

Kurt Kawafuchi, Chair

# **Council on Revenues**

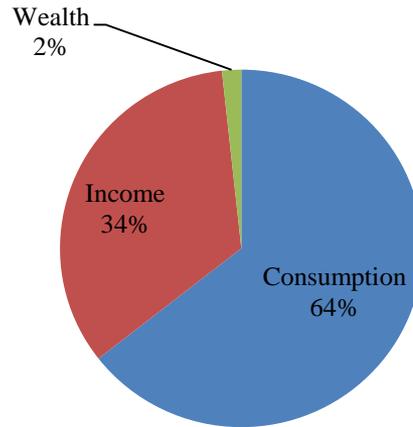
Senate Ways and Means / House Finance Joint Hearing  
January 3, 2019

# **Where do Hawaii's tax dollars come from?**

Information provided by  
Tax Research & Planning Office  
Department of Taxation

# THE BULK OF HAWAII'S TAX REVENUE COMES FROM CONSUMPTION TAXES

STATE REVENUES BY TAX TYPE (FY 2016)




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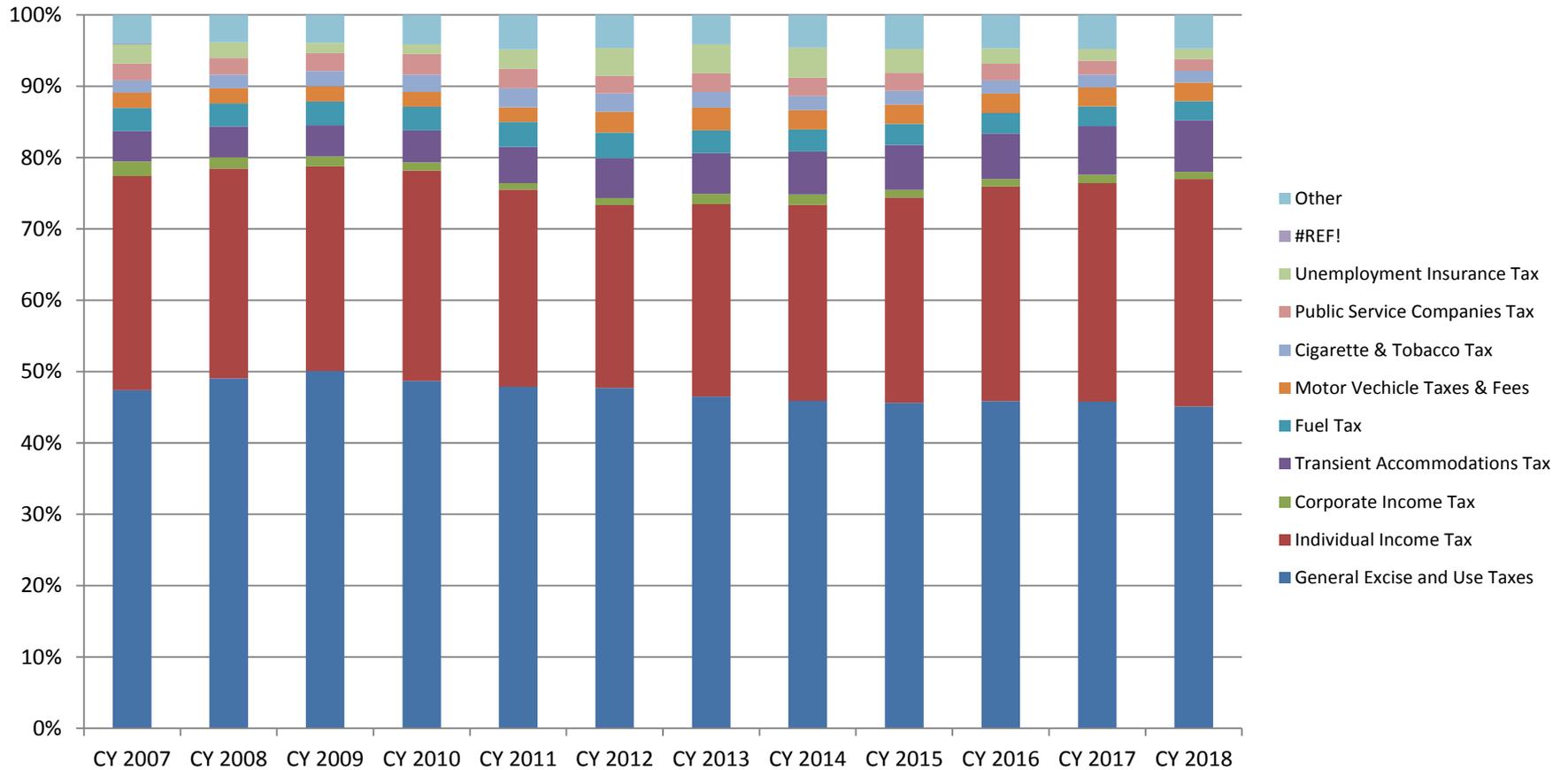
## STATE TAXES BY TYPE

Consumption	Income	Wealth
• General Excise and Use Tax	• Individual Income Tax	• Estate Tax
• Transient Accommodation Tax	• Corporate Income Tax	• Conveyance Tax
• Fuel Tax	• Unemployment Insurance Tax	
• Cigarette & Tobacco Tax		
• Public Service Companies Tax		
• Insurance Premiums Tax		
• Liquor Tax		
• Motor Vehicle Taxes & Fees		
• Franchise Tax		

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# GET AND INDIVIDUAL INCOME TAXES COMPRISE APPROXIMATELY THREE QUARTERS OF STATE REVENUE

## Composition of State Revenues



# General Excise & Use Tax

## GENERAL EXCISE AND USE TAX: WHAT IS IT?

- What are the General Excise and Use Taxes?
  - The GET is a gross receipts tax that is imposed on the privilege of doing business in the State of Hawaii. Generally, the scope of the GET is broad and applies to all types of income and income producing activities. For example, the GET applies to TPP, services, contracting, rents, royalties, and other types of income. It also pyramids. The Use Tax applies to purchases from out of-state vendors and the import into Hawaii from out-of-state vendors, service providers, contractors. And Lessors/licensors. Beginning on January 1, 2019, the use tax also applies to intangibles.
- Vs. Sales Tax?
  - A sales tax is generally levied on the final customer but frequently collected by business. The GET is levied on the business.
  - A sales tax is usually limited to retail sales of tangible goods whereas the GET is levied on almost all business activity. Exemptions are often provided at the wholesale level, food, and medicine.
- Vs. Value Added Tax (VAT)?
  - A VAT only taxes the value added by business. The GET taxes the gross receipts of the business, so it taxes some business-to-business transactions with certain lower rates and exemptions.

# GET RAISES SIGNIFICANT REVENUE THROUGH A LOW RATE AND A BROAD BASE

Amongst the lowest sales tax rates in the country

State	State Tax		Avg. Local		Rank
	Rate	Rank	Tax Rate	Combined	
La.	5.00%	33	4.98%	9.98%	1
Tenn.	7.00%	2	2.46%	9.46%	2
Ark.	6.50%	9	2.80%	9.30%	3
Ala.	4.00%	40	5.01%	9.01%	4
Wash.	6.50%	9	2.42%	8.92%	5
Okla.	4.50%	37	4.36%	8.86%	6
Ill.	6.25%	13	2.39%	8.64%	7
Kans.	6.50%	9	2.12%	8.62%	8
N.Y.	4.00%	40	4.49%	8.49%	9
Calif.	7.25%	1	1.00%	8.25%	10
Hawaii	4.00%	40	0.35%	4.35%	45

Highest per capita collections of any state

State	Collections per Capita	Rank
Hawaii	\$ 2,090	1
N.D.	\$ 1,835	2
Wash.	\$ 1,746	3
Nev.	\$ 1,412	4
Wyo.	\$ 1,384	5
Tex.	\$ 1,226	6
Miss.	\$ 1,144	7
Conn.	\$ 1,137	8
S.D. (b)	\$ 1,131	9
Ind.	\$ 1,100	10
N.M. (b)	\$ 1,082	11
Fla.	\$ 1,075	12
Ark.	\$ 1,069	13
Kans.	\$ 1,049	14
Ohio	\$ 1,025	15

