



American Taxation Association

Volume 38, Spring 1996

Anthony P. Curatola, Editor

This letter should reach you shortly before the ATA's 1996 Mid-Year Meeting. Vice-President Shirley Dennis-Escoffier and her committee have done an outstanding job in coordinating this meeting, from locating a hotel in the heart of New Orleans' French Quarter, to planning an agenda designed to meet the needs of today's tax educators. I hope you are already enjoying the 1996 meeting's theme of "Moving to the Leading Edge: New Ideas and Technology for Tax Educators." As in prior years, generous support from KPMG Peat Marwick helped make this meeting possible.

Doug Shackelford, as Chairman of the Concerns of New Tax Faculty Committee, has had his members work closely with Shirley's Mid-Year Program Committee to assure an attractive program for our junior tax faculty. Doug's committee has organized a panel discussion as well as junior faculty research presentations. To alert new tax faculty to the Mid-Year Meeting, Doug's committee sent special invitations to Assistant Professors and doctoral students in taxation.

Sandy Kramer, editor of the Journal of the ATA, coordinated the Second JATA Research Conference, which focused on "Taxes and Business Decisions." Those of you who attended this conference at our 1995 San Antonio meeting will recall the great turnout at this all-day session. Once again, Sandy and her committee have selected four excellent research papers to be presented at the conference: "Response to Tax Law Changes Involving the Deductibility of Executive Compensation" by David Ryan and Steve Balsam, "LIFO Adoption and the Tax Shield Substitution Effect" by Robert Trezevant, "Repatriation Taxes and Investment Decisions in the Presence of Real Options" by Richard Sansing and "Organizational Form and Taxes: An Empirical Analysis of Small Businesses" by Ben Ayers, Bryan Cloyd and John Robinson.

PRESIDENT'S LETTER



Debra M. Hill, ATA President

Late last fall, you should have received your copy of the ATA's latest research monograph "Behavioral Tax Research: Prospects and Judgment Calls." Last year's Research Resources and Methodologies Committee, chaired by Jon Davis, deserves much credit for their efforts at assembling this valuable research tool. Support for this project was received from the KPMG Peat Marwick Foundation. Part I of the monograph provides accounts of the behavioral research process, detailing the development of published behavioral tax research papers, from the inception of a research idea through data collection to the review process and ultimate publication of results. Part II critically evaluates past behavioral tax research with the aim of identifying prospects for future work. As in Part I, diverse views are presented, including those of a past editor of JATA, behavioral researchers outside of tax and public accounting. Members desiring extra copies of the monograph can obtain them by contacting Debbie Gardner at the AAA office in Sarasota.

The ATA's home page on the Worldwide Web is up and running. Jack Kramer and Jerry Stern, Co-Chairmen of the Computer Resources

Committee, have worked closely with ATA Deputy Webmaster Tom Omer to develop this home page. The page can be accessed directly or through the AAA's home page. The addresses for these two home pages are as follows:

ATA: <http://omer.cba.neu.edu:8001/ata1.html>

AAA: <http://www.rutgers.edu/Accounting/raw/aaa/aaa.htm>

The ATA home page now contains the names and addresses of the ATA's officers and trustees, announcements of tax faculty positions available, ATA business announcements, membership information, 1995-1996 ATA committees and chairpersons, JATA information and forthcoming articles and information about the ATA Teaching Resources Committee.

Our other committees are also off to good starts. Bob Rosen, Chairman of the Relations with the IRS and Treasury Committee, has been in contact with the IRS Commissioner's office about securing a seat for the ATA on the Commissioner's Tax Policy Advisory Group and hopes to hear more news this coming spring. Stu Karlinsky's Corporate Tax Policy Subcommittee has been quite active this fall and has drafted several legislative proposals. As always, the viability of our organization depends on the ongoing efforts of our members' committee efforts, only a few of which I have been able to mention here. Within the next two months, President-Elect Ed Outslay will be announcing a call for committee memberships for the 1996-1997 year. If you have an interest in serving on a committee for next year, please respond to Ed's request as soon as possible.

Best wishes for a happy and healthy new year.

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NOMINATIONS FOR 1996-97 ATA OFFICES REMINDER

The nominations committee of ATA is seeking nominations for officers to serve for the 1996-97 fiscal year. The following positions must be filled:

- President-Elect
- Vice President
- Vice President-Elect (new position)
- Secretary
- Treasurer (first time that Secretary and Treasurer are separate positions)
- Trustees (3 Positions)
- Members of the Publications Committee (2 Positions)

PW CASE STUDIES

We are pleased to announce that the updated versions of the Price Waterhouse Case Studies in Tax, sponsored by the PW Foundation, are now available for distribution. The first six cases were introduced in January 1989, four cases in 1990 and two new cases in each year from 1991 through 1993.

