

What is your position on the proposed 5% sales tax on legal services?

		Response Percent	Response Count
I am IN FAVOR of the tax.		3.3%	8
I am OPPOSED to the tax.		95.4%	228
I have NO OPINION / AM UNSURE about the tax.		1.3%	3
		Comments?	52
		answered question	239
		skipped question	0

Q1. What is your position on the proposed 5% sales tax on legal services?

1	In the context of personal injury settlements, this tax would only serve to take money out of the hands of injured parties who already have a hard time getting anything close to fair compensation from insurance companies. Furthermore, it would be extremely difficult for small business owners to administer this additional regulation.	Mar 2, 2013 1:14 PM
2	Thinking out loud: this will be more of a burden to collect fees when it's often hard enough to get client's to pay their invoice without a 5% tax. it will put legal help further out of reach for people that can't afford the additional 5%. I would also guess that many lawyers will have to charge clients more to administer and keep track of paying this 5% to the state. Over all a bad idea. It may just force an even heavier burden on public defenders and legal aid, which could be forced to turn to the state for funding to handle this greater case load. This money I'm guessing would naturally come from the 5% legal service tax....hmmmmmm. I guess we've come full circle.	Mar 1, 2013 1:34 PM
3	Terrible idea...Most of the governor's tax proposals are regressive and inappropriate...spreading more wealth to the already wealthy and soaking those not in that group...including those that need legal services!	Mar 1, 2013 10:11 AM
4	The tax is regressive and expensive to administer.	Mar 1, 2013 10:02 AM
5	This proposed tax will create an additional barrier to obtaining legal services and will have a significant negative impact on the legal profession in Ohio which is continuing to experience the impact of the poor economy.	Mar 1, 2013 9:57 AM
6	A very significant amount of legal and accounting services are consumed by businesses. Making those services taxable will make it more expensive to do business in Ohio and will give out of state service providers an advantage over providers of similar services in Ohio. I have not seen the details of the proposal, but if the sales tax is payable when the fees are billed, it will create a significant cash flow problem because of the length of time lawyers typically carry receivables and the relatively high percentage of write offs.	Feb 28, 2013 11:08 PM
7	It will impact access to legal services for all except the wealthiest.	Feb 28, 2013 8:38 PM
8	I work as a solo practitioner, it is difficult to even collect the attorney fees owed. To then be responsible to collect a sales tax on top of it would be difficult.	Feb 28, 2013 5:38 PM
9	Contingent fees, where the settlement is paid by a third party...Social Security disability cases, where the attorney fee is withheld from a client's past due benefits and paid by the agency..... Who withholds the tax?	Feb 28, 2013 5:36 PM
10	Distinguishing legal services from other professional services such as medical providers does a disservice to the professional nature of attorney's work. To our clients, it most certainly is considered a "necessary" service. Furthermore, from my reading of the statute, if a client fails to pay the tax, the attorney would be responsible for the payment. As many attorneys are sole practitioners, not corporations, the failure of a client to pay the tax (along with the attorney's fees to begin with) would impose a financial hardship on the attorney providing the service.	Feb 28, 2013 5:27 PM
11	The reporting would be very burdensome - many of my clients pay over a period	Feb 28, 2013 5:14 PM

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of time, if they pay at all. Constitutional issues regarding criminal representations and access to the court system being taxed. The accurate accounting for the funds collected would be a nightmare. Would legal service ins. cos. have to pay the tax or would this pass on to the attorney? WATCH OUT MEDICAL PROFESSION, YOU'RE NEXT.

