

CBA LPRC POSITION REQUEST FORM

The CBA Executive Committee **position request** is as follows:

1. Proposed legislative concept:
To **OPPOSE** the imposition of state sales tax on legal services
2. Explanation and rationale for advancing this position:

The Connecticut General Assembly may be contemplating imposing a sales tax on certain professional services, including legal services that have previously been exempt. If the General Assembly were to adopt a tax on legal services, it would have a tremendous impact on the legal profession and consumers. That is why the CBA opposed prior attempts to impose a sales tax on legal services. The CBA had a similar authorized position in opposition. That position expired in 2020. This request would revive that position.

In essence, the proposed tax would constitute a “misery” tax on those involved in family matters, estate planning, bankruptcy, or end of life decisions. A sales tax on legal services would especially hurt small businesses, as they typically do not employ in-house counsel.

Among the other potential issues presented are: 1) maintaining applicable privileges and confidentiality as bills would potentially become public; and 2) administering sales tax to clients who pay over time or on contingency.

The American Bar Association opposes sales tax on legal services. Currently, only three states have a tax on legal services – Hawaii, New Mexico and South Dakota – which takes the form of a gross receipts tax in each state. One state, Florida, did impose a sales tax but problems with the cost of administration and enforcement led to its prompt repeal.

3. Is draft legislation or a proposed bill included?
No
4. What is the date of any legislative hearing, if known?
N/A
5. Was this position previously approved by the CBA? If so, when does/did it expire?
Yes. CBA position as approved by the House of Delegates expired at the end of the 2020 legislative session.
6. Is the CBA section or committee seeking to join a previously approved CBA section or committee position? Yes
7. Potential or actual CBA opposition from another CBA section or committee? None
8. Strength of section position (including process and results of section vote taken on issue):
Unanimous
9. Fiscal impact (on the state): None
10. Are you seeking “fast-track” approval? Yes