If you wish to order copies of the 1995 instructor manual and/or multiple student copies, the PW Foundation will provide this material free of charge. Please contact Barbara J. Reynoso at (212) 790-4713 to place orders.

Please direct all comments or suggestions to Stan Smith at Price Waterhouse, 1251 Avenue of the Americas, New York, NY 10020 or

Please send your nominations by February 12, 1996 to:

Anna C. Fowler
Department of Accounting
CBA 4M.202
University of Texas at Austin
Austin, TX 78712-1172

or fax your nominations c/o Anna C. Fowler, (512) 471-3904 or send by email to afowler@mail.utexas.edu.

Please note that any other email address you may have used in the past will not be effective now.

NEWSLETTER DEADLINES

The deadlines for submitting information to the ATA Newsletter are as follows: **Summer 1996 Issue - April 25, 1996 and Fall 1996 Issue - September 19, 1996.** Please send information to:

Anthony P. Curatola
Drexel University
COBA - 509E Matheson
32nd & Chestnut Street
Philadelphia, PA 19104-2875
Phone: (215) 895-1453
Fax: (215) 895-6975 or 1997

the Case Studies Editor, Dr. Betty Jackson at the University of Colorado at Boulder.

SCHEDULE OF 1996 AAA ANNUAL AND REGIONAL MEETING

1996 Annual Meeting

Chicago, IL
August 14-17, 1996

1996 Regional Meetings

Mid-Atlantic Regional Group

Philadelphia, PA
March 20-23

Midwest Regional Group

Kansas City, MO
April 17-20

Northeast Regional Group

New York State Society of Certified
Public Accountants and
New York University
New York, NY
April 18-20

Ohio Regional Group

Kent State University
Aurora, OH
May 2-4

NOTE: Pete Salzarulo has been named Chair of the ATA's Ohio Regional Committee for 1995-97. His name was inadvertently not reported in the Fall Newsletter.

Southeast Regional Group

Richmond, VA
April 25-27

Southwest Regional Group

San Antonio, TX
March 6-9

Western Regional Group

Jackson Lake Lodge
Jackson Hole, WY
May 16-18

BOOK AND SOFTWARE REVIEWS

The Journal of the American Taxation Association publishes book and software reviews each issue. If you know of a book or an item of software that you would like reviewed or if you are interested in writing a book or software review, please contact the Associate Editor:

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Business Law
College of Business Administration
University of Tennessee
Knoxville, TN 37996-0560
Phone: (423) 974-1753
Fax: (423) 974-4631



ATA Officers and Trustees (1995-96)

Sitting (from left to right): Sandy Kramer, Betty Jackson, Debra Hill, President, Shirley Dennis-Escoffier and Anna Fowler. Standing (from left to right), Silvia Madeo, Doug Schackelford, Ed Outslay, Terry Shevlin, Jeff Gramlich, Phil Harmelink and Fran Ayres.



NCAIR GRANT PROPOSALS

During 1995-96, one activity of the Computer Resources Committee is to continue to be involved with helping ATA members to compete successfully for NCAIR grants.

NCAIR funds research in educational and practice technologies in accounting and law. Submission deadlines are April 1, August 15 and December 1. Grants to accounting faculty during 1995 included the following:

- Alexander Kogan, Robert Schlosser, Ephraim Sudit and Milos Vasarhelyi, Rutgers University, "Organizing and Disseminating Accounting Education Change Materials through the Internet," \$88,100 (second year).
- James Parker, University of Missouri, "Revision and Distribution of MIZZOU Tax Tutorial and Investigation of How to Effectively Market Accounting Education Materials," \$18,000.

Are you interested in education technology? If so, then you are encouraged to submit a proposal to NCAIR. Would you like some assistance? If so, committee member Robert Michaelson (michaelson@cobaf.unt.edu or (817) 565-3090) is willing to assist people in improving the quality of their submissions. He offers the following grant-seeking strategies:

1. Applicant must have a strong research record.
2. NCAIR is primarily funding projects concerning (1) the use of the Internet or other electronic context to disseminate educational materials and (2) the development of materials for educating accounting students.
3. The research should produce immediately useful benefits.

For those who are interested in submitting proposals to NCAIR, information can be obtained by writing or calling the following:

NCAIR
Suite 1B
165 East 72nd Street
New York, NY 10021-4335
(212) 249-0760



PRICE WATERHOUSE FELLOWSHIP IN TAX AWARD

The PW Foundation is soliciting applications for the PW Fellowship in Tax Award. This fellowship program consists of two \$25,000 fellowships of one semester duration (excluding the summer) designed to provide "released time" to assistant professors in tax. The goal is to enable these junior faculty to devote concentrated time to writing and research necessary for advancement.

