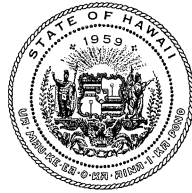


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COUNCIL ON REVENUES

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

October 31, 2008

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

Dear Governor Lingle:

At its October 29, 2008 meeting, the Council on Revenues reduced forecasts for growth of Hawaii total personal income from 4.5% to 4.3% in calendar year 2008 and from 4.0% to 3.0% in calendar year 2009.

The revisions reflect the Council's expectation of a double-digit decrease for tourism as well as other economic pressures retarding real economic growth. A more significant decline than previously forecast now is likely for the Honolulu Consumer Price Index inflation rate, following the recent reversal of petroleum and commodity price movements. By moderating expected rates of wage inflation, when combined with slower real income growth this should produce lower nominal income growth.

The revised total personal income data for calendar years 2004 through 2007, as well as the estimates for 2008 and 2009, are listed below:

<u>Calendar Year</u>	<u>Millions of Dollars</u>	<u>% Growth From Previous Year</u>
2004	\$41,027	8.43%
2005	\$44,112	7.52%
2006	\$47,338	7.31%
2007	\$50,130	5.90%
2008 (estimated)	\$52,286	4.30%
2009 (estimated)	\$53,854	3.00%

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

Very truly yours,

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