

FOCUSING THE ABA'S EFFORTS

Bar Leaders Concentrate on Key Issues in Lobbying Day on Capitol Hill

BY RHONDA McMILLION

Nearly 200 leaders of the organized bar converged on Capitol Hill in early May for their annual ABA Day in Washington meetings with members of Congress to discuss issues of concern to the legal profession.

This year, representatives of the ABA as well as of state, local and specialty bars focused their attention on garnering congressional support in three major areas.

CIVIL RIGHTS TAX RELIEF ACT

Many bars, including the ABA, support proposed legislation to solve problems created by the 1996 Small Business Job Protection Act, which made compensatory damages in employment discrimination cases taxable.

The tax effect of receiving back or front pay in a lump sum can be onerous to successful plaintiffs—if employees earned the money in the normal course of employment, the tax burden would have been spread out over several years. Also, when plaintiffs try to deduct attorney fees, they are subject to the alternative minimum tax.

The consequences can be devastating: Plaintiffs with strong cases who win significant settlements or injury awards can end up paying more in taxes than they recover.

The bills—sponsored in the Senate by Sen. Susan M. Collins, R-Maine, and in the House by Rep. Deborah Pryce, R-Ohio—enjoy strong bipartisan support. Under both bills, a person's gross income for tax purposes would not include amounts received for a claim of unlawful discrimination—whether by suit or agreement—with the exception of back or front pay, or punitive damages. Back and front pay would be eligible for income-averaging to alleviate tax burdens. Attorney fees and expenses would not be taxable to a plaintiff.

GRAMM-LEACH-BLILEY ACT

On April 30, judge Reggie Walton of the u.s. district Court for the District of Columbia upheld the ABA and the New York State Bar Association in their lawsuits contending that privacy provisions in the Gramm-Leach-Bliley Act were not intended to apply to lawyers.

Following up on that decision, participants in ABA Day emphasized in their meetings with members of Congress that legislation affirming the legal profession's exemption from Gramm-Leach-Bliley still is needed because an appeal by the Federal Trade Commission could leave the status of lawyers under the law uncertain for many years.

Reps. Judy Biggert, R-Ill., and Carolyn B. Maloney, D-N.Y., are sponsoring such legislation in the House.

LEGAL SERVICES CORP.

Bar leaders visiting capitol hill cited the strong public and congressional support for the Legal Services Corp., the primary national funding source for civil legal aid programs that help millions of low-income Americans address their basic legal needs.

This year, the LSC received \$338.8 million in federal funding—measured in constant dollars, that’s less than half of what it received in 1980. Bar leaders urged Congress to at least support the LSC’s request for a 4 percent increase that would fund the corporation at \$352.4 million for the 2005 fiscal year. The ABA has recommended a \$57.3 million increase as a first step toward more adequate funding.

ABA Day in Washington included a reception honoring the following members of Congress for their efforts to improve the American justice system: Sens. Collins and Richard J. Durbin, D-Ill.; and Reps. Ray H. LaHood, R-Ill., and David R. Obey, D-Wis.

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