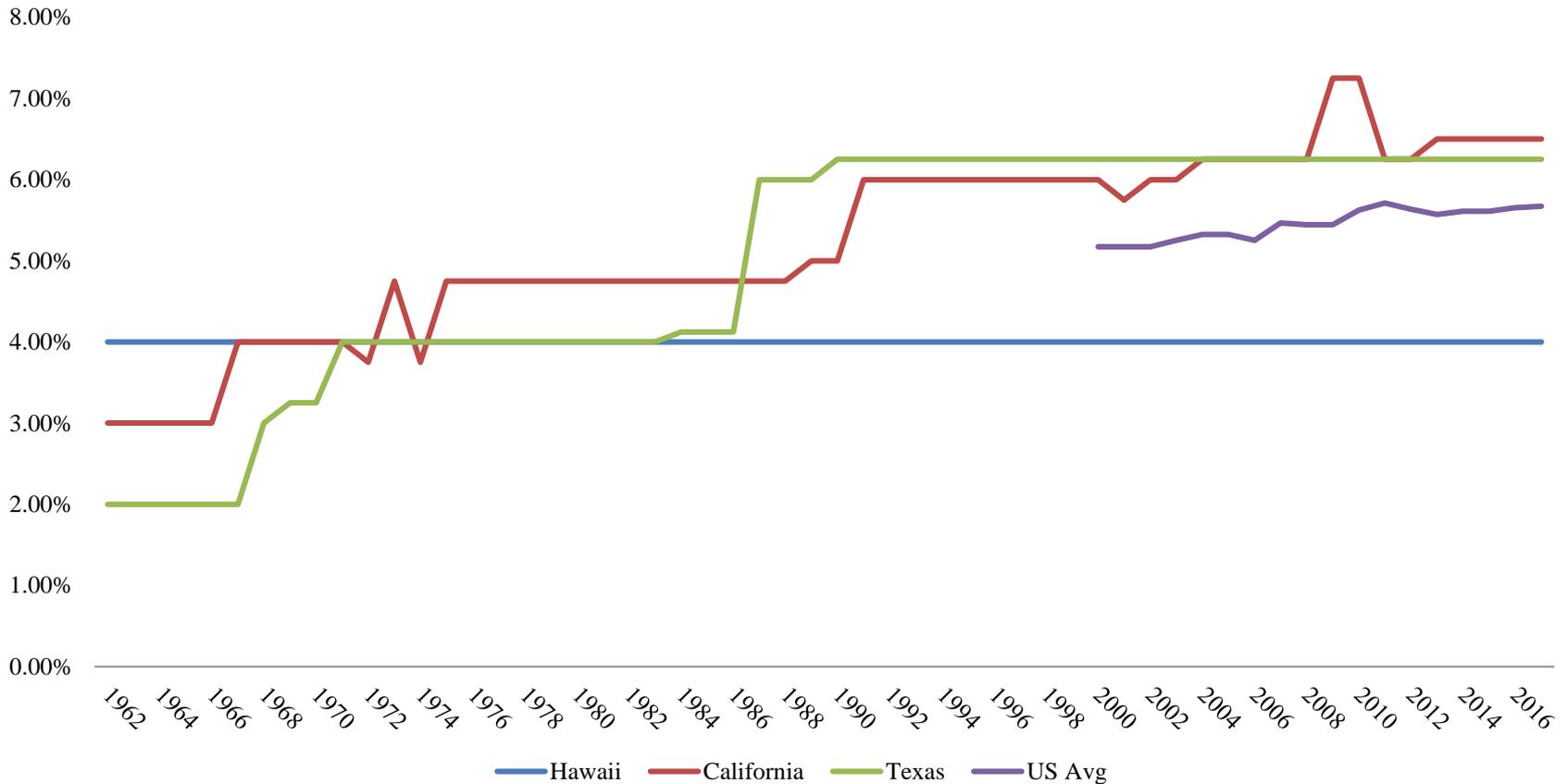
Broadest scope of sales tax of any state

State	Sales Tax Breadth	Rank
Hawaii (a)	104%	1
N.D.	73%	2
S.D. (a)	65%	3
Wyo.	62%	4
N.M. (a)	59%	5
Nev.	49%	6
Miss.	47%	7
Ark.	43%	8
Tex.	42%	9
Maine	41%	10
Ariz.	41%	11
Fla.	40%	12
Ind.	40%	13
Idaho	38%	14
Wash.	38%	15

Source: Tax Foundation

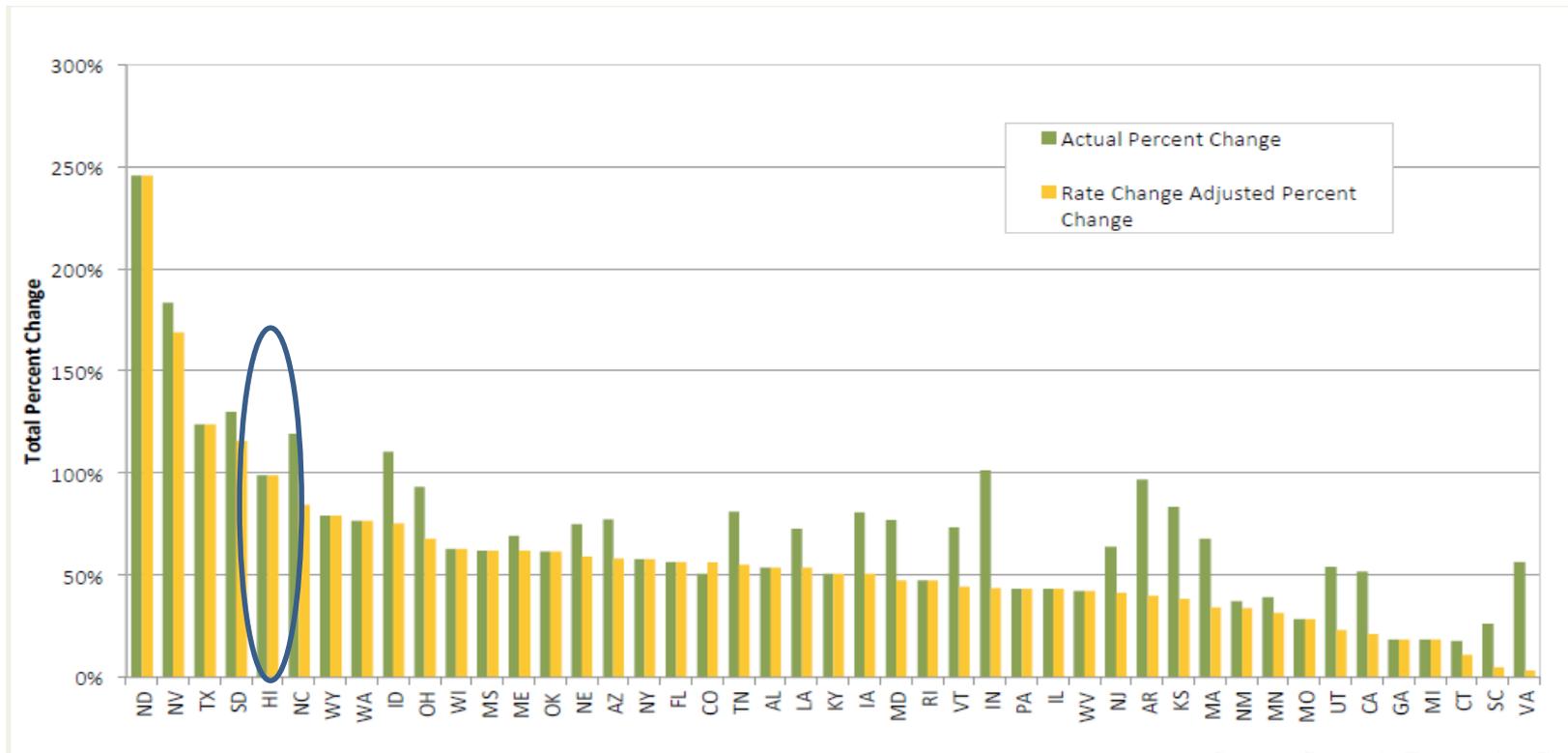
# HAWAII'S GET RATE HAS BEEN REMARKABLY STABLE RELATIVE TO THE RATES OF SALES TAXES IN OTHER STATES

