

Honolulu, Hawaii

March 22, 2006

RE: S.B. No. 2499  
S.D. 2  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 2499, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO GENERAL EXCISE TAX,"

begs leave to report as follows:

The purpose of this bill is to provide to investment securities brokers and agents, the same relief from the pyramiding of the general excise tax (GET) now enjoyed by most persons engaging in wholesale service transactions, by providing that when commissions earned on securities sales transactions are divided between several persons, each person is responsible only for the GET on their own portion of the commission.

Linsco/Private Ledger Corp., Brookstreet Securities Corporation, Sunamerica Securities Inc., and a concerned individual submitted testimony supporting this bill. The Department of Taxation opposed this bill. The Tax Foundation of Hawaii commented on this measure.

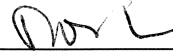
Your Committee has amended this bill:

- (1) To more accurately identify the securities professionals to which the bill applies; and
- (2) By making technical, nonsubstantive, conforming amendments.



As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2499, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2499, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Consumer  
Protection & Commerce,



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ROBERT N. HERKES, Chair



