FORECAST OF GENERAL FUND TAX REVENUES*

FY 2021 TO FY 2027

MEETING

COUNCIL ON REVENUES

May 25, 2021

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Table 1

SUMMARY TABLE

ESTIMATES OF GENERAL FUND TAX REVENUES: FY 2021 to FY 2027

Amount ($1,000) and Growth Rate (%)

	BASE		ESTIMATE						
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
CURRENT FORECAST (as of March 8, 2021)	$ 7,141,790	$ 6,694,808	$ 6,527,438	$ 6,788,536	$ 7,060,077	$ 7,342,480	$ 7,599,467	$ 7,865,448	$ 8,140,739
	5.1%	-6.3%	-2.5%	4.0%	4.0%	4.0%	3.5%	3.5%	3.5%
MODEL 1 - INPUT MEAN FORECAST	$ 7,141,790	$ 6,694,808	$ 6,874,016	$ 7,778,810	$ 8,412,681	$ 8,969,783	$ 9,426,565	$ 9,844,415	$10,314,756
	5.1%	-6.3%	2.7%	13.2%	8.1%	6.6%	5.1%	4.4%	4.8%
MODEL 2 (UCLA) - INPUT MEAN FORECAST	$ 7,141,790	$ 6,694,808	$ 6,133,431	$ 6,924,816	$ 8,173,982	$ 8,919,877	$ 9,511,634	$10,070,267	$10,692,046
	5.1%	-6.3%	-8.4%	12.9%	18.0%	9.1%	6.6%	5.9%	6.2%

GENERAL FUND GROWTH RATE COMPARISON: FY 2021 TO FY 2027

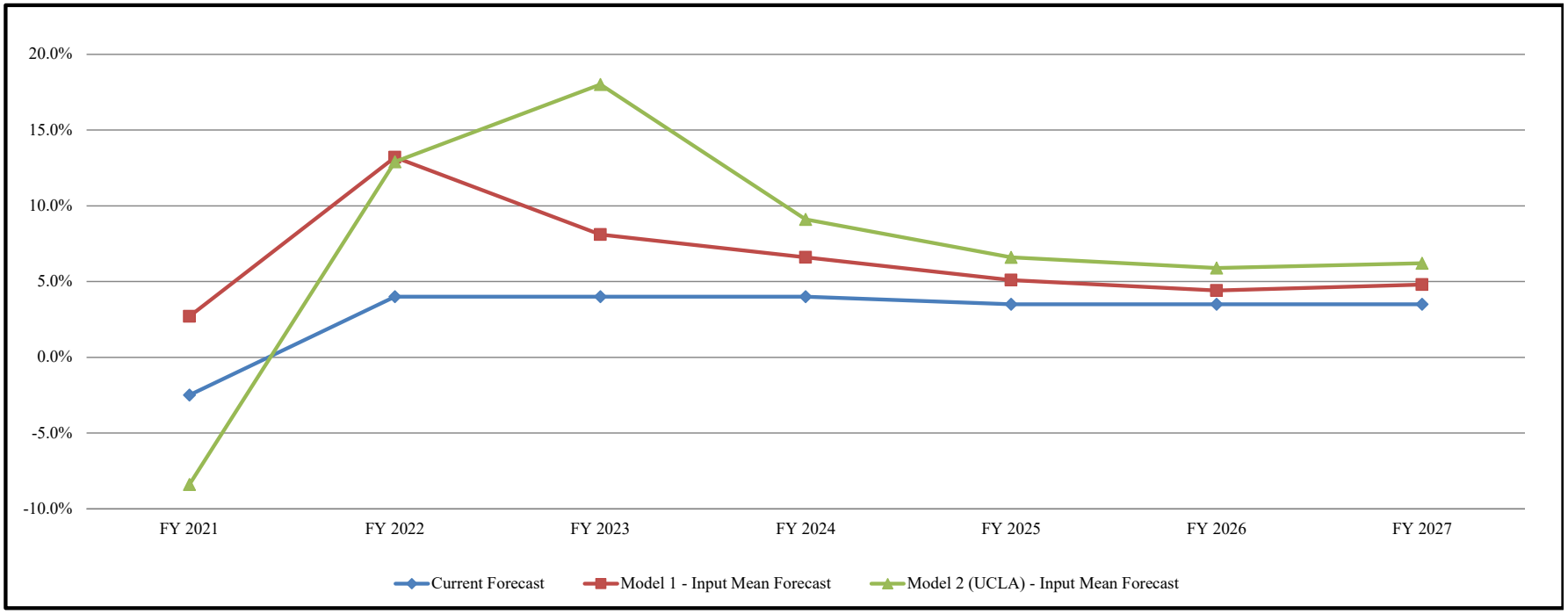

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Table 2

Major tax-related measures that were passed by the 2020 Legislature and that were enacted into law

Estimates of General Fund Tax Revenue Gain or (Loss)

(Dollar amounts are in $ millions)

Bill Number	Description	General Fund Revenue Gain (or Loss)						
		FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Act 61, SLH 2020	Amends section 235-12.5, Hawaii Revised Statutes (HRS), which governs the Renewable Energy Technologies Income Tax Credit (RETITC). This measure repeals the RETITC for commercial projects with a total output capacity of 5 megawatts or greater for taxable years beginning after December 31, 2019 and provides grandfathering exceptions for commercial solar projects. This measure is effective upon approval, and applies to taxable years beginning after December 31, 2019.	Indeterminate						
Act 13, SLH 2020	Conforms Hawaii income and estate and generation-skipping transfer tax laws to the Internal Revenue Code of 1986, as amended as of 3/27/2020, with special provisions to conform to parts of federal Public Law 116-136, the Coronavirus Aid, Relief, and Economic Security Act, which took effect on 3/27/2020. Conforms Hawaii estate and generation-skipping transfer tax laws to the Internal Revenue Code of 1986, as amended as of 12/31/2019.	No material revenue impact						

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Table 3

FORECASTS OF KEY ECONOMIC INDICATORS: FY 2021 TO FY 2027

Mean Forecast of the Council Members

A. VALUE

Fiscal Year	2021	2022	2023	2024	2025	2026	2027
Hawaii Total Personal Income (1982-1984 Constant Dollars)($Millions)	29,822	29,303	29,713	30,209	30,720	31,208	31,698
Hawaii Total Personal Income ($Millions)	86,013	86,555	89,861	93,545	97,287	100,994	104,791
Construction Completed ($Millions)	9,780	10,161	10,512	10,715	10,852	10,918	10,985
Honolulu CPIU (1982-1984 = 100)	288	295	302	309	316	323	330
Visitor Arrivals by Air (Thousands)	3,067	6,923	8,382	9,022	9,544	9,944	10,362
U.S. GDP ($ Billions)	22,204	23,516	24,598	25,688	26,741	27,776	28,840
U.S. GDP Deflator (2012 = 100)	115	118	121	124	127	130	133
Calendar Year Wages ($Millions)	33,296	34,411	35,495	36,382	37,226	38,082	38,958
Visitor Expenditures by Air ($Millions)	7,079	14,326	17,545	19,710	21,230	22,204	23,001
Hawaii Real GDP (2012 Constant Dollars)($Millions)	75,597	78,334	79,940	81,267	82,478	83,542	84,536

B. ANNUAL PERCENTAGE GROWTH RATE

Hawaii Total Personal Income (1982-1984 Constant Dollars)($Millions)	0.70	-1.74	1.40	1.67	1.69	1.59	1.57
Hawaii Total Personal Income ($Millions)	2.34	0.63	3.82	4.10	4.00	3.81	3.76
Construction Completed ($Millions)	1.63	3.90	3.45	1.93	1.28	0.61	0.61
Honolulu CPIU (1982-1984 = 100)	1.62	2.42	2.40	2.39	2.27	2.19	2.15
Visitor Arrivals by Air (Thousands)	-57.84	125.73	21.08	7.63	5.79	4.19	4.20
U.S. GDP ($ Billions)	5.27	5.91	4.60	4.43	4.10	3.87	3.83
U.S. GDP Deflator (2012 = 100)	2.20	2.19	2.25	2.18	2.13	2.24	2.32
Calendar Year Wages ($Millions)	-3.75	3.35	3.15	2.50	2.32	2.30	2.30
Visitor Expenditures by Air ($Millions)	-58.26	102.38	22.47	12.34	7.71	4.59	3.59
Hawaii Real GDP (2012 Constant Dollars)($Millions)	-4.66	3.62	2.05	1.66	1.49	1.29	1.19