STATE SALES TAX RATES



# HAWAII'S GENERAL EXCISE TAX HAS FARED BETTER THAN SALES TAX REVENUES IN OTHER STATES

ACTUAL AND TAX RATE ADJUSTED PERCENT CHANGE IN SALES TAX COLLECTIONS, 2000 - 2016



Source: Strategic Economics Group

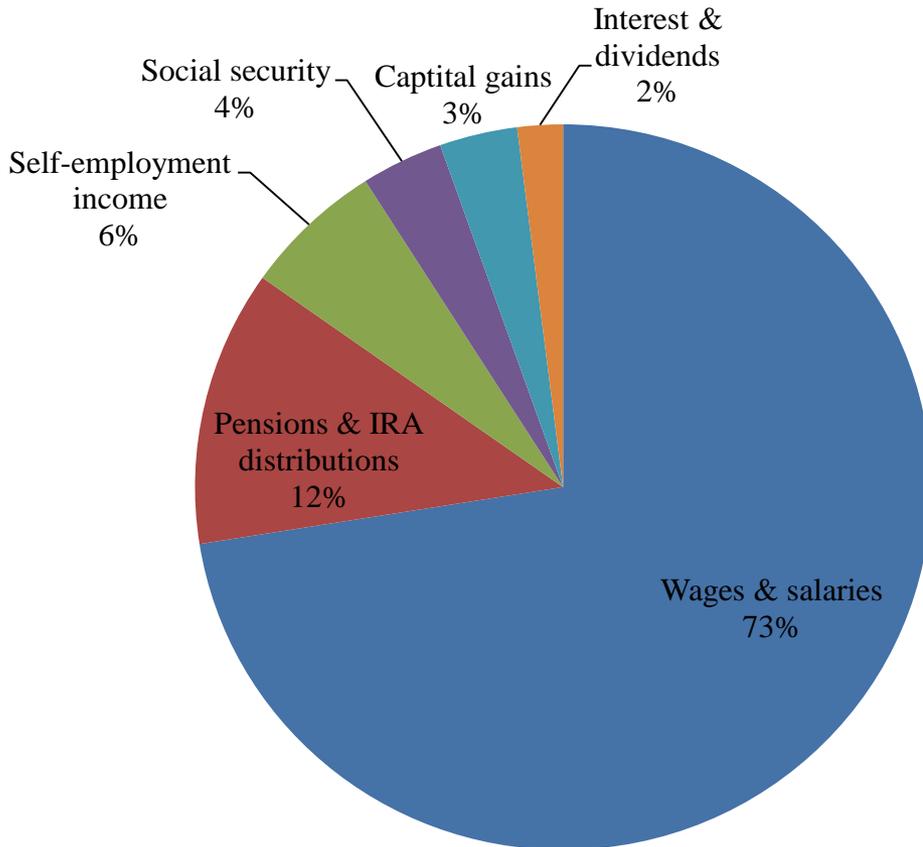
# Individual Income Tax

## NOTABLE FEATURES OF HAWAII INDIVIDUAL INCOME TAX

- Social tax credits very progressive relative to other states
- Brackets not indexed to inflation (like Federal rates)
- Relatively low standard deduction compared to Federal (MFJ: Federal \$24,000 (2018), HI: \$4,400)
- Refundable credits (social) offset burden for lower income individuals
- Prior to 2018, Hawaii exported a large amount of tax burden to Federal government, particularly at high income levels because of the SALT deduction (now limited to \$10k at federal level)
- There is a large state specific exemption for certain pensions and social security, which is expected to grow with time

# HAWAII EXEMPTS 16% OF INCOME THROUGH PENSION DISBURSEMENTS

## COMPOSITION OF FEDERAL INDIVIDUAL INCOME IN HAWAII



INCOME SOURCES	RATE
Wage & Salaries	Variable (See tax bracket)
Certain Pensions & IRA distributions	0% (Employer contributions exempt)
Self-employment income	Variable (see tax bracket)
Social security	0%, (exempt)
Capital Gains	7.25%
Interest & Dividends	Variable (see tax bracket)

## HAWAII HAS ONE OF THE HIGHEST MARGINAL TAX RATES IN THE COUNTRY

- 43 states levy individual incomes taxes
- 8 states have a single-rate structures
- Hawaii will have the most brackets in the country (12 brackets in 2018, currently has 9). California and Missouri have the second most tax brackets with 10
- Hawaii has the second highest income tax rates of any state

Highest Marginal Tax Bracket		
1	California	13.30%
2	Hawaii (2018)	11.00%
3	Maine	10.15%
4	Oregon	9.90%
5	Minnesota	9.85%
6	Iowa	8.98%
7	New Jersey	8.97%
8	Vermont	8.95%
9	DC	8.95%
10	New York	8.82%
11	Hawaii (2017)	8.25%
11	Wisconsin	7.65%
12	Idaho	7.40%

# THE MEDIAN HAWAIIAN HOUSEHOLD REPORTS ABOVE AVERAGE INCOME, BUT RESIDENTS IN THE TOP 1.0% REPORT BELOW AVERAGE INCOME

## INCOME THRESHOLD OF TOP 1.0% OF FILERS BY STATE

\$64,859

Median HH income in Hawaii  
(6<sup>th</sup> highest in nation)

\$121,860

Income threshold of top10% of  
filers in Hawaii

Rank	State	Income threshold of top 1.0%
1	Connecticut	\$659,979
2	New Jersey	\$547,737
3	Massachusetts	\$539,055
4	New York	\$517,447
5	North Dakota	\$481,188
6	California	\$453,772
7	Texas	\$424,507
Avg	United States	\$389,436
<b>45</b>	<b>Hawaii</b>	<b>\$281,620</b>

