

Honolulu, Hawaii

Apr: 17, 2006

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

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

Sir:

Your Committee on Finance, to which was referred S.B. No. 2499, S.D. 2, H.D. 1, 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 securities professionals the same relief from 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.

The National Association of Insurance and Financial Advisors, Linsco/Private Ledger Corporation, Brookstreet Securities Corporation, Sunamerica Securities, Inc., and a concerned individual testified in support of this bill. The Department of Taxation opposed this measure. The Tax Foundation of Hawaii offered comments.

Your Committee has amended this bill by:

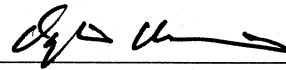
- (1) Providing that the security professionals to whom the law applies, must not be employees;



- (2) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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

Respectfully submitted on  
behalf of the members of the  
Committee on Finance,



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DWIGHT TAKAMINE, Chair



