

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
-\$311.7 million	3.3%

UNOFFICIAL

PRELIMINARY COMPARATIVE STATEMENT OF STATE GENERAL FUND TAX REVENUES

February 2023

(Dollars in Thousands)

	Feb 2023	CUMULATIVE TOTALS		DIFFERENCE		Without Constitutional Refund	
		2022-2023	2021-2022	AMOUNT	%CHANGE	ADJUSTED AMOUNT	%CHANGE
GE/Use Taxes	\$353,601	\$2,944,458	\$2,602,146	342,312	13.2%		
Income Tax - Corp.	2,085	172,526	130,649	41,876	32.1%		
Decl. Est. Taxes	7,655	189,219	174,805				
Payment w/ Returns	1,615	21,120	26,869				
Refunds	(7,186)	(37,813)	(71,024)				
Income Tax - Ind.	126,177	1,740,284	2,097,980	(357,697)	-17.0%	311,673	-2.2%
Decl. Est. Taxes	23,594	553,106	632,849		-12.6%		
Payment w/ Returns	16,401	167,587	152,701		9.7%		
WH Tax on Wages	200,226	1,691,780	1,583,323		6.8%		
Refunds Sub-Total	(114,043)	(672,177)	(270,882)		148.1%		
Refunds	(113,950)	(360,504)	(270,882)		33.1%		
Constitutional Refunds	(93)	(311,673)	0				
Special Fund	0	(13)	(12)				
Trans. Accom. Tax	71,970	577,289	463,920	113,369	24.4%		
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	(7,134)	(55,879)	(44,507)				
SUB-TOTAL	64,836	505,910	403,913	101,997			
All Others	41,455	397,816	451,890	(54,074)	-12.0%		
Collected by DOTAX	32,798	246,016	224,633				
Collected by Other Departments*	8,657	151,800	227,257				
TOTAL GENERAL FUND	\$588,154	\$5,760,994	\$5,686,579	\$74,415	1.3%	311,673	6.8%

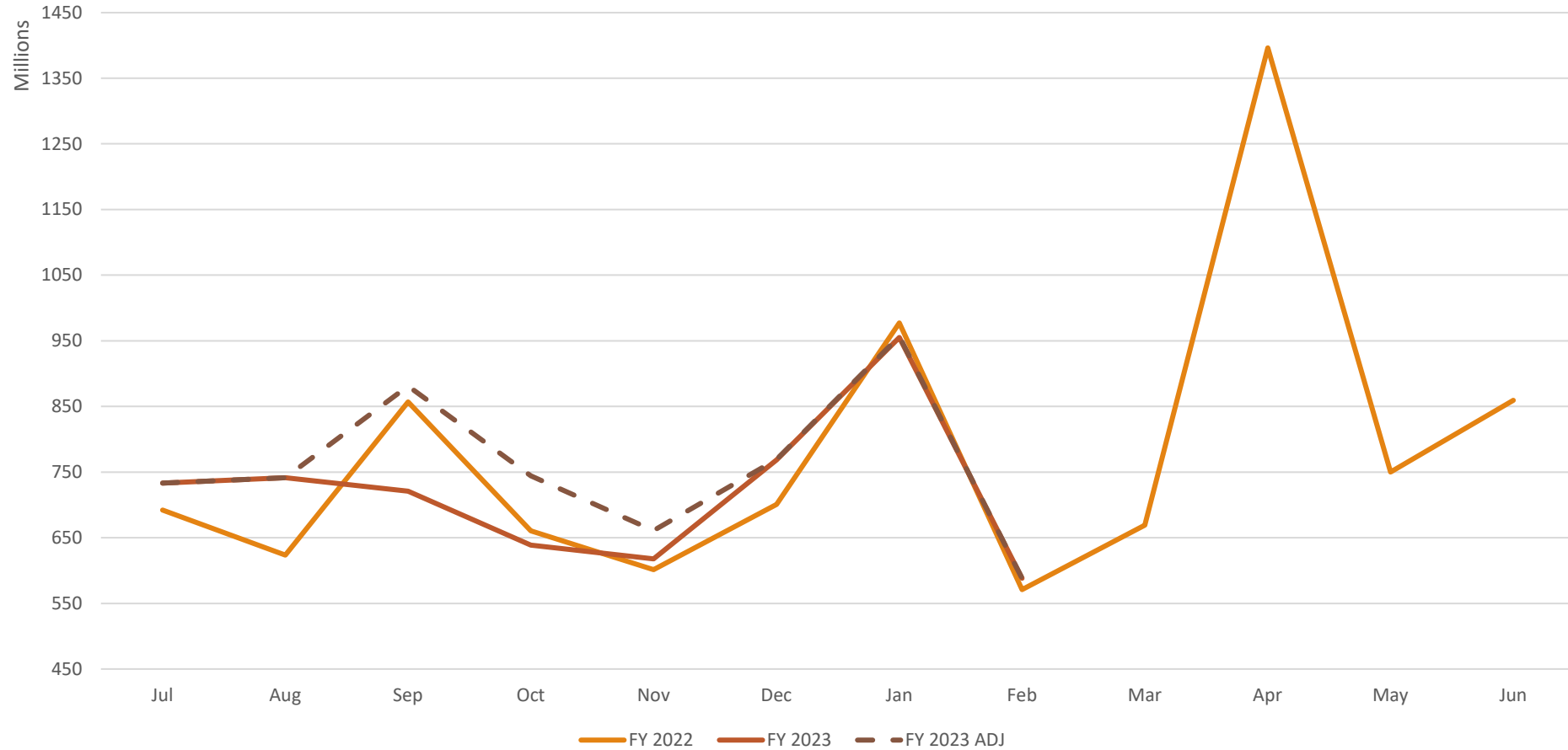
Note: General Fund allocations are in bold print.

