

**COUNCIL OF TAXATION SECTION  
MINUTES OF REGULAR MEETING  
OCTOBER 12, 2006**

A regular meeting of the Taxation Council of the State Bar of Michigan Taxation Section was held on October 12, 2006 at 9:00 AM at the Sheraton Hotel in Novi, Michigan. Aaron H. Sherbin, Chairperson of the Taxation Section, presided:

**COUNCIL MEMBERS PRESENT**

Aaron H. Sherbin	Frederick H. Hoops III
Jay A. Kennedy	Paul R. Jackson
Jess A. Bahs	Gina M. Torielli
Ronald T. Charlebois	Warren Widmayer
Charles M. Lax	Marjorie Gell
	Wayne Roberts

**COMMITTEE CHAIRPERSONS PRESENT**

John O'Hara, Business Entities  
Joseph Pia, Practice and Procedure  
Paul McCord, State & Local  
Douglas Stein, Estates and Trusts

**COUNCIL MEMBERS ABSENT**

Alvin L. Storrs  
Joan R. Dindoffer  
Michael Domanski

**COMMITTEE CHAIRPERSON ABSENT**

David Walters, Employee Benefits

**OTHERS PRESENT**

Robert D. Heitmeyer, IRS Liaison  
Laura Freeman, ICLE Representative  
Deb Michaelian, Program Facilitator

The meeting was called to order at 9:00 AM by Council Chairperson, Aaron H. Sherbin.

A. **INTRODUCTIONS.**

This being the first meeting for several new Council Members and Committee Chairpersons, each participant made a brief introduction to other participants.

B. **MINUTES.**

The Minutes of the last meeting of the Council had been previously distributed. It was noted that Warren Widmayer did attend the last meeting and therefore should be

added to "Council Members Present." There being no further comments, the motion to accept the revised Minutes was unanimously carried.

#### C. TREASURER'S REPORT.

The outgoing Treasurer, Jay A. Kennedy, submitted both the Treasurer's Report for the period October 1, 2005 to August 31, 2006 and the Proposed Budget report for the twelve month period ending September 30, 2006. Jay then provided certain updated revenue and expense figures that arrived late and changed the numbers in the reports distributed. Jay also indicated that if anyone had additional expenses relating to the period ending September 30, he would need to have that information submitted to him on October 12, 2006 which is the deadline set by the State Bar for the Report to be filed. A motion to approve the Treasurer's Report, as revised, was made by Gina Torielli, seconded by Fred Hoops, and unanimously approved.

The incoming Treasurer, Jess A. Bahs, then submitted his Proposed Budget report for the period ending September 30, 2007. He stated that the proposed 2006-2007 budgets numbers were not inflexible. Jess also indicated that the figures on his report listed under the "Actual" Budget through August 31, 2006 would need to be reconciled with the revisions his predecessor made to the Treasurer's Report. It was noted that total revenue is projected to increase slightly primarily due to expected higher seminar income and the new source of receipts under the Lexis/Nexis contract. The expense side also reflects projected increases primarily in the costs of speakers for the 2007 Tax Conference and the costs of conducting committee meetings. Jay's explanation for the lower than budgeted costs for the 2006 Tax Conference resulted in large part from the cost savings resulting when one of the main speakers decided to stay with local family members. Jay also pointed out that the lower than budgeted costs associated with the *Michigan Tax Lawyer* through August 31, 2006 were caused by the payment for only two issues within that accounting period. Jess stated that even though a budget deficit of \$9,300 was predicted, the Section's cash balance on hand would be sufficient to absorb any shortfall up to that amount. A motion to approve the 2006-2007 Proposed Budget report was made by Jess Bahs, seconded by Jay A. Kennedy, and was unanimously approved.

#### D. COUNCIL ACTIVITIES.

Aaron Sherbin asked for reports and was advised of the following:

1. Continuing Professional Education – After Hours Tax Law Series – Alvin Storrs. Al was not present. Laura Freeman from ICLE submitted a report on the current registrations for the 2006-2007 After Hours Tax Law Series. Her report indicated that the first session regarding avoiding property tax issues scheduled for October will be well attended and preliminary numbers for the following sessions suggest that overall satisfactory attendance will be achieved. The ICLE brochure regarding the Tax Law Series was to be finalized and sent out by the end of the month. Aaron suggested that notices of each Committee's current activities be posted or distributed to attendees at each session.

2. 2007 Tax Conference – Warren Widmayer. Warren indicated that the Tax Conference, scheduled for Wednesday, May 2, 2007, might have all three of the 2006

major sponsors returning to sponsor the 2007 event. Formal requests have been sent to each of those sponsors. Warren is looking for a potential fourth major sponsor as well as ideas for main speakers. Warren is hoping to line up speakers by the end of November. Warren indicated that Natalie Choate, one possible main speaker, has already scheduled two speaking engagements in Michigan at approximately the same time as the scheduled 2007 Conference and, thus, it may not make sense to have her as a speaker. Aaron informed Warren that Council is aware of the difficulty in planning a Tax Conference and that he should expect the full support of Council at all times.

