



## State of Connecticut

### HOUSE OF REPRESENTATIVES STATE CAPITOL

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Good morning,

Chairmen Coleman and Fox and Honorable members of the Judiciary Committee,

I want to thank you for raising HB 6447, An Act Concerning the Occupational Tax on Attorneys as well as providing me an opportunity to speak about the bill in this public hearing context.

For the last several years, attorneys in Connecticut have been subject to the Attorneys' Occupational Tax, which is levied upon attorneys in Connecticut with some exemptions. The tax had been \$450 for quite a while until two years ago, when the tax was raised to \$565, where it has remained to date.

One of the exemptions in the law is for attorneys whose principal occupation is something other than practicing law and who may generate fee income during the calendar year under a certain threshold. For many years, that fee income threshold has been \$450. In other words, under the present structure, an attorney who does not practice law for his or her primary occupation could generate \$450 of fee income without incurring an obligation to pay the tax.

Two years ago, the tax was increased to \$565, but the threshold was unchanged at \$450. In that context, an attorney who presently does not practice law for his or her primary occupation could generate \$450 of fee income without incurring an obligation to pay the tax, but if the fee income generated was, as an example, \$475, the attorney would be obligated to pay the tax of \$565.

Clearly, when the tax was increased, the attendant task of raising the threshold was overlooked. This bill simply proposes to raise the threshold at which the tax would be owed to \$1000. In this proposed scenario, an attorney who does not practice law for his or her primary occupation could generate \$1000 of fee income without incurring an obligation to pay the tax, but if the fee income generated was, as an example, \$1025, the attorney would be obligated to pay the tax of \$565.

It seems to me to be more equitable for the threshold of fee income to be higher than the tax amount. As an aside, today's rates for legal fees might be such that, with inflation over the years, a fee income threshold of \$1000 is justified.

Thank you for the opportunity to present this testimony today.