*Includes Conveyance Tax and Insurance Premium Tax.

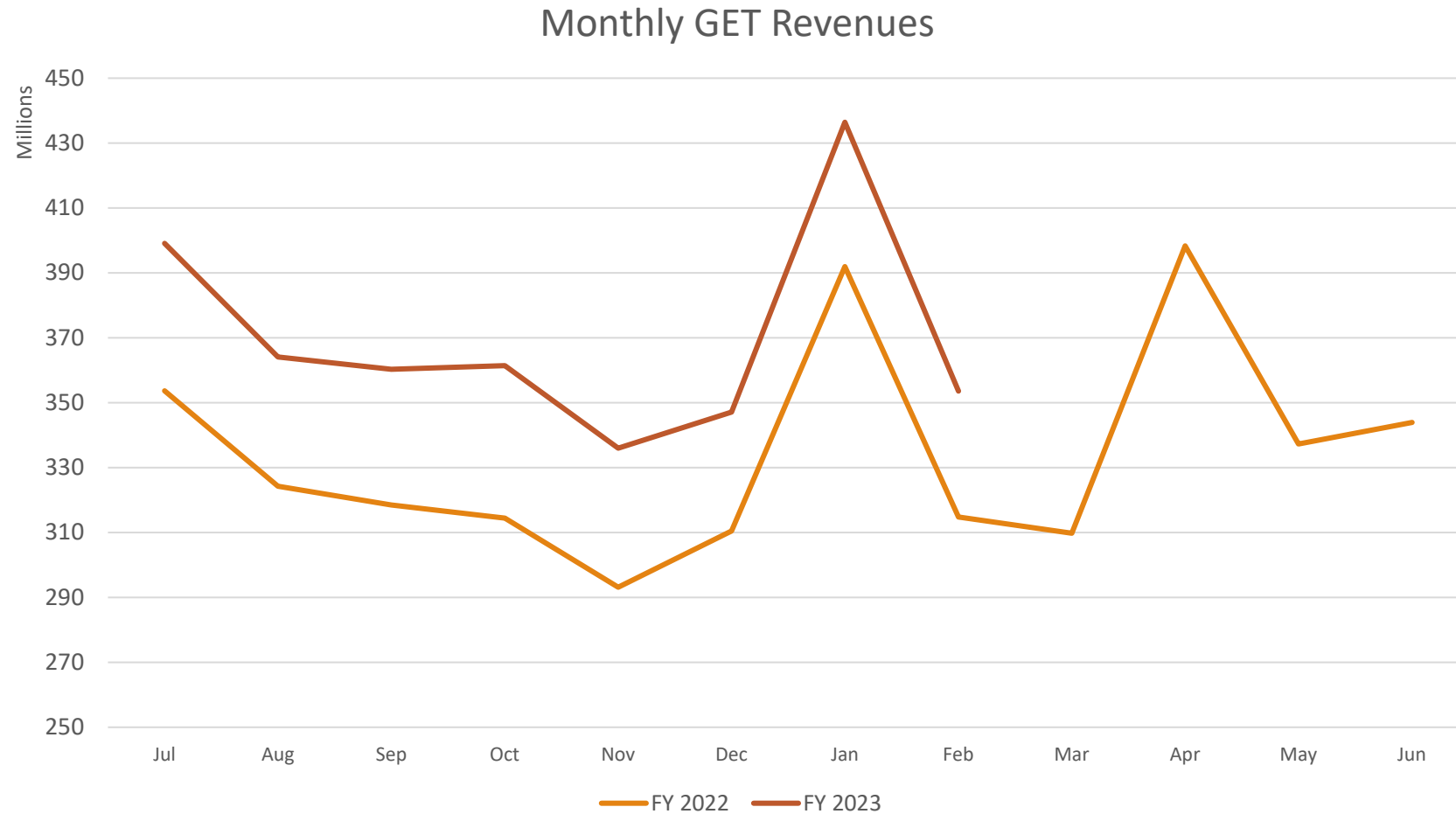
** The negative amount is due to tax refunds, which exceeds tax collections.