Source: American Community Survey and DOTAX

Source: Economic Policy Institute

# MOST RESIDENT FILERS ARE IN MIDDLE AND UPPER-MIDDLE TAX BRACKETS

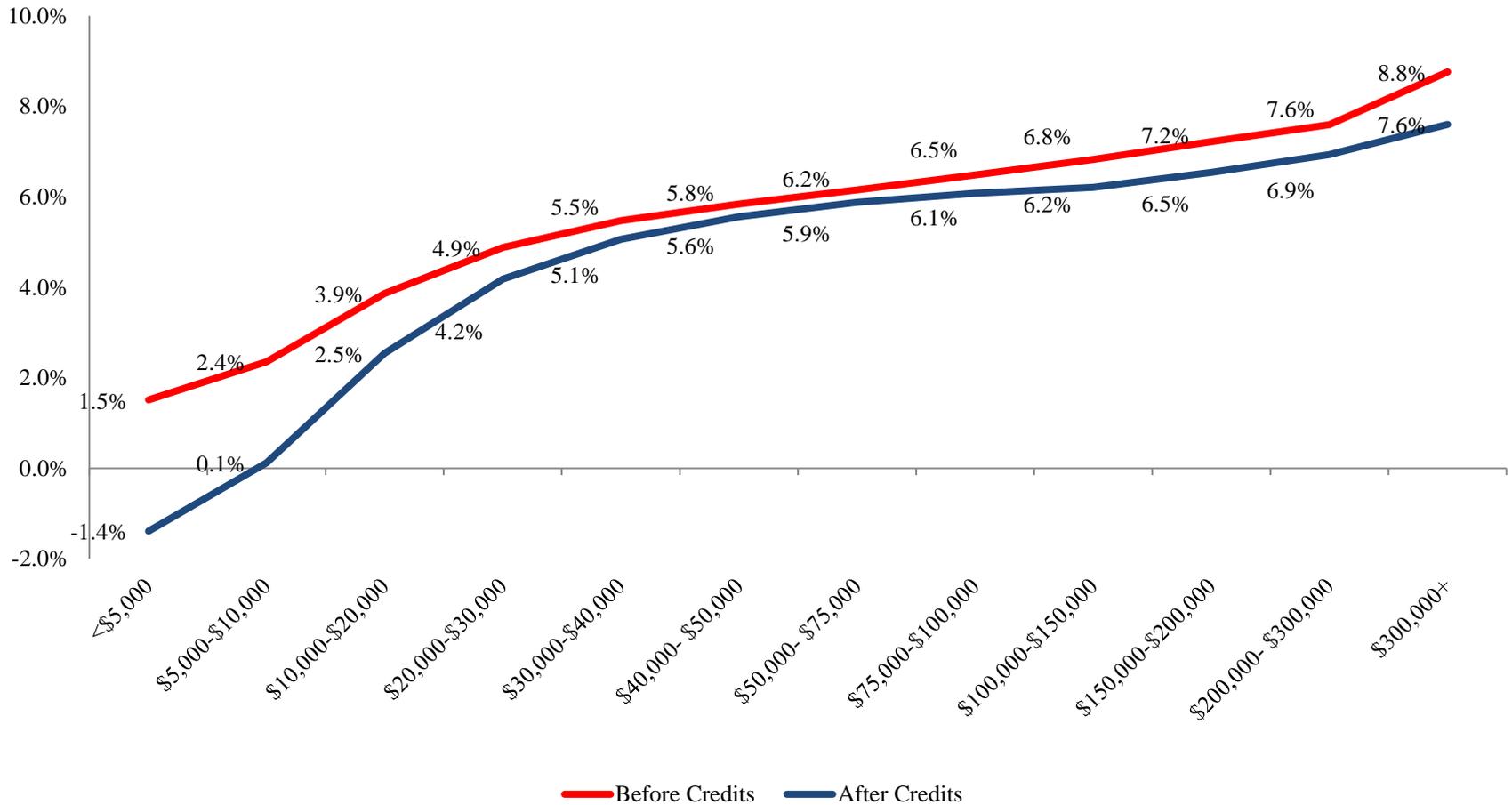
## 2013 JOINT FILERS BY TAX BRACKETS (RESIDENTS)

Status - Joint

Tax Bracket	Marginal Rate	Returns With Taxable Income In the Tax Bracket		
		Number of Returns	% of Total No. of Returns	Amount of Taxable Income
\$0 to \$4,800	1.4%	43,029	19.6%	19,151,351
\$4,801 to \$9,600	3.20%	8,101	3.7%	58,093,778
\$9,601 to \$19,200	5.50%	16,785	7.6%	242,009,824
\$19,201 to \$28,800	6.40%	17,147	7.8%	411,129,792
\$28,801 to \$38,400	6.80%	16,396	7.5%	550,098,981
\$38,401 to \$48,000	7.20%	15,781	7.2%	681,365,652
\$48,001 to \$72,000	7.60%	36,390	16.6%	2,169,779,414
\$72,001 to \$96,000	7.90%	26,291	12.0%	2,183,916,220
\$96,001 to \$300,000	8.25%	35,466	16.1%	5,062,150,292
\$300,001 to \$350,000	9.00%	1,058	0.5%	342,401,741
\$350,001 to \$400,000	10.00%	703	0.3%	263,097,729
\$400,001 & Over	11.00%	2,505	1.1%	2,678,825,866
<b>ALL</b>		<b>219,652</b>	<b>100.0%</b>	<b>\$ 14,662,020,640</b>

# LOW INCOME FILERS HAVE LOW TAX LIABILITIES AND BENEFIT FROM REFUNDABLE CREDITS

**EFFECTIVE TAX RATES BY INCOME**



## MAJOR STATE DEDUCTIONS AND EXEMPTIONS DERIVE FROM FEDERAL DEDUCTIONS

Deduction	Federal (2013)	Hawaii (2013)
<b>Major Federal</b>		
Employee Sponsored Health Insurance	\$260 Billion	\$1.3 Billion
New Pension Contribution and Earnings	\$140 Billion	\$700 million
Mortgage interest rate deduction	\$ 70 Billion	\$350 million
<b>State</b>		
Pension and Social Security exemption		\$226 million (expected to grow)*

\*Between 2010-2016, three-quarters of the state's net population growth was attributable to residents 65 and older. From 14.3% of population to 17.1% in 2016

## HAWAII EXPORTS A LARGE PORTION OF THE INDIVIDUAL INCOME TAX BURDEN TO FEDERAL GOVERNMENT

- The state and local tax deduction (SALT) reduced resident's federal tax burden by \$343 million (2015)
- The SALT deduction benefits high income earners subject to the Alternative Minimum Tax (AMT)

**Value of the State & Local Tax Deduction to Hawaii Taxpayers by Deciles (2015)**

Deciles	Fed AGI	Amount	Percent/total
0	<\$6,433	\$158,662	0.0%
0.1	\$6,433+	\$217,131	0.1%
0.2	\$13,994+	\$535,362	0.2%
0.3	\$21,811+	\$995,372	0.3%
0.4	\$29,435+	\$2,144,375	0.6%
0.5	\$38,177+	\$6,117,689	1.8%
0.6	\$49,042+	\$12,452,639	3.6%
0.7	\$64,283+	\$26,007,302	7.6%
0.8	\$86,163.5+	\$56,829,448	16.6%
0.9	\$121,860+	\$237,595,988	69.3%
<b>Total</b>		<b>\$343,053,968</b>	<b>100%</b>

