



VOICE OF INDEPENDENT FINANCIAL SERVICES FIRMS
AND INDEPENDENT FINANCIAL ADVISORS

March 19, 2012

The Honorable Henry T. Perea, Chair
Assembly Revenue and Taxation Committee
1020 N Street, Room 167A
Sacramento, CA 95814

Subject: AB 2540 (Gatto) – Oppose

Dear Assembly Member Perea:

On behalf of the Financial Services Institute (FSI) I am writing to express our opposition to AB 2540 (Gatto), which would impose a service tax on “high net worth estate planning” services.

FSI is the advocacy organization for independent broker-dealers and independent financial advisors. Established in January 2004, FSI has well over 100 broker-dealer members and more than 35,000 financial advisor members. FSI’s broker-dealer member firms have upwards of 182,000 affiliated financial advisors. In California, FSI has 18 broker-dealer members and approximately 5,000 financial advisor members.

FSI members provide a critical service by helping their clients plan for not only their financial future and retirement, but also the disposition of their estates. In these difficult economic times, California legislators should be promoting the services of FSI members who provide quality financial planning thus helping individuals become and remain financially sound, and reducing the need for expanded government services. This bill does the opposite by imposing a tax on one aspect of financial planning, which will limit access to these services because the cost of the tax must necessarily be included in any fees.

Furthermore, AB 2540 does not define the term “high net worth estate planning.” It simply imposes a tax under the auspices of such a broad and undefined term which will inherently lead to confusion and possibly litigation.

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Given the importance of sound estate planning, we believe this bill is ill-advised and respectfully urge your "no" vote when AB 2540 comes before your committee.

Sincerely,

A handwritten signature in black ink, appearing to read "D. T. Bellaire". The signature is fluid and cursive, with a large initial "D" and "T" followed by "Bellaire".

David T. Bellaire, Esq.
General Counsel & Director of Government Affairs

cc: Assembly Member Mike Gatto
Members, Assembly Revenue and Taxation Committee