

REVENUE TRENDS – MARCH 2003

Statewide tax collections during the month of March totaled \$235.5 million, which was \$18.5 million more than the \$217.0 million collected the previous March. With March's increase, cumulative state tax collections for the first three quarters of the 2002-2003 fiscal amounted to \$2,759.4 million, \$124.3 million ahead of the previous year's pace.

Collections from Hawaii's largest revenue source, general excise and use taxes, rose by \$27.5 million, aided in part by the "weekend effect", which reduced March 2001 collections because March 31, 2001 fell on Sunday, pushing some March revenue into April. Cumulative fiscal year collections from this source at the three-quarter point of the fiscal year were \$126.7 million or 10.5% ahead of the previous fiscal year's pace. This important measure of Hawaii's economic health seems to reflect a recovery from last year's levels.

Also indicative of economic recovery were cumulative three-quarter increases of \$14.6 million or 1.9% in withholding on wages and \$12.1 million or 10.4% in transient accommodations tax collections.

On the negative side of the revenue picture, sharp decreases in both corporate and individual estimated taxes and payments with returns may reflect adjustments in reaction to portfolio income losses due to the flagging stock market and dramatically lower interest rates. Increased claims of Hawaii's generous economic development tax credits probably also affected income tax liability.

March franchise tax collections were negatively affected by escrow actions resulting from protested liability.

STATE GENERAL FUND

Tax collections accruing to the state general fund for the month of March totaled \$204.1 million, \$19.5 million or 10.6% more than the amount that accrued the previous March.

Cumulative general fund accruals for the first three quarters of fiscal 2002-2003 amounted to \$2,368.4 million, an increase of 77.6 million or 3.4% when compared with the same period the prior fiscal year. For the full fiscal year, the Council on Revenues has projected an increase of 4.3%.

