

Council on Revenues DOTAX Presentation

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Constitutional Refund

The Constitutional Refund (Act 115 SLH 2022) remitted either \$100 or \$300 per exemption depending on Federal Adjusted Gross Income.

The refund has a revenue impact that was not mentioned in the September 2022 meeting.

The refund will only impact FY 2023. Nearly all the refund was disbursed in the first six months of the fiscal year

The estimated revenue impact is:

Amount	% Change FY 2022
-\$334.6 million	3.6%

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PRELIMINARY COMPARATIVE STATEMENT OF STATE GENERAL FUND TAX REVENUES December 2022

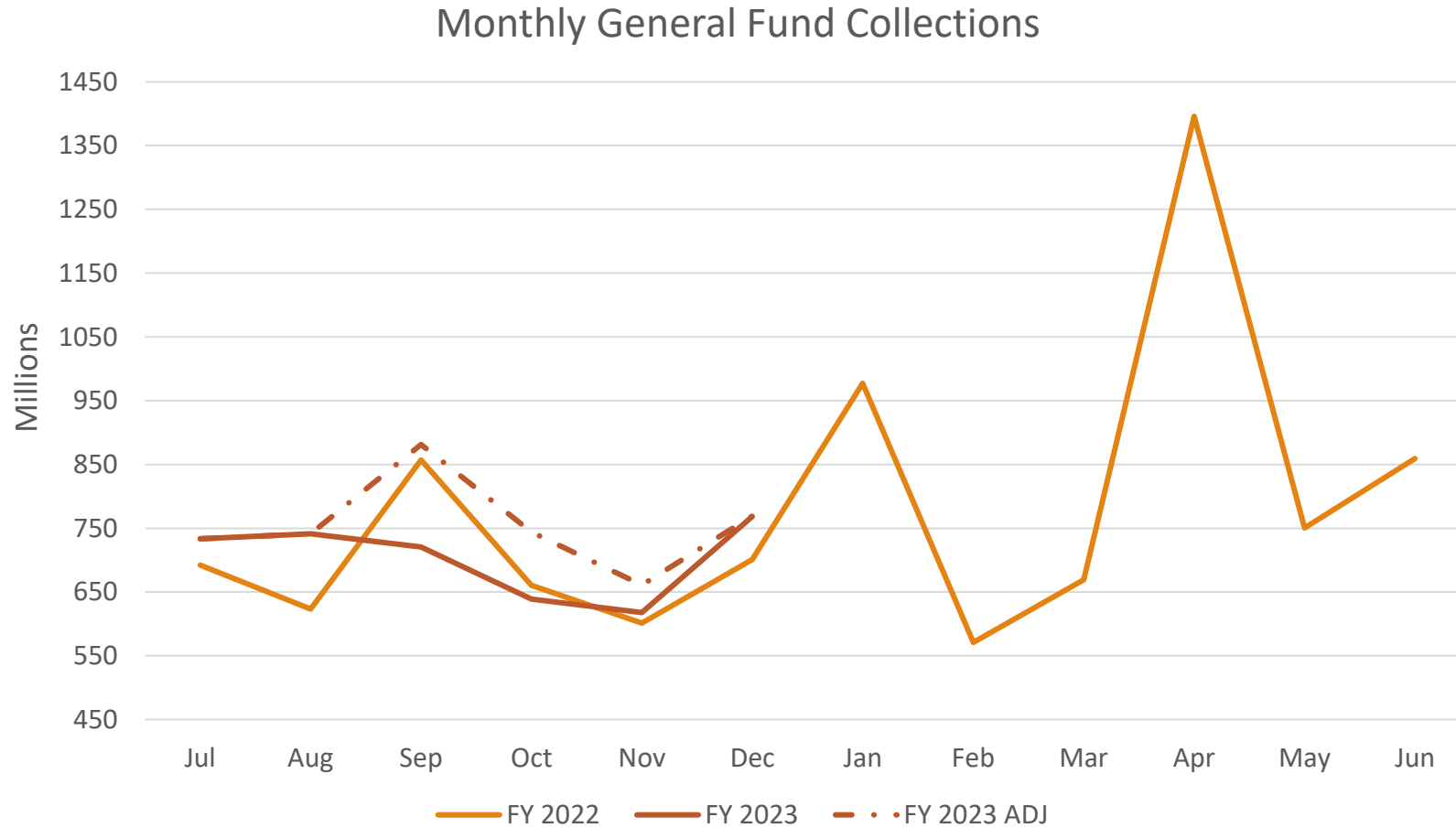
(Dollars in Thousands)