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Table 4
Economic Data

	FY 2019					FY 2020					FY 2021		
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	**Annual**	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	**Annual**	Jul-Sep	Oct-Dec	Jan-Mar
1. U.S. GDP in Current Dollars (in billions)	$20,743	$20,910	$21,115	$21,330	**$21,025**	$21,540	$21,747	$21,561	$19,520	**$21,092**	$21,170	$21,495	$22,049
2. U.S. GDP Implicit Price Deflator (2012=100)	110.6	111.1	111.4	112.1	**111.3**	112.5	113.0	113.4	112.8	**112.9**	113.8	114.4	115.5
3. Construction (in millions)	$2,553	$2,374	$2,311	$2,461	**$9,699**	$2,409	$2,449	$2,396	$2,368	**$9,623**	$2,554	$2,431	na
4. Total Private Building Authorizations (in millions)	$743	$717	$761	$809	**$3,030**	$799	$853	$785	$693	**$3,129**	$843	$787	$803
5. Total Wages (in millions)	$8,239	$8,760	$8,575	$8,422	**$33,995**	$8,544	$9,052	$8,842	$7,413	**$33,851**	$7,489	$8,651	na
6. Total Personal Income (in millions)	$78,664	$79,311	$80,078	$80,375	**$79,607**	$80,868	$81,585	$81,943	$91,790	**$84,046**	$85,783	$82,267	na
7. Visitor Arrivals by Air (in thousands)													
a. Total State	2,484	2,391	2,487	2,607	**9,970**	2,640	2,509	2,096	31	**7,275**	64	496	847
b. Domestic	1,720	1,650	1,682	1,916	**6,968**	1,888	1,768	1,483	30	**5,169**	61	489	839
c. International	764	741	805	691	**3,002**	752	741	612	1	**2,106**	3	7	8
8. Average Daily Visitor Census (in thousands)													
a. Total State	238	233	252	245	**242**	248	239	213	9	**177**	20	70	103
b. Domestic	174	169	178	188	**177**	185	178	158	9	**133**	20	69	101
c. International	64	63	73	56	**64**	63	61	56	0	**45**	1	1	2
9. Honolulu CPIU (1982-84=100) 1/	279.0	279.0	280.7	280.7	**279.8**	282.5	282.5	285.1	285.1	**283.8**	286.9	286.9	289.0
10. State General Fund Tax Revenue (in millions)	$1,698	$1,655	$1,688	$2,101	**$7,142**	$1,852	$1,675	$1,791	$1,364	**$6,683**	$1,793	$1,454	$1,592
11. General Excise & Use Tax (in millions) 2/	$880	$846	$916	$898	**$3,541**	$923	$864	$971	$677	**$3,436**	$696	$694	$793
12. Individual Income Tax (in millions) 2/													
a. Net Individual Income Tax	$579	$577	$524	$888	**$2,569**	$659	$612	$560	$528	**$2,360**	$916	$593	$657
b. Declaration of Estimated Taxes	$114	$72	$140	$397	**$724**	$171	$67	$200	$146	**$585**	$361	$90	$214
c. Withholding Tax on Wages	$507	$523	$547	$525	**$2,102**	$528	$552	$572	$479	**$2,131**	$522	$524	$562
13. TAT (in millions) 2/	$158	$125	$167	$151	**$600**	$177	$142	$197	$47	**$564**	$14	$23	$60
14. Civilian Unemployment Rate (%)	2.5	2.6	2.7	2.6	**2.6**	2.5	2.1	2.0	19.4	**6.5**	14.5	11.2	9.1
15. Non-Agricultural Wage and Salary Jobs (in thousands)	652	666	657	658	**658**	653	666	660	515	**624**	516	537	547
16. Hotel Occupancy Rate (%)	80.1	76.4	80.5	80.3	**79.3**	82.8	79.6	70.6	12.9	**61.5**	20.7	21.9	32.3
17. Average Daily Hotel Room Rate	$273	$277	$291	$270	**$278**	$281	$288	$301	$140	**$253**	$160	$232	$265

1/ Semiannual data, if available, or the average of available bimonthly data.
2/ Beginning in FY 2020, reported collections for the individual income tax, the transient accommodations tax, and the general excise and use tax include revenue collections generated by the Special Enforcement Section of the Department of Taxation.
na - not available

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Table 4 (Cont.)
Economic Data (% Change)

	FY 2019					FY 2020					FY 2021		
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	**Annual**	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	**Annual**	Jul-Sep	Oct-Dec	Jan-Mar
1. U.S. GDP in Current Dollars	5.7%	4.9%	4.3%	3.8%	**4.7%**	3.8%	4.0%	2.1%	-8.5%	**0.3%**	-1.7%	-1.2%	2.3%
2. U.S. GDP Implicit Price Deflator (2012=100)	2.5%	2.3%	2.0%	1.8%	**2.1%**	1.7%	1.6%	1.8%	0.6%	**1.4%**	1.2%	1.3%	1.9%
3. Construction	16.9%	8.8%	3.8%	2.1%	**7.7%**	-5.6%	3.2%	3.7%	-3.8%	**-0.8%**	6.0%	-0.7%	na
4. Total Private Building Authorizations	2.9%	7.8%	8.7%	-27.0%	**-5.2%**	7.5%	19.0%	3.1%	-14.3%	**3.3%**	5.6%	-7.7%	2.3%
5. Total Wages	3.0%	3.9%	3.5%	3.1%	**3.4%**	3.7%	3.3%	3.1%	-12.0%	**-0.4%**	-12.4%	-4.4%	na
6. Total Personal Income	2.9%	3.1%	3.2%	2.8%	**3.0%**	2.8%	2.9%	2.3%	14.2%	**5.6%**	6.1%	0.8%	na
7. Visitor Arrivals by Air													
a. Total State	3.5%	2.8%	2.4%	6.1%	**3.7%**	6.3%	4.9%	-15.7%	-98.8%	**-27.0%**	-97.6%	-80.2%	-59.6%
b. Domestic	6.1%	6.5%	4.2%	9.3%	**6.6%**	9.8%	7.2%	-11.8%	-98.4%	**-25.8%**	-96.8%	-72.4%	-43.4%
c. International	-1.7%	-4.7%	-1.0%	-2.0%	**-2.4%**	-1.6%	-0.1%	-23.9%	-99.9%	**-29.8%**	-99.6%	-99.0%	-98.8%
8. Average Daily Visitor Census													
a. Total State	4.3%	1.9%	-0.3%	2.6%	**2.1%**	4.1%	2.7%	-15.1%	-96.2%	**-26.6%**	-91.8%	-70.7%	-51.6%
b. Domestic	5.2%	4.0%	0.8%	5.4%	**3.8%**	6.2%	5.3%	-11.3%	-95.2%	**-25.3%**	-89.4%	-61.5%	-35.8%
c. International	1.8%	-3.4%	-2.9%	-5.6%	**-2.4%**	-1.6%	-4.1%	-24.4%	-99.8%	**-30.3%**	-99.1%	-97.8%	-96.4%
9. Honolulu CPIU (1982-84=100) 1/	2.1%	2.1%	2.0%	2.0%	**2.0%**	1.3%	1.3%	1.6%	1.6%	**1.4%**	1.6%	1.6%	1.4%
10. State General Fund Tax Revenue	0.4%	8.6%	-1.3%	12.4%	**5.1%**	9.1%	1.2%	6.1%	-35.1%	**-6.4%**	-3.2%	-13.2%	-11.1%
11. General Excise & Use Tax 2/	-2.3%	6.5%	-4.5%	21.3%	**4.3%**	4.9%	2.1%	6.0%	-24.6%	**-3.0%**	-24.6%	-19.7%	-18.3%
12. Individual Income Tax 2/													
a. Net Individual Income Tax	7.4%	4.7%	3.1%	6.8%	**5.7%**	13.8%	6.1%	6.8%	-40.5%	**-8.1%**	38.9%	-3.1%	17.4%
b. Declaration of Estimated Taxes	-23.8%	-17.9%	-24.3%	43.6%	**3.5%**	49.4%	-6.9%	42.6%	-63.2%	**-19.3%**	111.6%	33.5%	6.9%
c. Withholding Tax on Wages	10.3%	5.1%	17.8%	-14.1%	**3.4%**	4.1%	5.6%	4.4%	-8.7%	**1.4%**	-1.2%	-5.1%	-1.6%
13. TAT 2/	16.4%	13.3%	6.9%	-1.5%	**8.2%**	12.5%	13.9%	17.9%	-68.5%	**-6.0%**	-92.1%	-83.5%	-69.4%
14. Civilian Unemployment Rate (change)	0.4	0.8	0.6	0.3	**0.5**	0.0	-0.5	-0.7	16.8	**3.9**	12.0	9.1	7.1
15. Non-Agricultural Wage and Salary Jobs	0.4%	0.6%	0.1%	-0.1%	**0.2%**	0.1%	0.0%	0.4%	-21.7%	**-5.3%**	-20.9%	-19.4%	-17.2%
16. Hotel Occupancy Rate (change)	-1.3	-2.2	-3.0	-0.8	**-1.9**	2.7	3.2	-9.9	-67.4	**-17.8**	-62.1	-57.7	-38.3
17. Average Daily Hotel Room Rate	4.6%	3.7%	-0.5%	1.1%	**2.1%**	2.8%	3.9%	3.5%	-48.3%	**-9.1%**	-42.9%	-19.7%	-12.1%

