

COUNCIL ON REVENUES

Office on Aging Conference Room
No. 1 Capitol District Building
250 S. Hotel Street
Fourth Floor, Room 410
Honolulu, HI 96813

Wednesday, November 3, 2010
4:00 P.M.

PRESENT:

Council Members:

Paul Brewbaker (Chair), Jack Suyderhoud (Vice-Chair), Carl Bonham, Pearl Iboshi,
Richard F. Kahle, Jr. and Dean Hirata

Staff Members:

Department of Taxation: Johnnel Nakamura, Titin Sakata, Yvonne Chow, Hamid
Jahanmir and Jacquelyn Guitguiten
Department of Budget and Finance: Terri Ohta and Karen Matsunaga

Others:

Sharon Kotaka, Budget & Finance
Maurice Morita, Hawaii LECET
Lowell Kalapa, Tax Foundation of Hawaii

ABSENT:

Council Member:

Albert Yamada

CALL TO ORDER:

The Chair called the meeting to order at 4:03 p.m. with a quorum present.

COMMUNICATIONS TO THE COUNCIL:

The Chair mentioned to the Council a communication that was received from the Director of the Department of Budget and Finance (B&F), Georgina Kawamura. The communication was in the form of a letter asking the Council on Revenues to reconsider its decision to *not* provide line-item details of the general fund tax revenues in order to comply with statutory requirements. The Chair stated that the Council on Revenues do not provide the line-item forecast, it is the Tax Research & Planning Office (TR&P) of the Department of Taxation that provides it for the Council.

Dr. Suyderhoud asked whether the Council would be required to endorse the table -- the same as with the tables provided by B&F.

The Chair suggested positioning the table from the TR&P Office as an appended line-item detailed table and having TR&Ps forecast based on the Council's top-down estimate. The Council would make sure it is communicated that way.

Dr. Suyderhoud suggested that the table should be clearly labeled and added that the line-items are not the official forecast of the Council but rather a residual item.

The Chair stated that both Dr. Bonham and Dr. Suyderhoud are correct in saying that there is a risk of misattribution, that it is highly dependent on how the Council communicates the contents.

The Chair asked the Council for their thoughts on how to make that point very clear. He suggested drafting a statement saying this is not the Council's forecast, but the Council accept the table as submitted. The TR&P Office staff has previously reassured the Chair that it was feasible and there was enough time to produce the table.

The Chair mentioned that tentatively he would rather do that in the next meeting and discuss it or maybe have a workshop beforehand.

Next, the Chair referred to the minutes of the September 8, 2010 meeting.

MINUTES OF THE MEETING OF SEPTEMBER 8, 2010:

The Chair asked the Council for any comments regarding the minutes of the September 8th meeting. There were none, therefore the Chair called for a motion to approve the minutes.

It was moved by Mr. Kahle, and seconded by Dr. Suyderhoud that the minutes of the September 8, 2010 meeting be accepted. The Chair called for the vote, and the motion passed with the following votes:

Paul Brewbaker	Yes
Jack Suyderhoud	Yes
Carl Bonham	Yes
Dean Hirata	Yes
Pearl Iboshi	Yes
Richard F. Kahle, Jr.	Yes
Albert Yamada	Absent

TOTAL PERSONAL INCOME FORECAST:

The Chair recalled the Council's last forecast numbers. He did not feel a strong reason to change them. He said there had been a deceleration in the US economic recovery and a recent revision in the personal income numbers.

The Council Members discussed their own forecasts for both CY2010 and CY2011.

Dr. Bonham was comfortable with a number between 1.5% and 2% for this year. He did not think that there is any growth in the individual sector level data outside tourism.

The Chair stated that income should respond stronger to tourism in the second half of the year. Dr. Bonham said if you look at the economy from the bottom-up, the jobs across all of the sectors, all the way through the most recent monthly data, is not just the first half of the year-- there is really nothing going on with any kind of significant growth outside of tourism.

The Chair said he likes a round number 2 for this year (CY 2010) followed by 3 next year (CY 2011).

Dr. Iboshi made a motion for 2% growth rate in personal income for CY2010 and 3% for CY2011.

It was moved by Dr. Iboshi, and seconded by Dr. Suyderhoud, that the Total Personal Income forecast for CY2010 be 2% and CY2011 be 3%. The Chair called for the vote, and the motion passed with the following votes:

Paul Brewbaker	Yes
Jack Suyderhoud	Yes
Carl Bonham	Yes
Dean Hirata	Yes
Pearl Iboshi	Yes
Richard F. Kahle, Jr.	Yes
Albert Yamada	Absent

The Chair discussed the order of the topics in the agenda for the next meeting. He suggested the following order in the agenda: review and approval of the last meeting minutes; communication to the Council; general fund forecast; report by Budget and Finance; and, report by the Department of Taxation's Tax Research & Planning Office.

NEXT MEETING:

The Council tentatively agreed to meet on Wednesday, December 29, 2010 at 2:00 pm; however, the date and time will be confirmed by e-mail. The Council staff will attempt to secure the Office on Aging Conference Room for the meeting.

ADJOURNMENT:

The meeting adjourned at 4:32pm.