

**MEMO# 23256**

February 17, 2009

## **ICI Submits Testimony Opposing Connecticut Services Tax**

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TO: ADVISER DISTRIBUTOR TAX ISSUES TASK FORCE No. 2-09  
TAX MEMBERS No. 5-09 RE: ICI SUBMITS TESTIMONY OPPOSING CONNECTICUT SERVICES TAX

The Institute submitted the attached written testimony to the Connecticut General Assembly opposing recently proposed legislation that would extend the sales tax to investment management services. These bills (Raised Bill Nos. 6349 and 6350, attached) would expand the state's sales and use tax to cover most services, including "professional, insurance, occupational or personal service transactions." Although the bills do not define such service transactions, the language appears broad enough to include investment management services.

The Institute's letter urges that the Connecticut sales tax not be extended to tax any services consumed within the investment company industry, because such a tax would:

- Impose additional costs on Connecticut investors seeking to save for their retirement and other long-term needs through mutual funds;
- Place Connecticut-based mutual fund firms operating in this nationwide industry at a competitive disadvantage; and
- Be extraordinarily difficult (if not impossible) to administer efficiently and fairly.

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[Attachment](#)

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