1/ Semiannual data, if available, or the average of available bimonthly data.
2/ Beginning in FY 2020, reported collections for the individual income tax, the transient accommodations tax, and the general excise and use tax include revenue collections generated by the Special Enforcement Section of the Department of Taxation.
na - not available

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Chart 1
COR General Fund Growth Rate Forecast Comparison: FY 2021 to FY 2027
Model 1

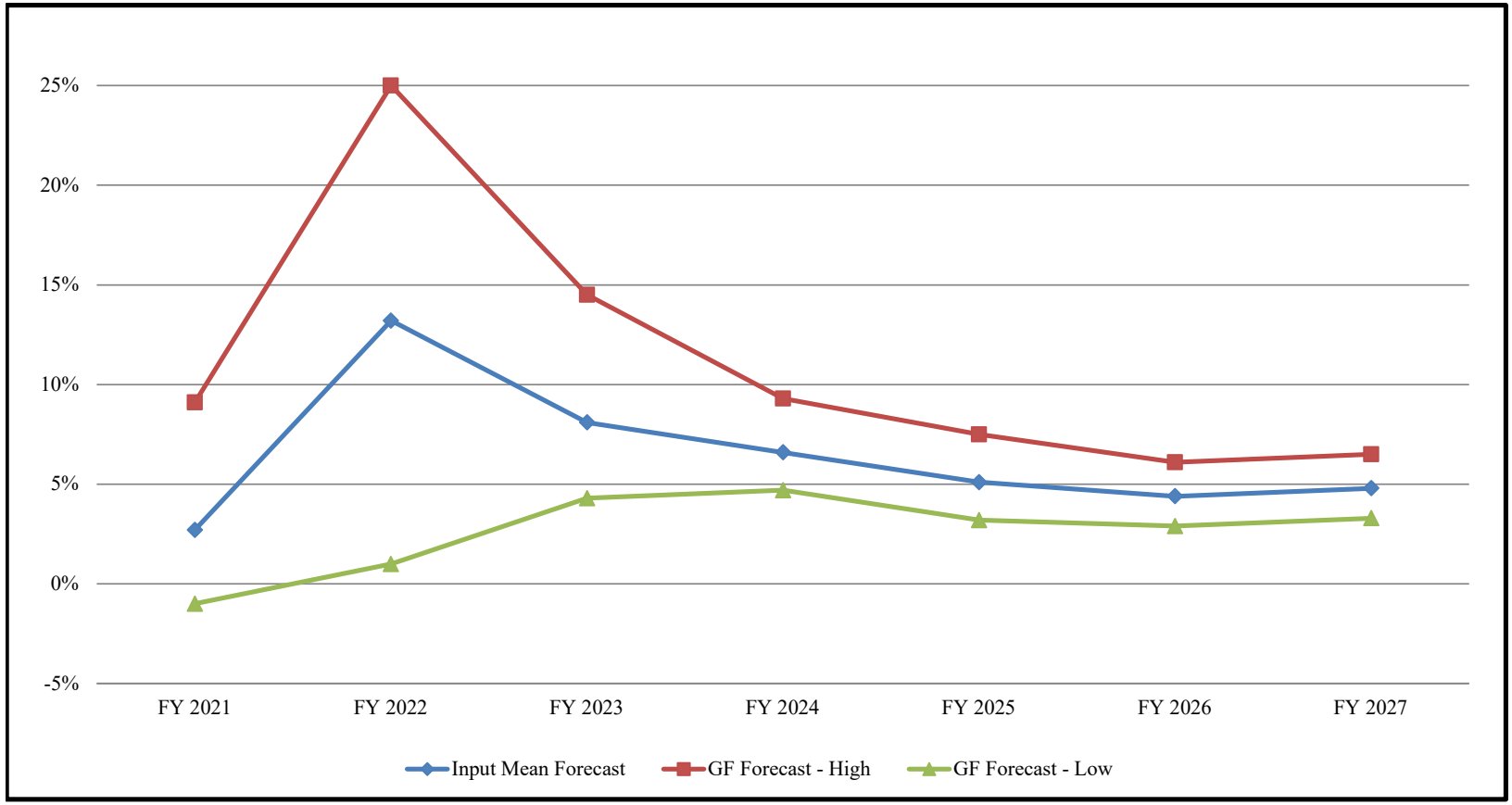

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Chart 2
COR General Fund Growth Rate Forecast Comparison: FY 2021 to FY 2027
Model 2 (UCLA Model)

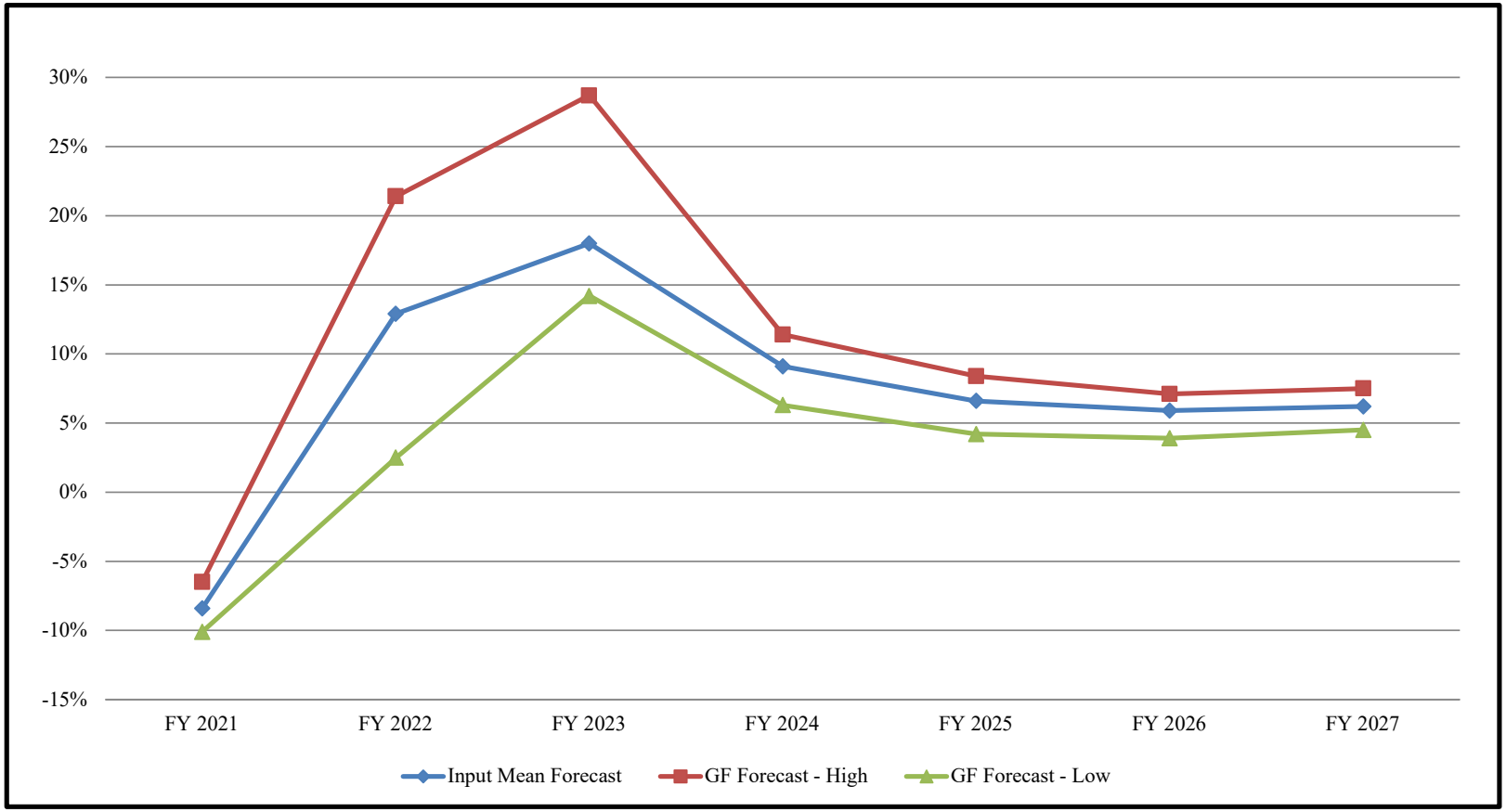

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Chart 3
COR General Fund Growth Rate Forecast Comparison: FY 2021 to FY 2027
Model 1 and Model 2 (UCLA Model)

