

COUNCIL ON REVENUES

Total Personal Income Meeting Minutes Tuesday, August 1, 2023

Virtual Meeting
Meeting was held virtually and video [recorded](#).

Tuesday, August 1, 2023
2:00 p.m.

PRESENT:

Council Members:

Kurt Kawafuchi, (Chair), Carl Bonham,
Kristi Maynard, and Scott Hayashi

Staff Members:

Department of Taxation: Director Gary Suganuma, Deputy Kristen Sakamoto,
Seth Colby, Yvonne Chow, Dongliang Wu, and Roderick Tuliao

CALL TO ORDER:

The Chair called the meeting to order at 2:02 p.m. A quorum was present.

COMMUNICATIONS TO THE COUNCIL AND PUBLIC COMMENT:

Chair Kawafuchi asked if there was any communication to the Council on Revenues (the Council). There were no communications to the Council and no public comment.

APPROVED MINUTES OF THE MEETING OF MAY 15, 2023:

Chair Kawafuchi called for a motion to approve the minutes. Ms. Maynard moved to approve the minutes. Mr. Hayashi seconded.

It was moved by Ms. Maynard and seconded by Mr. Hayashi that the minutes of the May 15th meeting be accepted. The Chair called for the vote, and the motion passed with the following votes:

Kurt Kawafuchi	Yes
Carl S. Bonham	Yes
Kristi L. Maynard	Yes
Scott W. Hayashi	Yes

DISCUSSION AND VOTE ON TOTAL PERSONAL INCOME FORECAST FOR CY2023:

Mr. Kawafuchi asked Dr. Bonham to if he could start the discussion for the Council's TPI (Total Personal Income) forecast for CY2023.

Dr. Bonham opened the discussion by asking Dr. Colby for the Council's forecast on record.

Dr. Colby said that the Council's forecast was on record at 0% for CY2023 and 4.0% for CY 2024 which was later corrected to 0% for CY2022 and 4.0% CY2023 per the minutes from the Council's last TPI meeting on October 27, 2022.

Dr. Bonham stated that data reports has not really change and that the data's been coming in at about the same.

Dr. Bonham did note that on the national level the biggest change was with the rapid disinflation.

Dr. Bonham than provided his model's TPI rate of 5.3% nominal for CY2023.

Dr. Bonham highlighted that dividends, interest, and rent came in much higher than expected compared to last April's forecast.

Mr. Kawafuchi asked Dr. Bonham how much higher the difference for dividends, interest, and rent was.

Dr. Bonham said that their previous forecast for dividends, interest, and rent was at 4.2% growth rate compared to the current first quarter data which is 6.6% growth rate.

Dr. Bonham explained that the increase in dividends, interest, and rent put their model on a higher trajectory.

Dr. Bonham provided the Council with the following numbers to summarize their model.

1. Job Growth Rate 2.25%
2. Consumer Price Index (CPI) Growth Rate 2.5%
3. Total Nominal Income Growth Rate 5.3%

Mr. Kawafuchi asked Dr. Bonham how those numbers compare to the Council's previous forecast for CY2023.

Dr. Bonham responded that the Council's forecast for CY2023 was 4.0% growth.

Ms. Maynard said the first quarter shows a growth rate of 4.0% and an actual growth rate of 4.2% if the remaining quarters were to remain flat.

Ms. Maynard thinks 4.5% growth rate for CY2023 is reasonable.

Mr. Hayashi agrees with Ms. Maynard regarding 4.5% growth rate for CY2023.

Mr. Kawafuchi asked the Council if there was any further discussion needed for Total Personal Income for CY2023.

Ms. Maynard motioned for 4.5% Total Personal Income growth rate for CY2023.

Mr. Hayashi seconded 4.5% Total Personal Income growth rate for CY2023.

It was moved by Ms. Maynard and seconded by Mr. Hayashi that the Total Personal Income forecast be 4.5% growth rate for CY2023. The Chair called for the vote, and the motion passed with the following votes:

Kurt Kawafuchi	Yes
Carl S. Bonham	Yes
Kristi L. Maynard	Yes
Scott W. Hayashi	Yes

DISCUSSION AND VOTE FOR ON TOTAL PERSONAL INCOME FORECAST FOR CY2024:

Mr. Kawafuchi asked Ms. Maynard to lead off the Council's discussion for CY2024.

Ms. Maynard started by stating that the economy is still going strong, however what concerns her the most about Hawaii is the population or lack of population growth due to the fact of people leaving the islands.

Dr. Bonham agreed with Ms. Maynard and continued by sharing that the State's job growth forecast goes from 2.25% to less than 1.0% for next year due to no population growth.

Dr. Bonham asked what the models has for growth rate of CY2024.

Dr. Colby said that the aggregate of everything is 4.25% growth rate for CY2024.

Ms. Maynard feels that 4.25% is a little steep and would feel more comfortable with 3.5% growth rate.

Mr. Kawafuchi asked the Council if there was a motion for a number for CY2024.

Dr. Bonham said that their forecast is 3.8% but he would be comfortable with any number between 3.5% and 4.25% growth rate.

Mr. Kawafuchi motioned for the Council's forecast growth rate of 3.8% Total Personal Income for CY2024.

Dr. Bonham seconded 3.8% growth rate for Total Personal Income for CY2024.

It was moved by Mr. Kawafuchi and seconded by Dr. Bonham that the Total Personal Income forecast be 3.8% growth rate for CY2024. The Chair called for the vote, and the motion passed with the following votes:

Kurt Kawafuchi	Yes
Carl S. Bonham	Yes
Kristi L. Maynard	Yes
Scott W. Hayashi	Yes

NEXT MEETING:

The Council tentatively agreed to meet on Thursday, September 7, 2023, at 2 p.m.

ADJOURNMENT:

The meeting adjourned at 2:31 p.m.