Defining the Manufacturing Process:

Did the *Daily Press* Change the World?

Patricia A. Melochick, Esq.
tmelochick@pwhd.com
(757) 223-4592

Scott L. Reichle, Esq.
sreichle@pwhd.com
(757) 223-4536

Eleanor Weston Brown, Esq.
ewbrown@pwhd.com
(757) 223-4464

PATTEN, WORNOM, HATTEN & DIAMONSTEIN L.C.
12350 Jefferson Avenue, Suite 300 Newport News, Virginia 23602

Virginia Association of Local Tax Auditors
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OVERVIEW

The Virginia Supreme Court decided the appeal of *The Daily Press, Inc. v. City of Newport News* on February 28, 2003. The Daily Press, Inc. was a newspaper publisher operating in the City of Newport News. The Daily Press owned and used machines and equipment to gather and store news and advertisements, to determine the content and physical layout of the newspaper, to create negatives and aluminum press plates, and to ultimately print a newspaper. The Court held that the manufacturing process was limited to the actual printing process, and that all other processes, from news gathering to the making of an aluminum plate used on the printing press were “pre-press” and therefore, not part of the manufacturing process and that the equipment used in these “pre-press” processes could not be taxed as machinery and tools.

Manufacturers in many different industries have since analogized certain components of their process to the “pre-press” functions of the Daily Press, characterizing the rule of law of the *Daily Press* as an exemption of “pre” processes from the machinery & tools tax. But, the *Daily Press* decision did not modify the law. Instead, the Court applied the existing law to the facts presented in that case.

The following presentation includes a summary of the statutory and case law that preceded the *Daily Press;* certain administrative decisions since the *Daily Press*; and the enforcement tools available to gather the factual information necessary to render supportable decisions when faced with “pre-press” challenges.

Constitution of Virginia Article X

- **Section 1. Taxable property; uniformity; classification and segregation.**

  All property, except as hereinafter provided, shall be taxed…..The General Assembly may define and classify taxable subjects. Except as to classes of property herein expressly segregated for either State or local taxation, the General Assembly may segregate the several classes of property so as to specify and determine upon what subjects State taxes, and upon what subjects local taxes, may be levied.

- **Section 4. Property segregated for local taxation; exceptions.**

  Real estate, coal and other mineral lands, and tangible personal property, except the rolling stock of public service corporations, are hereby segregated for, and made subject to, local taxation only, and shall be assessed for local taxation in such manner and at such times as the General Assembly may prescribe by general law.

- **Section 6. Exempt property.**

  Except as otherwise provided in this Constitution, the following property and no other shall be exempt from taxation, State and local, including inheritance taxes:

  (5) Intangible personal property, or any class or classes thereof, as may be exempted in whole or in part by general law.

Code of Virginia

- **§ 58.1-1100**. **Intangible personal property; segregated for state taxation.**

  Intangible personal property, including capital of a trade or business of any person, firm or corporation, except for merchants' capital as defined in § 58.1-3510 which shall be subject to local taxation, is hereby segregated for state taxation only.

- **§ 58.1-1101. Classification.**

  A. The subjects of taxation classified by this section are hereby defined as intangible personal property:

  2. Capital which is personal property, tangible in fact, used in **manufacturing (including, but not limited to, furniture, fixtures, office equipment and computer equipment used in corporate headquarters)**, mining, water well drilling, radio or television broadcasting, dairy, dry cleaning or laundry **businesses**. Machinery and tools, motor vehicles and delivery equipment of such businesses shall not be defined as intangible personal property for purposes of this chapter and shall be taxed locally as tangible personal property according to the applicable provisions of law relative to such property…

- **§ 58.1-3507**. Certain machinery and tools segregated for local taxation only; notice prior to change in valuation, hearing.

  A. **Machinery and tools**, except idle machinery and tools as defined in subsection D and machinery and equipment used by farm wineries as defined in § 4.1-100, **used in a manufacturing**, mining, water well drilling, processing or reprocessing, radio or television broadcasting, dairy, dry cleaning or laundry **business** shall be listed and are hereby segregated as a class of tangible personal property separate from all other classes of property and shall be subject to local taxation only. The rate of tax imposed by a county, city or town on such machinery and tools shall not exceed the rate imposed upon the general class of tangible personal property. Idle machinery and tools are taxable as capital under § 58.1-1101.