	CUMULATIVE TOTALS			DIFFERENCE		WITHOUT CONSTITUTIONAL REFUND ADJUSTED	
	Dec 2022	2022-2023	2021-2022	AMOUNT	%CHANGE	AMOUNT	%
GE/Use Taxes	\$345,687	\$2,155,369	\$1,899,687	255,682	13.5%		13.5%
Income Tax - Corp.	51,187	146,806	121,776	25,030	20.6%		20.6%
Decl. Est. Taxes	48,465	147,141	149,032				
Payment w/ Returns	3,638	17,118	21,633				
Refunds	(916)	(17,453)	(48,890)				
Income Tax - Ind.	250,363	1,245,235	1,509,194	(263,960)	-17.5%	309,836	3.0%
Decl. Est. Taxes	44,057	353,619	384,732		-8.1%		
Payment w/ Returns	11,577	140,046	119,331		17.4%		
WH Tax on Wages	211,505	1,256,012	1,164,050		7.9%		
Refunds Sub-Total	(16,776)	(504,442)	(158,907)		217.4%		
Refunds	(15,854)	(194,606)	(158,907)				
Constitutional Refunds	(921)	(309,836)	0				
Special Fund	0	0	(12)				
Trans. Accom. Tax	59,793	419,078	326,934	92,144	28.2%		
Turtle Bay Conservation Fund	0	(1,500)	(1,500)				
Convention Ctr. Enterprise Fund	0	(11,000)	(11,000)				
Tourism Emergency Special Fund	0	0	0				
Land & Development Fund	0	(3,000)	(3,000)				
Mass Transit Fund	(5,808)	(40,741)	(31,576)				
SUB-TOTAL	53,985	362,837	279,857	82,980			
All Others	67,216	310,733	324,976	(14,243)	-4.4%		4.4%
Collected by DOTAX	33,349	184,170	162,713				
Collected by Other Departments*	33,867	126,563	162,263				
TOTAL GENERAL FUND	\$768,438	\$4,220,980	\$4,135,490	\$85,490	2.1%	309,836	9.6%

Note: General Fund allocations are in bold print.