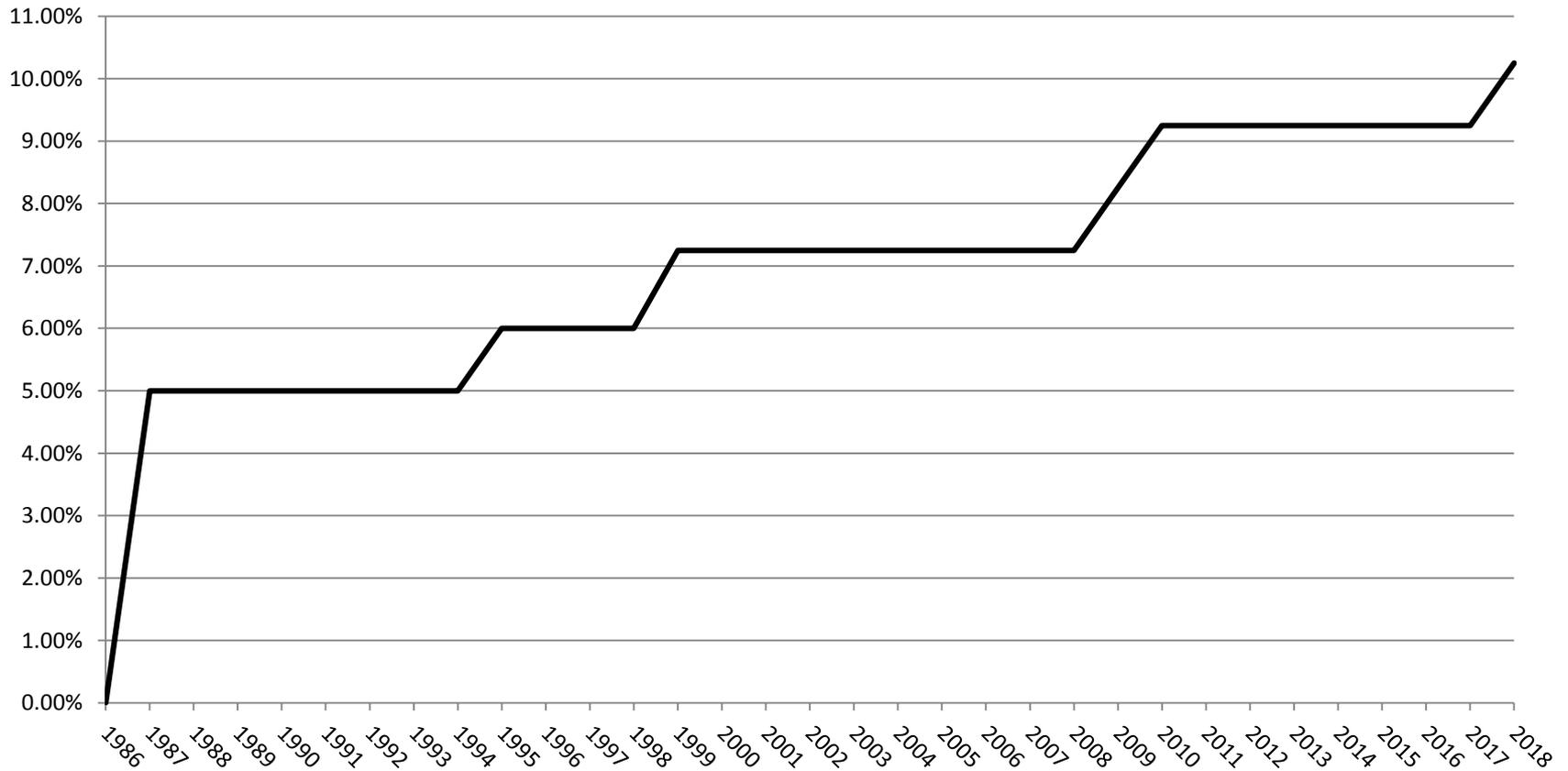
# **Transient Accommodation Tax**

## TRANSIENT ACCOMMODATION TAX

- Levied on gross rental proceeds derived from furnishing "transient accommodation" for less than 180 consecutive days
  - Transient Accommodation Tax: 10.25%
  - Timeshare Occupancy Tax: 10.25%
  
- **Exemptions:** NGOs (nonprofits and other non-governmental organizations , health care facilities, students, publicly subsidized lodging, military

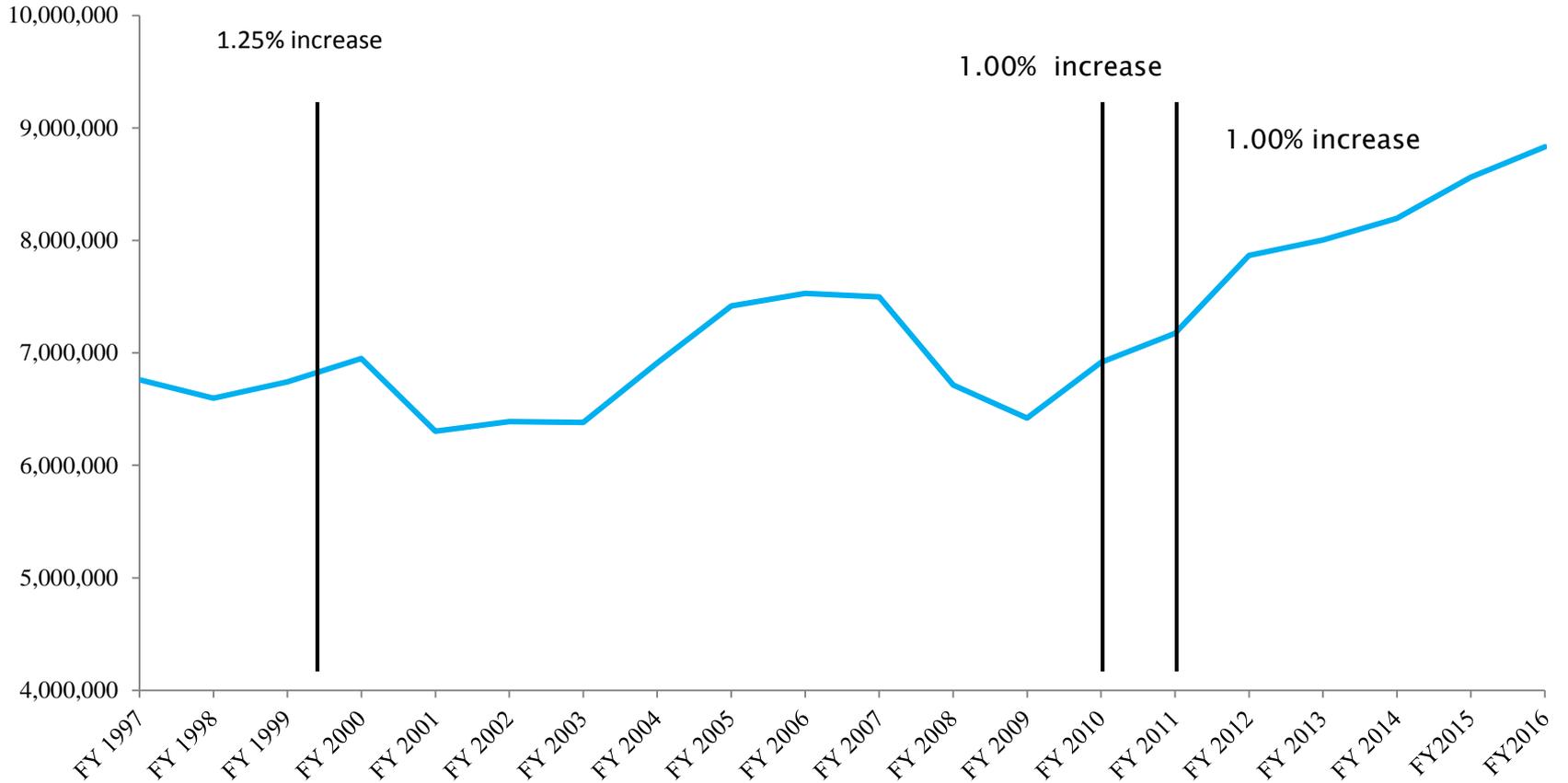
# THE TAT HAS BEEN INCREASING SINCE ITS INCEPTION IN 1986, PARTLY DUE TO INCREASED TAX RATES OVER THE YEARS

