

ESTIMATES OF GENERAL FUND TAX REVENUE - May 2000

COR Respondents

(IN THOUSANDS OF DOLLARS)

TYPE OF TAX	ACTUAL		ESTIMATED						
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
General Excise & Use	\$1,425,352	\$1,447,278	\$1,512,163	\$1,598,876	\$1,692,141	\$1,788,580	\$1,886,576	\$1,990,606	\$2,099,014
Income - Individual	1,083,370	1,112,050	1,167,259	1,236,246	1,314,441	1,396,239	1,478,433	1,565,996	1,657,094
Income - Corporation	46,209	42,643	47,499	53,086	59,286	64,979	69,570	74,028	78,237
Public Service Company	120,326	121,143	122,457	124,208	126,292	128,624	131,135	133,926	136,851
Insurance Premiums	59,443	52,493	61,262	62,368	63,492	64,654	65,841	67,121	68,438
Tobacco & Licenses	36,098	42,281	44,566	46,644	48,769	51,233	53,902	56,508	59,231
Liquor & Permits	38,894	38,508	39,720	40,874	41,991	43,089	44,180	45,286	46,414
Banks & Other Fin Corps	15,546	9,772	13,543	15,910	17,857	19,454	20,682	21,873	23,010
Inheritance & Estate	19,645	28,738	18,498	24,810	22,655	24,943	24,989	26,247	26,953
Miscellaneous	4,006	5,364	5,252	5,266	5,365	5,490	5,628	5,771	5,917
Transient Accommodation Tax	127,076	124,783	127,351	130,336	133,504	137,699	142,359	147,252	152,376
GROSS TOTAL	\$2,975,965	\$3,025,053	\$3,159,570	\$3,338,624	\$3,525,793	\$3,724,984	\$3,923,295	\$4,134,614	\$4,353,535
GROWTH RATE	2.7%	1.6%	4.4%	5.7%	5.6%	5.6%	5.3%	5.4%	5.3%
ADJUSTMENT 1 1/		11,440	28,431	29,053	29,713	30,587	31,558	32,578	33,645
ADJUSTMENT 2 2/	(126,781)	(138,728)	(158,282)	(161,889)	(165,717)	(170,786)	(176,417)	(182,330)	(188,521)
ADJUSTMENT 3 3/		(43,600)	(74,829)	(98,264)	(156,218)	(213,707)	(226,679)	(240,417)	(255,808)
ADJUSTMENT 4a 4/			(15,100)	(39,756)	(67,813)	(99,000)	(133,119)	(170,078)	(206,409)
ADJUSTMENT 5 5/				(20,000)		20,000			
NET TOTAL	\$2,849,184	\$2,854,165	\$2,939,790	\$3,047,768	\$3,165,758	\$3,292,078	\$3,418,638	\$3,574,367	\$3,736,442
GROWTH RATE	2.8%	0.2%	3.0%	3.7%	3.9%	4.0%	3.8%	4.6%	4.5%

See footnotes 1/ to 5/ on next page.

FOOTNOTES FOR FORECAST TABLE, MAY 2000

1/ Increase in transient accommodation tax rate from 6% to 7.25%, effective January 1, 1999 (Act 156, SLH 1998).

2/ Includes (a) FY 1998 and FY 1999 actual transfer of \$5.0 million into the Bond Reserve Fund; (b) annual transfer of transient accommodation tax of one-sixth to Convention Center Special Fund and 95% of remainder to counties for July 1, 1994 to December 31, 1998. All transient accommodation tax revenues accrue to county and special funds, effective January 1, 1999 (Act 156, SLH 1998); (c) transfer of \$2.5 million of the franchise tax to the Compliance Resolution Fund, effective July 1, 1999 (Act 182, SLH. 1999).

3/ Council on Revenues adjustments, including (a) direct and indirect impacts of Act 157, SLH 1998; (b) dynamic impact of Act 71, SLH 1999; (c) impact of income from capital gains and real estate.

4/ Revenue impact of Act 71, SLH 1999 (de-pyramiding) and Act 353, SLH 1997 (subleasing)

In late 1997, the Economic Revitalization Tax Force (ERTF) used the estimate provided by the Department of Taxation. These estimates were based on the Hawaii Income Patterns - Corporations study. Based on analysis of business expenses and deductions, it was estimated that direct inputs as a share of final product or service for the end user approximate 12.75% of total taxable sales. This represents 45% of total pyramiding estimated by an earlier study of the Tax Review Commission. Using the estimate of 12.75% and general excise tax data on rentals and all other activities, the Department of Taxation estimated the direct revenue impacts of Act 353, SLH 1997 and Act 71, SLH 1999.

5/ June 30 falls on a weekend in FY 2001 and FY 2002.

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