WHAT ARE MACHINERY & TOOLS?

MACHINE

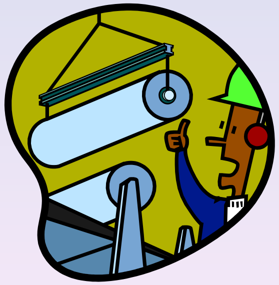
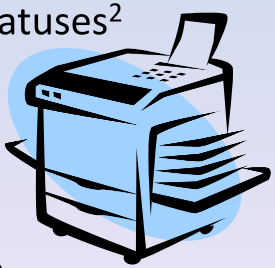
Complex combination of mechanical parts[1]; an apparatus consisting of interrelated parts with separate functions, used in the performance of some kind of work[2]

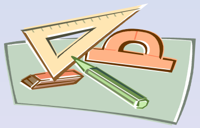
MACHINERY

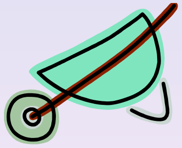
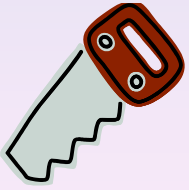
An assemblage of machines or mechanical apparatuses[2]

TOOL

Instrument of manual operation, that is, an instrument to be used and managed by hand instead of being moved and controlled by machinery[1]



[1] 1987-88 Op Va Att'y Gen 591, 592 (1988)

[2] *American Woodmark Corporation v. City of Winchester, et al.*; Circuit Court of the City of Winchester; 1994.

WHAT IS MANUFACTURING?

- "Manufacturing" is not defined for local tax purposes.
- Factual determination made on a case-by-case basis.

3 Essential Elements

1. Original (raw) material;
2. Process whereby the original material is changed;
3. Resulting product which by reason of the process is different from the original material.

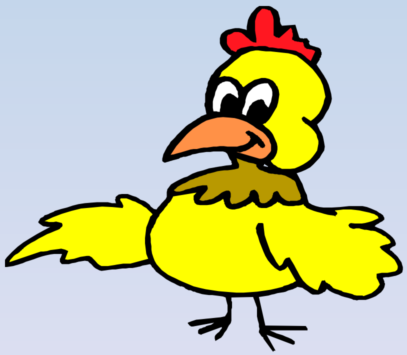
Prentice v. City of Richmond, 197 Va 724, 729-30 (1956)

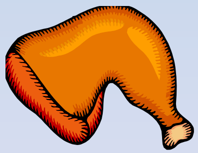
WHAT IS MANUFACTURING?

"Manufacture" implies change, but every change is not manufacturing. Something more is necessary. There must be a transformation so that a new and different article emerges have a distinctive name, character or use.

Prentice v. City of Richmond, 197 Va 724, 728 citing *Anheuser-Busch Brewing Assoc. v. United States*, 207 US 556 (1908)

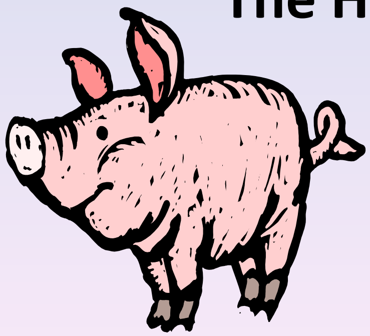
The Chicken…

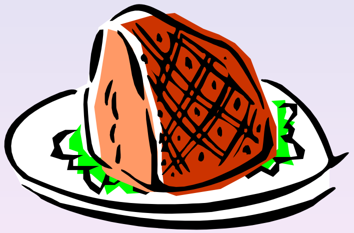




Prentice v. City of Richmond, 197 Va 724 (1956)

The Hog…





Commonwealth v. Meyer , 180 Va 466 (1942)

How Much “Manufacturing” is Enough to be a “Manufacturer”?

County of Chesterfield v. BBC Brown Boveri, Inc.

238 Va. 64 (1989)

The Substantiality Test

Corporations whose manufacturing operations are substantial, whether viewed with respect to the financial receipts they bring to the corporation, or the proportion of the entire corporate income that they comprise, or the percentage of the entire capital which is invested in them, or the number of persons employed in them as compared with the total number of employees of the corporations, or the ratio to the entire business activities of the corporation, must be regarded as manufacturing corporations within our statutory definitions specifying those that are exempted from local taxation of their machinery. See page 69.