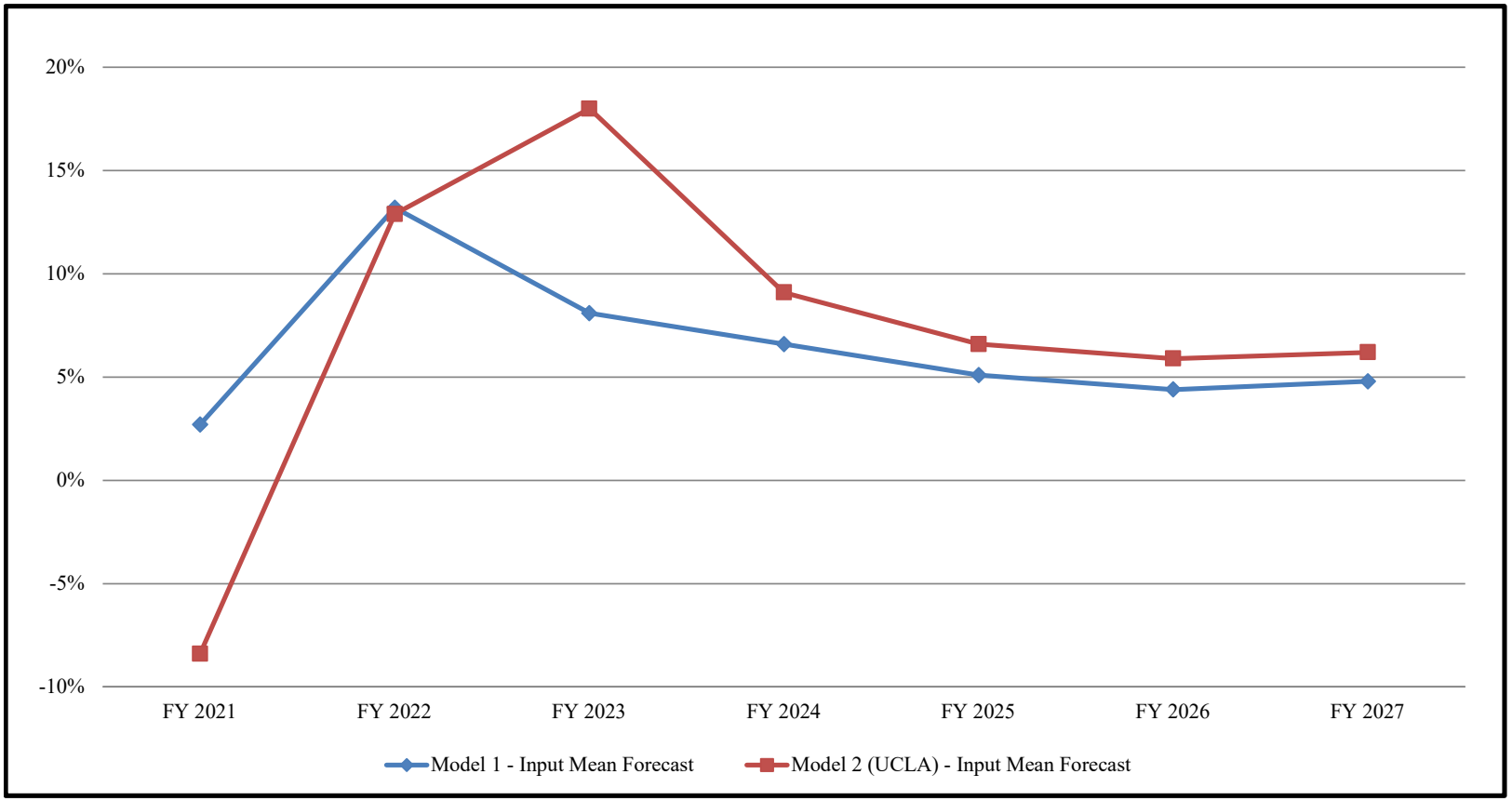

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Table 5A

ESTIMATES OF GENERAL FUND TAX REVENUE FROM THE MEETING OF MARCH 8, 2021: FY 2021 TO FY 2027

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

(in thousands of dollars)

	BASE		ESTIMATED						
TYPE OF TAX	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**
General Excise and Use Tax	$3,541,389	$3,429,459	$2,995,542	$3,499,006	$3,669,370	$3,780,601	$3,903,539	$4,025,269	$4,133,311
Individual Income Tax	2,568,114	2,359,003	2,640,953	2,473,866	2,471,985	2,521,883	2,564,315	2,626,676	2,673,983
Corporate Income Tax	163,676	8,407	181,906	104,314	96,931	124,492	137,859	150,155	206,054
Public Service Company Tax	126,691	134,639	136,917	140,317	144,535	149,087	154,614	160,402	166,407
Tax on Insurance Premiums	173,844	180,753	176,205	168,924	166,250	176,348	179,385	183,520	187,308
Cigarette and Tobacco Tax	74,526	74,858	73,899	75,886	77,622	79,814	81,725	83,652	85,516
Liquor Tax	51,913	50,674	29,705	48,467	56,757	61,173	65,464	69,043	72,204
Tax on Banks and Other Financial Corps.	24,808	33,271	37,153	39,138	41,486	56,314	59,768	62,297	64,684
Inheritance and Estate Tax	18,921	45,451	47,778	48,511	49,388	50,316	51,407	52,528	53,671
Conveyance Tax	41,165	22,746	25,126	23,536	23,265	23,709	24,556	25,725	26,811
Miscellaneous Taxes*	16,786	17,947	15,739	15,963	16,067	16,114	16,155	16,182	16,202
Transient Accommodations Tax	339,956	337,601	166,515	150,608	246,421	302,629	360,680	409,999	454,588
GENERAL FUND TOTAL	$7,141,790	$6,694,808	$6,527,438	$6,788,536	$7,060,077	$7,342,480	$7,599,467	$7,865,448	$8,140,739
GROWTH RATE	5.1%	-6.3%	-2.5%	4.0%	4.0%	4.0%	3.5%	3.5%	3.5%

* 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.

March 8, 2021

Table 5B

ESTIMATES OF GENERAL FUND TAX REVENUE FROM THE MEETING OF MARCH 8, 2021: FY 2021 TO FY 2027

BEFORE AND AFTER ADJUSTMENTS FOR CHANGES IN TAX LAWS

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

(in thousands of dollars)