## TRANSIENT ACCOMMODATION RATE



# TAT RATE INCREASES DO NOT APPEAR TO HAVE ADVERSELY AFFECTED VISITOR ARRIVALS IN THE PAST

## VISITOR ARRIVALS

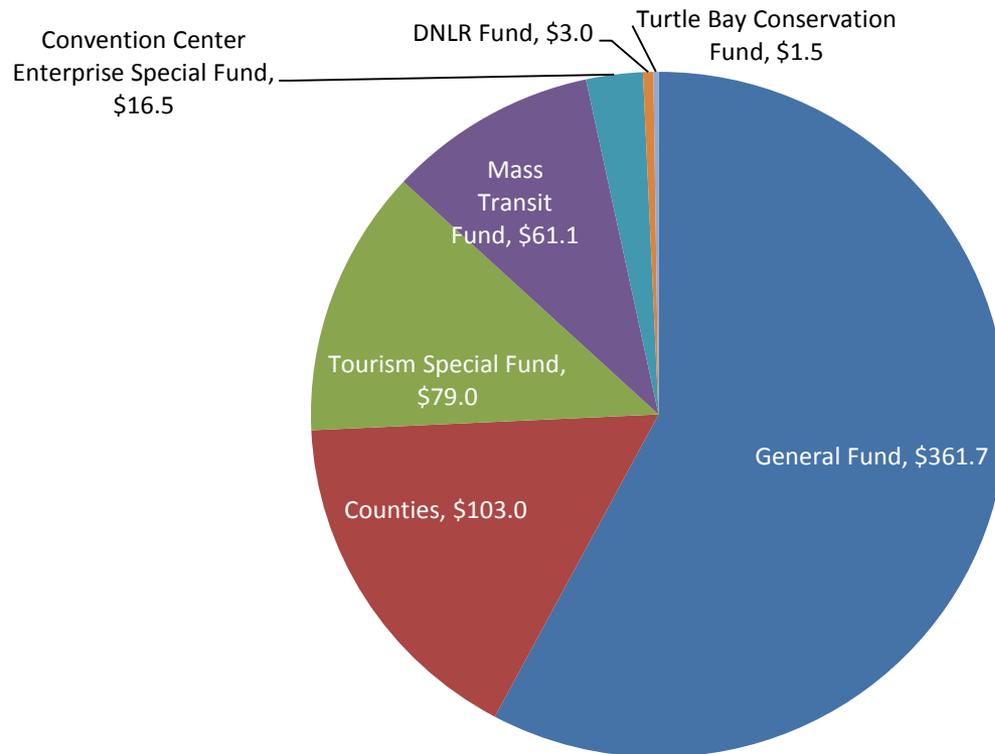


## HONOLULU PROVIDES THE LARGEST AMOUNT OF TAT REVENUE COMPARED TO OTHER INDIVIDUAL COUNTIES

TAT Liability by county				
	Oahu	Maui	Hawaii	Kauai
2011	45.5%	33.5%	12.1%	8.9%
2012	46.5%	32.5%	12.0%	9.0%
2013	48.0%	31.4%	11.7%	9.0%
2014	49.9%	28.2%	12.5%	9.4%
2015	48.1%	29.5%	12.8%	9.6%
<b>Mean</b>	<b>47.6%</b>	<b>31.0%</b>	<b>12.2%</b>	<b>9.2%</b>
Allocation of TAT County Funds (\$103M/ year)				
	44.1%	22.8%	18.6%	14.5%

# MORE THAN HALF OF ALL TAT REVENUE GOES TO THE GENERAL FUND

## Destination of TAT Revenues Expected FY2019 Total: \$626M



# Recent Revenue Trends

# General Fund Year on Year Growth Rate Fiscal Year 2019

<b>Month</b>	<b>General Fund Growth Rate</b>
July	2.6%
August	0.8%
September	0.4%
October	4.1%
November 2018*	4.8%

# PRELIMINARY COMPARATIVE STATEMENT STATE GENERAL FUND TAX REVENUES

November 2018

(Dollars in Thousands)

	CUMULATIVE TOTALS			DIFFERENCE	
	Nov 2018	2018-2019	2017-2018	AMOUNT	% CHANGE
<b>GE/Use Taxes</b>	<b>\$277,212</b>	<b>\$1,446,260</b>	<b>\$1,415,069</b>	<b>31,191</b>	2.2%
<b>Income Tax - Corp.</b>	<b>5,538</b>	<b>42,405</b>	<b>26,992</b>	<b>15,413</b>	57.1%
Decl. Est. Taxes	4,978	67,665	52,668		
Payment w/returns	3,607	13,769	5,462		
Refunds	(3,047)	(39,029)	(31,138)		
<b>Income Tax - Ind.</b>	<b>173,453</b>	<b>955,451</b>	<b>888,382</b>	<b>67,069</b>	7.5%
Decl. Est. Taxes	15,730	159,416	189,857		
Payment w/returns	4,738	51,453	48,545		
WH Tax on Wages	159,992	855,125	798,505		
Refunds	(7,007)	(110,542)	(148,525)		
Special Fund	0	0	0		
Trans. Accom. Tax	40,163	243,243	209,849	33,394	15.9%
Convention Ctr. Enterprise Fund	(1,375)	(6,875)	(11,042)		
Tourism Special Fund	(6,583)	(32,917)	(34,167)		
Turtle Bay Conservation Fund	(125)	(625)	(625)		
Land & Development Fund	(250)	(1,250)	(1,250)		
County Fund	(8,583)	(42,917)	(42,917)		
Mass Transit Fund	(3,619)	(22,874)	0		
<b>SUB-TOTAL</b>	<b>19,628</b>	<b>135,785</b>	<b>119,849</b>	<b>15,936</b>	
<b>All Others</b>	<b>39,684</b>	<b>208,795</b>	<b>210,165</b>	<b>(1,370)</b>	-0.7%
<b>TOTAL GENERAL FUND</b>	<b>\$515,515</b>	<b>\$2,788,697</b>	<b>\$2,660,457</b>	<b>\$128,240</b>	4.8%

Note: General Fund allocations are in bold print.

# YTD Collection Figures in November Are Good Indicators of Year End General Fund Growth

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FY	Nov Collections (% YoY)	Year End Collections (June) (% YoY)	Difference (absolute values)
2012	18.1%	15.0%	3.1%
2013	12.4%	9.9%	2.4%
2014	-0.8%	-1.9%	1.1%
2015	7.1%	6.8%	0.3%
2016	9.3%	8.0%	1.3%
2017	0.6%	2.0%	1.3%
2018	4.7%	7.60%	2.9%
<b>Avg</b>			<b>1.8%</b>

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# Forecasting Methods

# COUNCIL ON REVENUES FORECAST CONSIDERATIONS

- The output of three economic models
  - Regular Model
  - UCLA Model
  - Single Regression Equation Model
- Tax laws and tax law changes affecting tax collections
- The impact of DOTAX administrative policies and procedures, such as:
  - Timing of the collection of taxes
  - Payment of tax refunds to taxpayers
  - Allocations to the City and County of Honolulu
- Other factors discussed at Council meetings

# Council estimates improve throughout fiscal year

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## Forecasted versus Actual General Fund Growth Rates Year on Year Growth

Year	Forecast Meeting		Actual FY	Difference (Absolute Value)	
	September	March		September	March
2012	14.5%	12.0%	15.0%	0.5%	3.0%
2013	4.9%	6.7%	9.9%	5.0%	3.2%
2014	4.1%	0.0%	-1.8%	5.9%	1.8%
2015	3.5%	5.5%	6.8%	3.3%	1.3%
2016	6.0%	6.7%	8.0%	2.0%	1.3%
2017	5.5%	2.5%	2.0%	3.5%	0.5%
2018	4.3%	5.3%	7.6%	3.3%	2.3%
2019	5.0%				

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# **The Council's Current Forecast**

# ESTIMATES OF GENERAL FUND TAX REVENUE FROM SEPTEMBER 6, 2018: FY 2019 TO FY 2025<sup>1</sup>

(In thousands of dollars unless otherwise specified)

TYPE OF TAX	BASE		ESTIMATED						
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
General Excise and Use Tax	\$3,239,225	\$3,395,566	\$3,508,325	\$3,631,838	\$3,763,982	\$3,894,596	\$4,029,755	\$4,153,629	\$4,302,537
Individual Income Tax	2,192,341	2,491,942	2,608,577	2,691,825	2,806,334	2,928,552	3,060,118	3,196,549	3,344,254
Corporate Income Tax	76,761	69,012	106,089	121,854	128,056	139,808	150,069	155,970	153,637
Public Service Company Tax	122,159	117,641	122,183	126,635	131,272	135,938	140,524	145,264	150,165
Tax on Insurance Premiums	164,688	159,814	162,868	166,370	170,740	175,295	180,221	194,507	201,649
Cigarette and Tobacco Tax	82,792	79,914	81,364	83,136	85,701	88,230	91,001	93,837	96,790
Liquor Tax	51,167	51,383	52,498	53,274	54,026	54,718	55,326	55,941	56,565
Tax on Banks and Other Financial Corps.	9,174	13,712	11,384	11,368	10,324	10,295	9,627	23,136	24,764
Inheritance and Estate Tax	18,968	29,351	29,979	30,585	31,206	31,820	32,415	33,022	33,639
Conveyance Tax	49,737	55,803	59,322	63,192	67,733	72,440	77,458	81,866	87,334
Miscellaneous Taxes*	15,845	16,633	16,778	16,777	16,772	16,765	16,760	16,754	16,749
Transient Accommodations Tax	292,357	315,264	376,471	424,418	451,977	478,391	504,648	531,364	561,030
<b>GENERAL FUND TOTAL</b>	<b>\$6,315,215</b>	<b>\$6,796,036</b>	<b>\$7,135,838</b>	<b>\$7,421,272</b>	<b>\$7,718,123</b>	<b>\$8,026,848</b>	<b>\$8,347,922</b>	<b>\$8,681,839</b>	<b>\$9,029,113</b>
<b>GROWTH RATE</b>	<b>2.0%</b>	<b>7.6%</b>	<b>5.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>

<sup>1</sup> Line item projections generated by Tax Research & Planning Office to be consistent with the Council's forecast for the total General Fund tax revenues.