How Much "Manufacturing" is Enough to be a "Manufacturer"?

County of Chesterfield v. BBC Brown Boveri, Inc.

238 Va. 64 (1989)

The Substantiality Test

The test of substantiality of manufacturing activities for determining whether a multi-purpose business qualifies as a manufacturer for tax purposes does not lend itself to a rigid definition. Rather, the business must be considered as a whole in determining whether it qualifies as a manufacturer. To be considered substantial, the manufacturing component of a business must not be *de minimis,* merely trivial, or only incidental to its principal business. See page 71.

Setting the Stage for *Daily Press*

City of Martinsville v. Tultex Corp.

238 Va. 59 (1989)

1. Computer equipment used by a manufacturing business exclusively for administrative, accounting, and information accumulation and retrieval purposes is capital.

2. Tangible personal property used or employed in a manufacturing business is properly classified as capital, even if it is not owned by the manufacturing business.

Setting the Stage for *Daily Press*

City of Winchester v. American Woodmark Corp.

250 Va. 451 (1995)

1. Code of Virginia §58.1-1101
   - is not a tax exemption;
   - is a limitation on a locality's authority to tax certain property; and
   - is a general tax statute, construed most strongly against the Government; doubt resolved in favor of the taxpayer

City of Winchester v. American Woodmark Corp.

2. "Machinery and Tools" for the purposes of Code of Virginia §58.1-1101 means machinery and tools:

- ✓ Used in the actual process of manufacturing

  (See *Commonwealth v. Carter*, 198 Va. 141 (1956) and *Commonwealth v. Wellmore Coal Corp*., 228 Va. 149 (1984)

OR

- ✓ Necessary in the particular manufacturing business

AND

- ✓ Used in connection with the operation of machinery which is actually and directly used in the manufacturing process

(See 1985-1986 Att'y Gen. Ann. Rep. 316 and 1987-1988 Att'y Gen. Ann. Rep. 590)

City of Winchester v. American Woodmark Corp.

3. The General Assembly is presumed to have knowledge of the Attorney General's interpretation of statutes, and the General Assembly's failure to make corrective amendments evinces legislative acquiescence in the Attorney General's Interpretation.

4. The manufacturing facility of a manufacturing business does not have to be located within the physical boundaries of the locality in order for the locality to be prohibited from taxing the capital of such business.

The Daily Press, Inc. v. City of Newport News

Issue:

Whether certain property owned by The Daily Press, Inc. (the "Daily Press") is properly classified as a manufacturer's (i) capital ; <u>or</u> (ii) machinery & tools.

Resolve the Issue by Defining the Manufacturing Process:

- The Daily Press' Position: Printer
  Manufacturing Process begins and ends in the Press Room

- The City's Position : Newspaper Publisher
  Manufacturing Process begins with news gathering and ends in the Press Room

Daily Press Operations

2 BUILDINGS CONNECTED BY A WALKWAY

Daily Press Operations

EAST BUILDING

Daily Press describes it as the “Main” or “Office” Building

Officers

Administrators

Administrative Staff

Reporters

Editors

Advertising Personnel

Marketing Personnel

Daily Press Operations

WEST BUILDING

Daily Press describes it as the “Production Plant” or “Plant”

