



# STATE OF CONNECTICUT

## STATE ETHICS COMMISSION

ADVISORY OPINION NUMBER 91-14

### The Reporting Requirements of the Sales Tax on Lobbying Services

Connecticut General Statutes §12-408 imposes the eight percent sales tax on lobbying or consulting services for purposes of representing the interests of a client in relation to the functions of any governmental entity or instrumentality. Attorney Eisner has asked if the sales tax must be reported by the lobbyist on its financial disclosure reports as a reimbursement of expenses.

Conn. Gen. Stat. §1-96(b) states that the financial report "shall state compensation or reimbursement received or expenditures made . . . in furtherance of lobbying". The Regulations of Connecticut State Agencies, Section 1-42-48(a) further states that "[t]he financial reports of all client and communicator registrants . . . shall include the dollar amount . . . of any . . . reimbursed expenses paid by a client registrant in furtherance of lobbying to a communicator registrant".

The term "reimbursement" means "any money or thing of value received or to be received in the form of payment for expenses as a lobbyist". Conn. Gen. Stat. §1-91(r). The sales tax is an expense imposed on the communicator lobbyist for the privilege of rendering lobbying services. See Conn. Gen. Stat. §12-408(1). Thereafter, Conn. Gen. Stat. §12-408(2) states that reimbursement for the tax shall be collected by the retailer, *i.e.* the communicator lobbyist, from the consumer, *i.e.* the client lobbyist. Such tax reimbursement shall be considered a debt from the consumer to the retailer when added to the original sales price. *Id.* Therefore, it is clear that the sales tax is a mandatory additional cost which is incurred when a client lobbyist chooses to hire an outside communicator lobbyist. It is a cost which is imposed by the State, separate from the fee the client lobbyist has agreed to pay to the communicator lobbyist.

In conclusion, since the sales tax is an expense which is associated with the lobbying effort, it is an expense in furtherance of lobbying which must be reported. The statutory

framework for the sales tax sets forth a reimbursement method for the payment and collection of the tax. As a result, both the communicator lobbyist and the client lobbyist must disclose the amount of tax as a reimbursement of expenses on its respective financial disclosure form. Each lobbyist may designate on the form, if it chooses, the amount which is attributable to the sales tax.

By order of the Commission,

*Rabbi Michael Menitoff*

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Rabbi Michael Menitoff  
Chairperson

Dated 5-6-91