\*The figures on this line include penalty and interest charges, fees and license charges from various taxes, and allocations to the general fund from the environmental response, energy and food security tax.

# FORECASTS OF KEY ECONOMIC INDICATORS FROM SEPTEMBER 6, 2018: FY 2019 to FY 2025

Fiscal Year	2019	2020	2021	2022	2023	2024	2025
	<b>A. VALUE</b>						
Hawaii Total Personal Income (1982-1984 Constant Million Dollars)	27,915	28,356	28,779	29,188	29,605	30,028	30,457
Hawaii Total Personal Income (\$Millions)	78,192	81,132	84,215	87,221	90,248	93,289	96,396
Construction Completed (\$Millions)	8,882	9,182	9,456	9,684	9,900	10,122	10,392
Honolulu CPIU (1982-1984 = 100)	280	286	293	299	305	311	317
Visitor Arrivals by Air (Thousands)	10,044	10,277	10,485	10,681	10,872	11,068	11,268
U.S. GDP (\$ Billions)	20,886	21,801	22,697	23,596	24,514	25,468	26,456
U.S. GDP Deflator (2005 = 100)	111	113	115	117	119	121	123
Calendar Year Wages (\$Millions)	33,539	34,673	35,835	36,971	38,073	39,185	40,306
Visitor Expenditures by Air (\$Millions)	18,486	19,177	19,854	20,489	21,044	21,612	22,198
Hawaii Real GDP (2009 Constant Million Dollars)	77,324	78,561	79,771	80,920	82,053	83,194	84,359
	<b>B. ANNUAL PERCENTAGE GROWTH RATE</b>						
Hawaii Total Personal Income (1982-1984 Constant Million Dollars)	1.67	1.58	1.49	1.42	1.43	1.43	1.43
Hawaii Total Personal Income (\$Millions)	3.86	3.76	3.80	3.57	3.47	3.37	3.33
Construction Completed (\$Millions)	4.22	3.38	2.98	2.41	2.23	2.24	2.67
Honolulu CPIU (1982-1984 = 100)	2.28	2.24	2.36	2.16	2.06	1.96	1.92
Visitor Arrivals by Air (Thousands)	4.21	2.32	2.02	1.87	1.79	1.80	1.81
U.S. GDP (\$ Billions)	4.61	4.38	4.11	3.96	3.89	3.89	3.88
U.S. GDP Deflator (2005 = 100)	2.14	2.02	2.03	1.97	1.87	1.87	1.87
Calendar Year Wages (\$Millions)	3.46	3.38	3.35	3.17	2.98	2.92	2.86
Visitor Expenditures by Air (\$Millions)	4.83	3.74	3.53	3.20	2.71	2.70	2.71
Hawaii Real GDP (2009 Constant Million Dollars)	1.69	1.60	1.54	1.44	1.40	1.39	1.40

# Mean Forecast of the Council Members

FY 2019-2025

## A. VALUE

<u>Fiscal Year</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Hawaii Total Personal Income (1982-1984 Constant Dollars)(\$Millions)	27,915	28,356	28,779	29,188	29,605	30,028	30,457
Hawaii Total Personal Income (\$Millions)	78,192	81,132	84,215	87,221	90,248	93,289	96,396
Construction Completed (\$Millions)	8,882	9,182	9,456	9,684	9,900	10,122	10,392
Honolulu CPIU (1982-1984 = 100)	280	286	293	299	305	311	317
Visitor Arrivals by Air (Thousands)	10,044	10,277	10,485	10,681	10,872	11,068	11,268
U.S. GDP (\$ Billions)	20,886	21,801	22,697	23,596	24,514	25,468	26,456
U.S. GDP Deflator (2012 = 100)	111	113	115	117	119	121	123
Calendar Year Wages (\$Millions)	33,539	34,673	35,835	36,971	38,073	39,185	40,306
Visitor Expenditures by Air (\$Millions)	18,486	19,177	19,854	20,489	21,044	21,612	22,198
Hawaii Real GDP (2009 Constant Dollars)(\$Millions)	77,324	78,561	79,771	80,920	82,053	83,194	84,359

## B. ANNUAL PERCENTAGE GROWTH RATE

Hawaii Total Personal Income (1982-1984 Constant Dollars)(\$Millions)	1.67	1.58	1.49	1.42	1.43	1.43	1.43
Hawaii Total Personal Income (\$Millions)	3.86	3.76	3.80	3.57	3.47	3.37	3.33
Construction Completed (\$Millions)	4.22	3.38	2.98	2.41	2.23	2.24	2.67
Honolulu CPIU (1982-1984 = 100)	2.28	2.24	2.36	2.16	2.06	1.96	1.92
Visitor Arrivals by Air (Thousands)	4.21	2.32	2.02	1.87	1.79	1.80	1.81
U.S. GDP (\$ Billions)	4.61	4.38	4.11	3.96	3.89	3.89	3.88
U.S. GDP Deflator (2012 = 100)	2.14	2.02	2.03	1.97	1.87	1.87	1.87
Calendar Year Wages (\$Millions)	3.46	3.38	3.35	3.17	2.98	2.92	2.86
Visitor Expenditures by Air (\$Millions)	4.83	3.74	3.53	3.20	2.71	2.70	2.71
Hawaii Real GDP (2009 Constant Dollars)(\$Millions)	1.69	1.60	1.54	1.44	1.40	1.39	1.40

## SELECTED ECONOMIC DATA: FY 2017 TO FY 2019

	FY 2017					FY 2018					FY 2019
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Annual	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Annual	Jul-Sep
1. U.S. GDP in Current Dollars (in billions)	\$18,800	\$18,979	\$19,163	\$19,359	<b>\$19,075</b>	\$19,588	\$19,832	\$20,041	\$20,412	<b>\$19,968</b>	\$20,658
2. U.S. GDP Implicit Price Deflator (2012=100)	106.2	106.7	107.3	107.6	<b>106.9</b>	108.1	108.8	109.4	110.3	<b>109.1</b>	110.7
3. Construction (in millions)	\$2,431	\$2,117	\$2,071	\$1,937	<b>\$8,557</b>	\$2,184	\$2,181	\$2,227	\$2,410	<b>\$9,002</b>	na
4. Total Private Building Authorizations (in millions)	\$889	\$846	\$920	\$821	<b>\$3,476</b>	\$722	\$665	\$700	\$1,109	<b>\$3,196</b>	\$743
5. Total Wages (in millions)	\$8,010	\$8,110	\$8,058	\$7,929	<b>\$32,107</b>	\$8,000	\$8,431	\$8,286	\$8,166	<b>\$32,884</b>	na
6. Total Personal Income (in millions)	\$72,813	\$73,606	\$74,694	\$74,926	<b>\$74,010</b>	\$75,620	\$76,181	\$76,790	\$76,940	<b>\$76,383</b>	\$77,613
7. Visitor Arrivals by Air (in thousands)											
a. Total State	2,266	2,200	2,233	2,318	<b>9,017</b>	2,399	2,327	2,439	2,478	<b>9,643</b>	2,499
b. Domestic	1,542	1,466	1,451	1,618	<b>6,078</b>	1,622	1,549	1,627	1,758	<b>6,555</b>	1,728
c. International	724	734	782	700	<b>2,939</b>	778	778	812	721	<b>3,088</b>	771
8. Average Daily Visitor Census (in thousands)											
a. Total State	218	216	235	223	<b>223</b>	228	228	253	239	<b>237</b>	240
b. Domestic	159	156	163	166	<b>161</b>	165	163	178	179	<b>171</b>	175
c. International	59	60	72	57	<b>62</b>	63	66	75	60	<b>66</b>	65
9. Honolulu CPIU (1982-84=100) 1/	266.5	266.5	270.7	270.7	<b>268.6</b>	273.3	273.3	275.2	275.2	<b>274.2</b>	278.7
10. State General Fund Tax Revenue (in millions)	\$1,546	\$1,500	\$1,576	\$1,694	<b>\$6,315</b>	\$1,692	\$1,524	\$1,711	\$1,869	<b>\$6,796</b>	\$1,698
11. General Excise & Use Tax (in millions)	\$801	\$784	\$832	\$822	<b>\$3,239</b>	\$901	\$795	\$959	\$741	<b>\$3,396</b>	\$880
12. Individual Income Tax (in millions) 2/											
a. Net Individual Income Tax	\$495	\$491	\$497	\$612	<b>\$2,096</b>	\$539	\$551	\$509	\$831	<b>\$2,430</b>	\$579
b. Declaration of Estimated Taxes	\$86	\$75	\$178	\$213	<b>\$552</b>	\$150	\$88	\$185	\$277	<b>\$700</b>	\$114
c. Withholding Tax on Wages	\$464	\$461	\$526	\$465	<b>\$1,916</b>	\$460	\$498	\$465	\$611	<b>\$2,033</b>	\$507
13. TAT (in millions)	\$150	\$100	\$140	\$120	<b>\$508</b>	\$135	\$110	\$156	\$153	<b>\$555</b>	\$158
14. Civilian Unemployment Rate (%)	3.0	2.7	2.6	2.6	<b>2.7</b>	2.3	2.0	2.0	2.2	<b>2.1</b>	2.3
15. Non-Agricultural Wage and Salary Jobs (in thousands)	644	654	651	653	<b>650</b>	646	661	660	664	<b>658</b>	659
16. Hotel Occupancy Rate (%)	80.5	77.5	81.4	79.4	<b>79.7</b>	81.4	78.6	82.9	80.7	<b>80.9</b>	79.7
17. Average Daily Room Rate	\$257	\$260	\$274	\$254	<b>\$261</b>	\$261	\$267	\$293	\$268	<b>\$272</b>	\$273