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

Monthly General Fund Collections



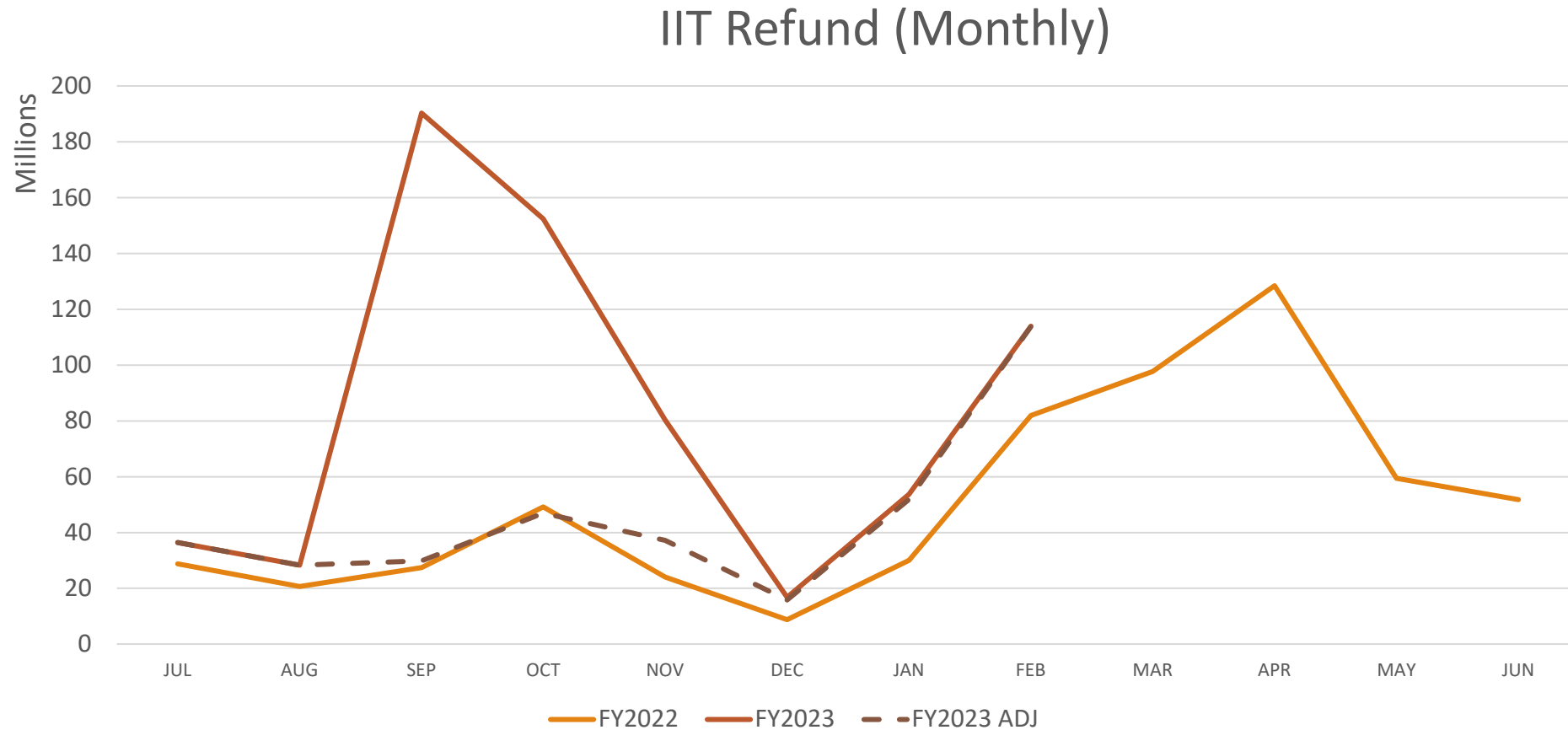
Monthly GET Collection Growth Continues to be Strong