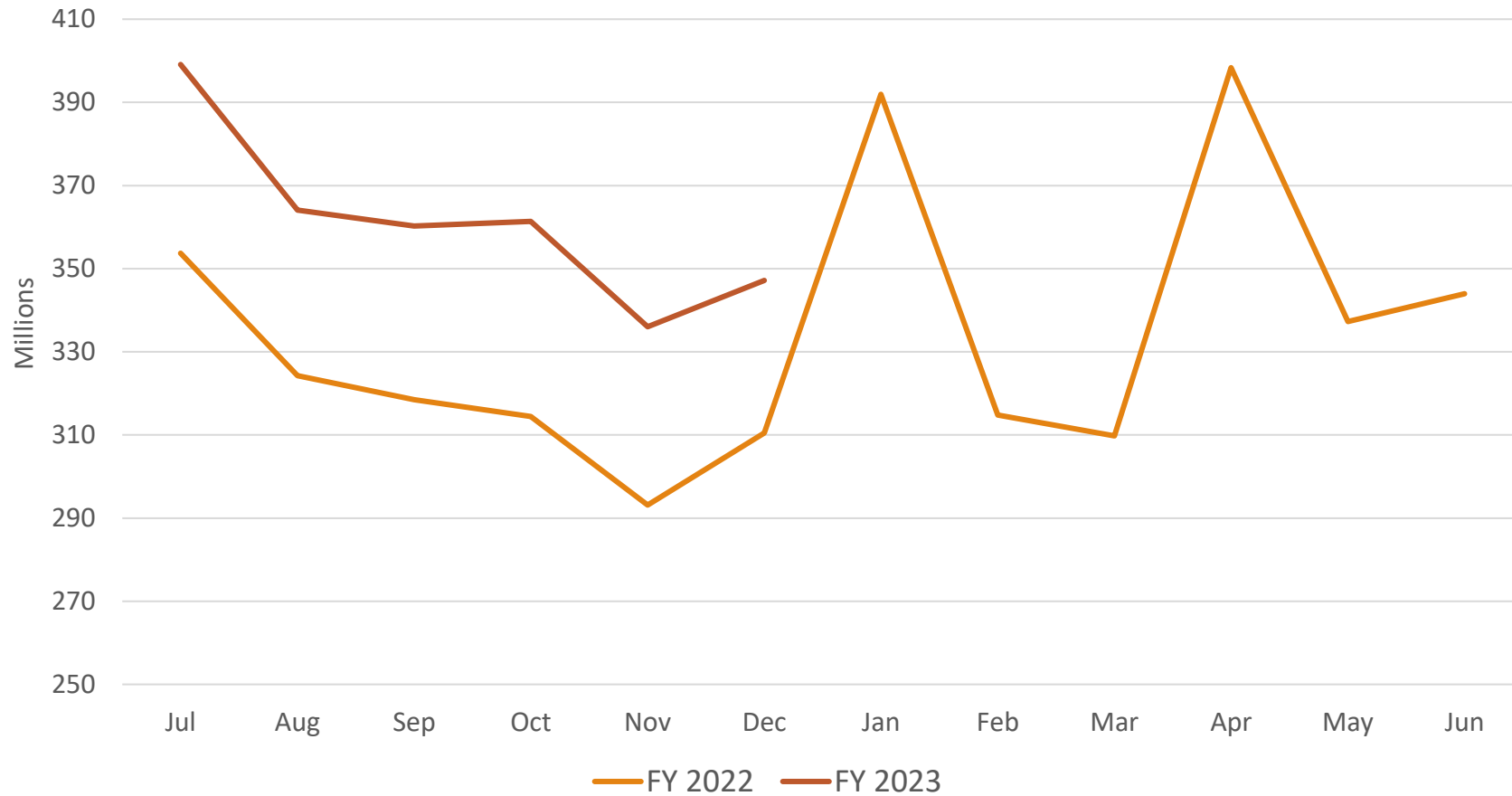
*Includes Conveyance Tax and Insurance Premium Tax.

The Constitutional Refund had the biggest impact on General Fund Collections in September, October, and November