Printing Presses

&

Other Production Equipment

The Daily Press' Position

Three Bright Lines – No Production Links

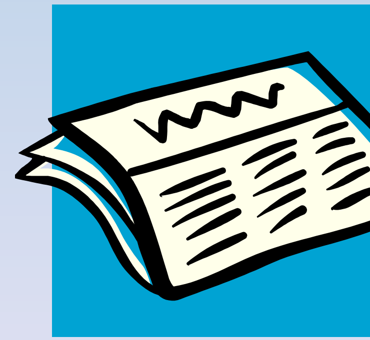
CUSTOMER	
Internal	External

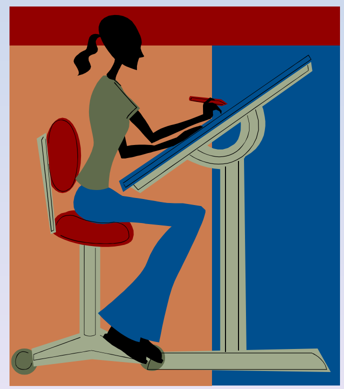
PRE-PRESS	
Negatives	Plates

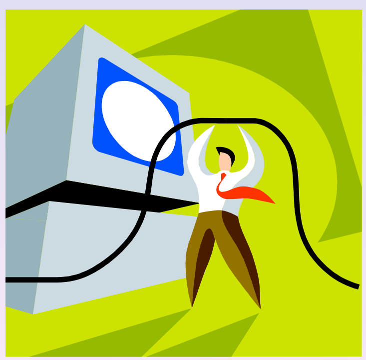
PRESS	
News Print, Ink	Printed Material

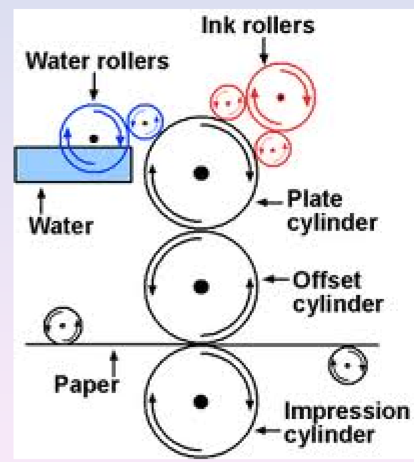
The City's Position

Integrated Process









Trial Briefs

- Property in Dispute:
  1. Computers and other equipment used in advertising, news gathering, editing and processes determining the newspaper's content composition; and
  2. "Pre-press" (equipment used to make negatives and press plates).

- Parties Agreed:
  1. *American Woodmark's* two-part test for machinery & tools applied:
     a. Is the machine or tool used in the actual process of manufacturing?
     or
     b. Is the machine or tool:
        i. Necessary in the particular manufacturing business AND
        ii. Used in connection with operation of machinery actually and directly used in the manufacturing process.

     b.
  2. Identification of the manufacturing process.

Trial Briefs

<u>The Daily Press Inc.'s Trial Memorandum</u>

- Performs printing services for itself and others that "could be done by any printer"
- No "physical, virtual, or other connection" between the disputed equipment and the operation of the presses
- The aluminum plate created in the "pre-press" process is affixed to the press, therefore it is a tool
- Manufacturing Business – Classifies the Taxpayer (*Brown Boveri*)
- Manufacturing Process – Classifies the Taxpayer's Property (*American Woodmark*)
- Engineering and design ancillary and/or integral to a manufacturing business, but not part of the transformation process (BPOL Guidelines)
- Manufacturing Process = Printing

<u>City's Trial Memorandum</u>

- Virginia's property tax laws sustain a "legal fiction" to support long-standing public policy to encourage manufacturing
- Virginia case law focuses on transformation
- Every machine and tool is not taxable machinery & tools; *American Woodmark* tests must be satisfied
- Creating and editing the newspaper equated to engineering and design
- Publication process is the mechanical processing of words and pictures
- Recording (i.e. via a laptop) is the first step in processing words to a newspaper
- Manufacturing Process = Publishing

The Circuit Court's Opinion

February 8, 2002

Manufacturing Process = Publication

- Virginia Supreme Court has only rarely construed the machinery & tools statute
- Virginia Supreme Court has never construed the machinery & tools in the context of a newspaper manufacturer
- Sales tax opinions are of limited value because the underlying sales tax exemption requires direct use
- Inspected the plant; operations divisible into 3 significantly specialized components for analysis
- "… the very nature of the modern, highly integrated and synchronized manufacturing processes involved in this case precludes the drawing of artificial and arbitrary restrictive boundaries by segmenting the process into theoretically distinct stages. To do so is to divide into distinct stages that which is in fact continuous and indivisible."
- "While transformation of blank paper into a readable format is part of the manufacturing process of a newspaper publisher, the transformation of an unrelated collection of separate facts or impressions into a story of interest, promotive of understanding or knowledge, is also undeniably part of the publisher's manufacturing process.
- "Ink and paper are not being bought. It is the story."

