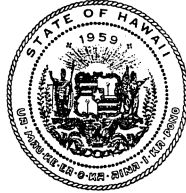


LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR



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COUNCIL ON REVENUES

STATE OF HAWAII
P.O. BOX 259
HONOLULU, HAWAII 96809-0259

November 5, 2007

The Honorable Linda Lingle
Governor, State of Hawaii
Executive Chambers
State Capitol, Fifth Floor
Honolulu, HI 96813

Dear Governor Lingle:

At its November 1, 2007 meeting, the Council on Revenues has maintained the growth rates of Hawaii total personal income to be 6.2% for calendar year 2007 and 5.9% for calendar year 2008.

According to the latest estimates from the Bureau of Economic Analysis, total personal income grew at a rate of 6.7% during the first half of 2007, in line with the Council's expectations. The Council expects that the inflation rate, as measured by changes in the Honolulu Consumer Price Index, will continue to decline gradually.

The revised total personal income data for calendar years 2003 through 2006, as well as the estimates for 2007 and 2008, are listed below:

| <u>Calendar Year</u> | <u>Millions of Dollars</u> | <u>% Growth From Previous Year</u> |
|----------------------|----------------------------|--|
| 2003 | \$37,837 | 4.03% |
| 2004 | \$41,075 | 8.56% |
| 2005 | \$44,333 | 7.93% |
| 2006 | \$47,340 | 6.78% |
| 2007 (Estimated) | \$50,275 | 6.20% |
| 2008 (Estimated) | \$53,241 | 5.90% |

Please advise us if we can be of further assistance or if we can answer any questions you may have concerning the foregoing estimates.

Sincerely,

PAUL H. BREWBAKER, Ph. D.
Chair, Council on Revenues