	BASE		ESTIMATED						
TYPE OF TAX	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**
General Excise and Use Tax	$3,541,389	$3,429,459	$2,988,615	$3,491,586	$3,661,447	$3,772,067	$3,894,384	$4,015,484	$4,122,869
Individual Income Tax	2,568,114	2,640,561	2,362,995	2,472,966	2,471,185	2,487,883	2,527,080	2,585,276	2,629,083
Corporate Income Tax	163,676	35,114	153,099	95,414	86,031	110,592	124,759	133,655	140,354
Public Service Company Tax	126,691	134,639	136,917	140,317	144,535	149,087	154,614	160,402	166,407
Tax on Insurance Premiums	173,844	180,753	179,605	174,024	173,050	174,648	177,685	181,820	185,608
Cigarette and Tobacco Tax 1/	74,526	74,858	73,899	75,886	77,622	79,814	81,725	83,652	85,516
Liquor Tax	51,913	50,674	29,705	48,467	56,757	61,173	65,464	69,043	72,204
Tax on Banks and Other Financial Corps.	24,808	33,271	41,753	46,038	50,686	54,014	57,468	59,997	62,384
Inheritance and Estate Tax	18,921	45,451	45,878	46,511	47,288	48,116	49,107	50,128	51,171
Conveyance Tax 1/	41,165	22,746	25,126	23,536	23,265	23,709	24,556	25,725	26,811
Miscellaneous Taxes 2/	882	703	239	463	567	614	655	682	702
Transient Accommodations Tax 7/	600,309	560,624	184,517	371,731	473,969	534,117	594,310	645,897	692,560
UNADJUSTED TOTAL	$7,386,239	$7,208,852	$6,222,348	$6,986,939	$7,266,402	$7,495,834	$7,751,807	$8,011,761	$8,235,669
GROWTH RATE	5.2%	-2.4%	-13.7%	12.3%	4.0%	3.2%	3.4%	3.4%	2.8%
TYPE OF ADJUSTMENT	**ADJUSTMENTS**								
General Excise Tax adjustments 3/	-	-	6,927	7,420	7,923	8,534	9,155	9,785	10,442
Individual Income Tax adjustments 4/	-	(281,558)	277,958	900	800	34,000	37,235	41,400	44,900
Corporate Income Tax adjustments 5/	-	(26,707)	28,807	8,900	10,900	13,900	13,100	16,500	65,700
Miscellaneous Tax adjustments 6/	15,904	17,244	15,500	15,500	15,500	15,500	15,500	15,500	15,500
Transient Accommodations Tax adjustments 7/ 10/	(260,353)	(223,023)	(18,002)	(221,123)	(227,548)	(231,488)	(233,630)	(235,898)	(237,972)
Low-Income Housing Tax Credit 8/	-	-	(8,000)	(12,000)	(16,000)	4,000	4,000	4,000	4,000
Inheritance and Estate Tax adjustments 9/	-	-	1,900	2,000	2,100	2,200	2,300	2,400	2,500
GENERAL FUND TOTAL	$7,141,790	$6,694,808	$6,527,438	$6,788,536	$7,060,077	$7,342,480	$7,599,467	$7,865,448	$8,140,739
GROWTH RATE	5.1%	-6.3%	-2.5%	4.0%	4.0%	4.0%	3.5%	3.5%	3.5%

Notes:

1/ The figures on this line include the effects of changes in tax rates and/or in allocations to the General Fund.

2/ The figures on this line include penalty and interest charges and fees and license charges from various taxes.

3/ Act 54, SLH 2017, exempts certain affordable rental housing projects from general excise tax and use tax costs. The total amount of exemption is limited to $7 million/year starting July 1, 2018 through June 30, 2022. Act 39, SLH 2018, amends the tax exemption by increasing the total amount of exemption to $30 million/year and extending the exemption to June 30, 2030. The Act is effective July 1, 2018, and applies retroactively to taxable years 2018 and after. Act 41, SLH 2018, provides that remote sellers are subject to GET if they have $100,000 or more of gross income sourced to the State, or if they have 200 or more separate transactions in the State. The Act is effective July 1, 2018, and applies to taxable years 2018 and after. Act 2, SLH 2019, deems marketplace facilitators the sellers of tangible personal property, intangible personal property, and services sold through the marketplace. The Act also deems sales of tangible personal property and services by sellers to the marketplace facilitator to be sales at wholesale. The Act is effective January 1, 2020.

4/ Act 120, SLH 2015, provides a tax credit for converting cesspools to a septic system or connecting to a wastewater system. The tax credit expires December 31, 2020. Act 107, SLH 2017, contains three changes in tax law: 1) Reinstates the three tax rates and brackets for the highest-income taxpayers imposed by Act 60, SLH 2009, for taxable years beginning after December 31, 2017; 2) Establishes a state nonrefundable earned income tax credit (EITC) equal to 20 percent of the federal EITC. The tax credit applies to tax years 2018 through 2022; 3) Repeals the sunset date (December 31, 2017) for the amendments made to the food/excise tax credit by Act 223, SLH 2015. Act 27, SLH 2018, conforms income tax laws to the IRC, and applies to taxable years 2018 and after. Act 122, SLH 2018, increases the HARPTA withholding rate from 5% to 7.25%. The Act applies to dispositions on or after September 15, 2018. Act 261, SLH 2019, amends the tax credit for research activities. The Act establishes an annual aggregate cap of $5 million. The Act extends the tax credit from tax year 2020 through tax year 2024. $281.558M was subtracted from FY 2021 and added to FY 2020 to reflect the collections shift that occurred as a result of the delay in the 2019 tax filing deadline from April 2020 to July 2020.

5/ Act 89, SLH 2013, amends the motion picture, digital media, and film production tax credit by increasing the rates of the credit, increasing the credit cap per production, and extending the credit to January 1, 2019. Act 143, SLH 2017, amends the tax credit by limiting the total amount of credit to $35 million/year and extending the credit to January 1, 2026. Act 27, SLH 2018, conforms income tax laws to the IRC, and applies to taxable years 2018 and after. Act 260, SLH 2019, establishes a new ship repair industry tax credit. The tax credit expires December 31, 2026. The Act also repeals the capital infrastructure tax credit. The Act is effective January 1, 2020, and applies to taxable years beginning after December 31, 2021. Act 261, SLH 2019, amends the tax credit for research activities. The Act establishes an annual aggregate cap of $5 million. The Act extends the tax credit from tax year 2020 through tax year 2024. Act 275, SLH 2019, amends the motion picture, digital media, and film production income tax credit by increasing the credit annual aggregate cap from $35 million to $50 million. The Act is effective July 10, 2019, and applies to taxable years beginning after December 31, 2018. The tax credit expires December 31, 2025. $26.707M was subtracted from FY 2021 and added to FY 2020 to reflect the collections shift that occurred as a result of the delay in the 2019 tax filing deadline from April 2020 to July 2020.

6/ Act 73, SLH 2010, increases the environmental response tax from $0.05 per barrel to $1.05 per barrel from July 1, 2010 through June 30, 2015 and allocates part of the increase to the General Fund. Act 107, SLH 2014, reinstates the energy systems development special fund, and extends the higher tax rate and General Fund allocations until June 30, 2030. The econometric model estimates only the miscellaneous taxes and fees allocated to the General Fund.

7/ Act 1, SSLH 2017, increases the TAT rate from 9.25% to 10.25%, effective January 1, 2018, through December 31, 2030, and allocates the tax revenue generated from the increase to the Mass Transit Special Fund. The Act also increases the annual allocation to the counties from $93 million to $103 million, beginning with FY 2018. Act 86, SLH 2018, reduces the allocations of TAT to the Convention Center Special Fund from $26.5 million to $16.5 million and the Tourism Special Fund from $82 million to $79 million. The Act is effective July 1, 2018. Act 211, SLH 2018, imposes the TAT on transient accommodations booked at noncommissioned negotiated contract rates. The Act applies to taxable years 2019 and after. Act 20, SLH 2019, imposes the transient accommodations tax on resort fees and defines resort fees as "any mandatory charge or surcharge imposed by an operator, owner, or representative thereof to a transient for the use of the transient accommodation's property, services, or amenities." The Act is effective July 1, 2019.

8/ Act 129, SLH 2016, amends the low-income housing tax credit for buildings that become eligible for the tax credit after December 31, 2016 and before December 31, 2021. The amendment allows investors to take the State's tax credit over a period of only five years, instead of ten years, as under prior law. The credit affects collections mainly of the tax on insurance premiums and the tax on banks and other financial corps.

9/ Act 3, SLH 2019, establishes a new estate tax rate bracket for taxable estates exceeding $10 million. The new bracket is 20%. The Act is effective April 4, 2019, and applies to decedents dying after December 31, 2019.

10/ Governor Ige's Sixth Supplementary Proclamation temporarily suspended Section 237D-6.5(b), Hawaii Revised Statutes. The Section distributes part of the transient accommodations tax (TAT) to the counties and to various special funds. The forecast assumes that until the end of FY 2021, all TAT collections, with the exception of the special levy for Honolulu's rail project, go to the general fund.

