

Kurt Kawafuchi, Chair

Council on Revenues

Senate Ways and Means / House Finance Joint Hearing

January 5, 2017

TABLE 1
KEY ECONOMIC INDICATORS FY 2016: ACTUAL VS FORECASTS

(Annual percentage growth rate)

Indicators	Actual	Forecast			
		September 2015	January 2016	March 2016	May 2016
Hawaii Total Personal Income (Real growth)	2.7	2.7	3.2	2.9	2.8
Hawaii Total Personal Income (Nominal)	4.6	4.2	4.7	4.6	4.5
Construction Completed	7.4	9.0	14.9	11.5	11.9
Honolulu CPIU (1982-1984 = 100)	1.8	1.5	1.4	1.5	1.5
Visitor Arrivals by Air	3.3	2.7	3.2	3.4	3.2
U.S. GDP	2.9	3.7	3.5	3.4	3.3
Calendar Year Wages	5.6	3.6	4.1	4.1	3.9
Visitor Expenditures	1.2	3.0	2.7	2.5	2.4

TABLE 1A
KEY ECONOMIC INDICATORS FY 2015: ACTUAL VS FORECASTS

(Annual percentage growth rate)

Indicators	Actual	Forecast			
		September 2014	January 2015	March 2015	May 2015
Hawaii Total Personal Income (Real growth)	3.2	2.3	2.3	2.4	2.5
Hawaii Total Personal Income (Nominal)	4.7	4.3	4.0	4.1	4.1
Construction Completed	7.4	11.5	9.3	7.3	7.4
Honolulu CPIU (1982-1984 = 100)	1.3	1.9	1.7	1.7	1.6
Visitor Arrivals by Air	4.0	1.5	1.7	2.3	2.3
U.S. GDP	4.0	4.3	4.4	4.3	3.9
Calendar Year Wages	5.0	3.9	3.5	3.6	3.6
Visitor Expenditures	3.4	2.5	2.8	3.0	2.2

TABLE 2
STATE GENERAL FUND TAX REVENUES, FY 2016: FORECASTS VS. ACTUAL

		FORECAST DATE							
		Actual	September 2015		January 2016		March 2016		May 2016
Type of Tax	(\$mil.)	(\$mil.)	Error	(\$mil.)	Error	(\$mil.)	Error	(\$mil.)	Error
General Excise and Use Tax	3,206	3,185	-0.6%	3,198	-0.3%	3,198	-0.3%	3,196	-0.3%
Individual Income Tax	2,116	2,058	-2.7%	2,086	-1.5%	2,086	-1.5%	2,043	-3.5%
Corporate Income Tax	93	83	-11.1%	83	-11.1%	83	-11.1%	92	-0.9%
Public Service Company Tax	153	167	9.6%	167	9.6%	167	9.6%	167	9.4%
Tax on Insurance Premiums	153	150	-2.2%	151	-1.7%	151	-1.7%	149	-2.6%
Cigarette and Tobacco Tax	84	87	4.2%	87	4.2%	87	4.2%	87	4.1%
Liquor Tax	51	51	-0.1%	51	-0.1%	51	-0.1%	51	-0.2%
Tax on Banks and Other Financial Corps.	13	11	-16.5%	11	-16.5%	11	-16.5%	11	-16.5%
Inheritance and Estate Tax	50	12	-75.3%	12	-75.3%	12	-75.3%	12	-75.4%
Conveyance Tax	26	33	23.6%	33	24.4%	33	24.4%	32	23.0%
Miscellaneous Taxes*	16	16	1.2%	16	1.2%	16	1.2%	16	1.2%
Transient Accommodations Tax	234	226	-3.4%	226	-3.4%	226	-3.4%	228	-2.5%
GENERAL FUND TOTAL	6,194	6,079	-1.9%	6,119	-1.2%	6,119	-1.2%	6,085	-1.8%
Growth rate	8.0%	6.0%		6.7%		6.7%		6.1%	

*The figures on this line include penalty and interest charges, fees and license charges from various taxes, and allocations to the General Fund from the environmental response, energy and food security tax.

