



STATE OF HAWAII
DEPARTMENT OF TAXATION

News Release

LINDA LINGLE
Governor

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STATE TAX REVENUES IN FISCAL YEAR 2008 REACH ALL-TIME HIGH OF UP \$4.6 BILLION

General Fund Revenues Reduced by \$100 Million

HONOLULU – The State of Hawai'i collected a record \$4.6 billion in general fund revenues for the fiscal year that ended June 30, 2008 (FY08). This amount reflects a 1.2 percent increase above general fund revenues for the prior fiscal year, but is \$100 million less than the Council on Revenues had estimated would be available.

"Hawai'i is fortunate that its fiscal picture continues to demonstrate growth, albeit less than the 3.3 percent growth projected by the Council of Revenues in late May," Governor Linda Lingle said. "This means my Administration will need to find innovative ways to save an additional \$100 million in state revenues this fiscal year, which began July 1, 2008."

The State Department of Taxation reported that individual income taxes reflected a 1 percent decline from the prior year attributable to faster processing of refunds, and more taxpayers likely filing Hawai'i tax returns together with their federal income tax returns in order to qualify for a federal stimulus check. In order to qualify for a federal stimulus check, which could exceed \$1,200 for a married couple, a taxpayer must file a 2007 federal income tax return. In addition, many taxpayers who are generally not required to file their state tax returns filed their state returns in order to claim the State Constitutional refund of up to \$160 per return. The Department noted that as of June 30, 2008, 513,853 taxpayers (which includes married couples) who filed state tax returns qualified for a tax refund compared to 460,652 taxpayers last year, about 53,000 additional taxpayers who qualified for a tax refund.

“It is positive that more taxpayers are receiving tax refunds, and the department is proud that it is processing these refunds promptly,” said Tax Director Kurt Kawafuchi. “However, it means about \$50 million less general fund tax revenues from individuals than the Council on Revenues had estimated.”

In June, the Council also revised its projections for general excise tax (GET) collections. Although these collections increased a healthy 2.5 percent (\$63 million) over last year, showing signs that the State’s economy is still sound, the growth was about \$47 million less than the Council had anticipated.

“While Hawai‘i’s overall economy continues to show positive growth, this new fiscal environment along with global economic factors require that the State maintain fiscal prudence in managing our budget and that we exercise judicious spending of taxpayers’ money,” said Governor Lingle.

In total the state received \$4,640,923 in general fund taxes from sources such as corporate taxes, individual income taxes, and general excise and use taxes. Transient accommodations taxes, gasoline taxes and other fees generally go into special funds that are not part of general fund revenues. General funds account for about 90 percent of the total State annual tax receipts, and pay for basic State government services provided to Hawai‘i residents.

The Council on Revenues is scheduled to meet again in September to determine if adjustments should be made for general fund revenue estimates in FY 2009 through FY 2014. Currently the Council is projecting a 2.0 percent increase in FY 2009 revenues above is estimated 2008 level.

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