.

Rob Heitmeyer was present as IRS Liaison and made written reports describing the two upcoming Tax Court calendars in Detroit. He also reported on a job opening and an honors program for 2nd and 3rd year law students. In 2007, there were 700 docketed cases in Michigan and in 2008 they are on track for 800 cases, along with another 800 collection enforcement actions. Both law clinics were present at the last S court docket. Attorneys should feel free to contact the Detroit Office of Chief Counsel attorneys with any questions.

H. PROGRAM FACILITATOR REPORT – DEBORAH L. MICHAELIAN.

Deb indicated that she had nothing to report at the present time, except to encourage members to register for the annual tax conference and to forward payment.

I. OLD BUSINESS.

1. Section Positions on RAB's and Pending Legislation. Jay Kennedy distributed a packet of materials including policies regarding legislation and lobbying from the Section, other sections of the State Bar, the New York Bar Association Tax Section and others. He also distributed the Section's mission statement, the bylaws and the conflicts of interest policy. In response to a question from Jay, Lorraine New discussed how the probate section handles conflicts of interest (members with conflicts abstain from voting). His purpose for this meeting was to inform the Council, which will discuss this issue at its June meeting.
2. Joint Task Force on FLP/MBT Issues. Lynn Gandhi provided an oral report on Joint Taxation Council and Probate Section Task Force on Technical Correction to MBT for passive investment income. There was a conference call with Treasury personnel. Treasury was willing to eliminate the "exclusively for" language. They were also willing to adopt "person" instead of a list, so FLPs and LLCs are included. However, they added language regarding a single individual and "immediate family." They will probably address the Section's additional concerns.
3. Michigan Tax Conference. Jay asked Wayne Roberts for an update on the Michigan Tax Conference jointly sponsored by the Section, the MACPA and State Treasury. There was a call regarding topics for this fall's conference. Jay would like Council to consider the Section's role in the conference at its June meeting.
4. e-Newsletter. John O'Hara made a written report on the e-Newsletter. John contacted Stacy Sage, the Sales Coordinator for the *Michigan Bar Journal*, to discuss the concept of a Taxation Section E-newsletter. The newsletter would be similar in nature to the one established by the Business Law Section. He is looking at the various options available and their respective costs. Deb Michaelian and John are working on this.

J. NEW BUSINESS.

1. Grant Program Expansion. Motion by Warren Widmayer, seconded by Gina Torielli, to increase budget to \$12,000 for 2008 grants, including \$1,500 previously awarded to the Accounting Aid Society and an additional \$500, \$1,000 to Legal Defender, \$2,000 to the U-M Low Income Tax Clinic, \$500 to the U-M Poverty Law Center, \$2,000 to the MSU Tax Clinic, \$2,000 to the Baxter Clinic, and \$2,000 to Legal Service of Eastern Michigan, as requested by the grants committee. The Council unanimously approved the motion.
2. Automation Alley International Tax Meeting Sponsorship. A Mike Domanski's request, the Council unanimously approved up to \$2,000 to sponsor a joint program in Troy with Automation Alley and the International Law Section in early June on international tax and business issues.

There being no further business, upon motion by Warren Widmayer, seconded by Gina Torielli and unanimously approved, the meeting was adjourned at approximately 10:55 AM.

Respectfully submitted,

Gina M. Torielli
Secretary