The Road to the Supreme Court

- Daily Press (the "Appellant") Petition to Rehear
  - The Circuit Court deemed its result "just and reasonable" but did not follow the law.
  - Sales and use tax cases provide "direct authority" in this case as both statutory tax schemes turn on what machinery is "directly used."
  - If you buy the City's argument, manufacturing starts with the idea of a product, not the actual putting together of the physical item.

- City (the "Appellee") Brief in Opposition
  - The City never contended or conceded that the Daily Press should be treated as a manufacturer solely because its operations include printing.
  - Sales tax cases are "marginally useful."
  - In accordance with *Brown Boveri*, for the purposes of the license tax exemption, design and engineering could be a part of a company's manufacturing activity if it were an "integral part" of the transformation process.

The Road to the Supreme Court

- Then came ……
  - The Brief of the Appellant

- And then came ……
  - The Brief of the Appellee

- And then finally ……
  - The Reply Brief of the Appellant

The Supreme Court's Opinion

February 28, 2003

Manufacturing Process = Printing

- Affirmed and reiterated the Court's formal adoption of the definition of machinery & tools utilized by the tax commissioner and the Attorney General in its *American Woodmark* decision. Taxable Machinery & Tools are:
    1. Machinery [and tools] that are used in the actual process of manufacturing;
    2. Machinery [and tools] that are "necessary in the particular manufacturing business and which [are]used in connection with the operation of machinery which is actually and directly used in the manufacturing process.
- Manufacturing is defined as the transformation of "new material into an article or a product of substantially different character.
- The only place manufacturing occurs at the Daily Press is in the pressroom.
- City and Circuit Court mistakenly focused on the "integrated manufacturing operations rather than on the actual manufacturing process where in new materials are transformed into a substantially different product.
- The principle of *American Woodmark*: Personal property that may be essential to the overall operations of a manufacturing business is not taxable machinery and tools unless it is "actually and directly used in the manufacturing process where new materials are transformed into a substantially different product or the property is connected <u>with the operation</u> of machinery actually and directly used in the manufacturing process.
- The issues decided in *Brown Boveri* are "fundamentally different " than this case.

Application of the *Daily Press* Decision (Selected Post *Daily Press* Tax Policy Opinions)

Government Regulations, Industry Practices, Market or Consumer Demands

[Post-production] packaging process not considered to be directly used in the manufacturing process because it has nothing to do with the transformation of the original material into a new product substantially different in character unless the packaging process is in place to meet industry standards, government regulations, or (customer) product quality standards and is therefore an integral part of the making of a substantially different product. (Ref: PD 13-63; 12-181; and 08-30 (all dealing with food and beverage manufacturing); 04-39 (dealing with manufacture of copper valves); *See also* "Essential is not Sufficient for Taxation")

"Pre"-Process may be included in Manufacturing Process

A machine or tool does not need to be directly involved in the complete transformation of a material in order to be included in the manufacturing process. (Ref: PD 05-148; Carpet manufacturer opted to purchase certain nylon fibers with high moisture content and subjecting such fibers to a drying process in lieu of purchasing dried fibers in the market from other manufacturers. Drying process preceded a coloring process and spinning process; drying held to be the first step in the transformation process; *See also* Storage of Raw Materials)

Application of the *Daily Press* Decision (Selected Post *Daily Press* Tax Policy Opinions)

Essentialness is not Sufficient for Taxation

While equipment may be essential to the manufacturing process, if it is not directly used in the manufacture of the product, or "used in connection with the operation of machinery which is actually and directly used in the manufacturing process" it is not machinery and tools. (Ref: PD 05-06; Cleaning equipment used by snack foods manufacturer essential, but not machinery & tools)

Assets used in functions that are essential to production and used in connection with the operation of machinery that is directly used in the manufacturing process are machinery and tools. (Ref: PD 04-39; waste treatment and oil recycling equipment is essential and is machinery & tools)

Quality Assurance Equipment may be Directly Used in Manufacturing

Equipment used: (1) to calibrate thermometers used in measuring the temperature of the product; (2) in ingredient inspection; (3) for lab testing and the manufacture of lab samples; (4) to measure moisture content of the ingredients and of the finished product; (5) to weigh the product; (6) to measure viscosity of the intermediate product; (7) to test the "pH" of the finished product; (8) to test the sanitation and cleanliness of the processing equipment held to be "clearly" used in the manufacturing process of a snack food manufacturer. (Ref: PD 05-6)

