



House of Representatives

General Assembly

File No. 586

January Session, 2009

Substitute House Bill No. 6430

House of Representatives, April 9, 2009

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE ATTORNEY OCCUPATIONAL TAX.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (h) of section 51-81b of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2009*):

4 (h) No person shall be liable for payment of the occupational tax
5 under this section solely by virtue of such person having engaged in
6 the practice of law while acting as an employee of [the] this state or
7 any other state, any political subdivision of [the] this state or any
8 probate court.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2009</i>	51-81b(h)
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FIN *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 10 \$	FY 11 \$
Department of Revenue Services	GF - Revenue Loss	Minimal	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill is anticipated to result in a minimal (less than \$10,000/yr) General Fund revenue loss to the Occupational Tax beginning in FY 10.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future.

Sources: Department of Revenue Services Annual Report 2008

OLR Bill Analysis**sHB 6430*****AN ACT CONCERNING THE ATTORNEY OCCUPATIONAL TAX.*****SUMMARY:**

This bill extends an existing exemption from the attorney occupational tax to include lawyers practicing in Connecticut as employees of other states. The exemption already covers lawyers employed by the state of Connecticut, one of its political subdivisions, or a Connecticut probate court. The annual \$450 tax applies to attorneys who practice law in the state.

By law, the following are also exempt:

1. attorneys who have been removed from the list of attorneys maintained by the clerk of Hartford Superior Court,
2. retired attorneys who notify the clerk of their retirement,
3. attorneys who do not practice law for a living and receive less than \$450 per year in fees or other compensation from legal practice, and
4. any attorney serving on active duty in the U.S. armed forces for more than six months during the calendar year for which the tax is due.

EFFECTIVE DATE: July 1, 2009

BACKGROUND***Related Bill***

sSB 1157, reported favorably by the Judiciary Committee on March 27, increases the attorney occupational tax from \$450 to \$600 and directs the revenue from the tax increase to the Interest on Lawyers'

Trust Accounts (IOLTA) program to fund legal services to the poor.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 53 Nay 0 (03/24/2009)