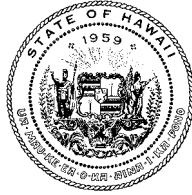


LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR



PAUL H. BREWBAKER
CHAIR

JACK P. SUYDERHOUD
VICE CHAIR

MEMBERS:

Carl S. Bonham
Dean K. Hirata
Pearl Imada Iboshi
Richard F. Kahle, Jr.
Albert Yamada

COUNCIL ON REVENUES

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

November 5, 2010

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

Dear Governor Lingle:

In its November 3, 2010 meeting, the Council on Revenues lowered the growth rate estimate of Hawaii total personal income from 2.3% to 2.0% for calendar year 2010 but maintained its August 3, 2010 forecast of 3.0% for calendar year 2011.

According to the latest estimates from the U.S. Bureau of Economic Analysis (BEA), total personal income grew at a rate of 1.5% during the first and second quarters of 2010, after being almost flat in 2009. In its latest revision, BEA lowered the first quarter of 2010 estimate from 2.3% to 1.5%.

The Council's forecast changes primarily reflect BEA's downward revision for the growth in personal income in the first quarter of 2010 and in prior quarters, along with other economic conditions discussed by the members, including strong visitor numbers so far during this year. Substantial data revisions may still be forthcoming because of the outsized changes to employment, income and economic activity generally during the 2007-09 recession.

The revised total personal income data for calendar years 2005 through 2009, as well as the Council's forecasts for 2010 and 2011, are listed below:

<u>Calendar Year</u>	<u>Millions of Dollars</u>	<u>% Growth From Previous Year</u>
2005	\$45,332	7.21%
2006	\$49,124	8.36%
2007	\$52,516	6.90%
2008	\$54,612	3.99%
2009	\$54,495	-0.21%
2010 (Forecast)	\$55,585	2.00%
2011 (Forecast)	\$57,252	3.00%

The Honorable Governor Linda Lingle

November 5, 2010

Page 2

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,

A handwritten signature in black ink, reading "Paul H. Brewbaker". The signature is written in a cursive style with a long horizontal flourish at the end.

Paul H. Brewbaker, Ph.D.
Chair, Council on Revenues