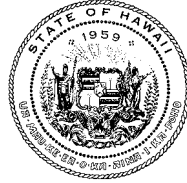


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REVENUE TRENDS - DECEMBER 2004

Total tax revenue for the month of December was \$300.5 million, down 11.8% from December 2003. Cumulative tax collections for the first six months of fiscal year 2005 exceeded \$2.1 billion, which was \$199 million more than that realized during the corresponding period last year.

Most of the decreases in the various revenue sources can be explained by the so-called "weekend effect". Since the last day of November 2003 fell on a Sunday, some tax liability payments incurred in November were not physically deposited until the first day of the following month, resulting in higher than normal reported collections for December 2003.

December 2004 tax revenues from general excise and use taxes declined by \$22.9 million. Cumulative fiscal year-to-date general excise and use tax receipts have increased by 10.0%.

Transient accommodations tax (TAT) collections fell by \$6.7 million. Since most of these revenues are designated for special funds, there was no negative impact on the general fund.

Higher tax refunds, lower estimated tax payments, and fewer payments with returns contributed to a \$9.5 million decrease in individual income taxes for December 2004, compared to December 2003.

Partially offsetting these factors were increased withholding tax collections on wages, which grew by 8.6% in December 2004, consistent with the strong labor market in Hawaii.

Fuel taxes rose by \$1.3 million to \$14.1 million. For the first six months of the 2005 fiscal year, these revenues are up \$3.7 million, or 4.7%.

STATE GENERAL FUND

For December 2004, tax revenues of \$270 million were deposited into the state general fund, 10.9% less than receipts for December 2003. For the first six months of FY2005, general fund deposits are up 12.6% over the corresponding period of FY2004. The Council on Revenue has projected an 8.8% increase for the full year.

Cumulative FY2005 Revenue Trends