Past fellowship award recipients include:

- Julie Collins—University of North Carolina at Chapel Hill, Spring 1989.
- Michael Roberts—University of Alabama at Tuscaloosa, Spring 1990.
- Michael Schadewald—University of Texas at Austin, Spring 1990.
- Janet Meade—University of Houston, Spring 1991.
- Robert Ricketts—Texas Tech University, Spring 1991.
- Shiing-wu Wang—University of Arizona, Fall 1991.
- James Hamill—University of Oklahoma, Spring 1992.

- Robert Trezevant—University of Southern California, Spring 1993.
- Doug Shackelford—University of North Carolina—Chapel Hill, Spring 1993.
- Sanjay Gupta—Arizona State University, Fall 1993.
- Daniel Murphy—University of Tennessee, Fall 1993.
- Peter Frischmann—University of Wisconsin—Madison, Fall 1994.
- Cynthia Vines—University of Arizona, Spring 1995.
- Bryan Cloyd—University of Texas at Austin, Fall 1995.
- Brian Spilker—Brigham Young University, Spring 1996.

For the Fall 1996 and Spring 1997 semesters, the application deadline is March 29, 1996 with the winner announced by May 17, 1996.

For a list of eligibility criteria and information on the application process, please contact:

Barbara J. Reynoso
c/o Price Waterhouse
1251 Avenue of the Americas
New York, NY 10020
(212) 790-4713

1995 TAX MANUSCRIPT AWARD

Professors Terry Shevlin, D. Shores and Steve Matsunaga were announced as the winners of the 1994-95 ATA Tax Manuscript Award at the ATA luncheon held in conjunction with the 1995 Annual American Accounting Association meeting in Orlando. Shevlin, Shores and Matsunaga won the award for their paper entitled "Disqualifying Dispositions of ISO: Tax Benefits vs. Financial Reporting Costs," which appeared in the 1992 Supplement of *JAR*. Professor Pat Wilkie presented the winning authors with their plaques at the luncheon.



AMERICAN TAXATION ASSOCIATION 1996-97 Committee Appointment Request

Name _____

Address _____

Summer Address _____

Phone _____

Summer Phone _____

E-mail _____

Address _____

Date of Change _____

1. Expect to attend AAA National Meeting in Chicago, IL? Yes _____ No _____

I hope that most committee members can attend the national meeting and participate in a committee meeting there; attendance is not, however, a prerequisite for appointment to a committee.

2. For each of the committees listed below, indicate your degree of interest in serving by using the key below. Leave a blank space for those committees on which you have no interest in serving.

1. Strongly interested
2. Interested
3. Mildly interested

Also, for those committees that you indicated a "1," strongly interested, or a "2," interested, please rank your preferences ("1" equals highest) in the blanks provided.

	<u>Degree of Interest</u>	<u>Rank</u>
A. ATA/AA Teaching Innovations Award	_____	_____
B. ATA/PW Doctoral Dissertation Award	_____	_____
C. ATA Graduate Tax Education	_____	_____
D. ATA Tax Manuscript Award	_____	_____
E. Accreditation and Curriculum Issues	_____	_____
F. Annual Meeting Program	_____	_____
G. Awards	_____	_____
H. Complexity Reduction	_____	_____
I. Computer Resources	_____	_____
J. Concerns of New Tax Faculty	_____	_____
K. Corporate Tax Policy	_____	_____
L. Family Tax Policy	_____	_____
M. Flow-Through Entities Policy	_____	_____
N. International Tax Policy	_____	_____
O. Liaison with CPA Firms Concerning Continuing Education in Tax	_____	_____
P. Membership	_____	_____
Q. Mid-Year Meeting Program	_____	_____
R. Nominations	_____	_____
S. Publications	_____	_____
T. Regional Programs	_____	_____
U. Relations with the IRS and Treasury	_____	_____
V. Research Resources and Methodologies	_____	_____
W. Tax Accounting Policy	_____	_____
X. Tax Policy Research Oversight	_____	_____
Y. Teaching Resources Task Force	_____	_____

(Continued on page 5)

1996-97 Committee Appointment Request (Continued)

3. Would you consider serving on a committee for which you left a blank space above should the need arise?
Yes _____ No _____

4. If you have an interest in chairing a committee, please list in order of preference the committee(s) you would like to chair. Use the letter(s) shown on the previous page to denote the committee(s).

