



LESS TAXING MATTERS

By Timothy J. McCormally
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Everything is Up to Date in Kansas City . . . and Elsewhere in TEI

In mid-April, I caught an early morning flight to Kansas City to participate in the chapter's State and Local Tax Update and Roundtable in Overland Park, Kansas. There were two special aspects of the meeting that I will discuss directly, but the core meeting stands as evidence of why TEI remains the vibrant organization it is 67 years after its founding. The meeting, which was organized by Tim Johnson of Garmin International and Pauline Rice of Sprint Nextel, began with presentations by Nick Jordan, the Kansas Secretary of Revenue, and Alana Barragan-Scott, who holds a comparable position in the State of Missouri. (The audience included one of Mr. Jordan's predecessors, Mark Beshears, who is now Vice President State and Local Tax for Sprint Nextel.)

Mr. Jordan's background is not typical of a state tax administrator. He spent more than 30 years in the travel and hospitality business. Switching to politics, he served 13 years in the state legislature, where among other things he wrote and introduced the Kansas Economic Growth Act. Appointed by new Governor Sam Brownback in 2010, Secretary Jordan has taken an active role in the development of the State's tax policy. (In many states, the director of revenue eschews a policy role; not so in Kansas.) Mr. Jordan considers business development a core responsibility of the Department of Revenue, and he shared with the TEI audience some of the State's initiative, including a tax holiday for individuals who move to economically distressed Kansas.

Alana Barragan-Scott became Missouri's Director of Revenue in 2009. Following law school and a judicial clerkship, she became the department's general counsel. After a nearly 15-year tour as Assistant Attorney General (where, among other things, she worked on tax cases), she returned to the revenue department, first as Deputy Commissioner and then Commissioner. During her remarks to the chapter, she spoke about efforts to improve customer service and about the special challenges that the economic downturn poses for state governments. Director Barragan-Scott also talked briefly about her role on the executive committee of the Multistate Tax Commission. (Interestingly, during the question period Secretary Jordan took a number of questions, including one relating to whether Kansas might withdraw from the Multistate Tax Commission.)

Both Ms. Barragan-Scott and Mr. Jordan spoke of the importance of their departments' reaching out to the business community and, in particular, about their desire to maintain strong liaison relationships with the Kansas City Chapter.

Following the two presentations and a networking break, there followed one of the Kansas City Chapter's most popular programs — a roundtable discussion on SALT topics. Moderated by Pauline Rice, the more than 60 people in attendance shared ideas, insights, opportunities, and (in a few cases) horror stories relating to state and local tax disputes. It never ceases to amaze me how open TEI members are to sharing their experiences, and Pauline was quite adept in drawing people out.

While I enjoy listening to and talking with TEI members about the tax issues they have to contend with, the true impetus for my travelling to Kansas City was the chapter's charitable efforts. Specifically, Paul Steiner of Commerce Bancshares (the chapter's representative on the Institute's Board of Directors) and Jeff Minter of Embarq (the chapter president) invited me to the Kansas-Missouri border in order to present one of the Institute's two 2011 Social Responsibility grants.

Acting upon the chapter's nomination, the Institute made a \$3,000 grant to the Kansas City Tax Clinic, a non-profit organization associated with the University of Missouri-Kansas City that assists low-income individuals with federal and state tax controversies. The KC Tax Clinic was represented at the meeting by Frank Schuler and Mike Boman, who are co-directors of the clinic and who both previously worked for the Internal Revenue Service. Following the meeting, the Institute received a letter from Edwin Hood, President of the UMKC Graduate Tax Law Foundation, which oversees the clinic. It reads in part:

[O]ur primary sources of funding are an annual grant from the Internal Revenue Service's Low Income Taxpayer Clinic program and the UMKC School of law, but we must pursue funding from the private sector. With the continuing support of your organization, along with other generous donors, we are able to serve taxpayers in resolving controversies with the Internal Revenue Service. Because the Clinic's clients have limited incomes, they are typically not able to obtain assistance from other sources. Many of these persons are mothers with children to support or elderly persons living on fixed incomes. By resolving their tax liabilities in an equitable manner, the Clinic is able to help relieve them of a major financial burden. The contributions you have made throughout the Clinic's existence are greatly appreciated and facilitate our making a positive difference in the lives of our clients.