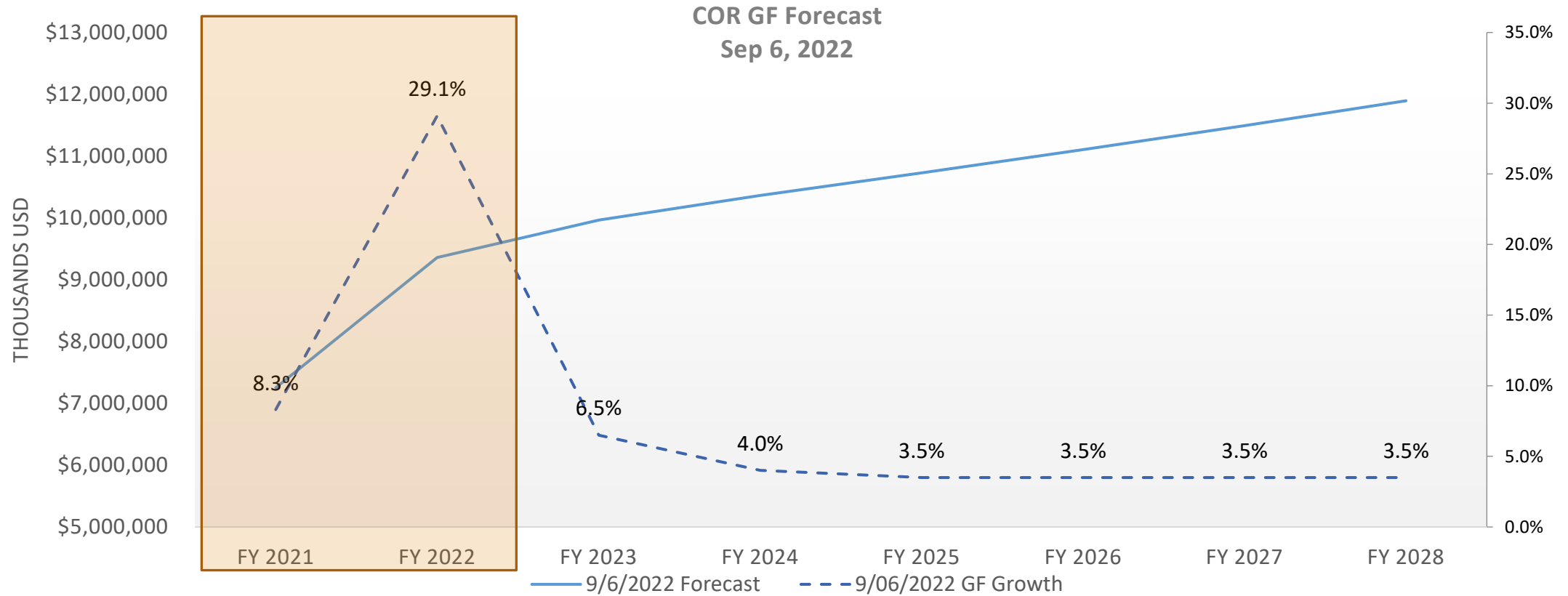


Monthly GET Collection Growth Continues to be Strong

Monthly GET Revenues



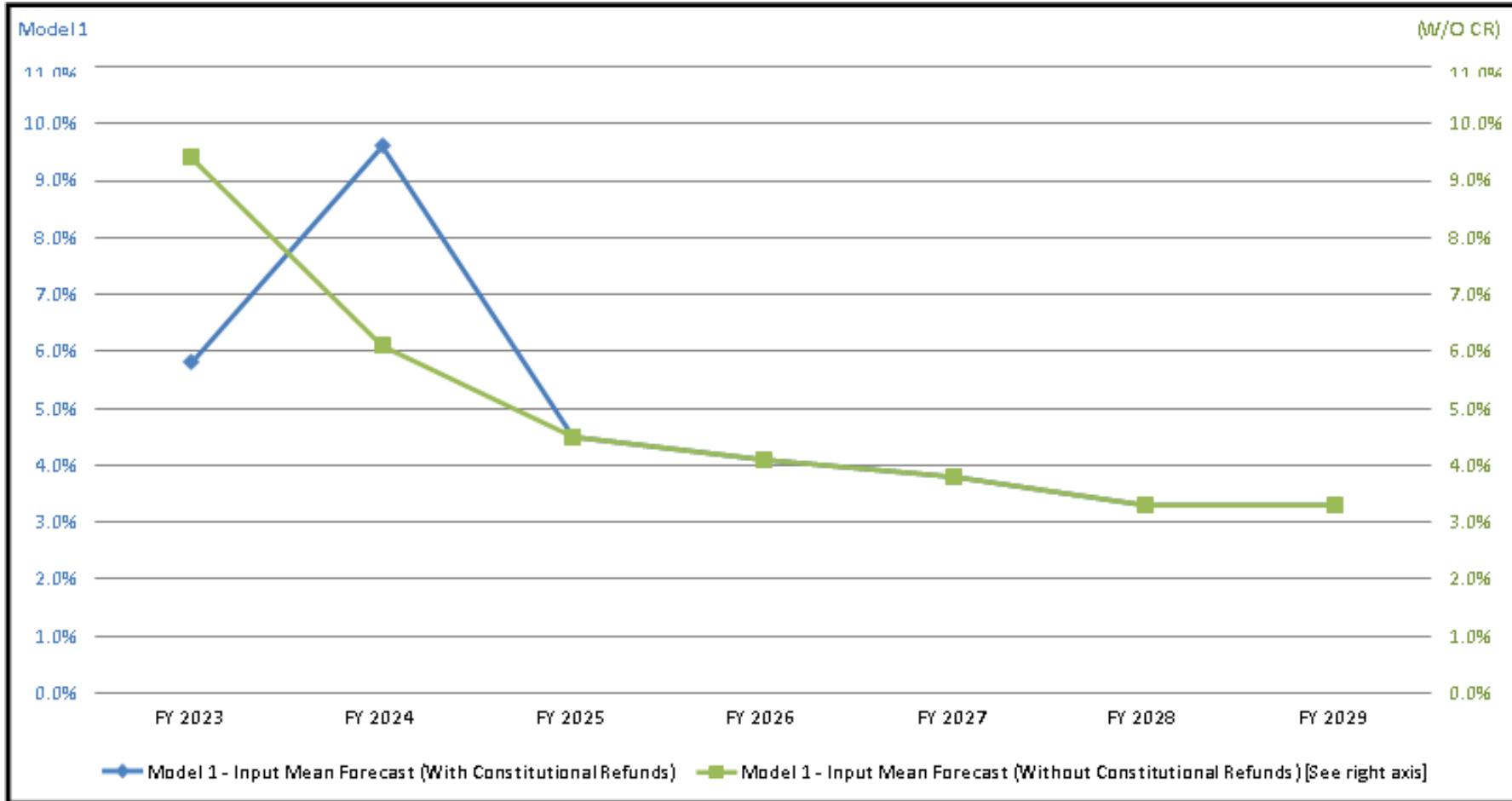
Current Council on Revenues Forecast



Sep 6, 2023 Forecast

FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
\$ 7,250,261	\$ 9,358,848	\$9,967,173	\$10,365,860	\$10,728,665	\$11,104,168	\$11,492,814	\$11,895,063
8.3%	29.1%	6.5%	4.0%	3.5%	3.5%	3.5%	3.5%

Chart 3: Results of Model 1 using mean forecast with and without Constitutional Refund



Model 1 provided an accurate forecast in FY 2021 when mean forecast variables are accurate

Table 9
FY 2022 General Fund Tax Revenues: Forecast vs. Actual

COR Consensus Forecasts

General Fund Tax Revenues	Actual Collections	September 2021		January 2022		March 2022		May 2022		Actual Economic Indicators	
		COR Forecast	Difference	COR Forecast	Difference	COR Forecast	Difference	COR Forecast	Difference	Model 1	Difference
Tax Revenues (\$K)	\$9,358,848	\$7,707,027	-\$1,651,821	\$8,337,800	-\$1,021,048	\$8,772,816	-\$586,032	\$9,280,334	-\$78,514	\$9,392,631	\$33,783
Growth Rate (%)	29.1%	6.3%	-22.8%	15.0%	-14.1%	21.0%	-8.1%	28.0%	-1.1%	29.5%	0.4%

COR Mean Forecasts

