

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

A regular meeting of the Taxation Council of the State Bar of Michigan Taxation Section was held on October 14, 2004 at 9:00 AM. The meeting was held at the Sheraton Novi Hotel in Novi, Michigan. Eric Nemeth, Chairperson of the Taxation Section, presided:

COUNCIL MEMBERS PRESENT

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| Eric M. Nemeth | Charles M. Lax | Aaron H. Sherbin | Henry P. Lee |
| Thomas J. Kenny | Jeffrey A. DeVree | Jay A. Kennedy | Jess A. Bahs |
| Joan R. Dindoffer | Gina M. Torielli | Paul R. Jackson | Alvin L. Storrs |

COMMITTEE CHAIRPERSONS PRESENT

Frederick H. Hoops, III, Estates & Trusts
Wayne D. Roberts, State and Local
Warren J. Widmayer, Employee Benefits
James F. Mauro, Practice and Procedure
Eric T. Carver, Business Entities

COUNCIL MEMBERS ABSENT

Ronald T. Charlebois

OTHERS PRESENT

Sherill Siebert, Ex-Officio, Past Council Chairperson
Mary Hennicker, ICLE Representative
Deb Michaelian, Program Facilitator

The meeting was called to order at 9:00 A.M. by Council Chairperson, Eric Nemeth.

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. No comments were received pertaining to those minutes. There being no comments, on motion duly made by Charles Lax and seconded by Eric Nemeth to accept the minutes, the motion was unanimously carried.

C. TREASURER'S REPORT.

The previous Treasurer Charles M. Lax distributed a Treasurer's Report for the period October 1, 2003 to August 31, 2004 prior to the meeting. Chuck indicated that there were few expenses in September, 2004. He mentioned that the Section has not yet received the year-end report from the State Bar of Michigan.

Chuck also distributed a Proposed Budget for the year October 1, 2004 – September 30, 2005.

A comparison of the "Actual" and "Proposed" Budget for the period 10/1/03 to August 31, 2004, which was included with the Treasurer's Report, shows that the Section had actual revenues over expenses of \$31,412.95 versus a proposed deficit of \$1,750. A reason for this excess last year was that only a small amount (\$109.57) was spent by the Committees, even though \$3,500 was budgeted for Committee activities. In addition, it appears that the Taxation Section may have made money on the Summer Tax Conference.

Eric Nemeth suggested that the Committee Meeting expenses be left in this year's budget as a means of encouraging stronger programs that will assist the Committees. The Committee Chairpersons were directed to email proposed programs for the current year, with projected expenses, to Chuck Lax, so that he can include these costs in a revised Budget for the current year. It was also suggested that costs for Tax Court Luncheons, the directory, outreach programs and the MSU Tax Clinic should be included in the current year budget.

Aaron Sherbin pointed out that the revenue amounts in the Proposed Budget did not add up. Chuck Lax will prepare a revised budget that incorporates the Committee expenses and makes the necessary corrections.

D. COUNCIL ACTIVITIES.

Eric Nemeth asked for reports and was advised of the following:

1. After Hours Tax Law Series. Alvin L. Storrs reported that the 2004-2005 programs are set. The next session will be held on 10/19/04 and will focus on Business Valuation Issues. This program and the remaining programs are described in the ICLE After Hours Tax Law Series brochure that has already been mailed.

Mary Henniker of ICLE suggested that the Section sponsor a program focusing on 2004 tax legislation, including the *American Jobs Creation Act of 2004*. She suggested that this program should be offered before Thanksgiving if possible. Eric Nemeth indicated that Paul McKenny of Raymond & Prokop was working in the process of putting together a program, and that the Section would work with ICLE to quickly put together a program.

Mary Henniker also indicated that she and Al Storrs would meet soon to review the 2005-2006 After Hours Tax Law Series program.

2. 2005 Tax Conference. Jess Bahs indicated that he is preparing a one day seminar for the metropolitan Detroit area, with a possible webcast to Grand Rapids and Lansing. The Conference will be held in May, 2005. Jess indicated that he is

considering a morning “update” session with appeal to most tax practitioners, with afternoon breakout sessions for each of the Committees. It was suggested that a Federal Reserve Governor may be asked to be the keynote speaker at the conference luncheon. Jess indicated he is not planning for a dinner as many participants will not want to follow an all-day seminar with dinner.

The probable location of the Conference will be the St. Johns Golf and Conference Center in Livonia, Michigan. The St. Johns facility charges \$29.00 per person for a continental breakfast, buffet lunch and snacks.

Jess indicated that while he would prefer a Friday conference, a Thursday conference may mean less drop off at the end of the day.

Jess indicated that Stout Risius and Standard Federal, co-sponsors of the 2004 Summer Tax Conference, are interested in participating in the 2005 Conference at the same dollar level as the 2004 Conference. Jess will contact the other co-sponsor, Verchow Krause, to determine its interest in participating in the 2005 Conference.