12	regressive taxes discourage commerce	Feb 28, 2013 5:09 PM
13	It is almost impossible for attorneys to collect this tax without it essentially being a 5% income tax surcharge on attorneys. The clients will not bear this tax. It is hard enough already to collect fees, let alone a sales tax on top.	Feb 28, 2013 5:07 PM
14	many times our clients are involuntary consumers of legal help, they need an attorney to help with an injury, social security or a criminal charge. This would be an additional burden on someone who may have no resources to start with.	Feb 28, 2013 5:02 PM
15	Regressive tax, essentially further limiting services to the "non-poor." How will the court appointed fees be regarded? Will teh government tax itself? and overall, stupid. Increased costs of doing business wll be passed along to clients.	Feb 28, 2013 4:51 PM
16	I'm not sure it is Constitutional to impose a tax on services required by criminal defendants to exercise their Constitutional rights.	Feb 28, 2013 4:41 PM
17	Does this open up the county for their sales tax so that instead of 5% it will really be 6 to 6.5%?....Dave Wise dwise@snlaw.com	Feb 28, 2013 4:21 PM
18	Since when did legal services become "non-essential"?	Feb 28, 2013 3:55 PM
19	Often people seeking legal services are already financially stressed. Taxing the services when someone is already stressed is just wrong. Besides, how do you recoup the tax if a bill is later written down or the client fails to pay? My understanding is that lawyers would have to determine/forward the tax to the State at the time of billing, regardless of whether the bill gets paid in full, or paid at all. Again, that is unfair and wrong.	Feb 28, 2013 3:53 PM
20	I agree with the positions expressed by Ohio Bar Association and the Ohio Association of Justice.	Feb 28, 2013 3:45 PM
21	Services of a legal nature can be anything from a simple house closing to a complex estate plan to a murder defense. Adding five percent to the total will have a restrictive impact on consumers decisions to seek some legal services. And might cause some people to seek services in other states.	Feb 28, 2013 3:33 PM
22	This additionalL tax is a death knell to an already devastated economy, especially in the Toledo metropolitan area. When politicians unwisely spend our tax dollars, they should not further tax hard hit areas. I'm sorry, but I think the legal profession will be hurting for some time to come, and we sure don't need more impediments. I am definitely opposed to this tax!	Feb 28, 2013 3:26 PM
23	It will simply raise the cost of needed legal services. Many people already cannot afford a competent attorney this will just worsen that issue.	Feb 28, 2013 3:23 PM
24	At the very least, it would seem that there should be an exempted amount so	Feb 28, 2013 3:21 PM

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that the impoverished individuals and small businesses wouldn't be hit unnecessarily hard. I offer ridiculously low rates and many individuals are still not able to pay those so even a "small" increase like 5% would be devastating.

25	Good luck and will the State collect on court appointed cases?	Feb 28, 2013 3:15 PM
26	It is already difficult enough for many people to be able to afford necessary legal services. Imposing the tax will simply make it worse.	Feb 28, 2013 3:15 PM
27	Every consumer thinks lawyers already overcharge. Why add to the myth?	Feb 28, 2013 3:07 PM
28	This will hurt the solo practitioner as well the poor and underserved. Additionally, the cost of collection will eat a significant portion of the funds collected.	Feb 28, 2013 3:05 PM
29	Apparently Governor Kasich and his executive team are oblivious to the hardships facing many sole proprietors who offer legal services, and how a further financial burden on our clients can only worsen the state economy. Furthermore how will legislators write such a bill without harm to judicial economy whereas courts will be further burdened by a need of a now larger pool of indigent clients. Is the state budget going to be able to support that likely budget need for the courts? I am offended that when liberties rights are deemed a fundamental constitutional right with procedural and substantive rights deemed a necessity that legal services can legislatively be deemed "non-necessary". It seems extremely unsound and quite frankly ludacris.	Feb 28, 2013 3:03 PM
30	The tax will impose another impediment on Ohio consumers and their access to the legal system. Surely this state cannot be so "greedy" as to tax "everything that moves."	Feb 28, 2013 3:01 PM
31	As a collection attorney, I receive very small amounts of money from numerous debtors daily; each recovery of funds belongs proportionately to the creditor (my client) and to me (my contingent fee). I am a sole practitioner. A 5% tax would be an accounting nightmare for me--against whom would the tax be assessed? The debtor who is making the payment, the whole payment, or only the portion ultimately paid to the creditor? If the creditor is the entity that bears the tax, could the creditor seek payment of the tax from the debtor (as is done with a sales tax added to merchandise charged to the customer)? Again, this would create an accounting nightmare for my office to track full collection of the debt. If it is the "consumer" of legal services who is to be taxed (my clients, the creditors, are almost all small businesses), and the tax cannot be passed on and collected from the debtor, then ultimately the creditor/business will have to increase its prices to the general population in order to be made whole. Economically it is not conducive to a good business climate to add another tax that businesses must pay, when they are already absorbing the loss of attorney fees. If an extra 5% is slapped onto the 25%-35% contingency fees they pay the collection attorney, then their recovery on bad debt has just been diminished to the point where they might choose to do business in another state.	Feb 28, 2013 2:59 PM
32	A Sales Tax is a "Regressive Tax" and imposing it in lieu of reducing the income tax is unfair to persons in Ohio that have less resources. Increase the tax on Fracking and reduce the Ohio income tax by a like amount but do not impose additional sales taxes on the residents of Ohio!	Feb 28, 2013 2:50 PM