TABLE 2A
STATE GENERAL FUND TAX REVENUES, FY 2015: FORECASTS VS. ACTUAL

		FORECAST DATE							
		Actual	September 2014		January 2015		March 2015		May 2015
Type of Tax	(\$mil.)	(\$mil.)	Error	(\$mil.)	Error	(\$mil.)	Error	(\$mil.)	Error
General Excise and Use Tax	2,993	2,967	-0.8%	2,974	-0.6%	2,984	-0.3%	3,017	0.8%
Individual Income Tax	1,988	1,801	-9.4%	1,848	-7.0%	1,887	-5.1%	1,961	-1.3%
Corporate Income Tax	52	75	43.6%	75	43.7%	76	45.8%	76	45.5%
Public Service Company Tax	163	172	5.1%	171	4.5%	171	4.4%	170	-4.1%
Tax on Insurance Premiums	146	141	-3.1%	142	-2.4%	143	-1.7%	145	-0.3%
Cigarette and Tobacco Tax	83	77	-6.7%	77	-6.6%	77	-6.6%	77	-6.7%
Liquor Tax	50	49	-3.0%	49	-3.4%	49	-3.3%	48	-3.6%
Tax on Banks and Other Financial Corps.	18	42	131.8%	42	131.8%	42	131.8%	42	131.8%
Inheritance and Estate Tax	12	15	24.8%	15	24.4%	15	24.3%	15	24.1%
Conveyance Tax	12	12	2.3%	12	3.3%	12	4.4%	12	6.3%
Miscellaneous Taxes*	16	16	3.9%	16	4.0%	16	4.0%	16	4.0%
Transient Accommodations Tax	203	191	-6.0%	191	-6.0%	193	-4.8%	192	-5.2%
GENERAL FUND TOTAL	5,735	5,558	-3.1%	5,612	-2.1%	5,666	-1.2%	5,773	0.7%
Growth rate	6.8%	3.5%		4.5%		5.5%		7.5%	

*The figures on this line include penalty and interest charges, fees and license charges from various taxes, and allocations to the General Fund from the environmental response, energy and food security tax.

TABLE 3
STATE GENERAL FUND TAX REVENUES,
FORECASTS VS ACTUAL DATA: MARCH 2011 TO MARCH 2016

(In millions of dollars unless otherwise specified)

March 2011	FY 2011	FY 2012	FY 2013	Total
Forecast	4,294.7	4,767.1	5,053.2	14,115.0
Actual	4,329.3	4,973.8	5,466.9	14,770.0
Error	-0.8%	-4.2%	-7.6%	-4.4%

March 2012	FY 2012	FY 2013	FY 2014	Total
Forecast	4,848.4	5,212.5	5,421.0	15,481.9
Actual	4,973.8	5,466.9	5,370.3	15,811.0
Error	-2.5%	-4.7%	0.9%	-2.1%

March 2013	FY 2013	FY 2014	FY 2015	Total
Forecast	5,309.5	5,699.2	6,084.2	17,092.9
Actual	5,466.9	5,370.3	5,735.1	16,572.3
Error	-2.9%	6.1%	6.1%	3.1%

March 2014	FY 2014	FY 2015	FY 2016	Total
Forecast	5,309.5	5,699.2	6,084.2	17,092.9
Actual	5,370.3	5,735.1	6,194.4	17,299.8
Error	-1.1%	-0.6%	-1.8%	-1.2%

March 2015	FY 2015	FY 2016	FY 2017	Total
Forecast	5,665.6	5,977.2	6,306.0	17,948.8
Actual	5,735.1	6,194.4	n.a.	n.a.
Error	-1.2%	-3.6%	n.a.	n.a.

March 2016	FY 2016	FY 2017	FY 2018	Total
Forecast	6,119.4	6,425.4	6,746.6	19,291.8
Actual	6,194.7	n.a.	n.a.	n.a.
Error	-1.2%	n.a.	n.a.	n.a.

