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February 9, 2009

Mr. Chairman and Members of the Committee:

I am a member of the Disability Law Committee of the Connecticut Bar Association. I am from Mansfield, Connecticut. I am testifying in opposition to House Bill 6349, regarding Sales Taxes on Professional Services.

I am a lawyer who represents disabled people trying to get Social Security Disability (SSD) Insurance and/or Supplemental Security Income (SSI) disability benefits. It is to this area of professional services that I am addressing my comments. In this area, charging a sales tax could conflict with federal procedures and practices. In this area the tax would be on people who are at one of the lowest points if not the lowest point in their lives. Due to their disabilities, our clients have been without work for an average of more than two years. These are people who are fighting foreclosures and evictions. They are frequently deeply in debt from medical bills and have had to borrow to meet basic living expenses. Some have \$212 a month income from the State Administered General Assistance (SAGA) program, some don't even have that. Some are homeless.

By way of providing some background, these are some basic facts about how fees are collected in this area of law:

- 1) The Social Security Administration has to approve any fee we charge.
- 2) Our fee is typically paid directly to us by the US Treasury. Fees come from money withheld from the retroactive benefits checks of our successful clients.
- 3) The approval of, amount of, and methods of collecting fees must follow federal statutes and regulations. 42 U.S.C. 406(a)(1) and 20 C.F.R. §404.1700 *et seq.* See, <http://ssa.gov/representation/index.htm> for more information.
- 4) If we violate any Federal Laws regarding the collection of fees, we can be subject to criminal penalty.

With this in mind, here are some problems I anticipate:

- 1) The Social Security Administration plans to pay fees by direct deposit to our bank accounts. When that happens, we could frequently not know which client to bill for the sales tax. The bank only notes "US Treasury" on the direct deposit ledger and it is not possible to tell to which client the deposit pertains. This puts an impossible burden on the attorney providing the taxed service. We will not know who to tax or for how much.

2) We would have difficulty collecting unpaid taxes since our clients' income of SSD and SSI benefits is, appropriately, exempt from judgment or lien except in rare circumstances. This would not be one of those exceptions.

3) Our clients often have little or no money and are frequently deeply in debt. Because of their situations, there would be many times we could not collect the taxes. For example:

a. The tax would often be beyond our client's ability to pay. An SSI recipient's income is only \$674/month. A 6% sales tax in this type of case could be \$318. How could someone with a brand new monthly income of \$674, who has not had any income for the last two years and who owes money to landlords, family members, friends, doctors, and any number of other places pay the tax?

b. Sometimes minor children would be the ones responsible for the tax. When we are able to get retroactive benefits for the minor children of our clients, part of our fee comes from their back benefits. These children may or may not live with our client and may not even live in the state of Connecticut. We would have to rely on the custodial parent, who may not be on the best of terms with our client, to pay the taxes.

c. There could be multiple dependents, such as minor children, we would have to collect the taxes from. These dependents are not our clients. It is highly unlikely many of them would respond to a bill for taxes from an unknown attorney.

3) We would be responsible to pay the taxes ourselves if we cannot collect them from our clients and their dependents. We already pay income tax on our fees so all of the times we could not collect these taxes, we would be paying taxes twice on the same fee.

4) To avoid being stuck paying taxes twice on the same fee, we would need to start requesting retainers up front to cover anticipated taxes. That means that we would have to ask our \$212/month SAGA recipient clients, our homeless clients, and our clients with no income at all, to give us \$318 before we can start work on their case. They just couldn't pay it.

It is not in the interest of these disabled citizens or of the State of Connecticut to throw barriers in the way of getting representation. Disabled claimants are more likely to be successful with an attorney than without. When they win their SSI or SSD case, their income comes from the Federal Government, lessening the burden on the Connecticut and on their communities. Additionally, they become eligible for federally supported health benefits of Medicare and/or Medicaid. They may not have as much money as when they worked but at least they have some and can begin rebuilding their lives. Please don't tax them on the means for achieving that goal.

Thank you for considering my comments.

Yours Truly,

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