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December 9, 2020

Council on Revenues
Department of Taxation
State of Hawaii
830 Punchbowl Street
Honolulu, HI 96813

Re: Revenue Projections

Gentlemen and Ladies:

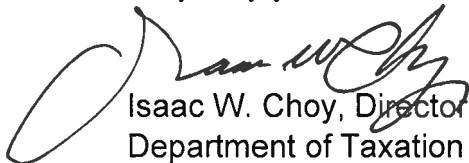
Federal and State governments are giving various types of subsidy and relief to individuals, businesses and governments because of the COVID pandemic. The taxation scheme for many of these programs have yet to be determined. For example, for General Excise Tax, rental subsidies for businesses could be subject to taxes as income replacement and at the landlord level for rental income. The distribution of food cards could also be taxable to individuals.

Further, there could be behavioral changes where people who got subsidies may be saving these monies instead of spending it.

I would like to know how the Council on Revenues is accounting for these revenue streams in its' tax revenue projections for the fiscal years ending June 30, 2021.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "Isaac W. Choy".
Isaac W. Choy, Director
Department of Taxation