

Council on Revenues DOTAX Presentation

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JAN 08, 2024

PRELIMINARY COMPARATIVE STATEMENT OF STATE GENERAL FUND TAX REVENUES
December 2023
(Dollars in Thousands)

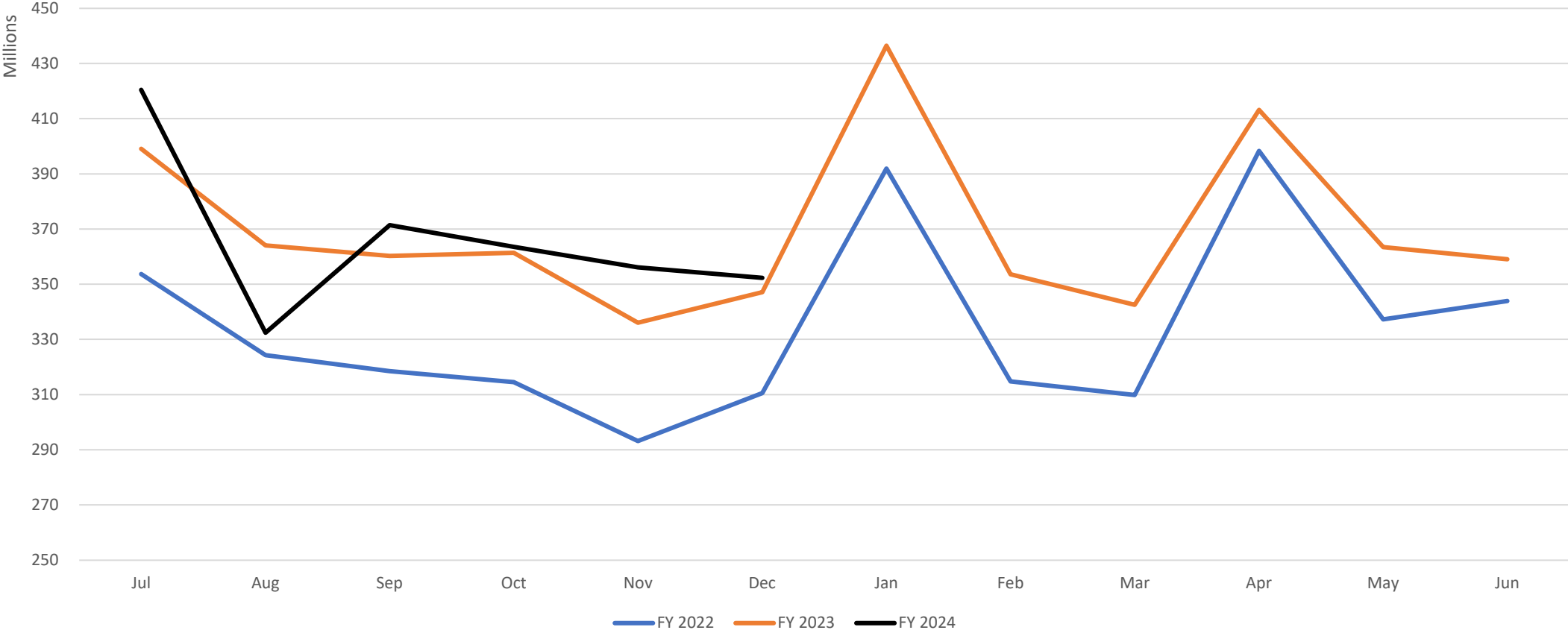
	Dec 2023	CUMULATIVE TOTALS		DIFFERENCE	
		2023-2024	2022-2023	AMOUNT	%CHANGE
GE/Use Taxes	\$352,285	\$2,180,181	\$2,154,392	25,789	1.2%
Income Tax - Corp.	79,065	157,288	146,674	10,614	7.2%
Decl. Est. Taxes	80,135	177,778	147,011		
Payment w/returns	1,804	14,379	17,117		
Refunds	(2,874)	(34,869)	(17,453)		
Income Tax - Ind.	247,340	1,529,894	1,245,213	284,682	22.9%
Decl. Est. Taxes	40,692	271,683	353,719		
Payment w/returns	8,147	118,976	139,924		
WH Tax on Wages	222,681	1,356,383	1,256,024		
Refunds	(24,180)	(217,147)	(504,442)		
Special Fund	0	0	(13)		
Trans. Accom. Tax	58,818	393,585	419,041	(25,456)	-6.1%
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	(5,821)	(38,957)	(40,741)		
SUB-TOTAL	52,997	339,128	362,800	(23,672)	
All Others	50,388	319,548	308,877	10,671	3.5%
Collected by DOTAX	30,804	196,575	183,283		
Collected by Other Departments*	19,583	122,973	125,594		
TOTAL GENERAL FUND	\$782,075	\$4,526,040	\$4,217,956	\$308,084	7.3%

Note: General Fund allocations are in bold print.