3. 2008 Tax Conference – Frederick H. Hoops, III. Fred indicated that based upon the feedback received, and to establish stability, he would prefer to continue to keep the Conference date in May as opposed to moving it back to a date in the Fall. Aaron agreed with Fred and indicated that moving the conference to some time in the Fall would probably presents similar scheduling problems.

4. Tax Court Luncheon – Joan Dindoffer. Joan was not present. Aaron indicated that he would follow-up with Joan regarding the coordination of a March luncheon date with Judge Vasquez during the next Tax Court Calendar in Detroit.

5. Directory – Gina Torielli. Gina reported that she is communicating with Joan Dindoffer as part of her transition preparations.

6. Michigan Bar Journal Liaison – Paul R. Jackson. Paul reported that the December 2006 issue of the *Michigan Bar Journal* would be the next tax theme edition. Paul noted that originally five articles were to be included in this edition but for various reasons only three were published. Paul recommended that the next tax theme editor consider the possibility of securing more articles than needed to insure that a full tax theme issue will be published. Any articles not used in the tax theme edition could instead be published in the *Michigan Tax Lawyer* or elsewhere. Paul also reported that he would make monthly requests to Council Members and Committee Chairs for any newsworthy Section activities or events that anyone desires to have published in the Sections Brief column of the *Michigan Bar Journal*.

7. Michigan Tax Lawyer – Marjorie B. Gell. Marjorie reported that the current issue is complete except for one final article that is expected shortly. Marjorie also reported that this issue would be the first issue to go online with Lexis/Nexis.

8. Internet – Gina Torielli. Gina reported that she is communicating with Ron Charlebois as part of her transition preparations as the new website coordinator. Gina also indicated that her first quarterly website announcement to the membership would be made before year end.

9. Federal and State Legislation – Wayne Roberts. No report was provided. Wayne is monitoring developments for reporting to Council at a future date.

10. Public Policy Liason – Wayne Roberts. Wayne reported that the Department of Treasury has recently formed a business tax advisory group. The group will attempt to focus on internal tax policy of the State of Michigan. Only a limited number of tax professionals will be included in the group. Alan M. Valade will represent the State Bar of Michigan. Wayne will be working with Alan as the alternate

representative and intends to keep the Council informed of the activities of the new group.

11. Membership Outreach Coordinator – Michael W. Domanski. Michael was not present. Aaron commented that he knew Michael was planning to schedule the next law school meet and greet event after the first of the year (either at the University of Michigan or the University of Detroit). Aaron encouraged all members of Council, especially alumni of the law school visited, to participate in these events.

12. Annual Meeting/Past Chairpersons' Dinner – Paul R. Jackson. Paul reported that he is communicating with Joan Dindoffer as part of his transition preparations. Paul also indicated the Annual Meeting and Past Chairpersons' Dinner is scheduled for Wednesday, September 19, 2007. A return to the Meadowbrook Country Club, the site of the 2006 event, appears likely.

13. Grant Program – Jay A. Kennedy. Jay indicated that the three members of the committee to review applications and select recipients for the Section's 2007 outreach grants would be himself, Joan Dindoffer and Michael Domanski. Jay also indicated that as set forth in the proposed current budget, the amount of the total annual grants would be increased in 2007 to \$10,000. The grant program committee would prefer to have the timelines moved up in 2007 so as to commence marketing after the first of the year and having a cutoff for applications earlier than the June 30<sup>th</sup> deadline imposed this year. A motion to approve an increase in the 2007 annual grants of up to \$10,000 was made by Jay, seconded by Ron Charlebois, and unanimously approved.

#### E. COMMITTEE ACTIVITIES.

Aaron H. Sherbin has asked that all tentative program dates, topics, and locations be provided to him by November 1<sup>st</sup>. Aaron also requested that meetings be spread evenly over the course of the year. He encouraged the Committee Chairpersons to communicate more with their members regarding any matters relevant to the Committee practice area. On a suggestion from Gina Torielli, Aaron approved emailing members of the Section to obtain a Committee preference.

1. Business Entities - John M. O'Hara. John reported that the next Business Entities Committee meeting is scheduled for October 19<sup>th</sup> at the Bloomfield Hills offices of Dykema Gosset. Anthony Ilardi will discuss current issues concerning limited liability companies.

2. Employee Benefits - David B. Walters. David was not present but did provide a written report. Aaron read his report. The next Employee Benefits Committee meeting is scheduled for November 15 at the Red Run Golf Course. The Committee and the Michigan Employee Benefit Council will be co-hosting James Holland as the featured speaker. Mr. Holland, who is an actuary and a manager with the IRS, will discuss provisions of the recently enacted Pension Protection Act of 2006.