Laboratory equipment used to formulate water and oil mixtures, which in turn produce chemical transformations necessary to produce copper rods that are subsequently shaped into copper valves are used directly in the manufacturing process because these chemical transformations are necessary for production. (Ref: PD 04-39)

Application of the *Daily Press* Decision (Selected Post *Daily Press* Tax Policy Opinions)

Storage of Raw Materials may or may not be Machinery & Tools

Storage racking system used to hold raw materials to be used in the manufacturing process and store finished products substantially devoted to the manufacturing process and properly classified as machinery and tools. (Ref: PD 08-88)

Coal silo used to store raw coal deemed to be used in “pre-production” and was not used in manufacturing or connected to any machinery used in the production process. (Ref: PD 14-12)

> *Interestingly, however, in this same opinion, the fire safety equipment used to monitor the oxygen and temperature levels in the coal silo was held to be used in the manufacturing process for the purpose of safely operating the machinery and, therefore, was properly classified as taxable machinery & tools.*

Research, Development, Design & Engineering

Brown Boveri (footnote 5)

"Another area of dispute is whether the design and engineering stages of a manufacturing job constitute manufacturing. The record discloses that BBPE's design and engineering work was ancillary to either the original manufacturing work or to a rebuilding job. Thus, because BBPE's design and engineering are integral parts of its manufacturing activity, such work is properly classified as manufacturing."

Research, Development, Design & Engineering

Tax Policy restatement of *Brown Boveri*:

"…the Court considered whether the design and engineering stages of a manufacturing job constitute manufacturing. The Court found design and engineering were integral parts of the taxpayer's manufacturing activity, and as such that work is properly classified as manufacturing." (Ref: PD 08-30)

Daily Press restatement of *Brown Boveri*:

"Contrary to the City's assertion, we did not determine the classification of any particular item of personal property in Brown Boveri. We decided merely that Brown Boveri was a manufacturer and "that its machinery and tools should be taxed accordingly."

American Woodmark:

"This computer system is an integral part of American Woodmark's corporate operations and is used for such vital purposes as: the acquisition of raw materials and components; distribution and sale of cabinets and vanities; inventory control; and billing and accounts receivables. The computer system is not directly used in product design or research and development.

Research, Development, Design & Engineering

Then there is BPOL….

Engineering, design, research and development, and computer software development typically are not manufacturing. However, the actual production of tangible products based on engineering, design, research and development can be manufacturing. For example:

a. While the development of computer software is not manufacturing, the production of boxes containing the software on disks and related instruction manuals may be manufacturing.

b. While the design of computer hardware components is not manufacturing, the production of such components may be manufacturing.

c. While the design and engineering of specialized tools, dies, and machinery is not manufacturing, the production of even a single tool, die or machine may be manufacturing.

23VAC10-200-520(C)(5)

SALES TAX – NOT RELEVANT.. MAYBE

"Local property taxes have their own characteristics, separate and distinct from the retail sales and use tax. The purpose of M&T tax statutes is to establish what property may be subject to tax while the laws governing the retail sales and use tax determine which purchases are exempt from tax. As such, it is possible that a taxpayer's manufacturing equipment may not be treated the same under Virginia's sales and use tax rules and the M&T statutes." (Ref: PD 13-63)

SALES TAX – NOT RELEVANT.. MAYBE

Virginia's Statute

§ 58.1-609.3. Commercial and industrial exemptions.

The tax imposed by this chapter or pursuant to the authority granted in §§ 58.1-605 and 58.1-606 shall not apply to the following:

2. (iii) **machinery or tools** or repair parts therefor or replacements thereof, fuel, power, energy, or supplies, **used directly in** processing, **manufacturing**, refining, mining or converting products for sale or resale; … **Machinery, tools** and equipment, or repair parts therefor or replacements thereof, **shall be exempt if the preponderance of their use is directly in** processing, **manufacturing**, refining, mining or converting products for sale or resale.

