



OFFICE
OF THE
PRESIDENT

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CLIFFORD E. HAINES

February 16, 2010

The Honorable Joseph Scarnati
Senate Box 203025
292 Main Capitol Bldg.
Harrisburg, PA 17120

The Honorable Keith McCall
139 Main Capitol Bldg.
PO Box 202122
Harrisburg, PA 17120-2122

The Honorable Dominic Pileggi
Senate Box 203009
350 Main Capitol Bldg.
Harrisburg, PA 17120

The Honorable Todd Eachus
110 Main Capitol Bldg.
PO Box 202116
Harrisburg, PA 17120-2116

The Honorable Robert J. Mellow
Senate Box 203022
535 Main Capitol Bldg.
Harrisburg, PA 17120

The Honorable Samuel Smith
423 Main Capitol Bldg.
PO Box 202066
Harrisburg, PA 17120-2066

Dear Leaders:

On behalf of the Pennsylvania Bar Association, I am writing to urge you to oppose any legislative proposals that would expand the sales tax to include professional legal services.

In his recent budget address, the governor proposed broadening the sales tax to include professional legal services. This proposal, combined with the recent court fee increases and reduced funding for Pennsylvania courts, is an assault on access to justice and must be prevented.

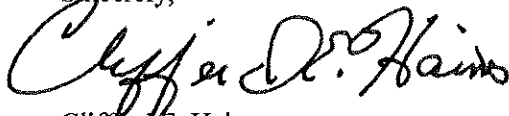
It is commonly accepted that the sales tax is highly regressive. Clients seeking legal advice on dissolution of marriage, bankruptcy, child support, collection, and other similar cases are often those who are least able to afford to pay an additional charge. The poor should not pay taxes on legal (or medical) services, just as they should not pay taxes on other basic necessities such as food or clothing.

The very nature of the courts and access to the justice system is unique and should be treated as such. The defense or assertion of basic legal rights, whether in a criminal or civil court, must not be taxed. The sales tax on professional legal services has been characterized as a tax on a non-essential service. The courts are a primary governmental function - one of the three branches of our government, and attorneys are, in fact, officers of the court. Access to justice is a basic constitutional right. Effective representation requires legal counsel; people do not choose to use a lawyer as an elective measure. This is true for wills, estates and powers of attorney, divorce and custody, real estate or business transactions, and a wide range of other important legal proceedings. This misrepresentation is no small matter. A sales tax on legal services places an undue and unjust burden on the legal system.

Legal expenses are an ordinary and necessary part of carrying on a trade or business. Those who seek to do business in our Commonwealth rely on legal services for the establishment of new start-ups, for contract negotiations, for dispute resolutions, and for the growth and expansion of all aspects of their businesses. The overwhelming majority of business owners in Pennsylvania are involved in small businesses that cannot afford to hire their own in-house attorneys. These new taxes would place a huge strain on the small businesses that are the heart of this Commonwealth's economy. Such a tax would encourage sophisticated clients, and those in border communities, to use professional services from outside the state. The tax is also a disincentive for business and professionals to locate here, resulting in lost jobs, wages and taxes.

While we understand that today's economic climate has made balancing our Commonwealth's budget a difficult task, for the reasons listed above, we believe that the expanded use of the sales tax is not a good and viable means of addressing revenue shortfalls. We urge you to oppose the expansion of the sales tax to include legal services.

Sincerely,

A handwritten signature in black ink that reads "Clifford E. Haines". The signature is written in a cursive style with a large initial "C".

Clifford E. Haines
President