There was a brief discussion of the fees that should be charged for the 2005 Conference. Eric Nemeth suggested that some fee should be charged to limit “no shows”.

Aaron Sherbin suggested that the date of the Conference should be coordinated with the Council Meeting currently scheduled for May 12, 2005. There was also discussion regarding a need to avoid scheduling the Conference for the same week as the Probate and Estate Planning Section’s annual Conference. Mary Henniker indicated that she will advise Jess of the date of the Probate and Estate Planning Conference.

3. Tax Court Luncheon. Ron Charlebois prepared a written report that indicated that the next Tax Court Luncheon would be held with Tax Court Judge Diane Krupa on November 30, 2004 at the Detroit Club. Henry Lee proposed that we use these luncheons for member outreach. Eric Nemeth suggested that law students be permitted to attend the luncheons at no charge. Warren Widmayer suggested that lawyers with less than three years of practice also be permitted to attend at no charge.

4. Directory. Joan R. Dindoffer indicated that she is reviewing the status of the Directory project. Joan agreed, at Eric Nemeth’s request, to continue to work with the law schools in the Section’s outreach efforts.

5. Michigan Bar Journal. Ron Charlebois indicated in a written report that all of the articles have been submitted to the Michigan Bar Journal and that publication is expected in the next few weeks.

6. Michigan Tax Lawyer. Tom Kenny indicated that he and Jay Kennedy, the outgoing editor of the Michigan Tax Lawyer, met on 9/29/04 to review the procedures for editing and publishing the next issue. Drafts of the articles for this issue are expected shortly and will be forwarded to Tom Kenny. This issue will include an article prepared by a law student at the University of Detroit Law School. Jay Kennedy will send copies of back issues to Joan Dindoffer, Mary Henniker and Chuck Lax for distribution at upcoming seminars and outreach meetings.

7. Internet. Jeffrey A. DeVree indicated that the Section's website and information sharing service are working well. He suggested that Committee Chairpersons email him schedules of events for the coming year. Eric Nemeth indicated that most Committees have set their schedules for the current year, and asked that all Committee schedules be sent to Jeff by October 20, 2004.

8. Federal and State Tax Legislation. Paul Jackson and Eric Nemeth indicated that they will make comments to the Michigan Supreme Court regarding multijurisdictional practice issues.

9. Membership Outreach. Henry Lee described his goals for new membership. He hopes to obtain 1 new member for each Council Member and Committee Chair. He hopes for a 10% per year increase in membership. He pointed out that the Section is not represented well outside the metro Detroit area. He will continue the law school activities with Joan Dindoffer's assistance. Joan mentioned that she recently had 35 students attend a "pizza and pop" gathering at Cooley Law School. Joan will give the dates for upcoming events to Eric Nemeth, who will add them to the Section's calendar.

E. COMMITTEE REPORTS.

1. Business Entities. Eric Carver is finalizing three meetings for next year, tentatively planned for February, May and September. He will submit a final schedule to Eric Nemeth by October 20, 2004.

2. Employee Benefits. Warren Widmayer indicated that IRS Examination Officer Larry Burrelson made a worthwhile presentation to the Committee in September. On November 18, 2004 Paul Schultz, the National Director of Determinations, is scheduled to speak to the Committee. A joint meeting with the Employee Benefits Council, normally held in May, may be moved to March, or alternatively may be held at the scheduled breakout session at the 2005 Tax Conference. Warren is also planning meetings for January and September, 2005. He mentioned that he may have nationally known expert Sal Trapoti speak at the September meeting.

3. Estates & Trusts. Fred Hoops indicated that Tom Sweeny would speak at the January 20 regarding the new Principal and Income Act. Fred hopes to have a national speaker for a meeting later in the year, perhaps Jerry Hesch, the author of the BNA Portfolio *Death of a Partner*.

4. Practice & Procedure. James Mauro submitted a report which is attached to these minutes. He also mentioned that the Committee has been successful with its web broadcasts, and that other Committee Chairpersons should consider broadcasting their meetings.

5. State & Local. Wayne D. Roberts indicated that there was high attendance at a recent meeting regarding the Michigan Tax Tribunal. He hopes to have a March

meeting with Jack VanCovering of the MTT. A June meeting will be scheduled to discuss tax incentive issues, including the recent Daimler Chrysler case. A September meeting will be scheduled to discuss SBT reform issues.

6. Probate and Estate Planning Section Liaison. Shirley Kaigler was not present and did not submit a report.

7. Report of the State Bar of Michigan Liaison. Roger Young was not present and did not submit a report.

E. NEW BUSINESS.

Gina Torielli mentioned that Cooley Law School would be holding a Tax Symposium on November 16th at the Mariott Center Court.

Chuck Lax is preparing a new Policy and Procedures Manual, and will assign portions of the rewrite to Council members.

There being no further business, a motion to adjourn was made by Henry Lee and seconded by Jay Kennedy. After unanimous consent, the meeting was adjourned at 10:45 A.M.

Respectfully submitted,

Jay A. Kennedy
Secretary