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33	ends up being another tax for attorneys	Feb 28, 2013 2:46 PM
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35	If revenue is needed, bring back the Ohio estate tax. It was crazy to eliminate. Just raise the filing threshold amount, if you want to help middle income people, but don't eliminate it entirely!	Feb 28, 2013 2:45 PM
36	Placing a tax on legal services has a chilling effect upon legal representation and to access to courts as it makes an already expensive service more expensive. We have pro bono and legal aid legal services in place due to the fact that some people already cannot afford legal representation, why make a vital professional service more expensive when some people already can't afford to avail themselves of it. Doctors, dentists, veterinarians, insurance companies and even "carpenters", "tennis pros", "golf pros" and "dance instructors" are exempt but legal services are to be taxed. Shows where Kasich values us on the food chain. What is of great interest is that repairs to airplanes, which we all have, ha, ha, are exempt from taxation but not services to keep you out of jail or to help you seek redress in our courts. This is a nonsensical idea and one to further limit the average persons access to legal services and must be defeated.	Feb 28, 2013 2:44 PM
37	Don't tax my client's to pay for a tax cut for the wealthy! Mike Vanderhorst, Toledo Ohio	Feb 28, 2013 2:41 PM
38	Clients of modest means have enough difficulty paying reasonable fees as it is. To impose a tax on top of that would be unconscionable. This tax would be highly regressive. The income tax should be maintained as it is, not lowered.	Feb 28, 2013 2:40 PM
39	I am a one person office. This is all I need -- another regulatory/statute that adversely affects my ability to have a practice.	Feb 28, 2013 2:39 PM
40	The legal profession is experiencing extremely difficult economic times to say the least. The new proposal adds another layer of administrative overhead and expense to a system where clients are having a hard enough time as it is paying their bills. Attorneys are having a very hard time paying their bills too. A new tax would further hinder attorneys ability to thrive in business and further hinder client's access to the legal system.	Feb 28, 2013 2:36 PM
41	How does that work on contingent cases, how does that work on fees that have to be approved by the court like in Bankruptcy, estates, etc. It is simply mind boggling to consider the ramifications.	Feb 28, 2013 2:32 PM
42	Legal services are not like a "department store" cash register type transaction. Another layer of stupid government bureaucracy will be added by the Repubs instead of the Dems. Same baloney!	Feb 28, 2013 2:31 PM
43	the tax will disproportionately effect the working poor who need legal services.	Feb 28, 2013 2:31 PM
44	Poses an additional burden on those, especially those of modest means, who need our services. Corporations who pay legal fees will eventually pass the additional costs on to end users-likely the same Ohioans.	Feb 28, 2013 2:30 PM
45	Terrible precedent to start, taxing professional services. Kleia R. Luckner, RN,	Feb 28, 2013 2:30 PM

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CNM , JD

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|----|---|----------------------|
| 46 | This tax will hurt all sides on everything. This will hurt injured plaintiffs along with defendant tortfeasors and companies. Another area it will probably hurt is court appointed attorneys, because I have to question will the county have to pay sales tax on the services rendered for the county's benefit. This is just not good in any way. | Feb 28, 2013 2:23 PM |
| 47 | tough enough on clients now, no \$. | Feb 28, 2013 2:23 PM |
| 48 | No logical basis exists for excluding lawyers from sales tax. It's doing our fair share. | Feb 28, 2013 2:20 PM |
| 49 | This will pose serious logistical and ethical issues. How do I document the sales tax without violating client confidences and/or risk violating the terms of confidentiality clauses in settlements. Also, workers' compensation payrates are based, at least in part, on the premise that the benefits are free from state, federal local taxes. This would add a 5% tax to a part of these. | Feb 28, 2013 2:20 PM |
| 50 | Adding an additional layer of cost and complexity to providing legal services will hurt Ohio families and jobs. MMH | Feb 28, 2013 2:20 PM |
| 51 | One concern is whether they are intending to apply the tax to state entities. This will increase the costs of public entities. | Feb 28, 2013 2:19 PM |
| 52 | This will create a burden on small firms, both in the administration of the new tax (collecting and forwarding it on to the state) and in the additional cost to our clients. Many of our clients already struggle with the cost of legal service, and we constantly are looking for ways to cut our overhead in order to keep our costs as low as possible - now I would have to find a way to add 5% to my bills. Additionally, there is an issue of a client paying for double taxation - we pass along all costs to our client, so if a service provider charges us tax, we will pass that along and now have to add another 5% tax on top! So, for ex. if a court reporter charges 5% tax to us, and we have to add 5% tax on the total of our bill, the client is paying 5% tax twice for the court reporter's service. | Feb 28, 2013 2:12 PM |