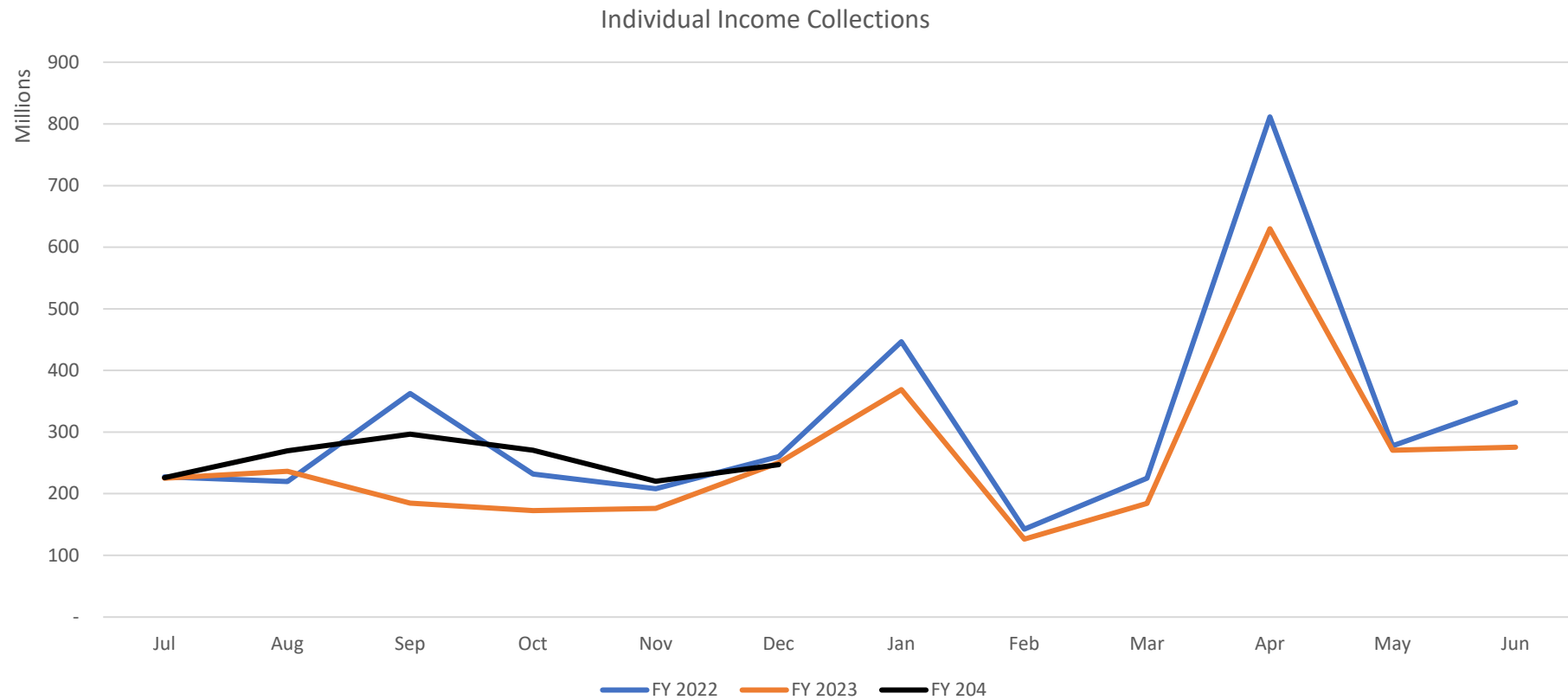
*Includes Conveyance Tax and Insurance Premium Tax.

