

It is noted that the Department of Budget and Finance's report to the Council on Revenues for their May 2014 meeting contained an inadvertent error in Table 1 (consolidated), under the "Revenues-Other Than Tax" category in FY20. Attached are the original and the revised May 2014 Table 1s (consolidated).

Significant Changes from May 2014 Report

General Fund Non-Tax Revenues

Non-Revenue Receipts - increases for FY 14 reflect higher than estimated transfers from non-general funds for the reimbursement of pension accumulation payments and social security payments and for FYs 15-21 reflect increases in the estimates for those transfers based on actual collection and non-general fund salary data (Department of Budget and Finance (B&F)).

Special Tax Revenues

Transfer of Transient Accommodations Tax (TAT) - decreases in FYs 15-21 reflect a \$6,500,000 reduction of TAT funds to be deposited to the Convention Center Enterprise Special Fund pursuant to Act 81, SLH 2014 (Department of Business, Economic Development and Tourism (DBEDT)).

Rental Motor Vehicle Surcharge Tax - decrease in FY 14 reflects actual revenues and revised FYs 15-21 estimates are based on the actual FY 14 revenues (Department of Transportation (DOT)).

Conveyance Tax - increase in FY 14 reflects actual revenues and revised FYs 15-21 estimates are based on the actual FY 14 revenues. These revenues are deposited to DBEDT's Rental Housing Trust Fund and Department of Land and Natural Resources' (DLNR) Natural Area Reserve Fund.

Special Fund Non-Tax Revenues

Use of Money and Property - increase in FY 14 reflects higher actual revenues due to higher trust fund balance. The net decreases in FYs 15-21 reflect projections of the interest earned on investments based on the FY 14 actual collections.

Federal Grants - the net decreases in FY 14 is mainly due to the reduction of federal funds reimbursed to the State for unemployment benefits to ex-servicemen Department of Labor and Industrial Relations (DLIR). The revised FYs 15-21 estimates are based on the actual FY 14 revenues and include increases in reimbursements for federal-aid Special Maintenance projects (DOT).

Charges for Current Services - the net increase in FYs 15-21 reflects an update of University of Hawaii (UH) enrollment projections.

Charges for Current Services, Utilities - the net adjustments in FYs 15-21 reflect DOT, Harbors Division, increased revenue projections due to the increase in the cargo wharfage rate and cruise ship passenger fee, and reduced recovery of DOT, Airports Division, operating expenses through the airport-airline residual cost recovery system.

Other than Special Fund Non-Tax Revenues

Use of Money and Property - the net increases in FYs 15-21 reflect projections of the additional interest earned on investments held outside the State's investment pool managed by the Employer-Union Health Benefits Trust Fund (EUTF) in accordance with Act 268, SLH 2013, which requires prefunding contributions of the State's and counties' unfunded liabilities for retiree health benefits in the Department of Budget and Finance (B&F).

Federal Grants - the net decreases in FY 14 and FYs 16-21 reflect reductions in the projected federal grants available for research and training grants at UH and reduction in federal funds available for the training of unemployed and underemployed at DLIR. The net increase in FY 15 is reflective of additional federal funds for the Hawaii Electric Vehicle Demonstration Project in DBEDT, the Medquest Eligibility System at the Department of Human Services and the carrying over of unexpended funds for the Federal Endangered Species Act Grant in DLNR.

Charges for Current Services, Utilities - the net increase in FY 14 is attributed to the update of actual collections for prescription rebates and insurance rate credits returned by insurance carriers to EUTF (B&F).

Non-Revenue Receipts - the net increases in FYs 14-21 reflect projections of the additional contributions necessary to implement Act 268, SLH 2013, which requires prefunding contributions of the State's and counties' unfunded liabilities for retiree health benefits, increases in the health benefits premium rates for active employees at EUTF in the Department of Budget and Finance (B&F), and projections for delayed bond issuances for construction of affordable rental housing projects in FY 15 at the Hawaii Housing and Finance Development Corporation (HHFDC) (DBEDT).

Repayments - the net decrease in FY 15 reflects delays in loan repayments for projects at HHFDC (DBEDT).