In addition to the Institute's presenting a check to the Kansas City Tax Clinic, the chapter made two scholarship grants during the meeting. With matching funds from the Institute, the chapter presented \$1,000 scholarships to Erika Worsham and Daniel Woodard, who are graduate accounting students at the Bloch School of Management at the University of Missouri-Kansas City. Erika and Daniel were accompanied by Professor Larry Garrison, who during the break told me that several members of the audience were former students of his. His pride was palpable.

The Kansas City Chapter is just one of 39 that has a scholarship program, and from talking with Erika and Daniel (as well as Professor Garrison), it is clear the chapter's support of their advanced studies is very much appreciated. Writing checks, of course, is not always easy (or possible) to do, but it is usually harder to find the time to volunteer. That members of the Institute find time to give back to the community, not only at the Tax Clinic, but in other local charities — both tax and non-tax related — is even more commendable. I thank the members of the Kansas City Chapter for their exemplary volunteer efforts.

The Kansas City Chapter was only one of several chapters I've visited since the beginning of the year. In February, Eli Dicker and I braved the threat of snow to attend a Philadelphia Chapter meeting devoted to corporate tax management issues. Joanne Fusco and former member Mike McGoldrick (who is now with KPMG) put together an excellent program. Mike, Eli, and I participated in a session that reviewed the preliminary results of a KPMG corporate tax department survey as well as other recent research. The true highlight of the meeting, however, was a panel discussion moderated by Joanne with Chief Tax Officers from four local companies: David Frank of AMETEK, Rich Landers of Campbell Soup, Dan Ostein of Cephalon, and Greg Winters of Teleflex. These members were everything you wish for in panelists — candid, insightful, humorous, and — just enough to make the program interesting — not always uniform in their views. The audience is in their debt. Again, congratulations to Joanne Fusco and Mike McGoldrick, as well as to Chapter President Mike McGrath, who is now with Gardner Denver, for their efforts in planning and running the meeting.

March took me to Anchorage for a meeting of TEI's Alaska-Chapter-in-Formation. The nascent group was organized by Dave Stevens of Afognak/Alutiiq, who while formerly a member of the Portland Chapter, finds the 2,445 mile commute to chapter meetings a bit long! A group of tax executives (including about half a dozen existing members) has been meeting in Anchorage from almost the time Dave got there 18 months ago, and they are hopeful of becoming TEI's 55th chapter later this year. The meeting in March featured excellent presentations by two partners from Skadden Arps — Julia Kazaks from Washington and Max Miller from Chicago. Julia and Max discussed Schedule UTP, attorney-client privilege and work product, and tax controversies generally. (During my Washington Update presentation, I had the opportunity to talk about TEI's involvement with Schedule UTP.) Dave Stevens and the nearly 20 tax executives who attended very much appreci-



Timothy McCormally, KC Chapter Scholars Erika Worsham and Daniel Woodard, Accounting Professor Larry Garrison—University of Missouri Kansas City, Chapter Secretary and Scholarship Committee chair Tim Johnson, and Chapter President Jeff Minter.

ated Julia's and Max's dedication — especially since, contrary to the rumor, we weren't able to see Russia from Alaska.

On the way home from Anchorage, I was fortunate to stop in Seattle to meet with leaders of the Seattle Chapter. Chapter President Sheri Dunn and Tom Smith of Weyerhaeuser, Jonnell Quarrie of Drugstore.com, and Brian Ugai of Starbucks were kind enough to meet me at the airport and bring me up to date on the chapter's vibrant programs, including a proposed full-day tax school that it is planning with the University of Washington. Their commitment to enhancing the value of membership in the Seattle Chapter is truly inspiring.

I would be remiss if I did not mention one other chapter meeting that I had planned to attend in the first quarter of 2011. January 27 was supposed to find me participating in the San Francisco Chapter's annual IRS Liaison Day. Ron Height of Chevron worked diligently with several IRS representatives, Tom Wilson of PricewaterhouseCoopers, and me to shape a program that was responsive to member interests and needs. The good news is that the meeting was a big success. (See the story elsewhere in this issue.) The bad news is that a freakish thunder-snowstorm in Washington dumped enough snow on the region to shut down Dulles Airport and totally snarl traffic for hours and hours. Alas, although I made it to the airport in plenty of time for my flight, it was cancelled and I ended up spending the night in the Red Carpet Club. My being waylaid, however, did not diminish the quality of the San Francisco meeting, but it denied me the opportunity to visit with chapter leaders and to congratulate the two students from Golden Gate University who received scholarships from the chapter. The chapter was kind enough to give me a rain — make that a snow — check for 2012.

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