TABLE 4
SELECTED ECONOMIC DATA: FY 2015 TO FY 2017

	FY 2015					FY 2016					FY 2017
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Annual	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Annual	Jul-Sep
1. U.S. GDP in Current Dollars (in billion)	17,569	17,692	17,784	17,998	17,761	18,142	18,223	18,282	18,450	18,274	18,658
2. U.S. GDP Implicit Price Deflator (2009=100)	109.2	109.3	109.3	109.9	109.4	110.3	110.5	110.6	111.3	110.7	111.6
3. Construction (\$ mil.)	1,779	1,792	1,761	2,154	7,486	2,058	2,075	1,910	1,994	8,037	na
4. Total Private Building Authorizations (\$ mil.)	790	961	1,298	840	3,888	892	933	546	960	3,331	na
5. Total Wages (\$ mil.)	7,010	7,493	7,222	7,148	28,872	7,375	8,050	7,466	7,584	30,475	na
6. Total Personal Income (\$ mil.)	66,530	67,103	67,850	68,872	67,589	69,567	70,227	71,123	71,767	70,671	na
7. Visitor Arrivals by Air (1,000)											
a. Total State	2,121	2,035	2,098	2,146	8,400	2,197	2,122	2,173	2,186	8,679	2,270
b. Domestic	1,424	1,341	1,372	1,513	5,651	1,484	1,413	1,428	1,533	5,857	1,542
c. International	696	695	726	632	2,749	713	709	745	653	2,821	728
8. Average Daily Visitor Census (1,000)											
a. Total State	205	205	224	208	211	212	211	226	211	215	218
b. Domestic	152	148	158	158	154	155	153	159	158	156	159
c. International	53	56	66	51	56	57	58	68	53	59	60
9. Honolulu CPIU (1982-84=100) 1/	259.2	259.2	257.8	257.8	258.5	262.5	262.5	264	264	263.3	na
10. State General Fund Tax Revenue (\$ mil.)	1,349	1,413	1,445	1,529	5,735	1,593	1,432	1,504	1,665	6,194	1,546
11. General Excise & Use Tax (\$ mil.)	754	738	782	774	3,048	831	754	818	802	3,206	801
12. Individual Income Tax (\$ mil.)											
a. Net Individual Income Tax	453	500	464	571	1,988	520	498	496	602	2,117	510
b. Declaration of Estimated Taxes	68	65	117	249	498	120	70	124	245	559	86
c. Withholding Tax on Wages	413	440	436	440	1,729	438	443	469	460	1,810	464
13. TAT (\$ mil.)	107	90	114	110	421	115	96	124	112	447	150
14. Civilian Unemployment Rate (%)	4.3	4.0	3.9	3.8	4.0	3.6	3.2	3.2	3.4	3.4	3.3
15. Non-Agricultural Wage and Salary Jobs (1,000)	623	636	633	636	632	632	647	647	649	644	647
16. Hotel Occupancy Rate (%)	78.7	724.7	80.1	77.7	77.8	79.8	78.0	81.2	77.6	79.1	na
17. Hotel Average Daily Room Rate (\$/day)	234	239	252	235	240	243	245	257	241	247	na

1/Data are for every 6 months.

na - not available.