SALES TAX – NOT RELEVANT.. MAYBE

Beyond Virginia - Integrated Plant Theory v. the "Ohio Rule"(Physical Transformation)

<u>Integrated Plant Theory</u>: Machinery is exempt if it performs an essential or indispensable function in the taxpayer's manufacturing operations, regardless of whether it causes a physical change. This concept originated in New York in 1955. *See Niagara Mohawk Power Corp. v. Wanamaker*, 286 A.D. 446 (N.Y. 1955).

<u>Ohio Rule</u>: Machinery is exempt only if the asset physically transforms raw materials during the manufacturing process; focus is on being "used directly" in the process. *See The Youngstown Building Material & Fuel Co. v. Bowers, Tax Commr.*, 149 N.E. 2d 1 (1958)

SO…
DID THE *DAILY PRESS* CHANGE THE WORLD?

- The Virginia Supreme Court denied the City's Petition for Rehearing and has not rendered any decisions to date that modify or supersede the *Daily Press* decision.

- On January 27, 2014, the Tax Commissioner issued PD 04-12, which states: "Machinery and tools **used in a pre-production process** <u>**not directly used in manufacturing**</u> are considered intangible property not subject to the M&T tax. See *Daily Press, Inc*."

The Great Divide…..

The Taxpayer's Approach:

Divide & Conquer

- Multiple processes
- Separate & Distinct
- Departmentalized Accounting
- Physical Separation

The Assessor's Approach:

Unite & Distinguish

- One Process
- Custom & Complex
- Not a Newspaper Publisher
- No Bright Lines

ASSESSOR'S TOOL BOX

§ 58.1-3109. Duties of commissioners as to personal property, income and licenses.

Each commissioner of the revenue shall:

3. Review, in regard to intangible personal property and income, such returns of taxpayers as may be referred to him by the Department of Taxation and report to the Department, for assessment, any additional intangible personal property and income when his review or investigation discloses that such property or income has not been reported for taxation or has been reported for taxation at less than the law requires.

5. Require every taxpayer who may not have properly returned to the commissioner of the revenue all of his tangible and intangible personal property, and licenses for the current tax year and the three preceding tax years to make the proper and complete return.

6. Require taxpayers or their agents or any person, firm or officer of a company or corporation to furnish information relating to tangible or intangible personal property, income or license taxes of any and all taxpayers; and require such persons to furnish access to books of account or other papers and records for the purpose of verifying the tax returns of such taxpayers and procuring the information necessary to make a complete assessment of any taxpayer's tangible and intangible personal property, and license taxes for the current tax year and the three preceding tax years.

ASSESSOR'S TOOL BOX

§ 58.1-3110. Power to summon taxpayers and other persons.

The commissioner may, for the purpose of assessing all taxes assessable by his office, summon the taxpayer or any other person to appear before him at his office, to answer, under oath, questions touching the tax liability of any and all specifically identified taxpayers. The commissioner shall not, however, summon a taxpayer or other person for the tax liability of the taxpayer which is the subject of litigation.

§ 58.1-3111. Penalties.

Any person who refuses to (i) furnish to the commissioner of the revenue access to books of account or other papers and records, (ii) furnish information to the commissioner of the revenue relating to the assessment of taxes, (iii) answer under oath questions touching any person's tax liability, or (iv) exhibit to the commissioner of the revenue any subject of taxation liable to assessment by the commissioner of the revenue, shall be deemed guilty of a Class 3 misdemeanor. Each day's refusal to furnish such access or information shall constitute a separate offense. No person other than the taxpayer shall be convicted under this section unless he has willfully failed to comply with a summons properly issued under § 58.1-3110.

§ 58.1-3983.1. Appeals and rulings of local taxes.

B. Administrative appeal to commissioner of the revenue or other assessing official.

3. The commissioner of the revenue or other assessing official may hold a conference with the taxpayer if requested by the taxpayer, or require submission of additional information and documents, an audit or further audits, or other evidence deemed necessary for a proper and equitable determination of the application.

PATTEN, WORNOM, HATTEN & DIAMONSTEIN L.C.