Declared estimated taxes have dropped in FY 2023 compared to FY 2022

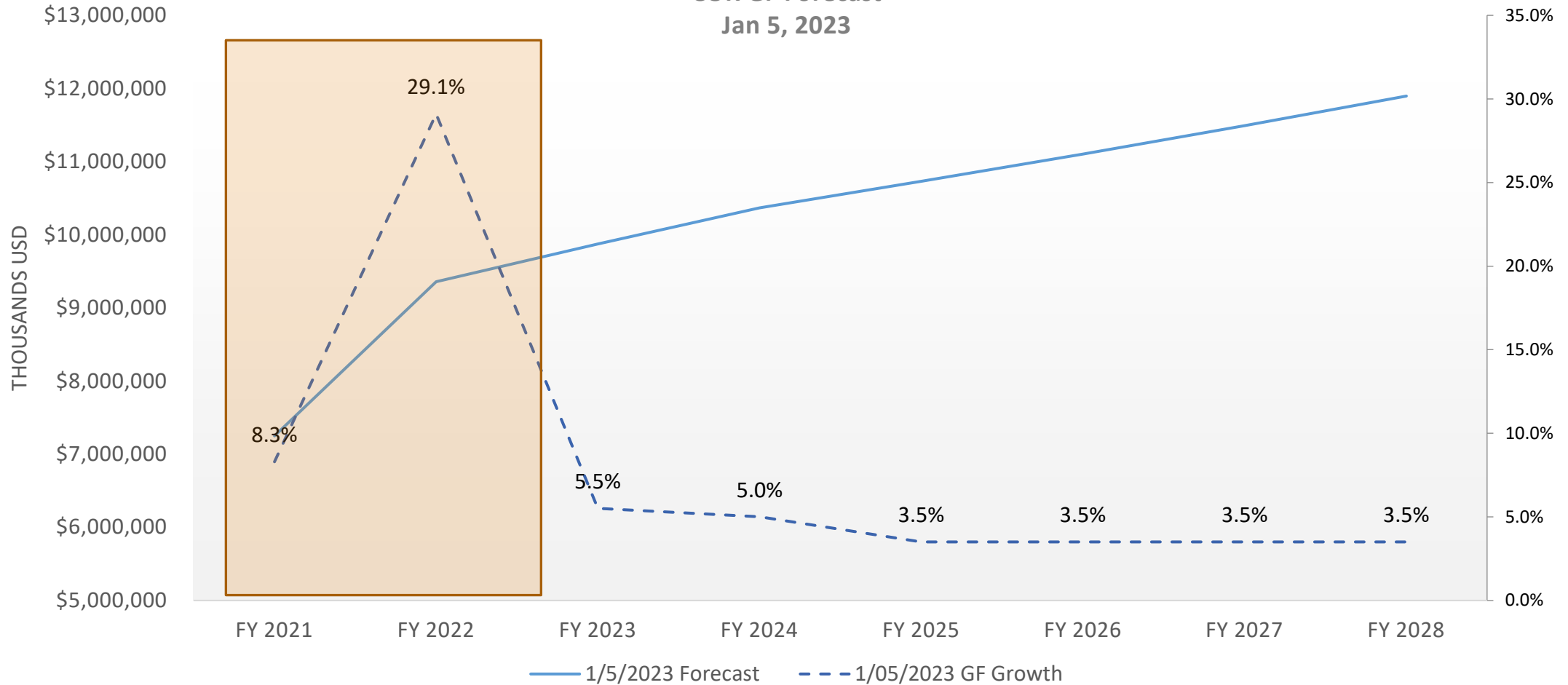


Refunds are higher in FY2023 even taking into account the Constitutional Refund



Current Council on Revenues Forecast

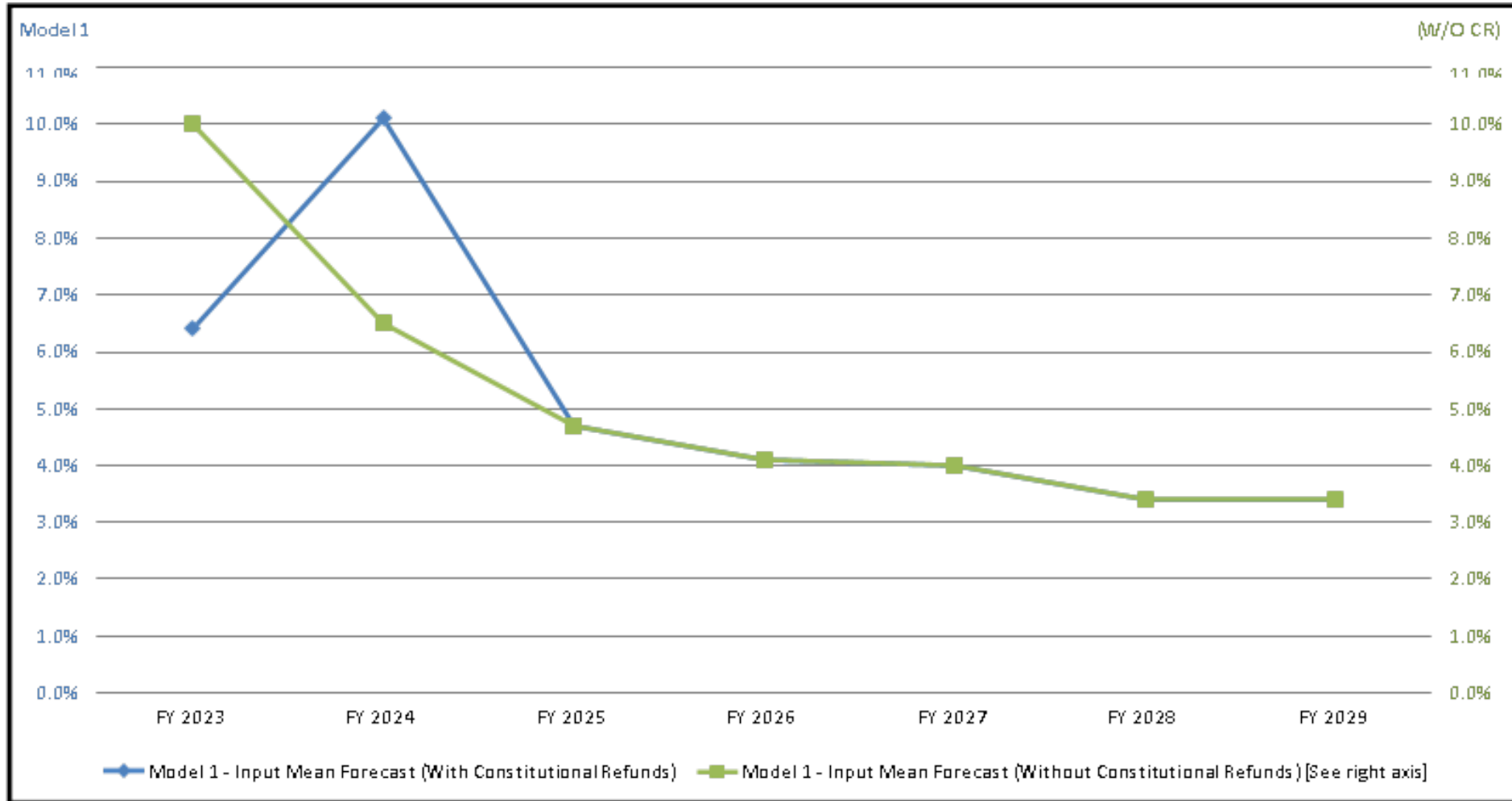
COR GF Forecast
Jan 5, 2023



Jan 5, 2023 Forecast

FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
\$ 7,250,261	\$ 9,358,848	\$9,873,585	\$10,367,264	\$10,730,118	\$11,105,672	\$11,494,371	\$11,896,674
8.3%	29.1%	5.5%	5.0%	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%

January 5, 2023

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

		Total State Visitor Arrivals by Air							
		Annual Growth Rate							
		11.0%	12.5%	14.0%	15.5%	17.0%	18.5%	20.0%	
		In Thousands							
		9,354	9,480	9,607	9,733	9,860	9,986	10,112	
Hawaii Total Personal Income - Nominal	Annual Growth Rate	1.5%	3.8%	4.2%	4.6%	5.0%	5.4%	5.8%	6.2%
		2.5%	4.2%	4.6%	5.0%	5.4%	5.8%	6.2%	6.6%
		3.5%	4.7%	5.1%	5.5%	5.9%	6.3%	6.7%	7.1%
		4.5%	5.2%	5.6%	6.0%	6.4%	6.8%	7.2%	7.6%
		5.5%	5.6%	6.0%	6.4%	6.8%	7.2%	7.6%	8.0%
		6.5%	6.1%	6.5%	6.9%	7.3%	7.7%	8.1%	8.5%
		7.5%	6.5%	6.9%	7.3%	7.7%	8.1%	8.5%	8.9%
		8.5%	7.0%	7.4%	7.8%	8.2%	8.6%	9.0%	9.4%
		9.5%	7.5%	7.9%	8.3%	8.7%	9.1%	9.5%	9.9%

March 7, 2023