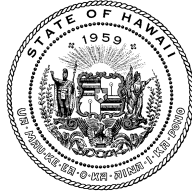


**DAVID Y. IGE**  
GOVERNOR  
**JOSH GREEN M.D.**  
LT. GOVERNOR



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## **COUNCIL ON REVENUES**

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

October 30, 2020

The Honorable David Y. Ige  
Governor, State of Hawaii  
Executive Chambers  
State Capitol, Fifth Floor  
Honolulu, Hawaii 96813

Dear Governor Ige:

In its meeting on October 29, 2020, the Council on Revenues (the "Council") raised the Hawaii Total Personal Income (TPI) for calendar year 2020 to 5.0% from -7.0%. The Council lowered the TPI forecast for calendar year 2021 to -4.0% from 0.0%.

The large swing in the 2020 forecast reflects the large increases in the published TPI figures for Q1 and Q2, which were 2.2% and 15.9% respectively. The large increase in personal income transfer receipts that resulted from Federal stimulus money in the form of the CARES Act significantly boosted income for Hawaii residents via stimulus checks, unemployment insurance benefits, and other in-kind payments. Additionally, the Council's July forecast did not anticipate that the U.S. Bureau of Economic Analysis would classify disbursements from the Paycheck Protection Program (PPP) to businesses as income when provided and not when forgiven. Given that Hawaii's businesses were sizable beneficiaries of Federal programs, PPP payments and other stimulus spending had a material effect on TPI in 2020.

The Council lowered the 2021 forecast and noted that COVID-19 will continue to take a significant toll on the economy. The lower forecast also anticipates the fact that Federal income transfer receipts will decline substantially relative to 2020 even if another round of Federal or State fiscal stimulus occurs.

The updated data for Hawaii's TPI for calendar years 2015 through 2019, along with the Council's current forecasts for 2020 and 2021, are shown below:

| <b>Calendar Year</b> | <b>Millions of Dollars</b> | <b>% Growth From<br/>Previous Year</b> |
|----------------------|----------------------------|--|
| 2015                 | \$70,376                   | 5.3%                                   |
| 2016                 | \$73,048                   | 3.8%                                   |
| 2017                 | \$76,110                   | 4.2%                                   |
| 2018                 | \$78,436                   | 3.1%                                   |
| 2019                 | \$80,727                   | 2.9%                                   |
| 2020 (Forecast)      | \$84,763                   | 5.0%                                   |
| 2021 (Forecast)      | \$81,372                   | -4.0%                                  |

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

Very truly yours,



KURT KAWAFUCHI  
Chair, Council on Revenues