1/ Semiannual data, if available, or the average of available bimonthly data.

2/ A new method was used to measure the amounts in the individual income tax categories in FYs 2017 and later. Therefore, data for percentage changes in FY2018 and later are not comparable to those for earlier years.

na - not available

## SELECTED ECONOMIC DATA: FY 2017 TO FY 2019

	FY 2017					FY 2018					FY 2019
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Annual	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Annual	Jul-Sep
1. U.S. GDP in Current Dollars	2.6%	3.4%	4.1%	3.9%	<b>3.5%</b>	4.2%	4.5%	4.6%	5.4%	<b>4.7%</b>	5.5%
2. U.S. GDP Implicit Price Deflator (2012=100)	1.0%	1.5%	2.1%	1.7%	<b>1.5%</b>	1.8%	2.0%	2.0%	2.5%	<b>2.1%</b>	2.4%
3. Construction	18.1%	2.0%	8.5%	-2.9%	<b>6.5%</b>	-10.2%	3.0%	7.5%	24.4%	<b>5.2%</b>	na
4. Total Private Building Authorizations	-0.3%	-9.4%	68.5%	-14.5%	<b>4.3%</b>	-18.8%	-21.4%	-23.9%	35.0%	<b>-8.1%</b>	2.9%
5. Total Wages	8.6%	0.7%	7.9%	4.6%	<b>5.4%</b>	-0.1%	4.0%	2.8%	3.0%	<b>2.4%</b>	na
6. Total Personal Income	3.0%	3.1%	3.9%	3.6%	<b>3.4%</b>	3.9%	3.5%	2.8%	2.7%	<b>3.2%</b>	2.6%
7. Visitor Arrivals by Air											
a. Total State	3.1%	3.6%	2.8%	6.2%	<b>3.9%</b>	5.9%	5.8%	9.2%	6.9%	<b>6.9%</b>	4.1%
b. Domestic	3.9%	3.8%	1.7%	5.5%	<b>3.8%</b>	5.2%	5.6%	12.1%	8.6%	<b>7.9%</b>	6.6%
c. International	1.5%	3.4%	4.9%	7.7%	<b>4.3%</b>	7.5%	6.1%	3.8%	2.9%	<b>5.1%</b>	-0.9%
8. Average Daily Visitor Census											
a. Total State	2.6%	2.4%	3.9%	6.0%	<b>3.7%</b>	4.9%	5.5%	7.6%	7.1%	<b>6.4%</b>	5.1%
b. Domestic	2.5%	2.1%	2.6%	5.1%	<b>3.1%</b>	4.3%	4.0%	9.2%	7.8%	<b>6.4%</b>	5.8%
c. International	2.6%	3.4%	7.0%	8.5%	<b>5.4%</b>	6.5%	9.6%	3.9%	5.2%	<b>6.3%</b>	3.4%
9. Honolulu CPIU (1982-84=100) 1/	1.5%	1.5%	2.5%	2.5%	<b>2.0%</b>	2.5%	2.5%	1.6%	1.6%	<b>2.1%</b>	2.0%
10. State General Fund Tax Revenue	-3.0%	4.8%	4.8%	1.7%	<b>2.0%</b>	9.4%	1.6%	8.6%	10.4%	<b>7.6%</b>	0.4%
11. General Excise & Use Tax	-3.6%	3.9%	1.7%	2.5%	<b>1.0%</b>	12.5%	1.4%	15.3%	-9.9%	<b>4.8%</b>	-2.3%
12. Individual Income Tax 2/											
a. Net Individual Income Tax	na	na	na	na	<b>na</b>	8.9%	12.3%	2.3%	35.7%	<b>16.0%</b>	7.4%
b. Declaration of Estimated Taxes	na	na	na	na	<b>na</b>	74.9%	16.8%	4.3%	29.6%	<b>26.8%</b>	-23.8%
c. Withholding Tax on Wages	na	na	na	na	<b>na</b>	-0.9%	7.9%	-11.6%	31.3%	<b>6.1%</b>	10.3%
13. TAT	29.8%	3.6%	12.8%	7.1%	<b>13.8%</b>	-9.6%	10.9%	12.0%	27.8%	<b>9.2%</b>	16.4%
14. Civilian Unemployment Rate (change)	-0.5	-0.4	-0.4	-0.5	<b>-0.5</b>	-0.7	-0.7	-0.6	-0.4	<b>-0.6</b>	0.0
15. Non-Agricultural Wage and Salary Jobs	1.6%	0.9%	1.5%	1.2%	<b>1.3%</b>	0.4%	1.0%	1.4%	1.7%	<b>1.1%</b>	2.0%
16. Hotel Occupancy Rate (change)	1.1	-0.3	0.7	1.9	<b>0.8</b>	0.9	1.1	1.5	1.3	<b>1.2</b>	-1.7
17. Average Daily Room Rate	5.7%	5.7%	6.0%	6.0%	<b>5.8%</b>	1.5%	3.0%	6.9%	5.2%	<b>4.2%</b>	4.6%

1/ Semiannual data, if available, or the average of available bimonthly data.

2/ A new method was used to measure the amounts in the individual income tax categories in FYs 2017 and later. Therefore, data for percentage changes in FY2018 and later are not comparable to those for earlier years.

na - not available

# **Effects of Recent Passage of 2017 Tax Cuts and Jobs Act**

## Major elements of Federal Tax Code versus Hawaii's Tax Code 2018

Provision	Federal	Hawaii
<b>Personal Income Tax</b>		
Standard Deduction	\$12,000 for Singles \$24,000 for Joint Filers	\$2,200 for Singles \$4,400 for Joint Filers
Personal Exemption	Use of personal deductions suspended	\$1,144 per exemption
State & Local Tax Deduction	Capped at \$10,000	No Limit
Mortgage Interest Deduction	Deduction limit of interest on new indebtedness is \$750,000	Deduction limit of interest on indebtedness is \$1M, \$100k home equity
<b>Corporate Income Tax</b>		
Bonus Depreciation	Allows accelerated bonus depreciation on a temporary basis	No bonus depreciation
Pass Through Entities	Entitled to take a 20% income deduction	No such deduction
<b>Estate Tax</b>		
Estate Tax	Applies to estates over \$10M \$11.18M (2018); \$11.22M (2019)	Applies to estates over \$5M