TABLE 4A
SELECTED ECONOMIC DATA: FY 2015 TO FY 2017

	FY 2015					FY 2016					FY 2017
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Annual	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Annual	Jul-Sep
1. U.S. GDP in Current Dollars	4.9%	4.1%	4.5 %	4.1%	4.4%	3.3%	3.0%	2.8%	2.5%	2.9%	2.8%
2. U.S. GDP Implicit Price Deflator (2009=100)	1.9%	1.5%	1.1%	1.1%	1.4%	1.0%	1.1%	1.2%	1.2%	1.2%	1.3%
3. Construction	-3.6%	6.0%	3.4%	18.7 %	6.1%	15.7%	15.8%	8.5%	-7.4%	7.4%	na
4. Total Private Building Authorizations	14.7%	39.4%	71.1%	4.2%	32.1%	13.0%	-2.8%	-58.0%	14.3%	-14.3%	na
5. Total Wages	4.8%	5.3%	4.3%	4.3%	4.7%	5.2%	7.4%	3.4%	6.1%	5.6%	na
6. Total Personal Income	5.7%	5.9%	5.0%	4.8%	5.3%	4.6%	4.7%	4.8%	4.2%	4.6%	na
7. Visitor Arrivals by Air											
a. Total State	2.1%	5.6%	3.4%	6.7%	4.4%	3.6%	4.3%	3.6%	1.9%	3.3%	3.3%
b. Domestic	2.3%	6.7%	4.0%	7.9%	5.2%	4.2%	5.4%	4.1%	1.3%	3.7%	3.9%
c. International	1.7%	3.4%	2.3%	3.7%	2.7%	2.5%	2.1%	2.7%	3.3%	2.6%	2.1%
8. Average Daily Visitor Census											
a. Total State	0.0%	4.6%	3.1%	5.2%	3.1%	3.6%	3.2%	1.0%	1.3%	2.3%	3.0%
b. Domestic	1.2%	4.6%	2.3%	5.6%	3.4%	1.9%	3.4%	0.1%	0.2%	1.4%	2.5%
c. International	-3.9%	4.4%	5.0%	4.0%	2.4%	8.4%	2.7%	3.2%	4.7%	4.8%	4.3%
9. Honolulu CPIU (1982-84=100) 1/	1.8%	1.8%	0.7%	0.7%	1.3%	1.3%	1.3%	2.4%	2.4%	1.8%	na
10. State General Fund Tax Revenue	2.9%	9.9%	12.2%	2.8%	6.8%	18.1%	1.4%	4.1%	8.9%	8.0%	-3.0%
11. General Excise & Use Tax	8.0%	6.3%	4.8%	4.4%	5.8%	10.2%	2.3%	4.6%	3.7%	5.2%	-3.6%
12. Individual Income Tax											
a. Net Individual Income Tax	-0.2%	17.9%	33.8%	9.6%	13.9%	14.8%	0.3%	6.8%	5.4%	6.5%	-2.1%
b. Declaration of Estimated Taxes	-27.6%	86.7%	14.3%	16.1%	11.9%	75.5%	8.0%	6.7%	-1.7%	12.1%	-28.5%
c. Withholding Tax on Wages	6.2%	8.6%	2.4%	8.5%	6.4%	6.2%	0.7%	7.8%	4.4%	4.7%	5.9%
13. TAT	8.7%	5.0%	4.9%	7.4%	6.5%	7.9%	6.2%	8.7%	1.6%	6.1%	29.8%
14. Civilian Unemployment Rate (change)	-0.5	-0.8	-0.7	-0.8	-0.7	-0.7	-0.8	-0.7	-0.4	-0.7	-0.3
15. Non-Agricultural Wage and Salary Jobs	1.3%	1.0%	1.6%	1.5%	1.3%	1.5%	1.6%	2.2%	2.1%	1.9%	2.3%
16. Hotel Occupancy Rate (change)	0.9	2.7	-0.8	3.7	1.6	0.8	3.3	1.1	-0.1	1.3	na
17. Hotel Average Daily Room Rate	0.6%	5.5%	3.4%	5.7%	3.8%	3.9%	2.6%	2.2%	2.5%	2.8%	na

1/Data are for every 6 months.

na - not available.

