

Honolulu, Hawaii

MAR 23 2007

RE: H.B. No. 92
H.D. 1
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Economic Development and Taxation, to which was referred H.B. No. 92, H.D. 1, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to promote the fair application of the general excise tax (GET) by allowing securities professionals to pay the general excise tax only on their respective share of commissions divided among a number of persons.

Your Committee received testimony in support of this measure from the National Association of Insurance and Financial Advisors; Brookstreet Securities Corporation; Linsco/Private Ledger Corp.; and one individual. The Department of Taxation (Department) and the Hawaii Tax Foundation submitted comments on this measure.

The Department submitted testimony that the fiscal impact of this measure would be a revenue loss of \$1,400,000 annually. In its methodology, the Department stated that data on GET collected on non-insurance commissions was used to make the estimates, with adjustments made to remove real estate and other commissions.

Your Committee finds that where two or more securities professionals share compensation, each should only be required to pay taxes on their respective portions, rather than on the entire compensation. This measure would address a long-standing inequity in Hawaii tax law.



As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 92, H.D. 1, S.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Taxation,



CAROL FUKUNAGA, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Economic Development and Taxation
EDT

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|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------|-----|----------|
| Bill / Resolution No.:* HB92 HDI, SDI | Committee Referral: CPH, EDT, WAM | Date: 3/20/2007 | | |
| <input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____ | | | | |
| The Recommendation is: <input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313 | | | | |
| Members | Aye | Aye (WR) | Nay | Excused |
| FUKUNAGA, Carol (C) | ✓ | | | |
| ESPERO, Will (VC) | | | | ✓ |
| ENGLISH, J. Kalani | | | | ✓ |
| IGE, David Y. | ✓ | | | |
| SLOM, Sam | ✓ | | | |
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| TOTAL | 3 | | | 2 |
| Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | | |
| Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">David Y. Ige</div> | | | | |
| Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency | | | | |

*Only one measure per Record of Votes