3. Estates & Trusts – Douglas Stein. Doug reported that next Committee meeting is scheduled for November 14 at the Red Run Golf Course. The speakers will be N. Dean MacVicar and Christopher Haenicke. They will present a nuts and bolts

review of fiduciary tax returns and issues that practitioners should be concerned with in the preparation of such returns.

4. Practice and Procedure - Joseph Pia. Joe reported that he was in the process of planning the next Committee meeting for the current year. He is hoping to secure a speaker from the IRS. Joe is also considering using a big-name speaker who could be co-sponsored by another Committee. Aaron Sherbin suggested Joe consider a joint meeting of the Section with the IRS sometime in late February or early March.

5. State and Local – Paul V. McCord. Paul reported that he was transitioning into his role as chair through discussions with his predecessor. Paul also provided the attached written report. He is in the process of planning a meeting with members of Michigan Department of Treasury covering the repeal of the SBT and the adoption of a replacement tax. He expects to schedule this meeting as soon as there is more clarity as to what the State of Michigan proposes to adopt.

F. Probate and Estate Planning Section Liason Report – Shirley Kaigler.

Shirley was unable to attend and no report was filed,

G. State Bar of Michigan Liaison Report.

The designated liaison was unknown at this time and no report was filed.

H. IRS Area Counsel Liaison Report – Robert D. Heitmeyer.

Rob distributed a recent personnel roster for the IRS Office of Chief Counsel in Detroit together with a list of trial preparation deadlines. Rob also made some brief remarks concerning recent activities of the Office of Chief Counsel.

I. Program Facilitator Report – Deborah L. Michaelian.

Deb reminded everyone that she is always available to take questions regarding Section activities and to facilitate distribution of announcements to the membership.

J. OLD BUSINESS.

Aaron noted that the amended and restated Bylaws, adopted by the Section at the Annual Meeting, have been delivered to the State Bar Commissioners. Final approval was expected to take place at the November 17<sup>th</sup> meeting of the State Bar Commissioners.

K. NEW BUSINESS.

1. Probate Council Transfer Tax Committee. Douglas Stein has been asked to serve on the Probate Council Transfer Tax Committee as the Tax Section's liaison. A motion to appoint Doug as the Section's liaison to serve on this Committee was made by Aaron, seconded by Ron Charlebois, and unanimously approved.

2. Business Tax Advisory Group. Wayne Roberts reported that the Michigan Department of Treasury recently formed a Business Tax Advisory Group. Alan M.

Valade is the State Bar of Michigan representative to this Group and Wayne is his alternate. Although similar to the prior business advisor group conducted by the Department, this new Group will have a much smaller panel with only one member of the business community, one attorney and one CPA participating in periodic meetings with representatives from the Department of Treasury. The goal of the Group is to encourage ongoing discussions with, and feedback from, the legal, accounting and business sectors concerning any current or future internal tax policy emanating from the Department. Wayne will endeavor to keep the Council informed of the activities of the Group.

3. Lexis/Nexus Contract. Aaron reported that comments regarding the proposed contract with Lexis/Nexus had been submitted and he will report more after a response is received.

4. Michigan IRS Practitioners Liaison Group. Joe Pia reported to Council that he and Kristy Washington, a Senior Specialist for the IRS, are the co-chairs of the Michigan IRS Practitioner Liaison Group. This Group was created for the purpose of establishing a continuing dialogue between representatives of the IRS and Michigan tax practitioners. Aaron indicated that Joe's participation in this Group may provide Council with additional access to the IRS and could assist any one desiring to bring emerging tax issues before the IRS and the professional tax community. Aaron encouraged Joe to report to any information from his association with this Group that may be of interest to Council.

5. MACPA/Tax Tribunal Joint Seminar on Practice before the Michigan Tax Tribunal. Aaron reported the recent marketing literature for a MACPA/Tax Tribunal joint seminar caused some members of Tax Council may be an indication of an effort to expand the use of non-attorneys in the representation of taxpayers in the Michigan Tax Tribunal. It also raised a question as to whether or not there was a need for the Section to conduct a similar program that may be offered to the members of this Section. Wayne Roberts, who will be one of the presenters at this joint seminar, disagreed with this observation. Wayne indicated that he understood that the joint seminar would be limited to a discussion of proceedings before the small claims division of the Tax Tribunal or an appeal of residential real estate tax assessments, both of which are areas not necessarily pursued by practicing attorneys. The issue of having a seminar sponsored by the Taxation Section covering practice before the Michigan Tax Tribunal was referred to Paul McCord, Chair of the State & Local Tax Committee, for his further consideration.

There being no further business, and after motion, second, and unanimous consent, the meeting was adjourned at approximately 11:15 AM.

Respectfully submitted,

Ronald T. Charlebois  
Secretary