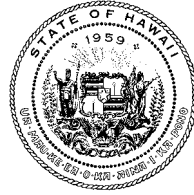


NEIL ABERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LT. GOVERNOR



RICHARD F. KAHLE, JR.  
CHAIR

JACK P. SUYDERHOUD  
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## COUNCIL ON REVENUES

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

October 31, 2012

The Honorable Neil Abercrombie  
Governor, State of Hawaii  
Executive Chambers  
State Capitol, Fifth Floor  
Honolulu, HI 96813

Dear Governor Abercrombie:

In its October 30, 2012 meeting, the Council on Revenues increased slightly its forecast for growth in Hawaii total personal income for calendar year 2012 from 4.2% to 4.4%. The Council also increased the forecast for calendar year 2013 from 4.4% to 4.7%.

According to the latest estimates from the U.S. Bureau of Economic Analysis (BEA), total personal income for Hawaii grew at a rate of 5.7% in 2011, and 2.8% and 3.5% during the first and second quarters of 2012.

The Council's forecast reflects the continuous strong growth in visitor arrivals along with other economic conditions which were discussed by the members. The Council was cautious about the economy's growth path and how the next Administration and Congress would negotiate around the fiscal cliff. The Council was also cautious about the economic situation in Europe.

The revised total personal income data for the State for calendar years 2007 through 2011, as well as the Council's forecasts for 2012 and 2013, are listed below:

<b>Calendar Year</b>	<b>Millions of Dollars</b>	<b>% Growth From Previous Year</b>
2007	\$52,555	6.98%
2008	\$55,314	5.25%
2009	\$54,194	-2.02%
2010	\$55,832	3.02%
2011	\$59,014	5.70%
2012 (Forecast)	\$61,611	4.40%
2013 (Forecast)	\$64,506	4.70%


The Honorable Neil Abercrombie

October 31, 2012

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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 that reads "Richard F. Kahle, Jr." with a stylized flourish at the end.

RICHARD F. KAHLE, JR.  
Chair, Council on Revenues