5. Please list any ATA committees on which you have served in the last five years?

6. What AAA Region are you in? _____

7. Which AAA Regional meetings do you expect to attend in 1997? _____

8. Your suggestions for ATA activities and/or priorities:

Thank you for your willingness to participate. Please return this form by April 8, 1996 to:

Edmund Outslay
Department of Accounting
Eli Broad Graduate School of Management
Michigan State University
East Lansing, MI 48824-1121
Fax: (517) 336-1101
Email: outslay@pilot.msu.edu

REFORMING THE AAA

Every member of the American Accounting Association will soon be given the opportunity to make the Association more responsive and democratic. Increasingly, the leadership of the AAA is out of touch with the members. Paul Gerhardt, the retiring Executive Director of the AAA, noted in his farewell address at the 1995 Annual Meeting that the last 32 Presidents have all come from doctoral granting schools (who comprise less than 25 percent of the membership). Ninety-four percent of the executive committees during the same period also come from these same elite schools. In contrast, 64 percent of the section and regional officers this past year came from non-elite schools. The motions for reform provide a modest opportunity to empower the members; unless the divide is bridged, the Association risks adopt-

ing policies that are irrelevant to the needs of the membership.

The AAA has been slow to respond to the major challenges resulting from the reduced employment prospects of accounting students, and ultimately the employment opportunities of its members, the people who teach them. It has been largely unwilling to respond to criticisms that much of the research that dominates the Accounting Review is irrelevant and misplaced. The leadership of the AAA has been reluctant to pioneer educational reforms and has reduced much of accounting scholarship to an act of subservience. The Executive Committee of the Association has only given grudging support to Regions and smaller Sections, which often better reflect the diverse interests of the members. Little wonder, then, that

Paul Gerhardt reported that the AAA had the lowest members' satisfaction in a recent survey of 23 Associations, conducted by Market Probe Inc.

A major part of the problem is the structure of the AAA. It is not constructed to be responsive to the changes that affect accounting, but facilitates a narrow group that preserves for itself the perquisites and honors that the Association can grant. At present, members do not directly elect the officers of the Executive Committee, and bureaucratic and arbitrary rules inhibit new initiatives. In the near future, members of the AAA will receive a ballot allowing them to vote on three changes to the bylaws, which will make the Association more flexible, responsive and democratic.

(Continued on page 6)

Reforming the AAA

(Continued from page 5)

The first change codifies a recent Executive Committee policy, allowing members to select, for the basic dues, one of three journals. The recent policy change in effect only raised members' dues. Our proposed bylaw change expands the selection to include all AAA journals, even section journals. The attrition of membership and the explosion of section activities shows that accounting is a field of low paradigm consensus. Currently, no free market mechanism allows members to reveal their preferences about what research they wish to support. The change will empower sections that produce journals that members want. While it is not part of the proposals currently before the membership, we would ultimately like members to be free to subscribe to all (or none) of the Association's journals. In this way, consumer choice would discipline research and publication activities, which would become better attuned to members' diverse needs.

The second bylaw change would remove a major restriction on the formation and continuation of sections. Section membership is a strong reason for belonging to the AAA. Why 400 is the appropriate number to qualify as having the initial (or continuing) support of the AAA has never been demonstrated. This number was arbitrarily introduced a few years back to restrict the introduction of several new sections, created to respond to the differing needs and interests of the increasingly diverse membership (by gender, race, employment and geographical location).

The history of the AAA shows that small, innovative groups often become major elements of our community. For those who worry that new sections may increase overall Association costs, we believe that a group of accountants can produce a sensible internal pricing schedule for administrative services. As we do not currently know the administrative costs structures of the AAA, we propose a 50-member minimum for sections, and that they be free to set their own dues. While it is possible that this change will require changes in the composition of the Council, we do not propose any such changes until we can all see the effect of the reduction in minimum section size on the size and representation in Council.

The third proposed change is the most important as it seeks a fundamental remedy for the longstanding problem. The Executive Committee for too long has been out of touch with the majority of the members. The aim is to make the Association more democratic. At present, most members of the AAA are effectively disenfranchised. Election of officers is held at the annual meeting, which many members cannot afford to attend. If one does vote now, it is only for one slate of officers nominated through a process controlled by the existing executive committee. This third proposal opens up the nominating process and offers a choice among candidates (including any the executive committee would wish to propose). This would improve the responsiveness of the AAA leadership to shifts in the composition and interests of the members and thus pro-

vide relevant and continuous innovation in strategy.

In this short document we cannot respond to all the possible questions that these proposals raise. More detailed arguments are available on the World Wide Web (<http://pegasus.cc.ucf.edu/~goldwatr/home.html>) under "Myths and Facts about the Three Motions." Alternatively, you may contact any one of us:

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