ELEANOR WESTON BROWN

Eleanor Weston Brown, currently a partner at Patten, Wornom, Hatten & Diamonstein L.C. has been in the private practice of law since 1985. She maintains a practice concentrating in tax matters including sophisticated estate planning, business succession planning, transactional tax matters and tax exempt entities. Ms. Brown is admitted to practice in Virginia and North Carolina as well as the United States Tax Court. She is also a tenured associate professor at Regent University School of Law, where she teaches Individual Federal Income Tax, Corporate Tax, Business Associations, Estate and Gift Tax, and Estate Planning. She has been a guest speaker at a number of forums presented by charitable entities including Williamsburg Community Hospital, WHRO, Children's Hospital of King's Daughters. Her experience before coming to Patten, Wornom, Hatten & Diamonstein L.C. includes affiliations with various law firms, including Johnston, Taylor, Allison & Hord; Jones Blechman, Woltz & Kelly; and Baity & Joseph. She has also been affiliated with Eason, Lawson & Westphal, a certified public accounting firm formerly located in the City of Hampton, Virginia. Ms. Brown graduated from the University of Virginia in 1981 and received her law degree from the T.C. William's School of Law at the University of Richmond in 1985. Additionally, she received an LLM in Taxation from the Marshall Wythe School of Law at the College of William & Mary in 1987. Ms. Brown's honors include recognition in December, 2005 as one of Virginia Business Magazine's Legal Elite, "Best Lawyers in Virginia" in the practice areas of Tax, Trusts, and Estates. Ms. Brown is a native of Hampton, Virginia. She is married to William T. Brown and together they have four children. As a family, they enjoy the beach, fishing, sailing and snow skiing.

SCOTT REICHLE

Scott Reichle joined Patten, Wornom, Hatten & Diamonstein L.C. in the beginning of 2010 as a lateral partner after approximately 12 years of experience practicing law. He is a registered patent attorney with the United States Patent and Trademark Office (USPTO) and can assist in all types of intellectual property matters including patents, trademarks and copyrights. He also litigates a wide range of cases including commercial contract disputes, environmental matters, construction disputes, intellectual property, estate matters, personal injury cases, and tax matters. He also handles Qui Tam (Whistleblower) matters and land use, zoning and riparian rights cases. He has extensive experience in state and federal courts and has tried numerous jury trials. Scott graduated with a Bachelor's Degree in Civil Engineering from Virginia Tech in 1989 and a Master's Degree in Civil Engineering with a concentration in environmental engineering from Old Dominion University in 1993. He graduated magna cum laude from Loyola School of Law in 1996. While at Loyola, he served as an editor on the Law Review. He is also a registered Professional Engineer in the Commonwealth of Virginia and for two years was an Assistant Professor at the Batten College of Engineering and Technology at Old Dominion University. He grew up in York County, Virginia and he has strong ties to the community. He and his wife, Julie, have three daughters and reside in York County.

PATRICIA MELOCHICK

Patricia Melochick joined Patten, Wornom, Hatten & Diamonstein L.C. in 2010 as an associate after thirteen years as a tax professional with the cities of Hampton and Newport News, Virginia. Her law practice focuses in estate planning and administration, business transactions, and taxation. Trish earned a Juris Doctor from the College of William and Mary, Marshall Wythe School of Law in Williamsburg, Virginia. She also earned a Master of Science in Accounting and Bachelor of Science in Criminal Justice from Old Dominion University in Norfolk, Virginia. She maintains her license as a Certified Public Accountant in Virginia. Trish has extensive experience in auditing. As the Chief Deputy for Business Taxes for the Commissioner of the Revenue in the City of Hampton, she repeatedly resolved complex tax matters in a fair and equitable manner. She was recognized as the Commissioners of the Revenue Association's Outstanding Deputy in 2002, and was instrumental in the formation of the Virginia Association of Local Tax Auditors, an association dedicated to professionalism in local government tax administration and auditing. Her current professional associations include the Virginia State Bar Association, the Newport News Bar Association, and the Hampton Bar Association. She has served on the Board of Trustees of the Peninsula Fine Arts Center since 2011, and has served as this organization's Treasurer since 2012. Most recently, she was appointed to the City of Hampton's Peninsula Town Center Community Development Authority. She enjoys photography, kayaking, and is an avid walker, and has often participated in Virginia Beach's annual Rock 'N Roll Half Marathon.

Patten, Wornom, Hatten & Diamonstein, L.C.

12350 Jefferson Avenue, Suite 300

Newport News, VA 23602

(757) 223-4500