March 8, 2021

Table 6A - Results from Model 1 and Model 3, and the Average of All Models

ESTIMATES OF GENERAL FUND TAX REVENUE: FY 2021 TO FY 2027

Results Based on Input Mean Forecasts (in thousands of dollars)

Model 1

	BASE		ESTIMATED						
TYPE OF TAX	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**
General Excise and Use Tax	$3,541,389	$3,429,459	$3,142,989	$3,916,501	$4,207,226	$4,410,852	$4,600,466	$4,772,155	$4,948,564
Individual Income Tax	2,568,114	2,359,003	2,773,541	2,836,048	3,027,189	3,233,575	3,408,886	3,571,149	3,733,280
Corporate Income Tax	163,676	8,407	182,029	130,157	132,832	168,297	174,585	181,199	231,758
Public Service Company Tax	126,691	134,639	139,970	145,487	151,378	157,317	163,348	169,933	177,029
Tax on Insurance Premiums	173,844	180,753	181,737	181,246	186,925	203,659	212,033	220,341	228,863
Cigarette and Tobacco Tax	74,526	74,858	74,609	76,848	78,784	81,006	83,067	85,056	86,979
Liquor Tax	51,913	50,674	32,958	59,304	67,872	71,953	75,444	78,367	81,420
Tax on Banks and Other Financial Corps.	24,808	33,271	37,153	39,138	41,971	57,150	61,176	63,887	66,549
Inheritance and Estate Tax	18,921	45,451	48,351	49,468	50,636	51,794	52,951	54,185	55,487
Conveyance Tax	41,165	22,746	26,709	27,061	29,216	31,685	35,634	40,898	46,440
Miscellaneous Taxes*	16,786	17,947	15,795	16,145	16,259	16,297	16,322	16,335	16,347
Transient Accommodations Tax	339,956	337,601	218,175	301,407	422,393	486,198	542,653	590,910	642,040
GENERAL FUND TOTAL	$7,141,790	$6,694,808	$6,874,016	$7,778,810	$8,412,681	$8,969,783	$9,426,565	$9,844,415	$10,314,756
GROWTH RATE	5.1%	-6.3%	2.7%	13.2%	8.1%	6.6%	5.1%	4.4%	4.8%

Model 3

SINGLE EQUATION	$7,141,790	$6,694,808	$6,500,127	$8,421,910	$8,484,372	$8,931,472	$9,402,605	$9,823,457	$10,300,107
GROWTH RATE	5.1%	-6.3%	-2.9%	29.6%	0.7%	5.3%	5.3%	4.5%	4.9%

Average for All Models (Models 1, 2 and 3)

AVERAGE FOR ALL MODELS	$7,141,790	$6,694,808	$6,502,525	$7,708,512	$8,357,012	$8,940,377	$9,446,935	$9,912,713	$10,435,636
GROWTH RATE	5.1%	-6.3%	-2.9%	18.5%	8.4%	7.0%	5.7%	4.9%	5.3%

* 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.

May 25, 2021

Table 6B - Results from Model 2 (UCLA Model)

ESTIMATES OF GENERAL FUND TAX REVENUE: FY 2021 TO FY 2027

Results Based on Input Mean Forecasts (in thousands of dollars)

	BASE		ESTIMATED						
TYPE OF TAX	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**
General Excise and Use Tax	$3,541,389	$3,429,459	$2,848,077	$3,650,482	$3,988,864	$4,216,346	$4,427,125	$4,621,027	$4,822,047
Individual Income Tax	2,568,114	2,359,003	2,410,112	2,258,608	2,991,526	3,382,551	3,670,369	3,948,578	4,232,822
Corporate Income Tax	163,676	8,407	99,785	119,622	148,158	163,921	171,512	180,750	236,023
Public Service Company Tax	126,691	134,639	139,970	145,487	151,378	157,317	163,348	169,933	177,029
Tax on Insurance Premiums	173,844	180,753	181,737	181,246	186,925	203,659	212,033	220,341	228,863
Cigarette and Tobacco Tax	74,526	74,858	74,609	76,848	78,784	81,006	83,067	85,056	86,979
Liquor Tax	51,913	50,674	32,958	59,304	67,872	71,953	75,444	78,367	81,420
Tax on Banks and Other Financial Corps.	24,808	33,271	37,153	39,138	41,971	57,150	61,176	63,887	66,549
Inheritance and Estate Tax	18,921	45,451	48,351	49,468	50,636	51,794	52,951	54,185	55,487
Conveyance Tax	41,165	22,746	26,709	27,061	29,216	31,685	35,634	40,898	46,440
Miscellaneous Taxes*	16,786	17,947	15,795	16,145	16,259	16,297	16,322	16,335	16,347
Transient Accommodations Tax	339,956	337,601	218,175	301,407	422,393	486,198	542,653	590,910	642,040
GENERAL FUND TOTAL	$7,141,790	$6,694,808	$6,133,431	$6,924,816	$8,173,982	$8,919,877	$9,511,634	$10,070,267	$10,692,046
GROWTH RATE	5.1%	-6.3%	-8.4%	12.9%	18.0%	9.1%	6.6%	5.9%	6.2%

* 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.

May 25, 2021

Table 6AA - Results from Model 1

ESTIMATES OF GENERAL FUND TAX REVENUE BEFORE AND AFTER ADJUSTMENTS FOR CHANGES IN TAX LAWS: FY 2021 to FY 2027

Results Based on Input Mean Forecasts (in thousands of dollars)

	BASE		ESTIMATED						
TYPE OF TAX	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**
General Excise and Use Tax	$3,541,389	$3,429,459	$3,136,062	$3,909,081	$4,199,303	$4,402,318	$4,591,311	$4,762,370	$4,938,122
Individual Income Tax	2,568,114	2,640,561	2,495,583	2,835,148	3,026,389	3,199,575	3,371,651	3,529,749	3,688,380
Corporate Income Tax	163,676	35,114	153,222	121,257	121,932	154,397	161,485	164,699	166,058
Public Service Company Tax	126,691	134,639	139,970	145,487	151,378	157,317	163,348	169,933	177,029
Tax on Insurance Premiums	173,844	180,753	185,137	186,346	193,725	201,959	210,333	218,641	227,163
Cigarette and Tobacco Tax 1/	74,526	74,858	74,609	76,848	78,784	81,006	83,067	85,056	86,979
Liquor Tax	51,913	50,674	32,958	59,304	67,872	71,953	75,444	78,367	81,420
Tax on Banks and Other Financial Corps.	24,808	33,271	41,753	46,038	51,171	54,850	58,876	61,587	64,249
Inheritance and Estate Tax	18,921	45,451	46,451	47,468	48,536	49,594	50,651	51,785	52,987
Conveyance Tax 1/	41,165	22,746	26,709	27,061	29,216	31,685	35,634	40,898	46,440
Miscellaneous Taxes 2/	882	703	295	645	759	797	822	835	847
Transient Accommodations Tax 7/	600,309	560,624	241,762	558,937	693,003	763,706	826,264	879,738	936,396
UNADJUSTED TOTAL	$7,386,239	$7,208,852	$6,574,511	$8,013,620	$8,662,068	$9,169,157	$9,628,886	$10,043,658	$10,466,070
GROWTH RATE	5.2%	-2.4%	-8.8%	21.9%	8.1%	5.9%	5.0%	4.3%	4.2%
TYPE OF ADJUSTMENT					**ADJUSTMENTS**				
General Excise Tax adjustments 3/	-	-	6,927	7,420	7,923	8,534	9,155	9,785	10,442
Individual Income Tax adjustments 4/	-	(281,558)	277,958	900	800	34,000	37,235	41,400	44,900
Corporate Income Tax adjustments 5/	-	(26,707)	28,807	8,900	10,900	13,900	13,100	16,500	65,700
Miscellaneous Tax adjustments 6/	15,904	17,244	15,500	15,500	15,500	15,500	15,500	15,500	15,500
Transient Accommodations Tax adjustments 7/ 10/	(260,353)	(223,023)	(23,587)	(257,530)	(270,610)	(277,508)	(283,611)	(288,828)	(294,356)
Low-Income Housing Tax Credit 8/	-	-	(8,000)	(12,000)	(16,000)	4,000	4,000	4,000	4,000
Inheritance and Estate Tax adjustments 9/	-	-	1,900	2,000	2,100	2,200	2,300	2,400	2,500
GENERAL FUND TOTAL	$7,141,790	$6,694,808	$6,874,016	$7,778,810	$8,412,681	$8,969,783	$9,426,565	$9,844,415	$10,314,756
GROWTH RATE	5.1%	-6.3%	2.7%	13.2%	8.1%	6.6%	5.1%	4.4%	4.8%

Notes:

1/ The figures on this line include the effects of changes in tax rates and/or in allocations to the General Fund.

2/ The figures on this line include penalty and interest charges and fees and license charges from various taxes.

3/ Act 54, SLH 2017, exempts certain affordable rental housing projects from general excise tax and use tax costs. The total amount of exemption is limited to $7 million/year starting July 1, 2018 through June 30, 2022. Act 39, SLH 2018, amends the tax exemption by increasing the total amount of exemption to $30 million/year and extending the exemption to June 30, 2030. The Act is effective July 1, 2018, and applies retroactively to taxable years 2018 and after. Act 41, SLH 2018, provides that remote sellers are subject to GET if they have $100,000 or more of gross income sourced to the State, or if they have 200 or more separate transactions in the State. The Act is effective July 1, 2018, and applies to taxable years 2018 and after. Act 2, SLH 2019, deems marketplace facilitators the sellers of tangible personal property, intangible personal property, and services sold through the marketplace. The Act also deems sales of tangible personal property and services by sellers to the marketplace facilitator to be sales at wholesale. The Act is effective January 1, 2020.