GET collections remain robust apart from August collections

Monthly GET Revenues



Individual income collections unlikely to match FY 2022

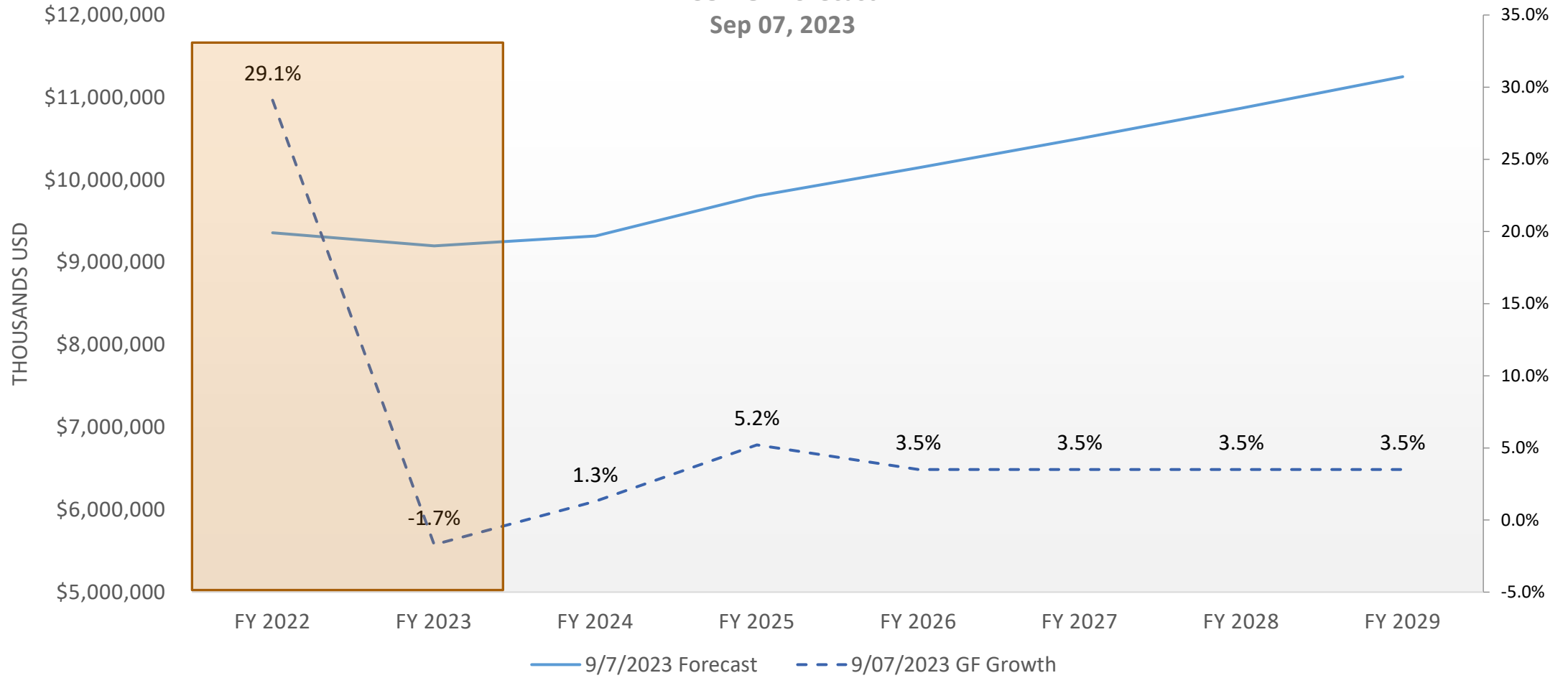


Issues Impacting FY2024 Collections

- Lower base in FY 2022 from Constitutional Refund
 - \$311.7 million in September and October
- Lower Estimated Tax Payments will reset in January 2024
- Economic Impacts from Maui Wild Fires
- Economic slowdown at National and State level
- Tax Law Changes
 - -\$83 million in FY2023

Current Council on Revenues Forecast

COR GF Forecast
Sep 07, 2023



Sep 7, 2023 Forecast

FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
\$ 9,358,848	\$9,200,336	\$9,319,940	\$9,804,577	\$10,147,737	\$10,502,908	\$10,870,510	\$11,250,978	\$11,644,762
29.1%	-1.7%	1.3%	5.2%	3.5%	3.5%	3.5%	3.5%	3.5%

Model 1

ESTIMATES OF GENERAL FUND TAX REVENUE: FY 2024 TO FY 2030 Results Based on Input Mean Forecasts (in thousands of dollars)

