

## REVENUE TRENDS – FEBRUARY 2003

February state tax collections from all revenue sources amounted to \$309.4 million, an increase of \$31.4 million or 11.3% when compared with the previous February. With this increase, cumulative state tax collections after eight months of the 2002-2003 fiscal year stood at \$2,523.9 million, \$105.8 million or 4.4% more than the amount collected during the corresponding period of the previous year.

General excise and use taxes, a strong indicator of the health of the economy, rose by \$15.8 million, pushing cumulative fiscal year revenue from this source \$99.2 million or 9.0% ahead of the previous year's pace. Another indicator of Hawaii's economy, taxes withheld on wages, also showed a strong move in February by advancing by \$12.7 million. A \$2.2 million increase in transient accommodation tax revenue reflected improvement in the visitor industry.

Casting a shadow on these positive developments were sharp decreases in corporate and individual estimated taxes and payments with returns. Corporate estimated taxes were down \$2.5 million for the month and \$32.5 million for the first eight months of the fiscal year. Individual estimated taxes were down \$1.2 million for February and \$13.8 million for the fiscal year. These decreases may be related to adjustment of estimated taxes due to decreased capital gain income and larger tax credits. Changes in capital gain income and tax credits may have also played a role in declines in payments with returns. For the first eight months of the fiscal year, tax payments with returns were down \$8.7 million for corporations and \$9.2 million for individuals.

### STATE GENERAL FUND

Tax collections accruing to the state general fund for the month of February totaled \$260.1 million, \$23.3 million or 9.8% more than the amount that accrued the previous February.

Cumulative general fund accruals for the first eight months of fiscal 2002-2003 amounted to \$2,164.3 million, an increase of \$58.1 million or 2.8% 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%, a figure adjusted at its most recent meeting.