4/ Act 120, SLH 2015, provides a tax credit for converting cesspools to a septic system or connecting to a wastewater system. The tax credit expires December 31, 2020. Act 107, SLH 2017, contains three changes in tax law: 1) Reinstates the three tax rates and brackets for the highest-income taxpayers imposed by Act 60, SLH 2009, for taxable years beginning after December 31, 2017; 2) Establishes a state nonrefundable earned income tax credit (EITC) equal to 20 percent of the federal EITC. The tax credit applies to tax years 2018 through 2022; 3) Repeals the sunset date (December 31, 2017) for the amendments made to the food/excise tax credit by Act 223, SLH 2015. Act 27, SLH 2018, conforms income tax laws to the IRC, and applies to taxable years 2018 and after. Act 122, SLH 2018, increases the HARPTA withholding rate from 5% to 7.25%. The Act applies to dispositions on or after September 15, 2018. Act 261, SLH 2019, amends the tax credit for research activities. The Act establishes an annual aggregate cap of $5 million. The Act extends the tax credit from tax year 2020 through tax year 2024. $281.558M was subtracted from FY 2021 and added to FY 2020 to reflect the collections shift that occurred as a result of the delay in the 2019 tax filing deadline from April 2020 to July 2020.

5/ Act 89, SLH 2013, amends the motion picture, digital media, and film production tax credit by increasing the rates of the credit, increasing the credit cap per production, and extending the credit to January 1, 2019. Act 143, SLH 2017, amends the tax credit by limiting the total amount of credit to $35 million/year and extending the credit to January 1, 2026. Act 27, SLH 2018, conforms income tax laws to the IRC, and applies to taxable years 2018 and after. Act 260, SLH 2019, establishes a new ship repair industry tax credit. The tax credit expires December 31, 2026. The Act also repeals the capital infrastructure tax credit. The Act is effective January 1, 2020, and applies to taxable years beginning after December 31, 2021. Act 261, SLH 2019, amends the tax credit for research activities. The Act establishes an annual aggregate cap of $5 million. The Act extends the tax credit from tax year 2020 through tax year 2024. Act 275, SLH 2019, amends the motion picture, digital media, and film production income tax credit by increasing the credit annual aggregate cap from $35 million to $50 million. The Act is effective July 10, 2019, and applies to taxable years beginning after December 31, 2018. The tax credit expires December 31, 2025. $26.707M was subtracted from FY 2021 and added to FY 2020 to reflect the collections shift that occurred as a result of the delay in the 2019 tax filing deadline from April 2020 to July 2020.

6/ Act 73, SLH 2010, increases the environmental response tax from $0.05 per barrel to $1.05 per barrel from July 1, 2010 through June 30, 2015 and allocates part of the increase to the General Fund. Act 107, SLH 2014, reinstates the energy systems development special fund, and extends the higher tax rate and General Fund allocations until June 30, 2030. The econometric model estimates only the miscellaneous taxes and fees allocated to the General Fund.

7/ Act 1, SSLH 2017, increases the TAT rate from 9.25% to 10.25%, effective January 1, 2018, through December 31, 2030, and allocates the tax revenue generated from the increase to the Mass Transit Special Fund. The Act also increases the annual allocation to the counties from $93 million to $103 million, beginning with FY 2018. Act 86, SLH 2018, reduces the allocations of TAT to the Convention Center Special Fund from $26.5 million to $16.5 million and the Tourism Special Fund from $82 million to $79 million. The Act is effective July 1, 2018. Act 211, SLH 2018, imposes the TAT on transient accommodations booked at noncommissioned negotiated contract rates. The Act applies to taxable years 2019 and after. Act 20, SLH 2019, imposes the transient accommodations tax on resort fees and defines resort fees as "any mandatory charge or surcharge imposed by an operator, owner, or representative thereof to a transient for the use of the transient accommodation's property, services, or amenities." The Act is effective July 1, 2019.

8/ Act 129, SLH 2016, amends the low-income housing tax credit for buildings that become eligible for the tax credit after December 31, 2016 and before December 31, 2021. The amendment allows investors to take the State's tax credit over a period of only five years, instead of ten years, as under prior law. The credit affects collections mainly of the tax on insurance premiums and the tax on banks and other financial corps.

9/ Act 3, SLH 2019, establishes a new estate tax rate bracket for taxable estates exceeding $10 million. The new bracket is 20%. The Act is effective April 4, 2019, and applies to decedents dying after December 31, 2019.

10/ Governor Ige's Sixth Supplementary Proclamation temporarily suspended Section 237D-6.5(b), Hawaii Revised Statutes. The Section distributes part of the transient accommodations tax (TAT) to the counties and to various special funds. The forecast assumes that until the end of FY 2021, all TAT collections, with the exception of the special levy for Honolulu's rail project, go to the general fund.

May 25, 2021

Table 6BB - Results from Model 2 (UCLA Model)

ESTIMATES OF GENERAL FUND TAX REVENUE BEFORE AND AFTER ADJUSTMENTS FOR CHANGES IN TAX LAWS: FY 2021 to FY 2027

Results Based on Input Mean Forecasts (in thousands of dollars)

	BASE		ESTIMATED						
TYPE OF TAX	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**
General Excise and Use Tax	$3,541,389	$3,429,459	$2,841,150	$3,643,062	$3,980,941	$4,207,812	$4,417,970	$4,611,242	$4,811,605
Individual Income Tax	2,568,114	2,640,561	2,132,154	2,257,708	2,990,726	3,348,551	3,633,134	3,907,178	4,187,922
Corporate Income Tax	163,676	35,114	70,978	110,722	137,258	150,021	158,412	164,250	170,323
Public Service Company Tax	126,691	134,639	139,970	145,487	151,378	157,317	163,348	169,933	177,029
Tax on Insurance Premiums	173,844	180,753	185,137	186,346	193,725	201,959	210,333	218,641	227,163
Cigarette and Tobacco Tax 1/	74,526	74,858	74,609	76,848	78,784	81,006	83,067	85,056	86,979
Liquor Tax	51,913	50,674	32,958	59,304	67,872	71,953	75,444	78,367	81,420
Tax on Banks and Other Financial Corps.	24,808	33,271	41,753	46,038	51,171	54,850	58,876	61,587	64,249
Inheritance and Estate Tax	18,921	45,451	46,451	47,468	48,536	49,594	50,651	51,785	52,987
Conveyance Tax 1/	41,165	22,746	26,709	27,061	29,216	31,685	35,634	40,898	46,440
Miscellaneous Taxes 2/	882	703	295	645	759	797	822	835	847
Transient Accommodations Tax 7/	600,309	560,624	241,762	558,937	693,003	763,706	826,264	879,738	936,396
UNADJUSTED TOTAL	$7,386,239	$7,208,852	$5,833,926	$7,159,626	$8,423,369	$9,119,251	$9,713,955	$10,269,510	$10,843,360
GROWTH RATE	5.2%	-2.4%	-19.1%	22.7%	17.7%	8.3%	6.5%	5.7%	5.6%
TYPE OF ADJUSTMENT					**ADJUSTMENTS**				
General Excise Tax adjustments 3/	-	-	6,927	7,420	7,923	8,534	9,155	9,785	10,442
Individual Income Tax adjustments 4/	-	(281,558)	277,958	900	800	34,000	37,235	41,400	44,900
Corporate Income Tax adjustments 5/	-	(26,707)	28,807	8,900	10,900	13,900	13,100	16,500	65,700
Miscellaneous Tax adjustments 6/	15,904	17,244	15,500	15,500	15,500	15,500	15,500	15,500	15,500
Transient Accommodations Tax adjustments 7/ 10/	(260,353)	(223,023)	(23,587)	(257,530)	(270,610)	(277,508)	(283,611)	(288,828)	(294,356)
Low-Income Housing Tax Credit 8/	-	-	(8,000)	(12,000)	(16,000)	4,000	4,000	4,000	4,000
Inheritance and Estate Tax adjustments 9/	-	-	1,900	2,000	2,100	2,200	2,300	2,400	2,500
GENERAL FUND TOTAL	$7,141,790	$6,694,808	$6,133,431	$6,924,816	$8,173,982	$8,919,877	$9,511,634	$10,070,267	$10,692,046
GROWTH RATE	5.1%	-6.3%	-8.4%	12.9%	18.0%	9.1%	6.6%	5.9%	6.2%

Notes:

1/ The figures on this line include the effects of changes in tax rates and/or in allocations to the General Fund.