TYPE OF TAX	BASE		ESTIMATED						
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
General Excise and Use Tax	\$3,978,993	\$4,408,473	\$4,712,297	\$5,086,042	\$5,343,929	\$5,545,423	\$5,737,302	\$5,942,513	\$6,129,337
Individual Income Tax	3,759,753	3,099,886	3,130,971	3,399,944	3,652,870	3,914,265	4,191,658	4,571,572	4,882,048
Corporate Income Tax	255,621	316,831	264,273	297,791	356,663	402,425	408,360	436,117	445,616
Public Service Company Tax	122,068	142,195	152,388	160,986	168,839	177,003	185,225	193,632	202,379
Tax on Insurance Premiums	195,607	203,791	226,808	243,382	259,023	275,359	292,580	310,525	329,450
Cigarette and Tobacco Tax	65,658	59,070	57,166	58,251	60,613	63,142	66,199	69,587	73,240
Liquor Tax	53,983	54,513	55,463	56,805	57,672	58,495	59,223	59,901	60,581
Tax on Banks and Other Financial Corps.	57,252	28,969	29,527	43,393	46,366	49,451	51,463	52,886	54,233
Inheritance and Estate Tax	57,405	58,083	60,046	61,643	63,061	64,499	65,911	67,322	68,756
Conveyance Tax	145,318	49,032	57,200	66,230	74,927	84,130	93,964	104,348	115,440
Miscellaneous Taxes*	21,760	22,886	24,183	25,552	26,993	28,515	30,124	31,822	33,618
Transient Accommodations Tax	645,429	756,578	765,321	766,213	808,513	845,253	880,992	917,210	953,940
GENERAL FUND TOTAL	\$9,358,848	\$9,200,305	\$9,535,643	\$10,266,232	\$10,919,469	\$11,507,960	\$12,063,001	\$12,757,435	\$13,348,637
GROWTH RATE	29.1%	-1.7%	3.6%	7.7%	6.4%	5.4%	4.8%	5.8%	4.6%

The Mean Variable Forecast Performed Well in 2023

Table 9
FY 2023 General Fund Tax Revenues: Forecast vs. Actual

COR Consensus Forecasts

General Fund Tax Revenues	Actual Collections	September 2022		January 2023		March 2023		May 2023		Actual Economic Indicators	
		COR Forecast	Difference	COR Forecast	Difference	COR Forecast	Difference	COR Forecast	Difference	Model 1	Difference
Tax Revenues (\$K)	\$9,200,308	\$9,967,173	\$766,865	\$9,873,585	\$673,277	\$9,546,025	\$345,717	\$9,265,260	\$64,952	\$9,176,325	-\$23,983
Growth Rate (%)	-1.7%	6.5%	8.2%	5.5%	7.2%	2.0%	3.7%	-1.0%	0.7%	-2.0%	-0.3%

COR Mean Variable Forecasts

General Fund Tax Revenues	Actual Collections	September 2022 COR Mean Forecast		January 2023 COR Mean Forecast		March 2023 COR Mean Forecast		May 2023 COR Mean Forecast		Actual Economic Indicators	
		Model 1	Difference	Model 1	Difference	Model 1	Difference	Model 1	Difference	Model 1	Difference
Tax Revenues (\$K)	\$9,200,308	\$10,144,967	\$944,659	\$9,905,945	\$705,637	\$9,959,386	\$759,078	\$9,519,059	\$318,751	\$9,176,325	-\$23,983
Growth Rate (%)	-1.7%	8.4%	10.1%	5.8%	7.5%	6.4%	8.1%	1.7%	3.4%	-2.0%	-0.3%

September 7, 2023

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

		Annual Growth Rate							
		-10.0%	-8.0%	-6.0%	-4.0%	-2.0%	0.0%	2.0%	
		In Thousands							
		8,666	8,859	9,051	9,244	9,436	9,629	9,822	
Hawaii Total Personal Income - Nominal	Annual Growth Rate	0.0%	-0.9%	-0.2%	0.4%	1.0%	1.6%	2.3%	2.9%
		1.5%	-0.2%	0.4%	1.0%	1.7%	2.3%	2.9%	3.5%
		3.0%	0.5%	1.1%	1.7%	2.3%	3.0%	3.6%	4.2%
		4.5%	1.1%	1.7%	2.4%	3.0%	3.6%	4.2%	4.9%
		6.0%	1.8%	2.4%	3.0%	3.7%	4.3%	4.9%	5.5%
		7.5%	2.5%	3.1%	3.7%	4.3%	4.9%	5.6%	4.9%
		9.0%	3.1%	3.7%	4.4%	5.0%	5.6%	6.2%	5.6%
		10.5%	3.8%	4.4%	5.0%	5.6%	6.3%	6.9%	7.5%

January 8, 2024