TABLE 5
FORECASTS OF KEY ECONOMIC INDICATORS FROM THE MEETING
OF JANUARY 4, 2017: FY 2017 to FY 2023

Fiscal Year	2017	2018	2019	2020	2021	2022	2023
	A. VALUE						
Hawaii Total Personal Income (1982-1984 Constant Million Dollars)	27,453	28,030	28,591	29,126	29,656	30,181	30,706
Hawaii Total Personal Income (\$Millions)	73,844	77,071	80,416	83,753	87,011	90,274	93,605
Construction Completed (\$Millions)	8,832	9,435	9,828	10,094	10,260	10,412	10,679
Honolulu CPIU (1982-1984 = 100)	269	275	282	289	295	301	307
Visitor Arrivals by Air (Thousands)	8,867	9,016	9,142	9,256	9,367	9,484	9,601
U.S. GDP (\$ Billions)	18,925	19,633	20,379	21,133	21,902	22,717	23,569
U.S. GDP Deflator (2005 = 100)	123	125	127	129	131	133	135
Calendar Year Wages (\$Millions)	31,728	32,984	34,264	35,518	36,729	37,915	39,094
Visitor Expenditures (\$Millions)	15,608	16,026	16,459	16,884	17,294	17,713	18,147
Hawaii Real GDP (2009 Constant Million Dollars)	72,942	74,255	75,517	76,778	77,991	79,223	80,467
	B. ANNUAL PERCENTAGE GROWTH RATE						
Hawaii Total Personal Income (1982-1984 Constant Million Dollars)	2.28	2.10	2.00	1.87	1.82	1.77	1.74
Hawaii Total Personal Income (\$Millions)	4.49	4.37	4.34	4.15	3.89	3.75	3.69
Construction Completed (\$Millions)	9.89	6.83	4.17	2.71	1.64	1.48	2.56
Honolulu CPIU (1982-1984 = 100)	2.33	2.36	2.46	2.36	2.19	2.05	2.02
Visitor Arrivals by Air (Thousands)	2.17	1.68	1.40	1.25	1.20	1.25	1.23
U.S. GDP (\$ Billions)	3.56	3.74	3.80	3.70	3.64	3.72	3.75
U.S. GDP Deflator (2005 = 100)	1.71	1.83	1.86	1.84	1.83	1.86	1.86
Calendar Year Wages (\$Millions)	4.11	3.96	3.88	3.66	3.41	3.23	3.11
Visitor Expenditures (\$Millions)	3.03	2.68	2.70	2.58	2.43	2.42	2.45
Hawaii Real GDP (2009 Constant Million Dollars)	1.94	1.80	1.70	1.67	1.58	1.58	1.57

TABLE 6
ESTIMATES OF GENERAL FUND TAX REVENUE FROM THE MEETING
OF SEPTEMBER 2, 2016: FY 2017 TO FY 2023¹

(In thousands of dollars unless otherwise specified)

TYPE OF TAX	BASE		ESTIMATED						
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
General Excise and Use Tax	2,992,707	3,206,154	3,392,372	3,544,556	3,688,009	3,812,842	3,949,778	4,087,629	4,238,892
Individual Income Tax	1,987,752	2,116,392	2,226,329	2,348,607	2,481,132	2,591,248	2,745,653	2,907,417	3,076,857
Corporate Income Tax	52,319	93,036	95,775	99,392	96,238	144,132	143,979	150,848	152,525
Public Service Company Tax	163,481	152,760	157,355	162,348	167,648	173,244	179,059	185,134	191,416
Tax on Insurance Premiums	145,679	153,173	160,057	165,826	170,105	174,076	179,269	184,595	190,286
Cigarette and Tobacco Tax	82,829	83,685	85,564	87,315	90,349	93,152	96,291	99,461	102,790
Liquor Tax	50,281	50,590	50,991	51,422	51,849	52,304	52,768	53,251	53,729
Tax on Banks and Other Financial Corps.	17,930	12,691	22,217	26,285	20,983	17,885	17,812	16,397	13,368
Inheritance and Estate Tax	12,071	49,613	50,427	51,299	52,212	53,162	51,135	55,137	56,157
Conveyance Tax	11,534	26,415	28,190	29,844	31,954	35,278	39,360	43,567	48,042
Miscellaneous Taxes*	15,588	16,067	16,209	16,206	16,202	16,196	16,191	16,185	16,179
Transient Accommodations Tax	202,970	233,781	249,560	278,698	297,036	315,402	333,698	351,924	369,972
GENERAL FUND TOTAL	5,735,141	6,194,356	6,535,046	6,861,798	7,163,717	7,478,921	7,807,993	8,151,545	8,510,213
GROWTH RATE	6.8%	8.0%	5.5%	5.0%	4.4%	4.4%	4.4%	4.4%	4.4%

¹ Line item projections generated by Tax Research & Planning Office to be consistent with the Council's forecast for the total General Fund tax revenues.

*The figures on this line include penalty and interest charges, fees and license charges from various taxes, and allocations to the general fund from the environmental response, energy and food security tax.