General Fund Tax Revenues	Actual Collections	September 2021 COR Mean Forecast		January 2022 COR Mean Forecast		March 2022 COR Mean Forecast		May 2022 COR Mean Forecast		Actual Economic Indicators	
		Model 1	Difference	Model 1	Difference	Model 1	Difference	Model 1	Difference	Model 1	Difference
Tax Revenues (\$K)	\$9,358,848	\$7,909,950	-\$1,448,898	\$8,436,742	-\$922,106	\$8,774,871	-\$583,977	\$9,039,629	-\$319,219	\$9,392,631	\$33,783
Growth Rate (%)	29.1%	9.1%	-20.0%	16.4%	-12.7%	21.0%	-8.1%	24.7%	-4.4%	29.5%	0.4%

Table 8: Impact of Economic Parameters for FY 23 of Model 1 (With Constitutional Refund)

		Total State Visitor Arrivals by Air								
		Annual Growth Rate								
		5.0%	7.5%	10.0%	12.5%	15.0%	17.5%	20.0%	22.5%	
		In Thousands								
		8,848	9,059	9,270	9,480	9,691	9,902	10,112	10,323	
Hawaii Total Personal Income - Nominal	Annual Growth Rate	1.0%	1.8%	2.4%	3.1%	3.8%	4.4%	5.1%	5.8%	6.4%
	2.0%	2.2%	2.9%	3.6%	4.2%	4.9%	5.6%	6.2%	6.9%	
	3.0%	2.7%	3.4%	4.0%	4.7%	5.4%	6.0%	6.7%	7.4%	
	4.0%	3.1%	3.8%	4.5%	5.1%	5.8%	6.5%	7.2%	7.8%	
	5.0%	3.6%	4.3%	4.9%	5.6%	6.3%	6.9%	7.6%	8.3%	
6.0%	4.1%	4.7%	5.4%	6.1%	6.7%	7.4%	8.1%	8.7%		
7.0%	4.5%	5.2%	5.9%	6.5%	7.2%	7.9%	8.5%	9.2%		
8.0%	5.0%	5.7%	6.3%	7.0%	7.7%	8.3%	9.0%	9.7%		