2/ The figures on this line include penalty and interest charges and fees and license charges from various taxes.

3/ Act 54, SLH 2017, exempts certain affordable rental housing projects from general excise tax and use tax costs. The total amount of exemption is limited to $7 million/year starting July 1, 2018 through June 30, 2022. Act 39, SLH 2018, amends the tax exemption by increasing the total amount of exemption to $30 million/year and extending the exemption to June 30, 2030. The Act is effective July 1, 2018, and applies retroactively to taxable years 2018 and after. Act 41, SLH 2018, provides that remote sellers are subject to GET if they have $100,000 or more of gross income sourced to the State, or if they have 200 or more separate transactions in the State. The Act is effective July 1, 2018, and applies to taxable years 2018 and after. Act 2, SLH 2019, deems marketplace facilitators the sellers of tangible personal property, intangible personal property, and services sold through the marketplace. The Act also deems sales of tangible personal property and services by sellers to the marketplace facilitator to be sales at wholesale. The Act is effective January 1, 2020.

4/ Act 120, SLH 2015, provides a tax credit for converting cesspools to a septic system or connecting to a wastewater system. The tax credit expires December 31, 2020. Act 107, SLH 2017, contains three changes in tax law: 1) Reinstates the three tax rates and brackets for the highest-income taxpayers imposed by Act 60, SLH 2009, for taxable years beginning after December 31, 2017; 2) Establishes a state nonrefundable earned income tax credit (EITC) equal to 20 percent of the federal EITC. The tax credit applies to tax years 2018 through 2022; 3) Repeals the sunset date (December 31, 2017) for the amendments made to the food/excise tax credit by Act 223, SLH 2015. Act 27, SLH 2018, conforms income tax laws to the IRC, and applies to taxable years 2018 and after. Act 122, SLH 2018, increases the HARPTA withholding rate from 5% to 7.25%. The Act applies to dispositions on or after September 15, 2018. Act 261, SLH 2019, amends the tax credit for research activities. The Act establishes an annual aggregate cap of $5 million. The Act extends the tax credit from tax year 2020 through tax year 2024. $281.558M was subtracted from FY 2021 and added to FY 2020 to reflect the collections shift that occurred as a result of the delay in the 2019 tax filing deadline from April 2020 to July 2020.

5/ Act 89, SLH 2013, amends the motion picture, digital media, and film production tax credit by increasing the rates of the credit, increasing the credit cap per production, and extending the credit to January 1, 2019. Act 143, SLH 2017, amends the tax credit by limiting the total amount of credit to $35 million/year and extending the credit to January 1, 2026. Act 27, SLH 2018, conforms income tax laws to the IRC, and applies to taxable years 2018 and after. Act 260, SLH 2019, establishes a new ship repair industry tax credit. The tax credit expires December 31, 2026. The Act also repeals the capital infrastructure tax credit. The Act is effective January 1, 2020, and applies to taxable years beginning after December 31, 2021. Act 261, SLH 2019, amends the tax credit for research activities. The Act establishes an annual aggregate cap of $5 million. The Act extends the tax credit from tax year 2020 through tax year 2024. Act 275, SLH 2019, amends the motion picture, digital media, and film production income tax credit by increasing the credit annual aggregate cap from $35 million to $50 million. The Act is effective July 10, 2019, and applies to taxable years beginning after December 31, 2018. The tax credit expires December 31, 2025. $26.707M was subtracted from FY 2021 and added to FY 2020 to reflect the collections shift that occurred as a result of the delay in the 2019 tax filing deadline from April 2020 to July 2020.

6/ Act 73, SLH 2010, increases the environmental response tax from $0.05 per barrel to $1.05 per barrel from July 1, 2010 through June 30, 2015 and allocates part of the increase to the General Fund. Act 107, SLH 2014, reinstates the energy systems development special fund, and extends the higher tax rate and General Fund allocations until June 30, 2030. The econometric model estimates only the miscellaneous taxes and fees allocated to the General Fund.

7/ Act 1, SSLH 2017, increases the TAT rate from 9.25% to 10.25%, effective January 1, 2018, through December 31, 2030, and allocates the tax revenue generated from the increase to the Mass Transit Special Fund. The Act also increases the annual allocation to the counties from $93 million to $103 million, beginning with FY 2018. Act 86, SLH 2018, reduces the allocations of TAT to the Convention Center Special Fund from $26.5 million to $16.5 million and the Tourism Special Fund from $82 million to $79 million. The Act is effective July 1, 2018. Act 211, SLH 2018, imposes the TAT on transient accommodations booked at noncommissioned negotiated contract rates. The Act applies to taxable years 2019 and after. Act 20, SLH 2019, imposes the transient accommodations tax on resort fees and defines resort fees as "any mandatory charge or surcharge imposed by an operator, owner, or representative thereof to a transient for the use of the transient accommodation's property, services, or amenities." The Act is effective July 1, 2019.

8/ Act 129, SLH 2016, amends the low-income housing tax credit for buildings that become eligible for the tax credit after December 31, 2016 and before December 31, 2021. The amendment allows investors to take the State's tax credit over a period of only five years, instead of ten years, as under prior law. The credit affects collections mainly of the tax on insurance premiums and the tax on banks and other financial corps.

9/ Act 3, SLH 2019, establishes a new estate tax rate bracket for taxable estates exceeding $10 million. The new bracket is 20%. The Act is effective April 4, 2019, and applies to decedents dying after December 31, 2019.

10/ Governor Ige's Sixth Supplementary Proclamation temporarily suspended Section 237D-6.5(b), Hawaii Revised Statutes. The Section distributes part of the transient accommodations tax (TAT) to the counties and to various special funds. The forecast assumes that until the end of FY 2021, all TAT collections, with the exception of the special levy for Honolulu's rail project, go to the general fund.

May 25, 2021

Table 7

GENERAL FUND TAX REVENUES COMPARISON
COR FORECASTS VS. BASE: FY 2011 TO FY 2020

Fiscal Year	Meeting:	September	January	March	May
2011	Forecast	2.0%	3.0%	0.5%	-1.6%
	Base	-0.8%	-0.8%	-0.8%	-0.8%
	Difference	**2.8%**	**3.8%**	**1.3%**	**-0.8%**
2012	Forecast	14.5%	11.5%	12.0%	12.0%
	Base	15.0%	15.0%	15.0%	15.0%
	Difference	**-0.5%**	**-3.5%**	**-3.0%**	**-3.0%**
2013	Forecast	4.9%	5.1%	6.7%	6.7%
	Base	9.9%	9.9%	9.9%	9.9%
	Difference	**-5.0%**	**-4.8%**	**-3.2%**	**-3.2%**
2014	Forecast	4.1%	3.3%	0.0%	-0.4%
	Base	-1.8%	-1.8%	-1.8%	-1.8%
	Difference	**5.9%**	**5.1%**	**1.8%**	**1.4%**
2015	Forecast	3.5%	4.5%	5.5%	7.5%
	Base	6.8%	6.8%	6.8%	6.8%
	Difference	**-3.3%**	**-2.3%**	**-1.3%**	**0.7%**
2016	Forecast	6.0%	6.7%	6.7%	6.1%
	Base	8.0%	8.0%	8.0%	8.0%
	Difference	**-2.0%**	**-1.3%**	**-1.3%**	**-1.9%**
2017	Forecast	5.5%	3.0%	2.5%	2.5%
	Base	2.0%	2.0%	2.0%	2.0%
	Difference	**3.5%**	**1.0%**	**0.5%**	**0.5%**
2018	Forecast	4.3%	4.5%	5.3%	7.3%
	Base	7.6%	7.6%	7.6%	7.6%
	Difference	**-3.3%**	**-3.1%**	**-2.3%**	**-0.3%**
2019	Forecast	5.0%	4.2%	3.0%	4.7%
	Base	5.1%	5.1%	5.1%	5.1%
	Difference	**-0.1%**	**-0.9%**	**-2.1%**	**-0.4%**
2020	Forecast	4.1%	4.1%	3.8%	-7.0%
	Base	-6.3%	-6.3%	-6.3%	-6.3%
	Difference	**10.4%**	**10.4%**	**10.1%**	**-0.7%**