

COUNCIL ON REVENUES

Total Personal Income Meeting Minutes Monday, August 2, 2021

Virtual Meeting
Meeting was held virtually and video [recorded](#).

Monday, August 2, 2021
2:00 p.m.

PRESENT:

Council Members:

Kurt Kawafuchi, (Chair), Marilyn Niwao (Vice-Chair), Carl Bonham,
Jack Suyderhoud, Kristi Maynard, Scott Hayashi and Wendell Lee

Staff Members:

Department of Taxation: Director Isaac Choy, Seth Colby, Yvonne Chow,
Dongliang Wu, and Roderick Tuliao

CALL TO ORDER:

The Chair called the meeting to order at 2:02 p.m. A quorum was present.

COMMUNICATIONS TO THE COUNCIL AND PUBLIC COMMENT:

Chair Kawafuchi asked if there was any communication to the Council on Revenues (the Council). There were no communications to the Council and no public comment.

APPROVED MINUTES OF THE MEETING OF MAY 25, 2021:

Chair Kawafuchi called for a motion to approve the minutes. Mr. Hayashi moved to approve the minutes. Dr. Suyderhoud seconded.

It was moved by Mr. Hayashi and seconded by Dr. Suyderhoud that the minutes of the May 25th meeting be accepted. The Chair called for the vote, and the motion passed with the following votes:

Kurt Kawafuchi	Yes
Carl S. Bonham	Yes
Jack P. Suyderhoud	Yes
Kristi L. Maynard	Yes
Scott W. Hayashi	Yes

DISCUSSION AND VOTE ON TOTAL PERSONAL INCOME FORECAST FOR CY2021:

Dr. Bonham lead the discussion for the TPI Forecast by asking Dr. Colby to provide the Council's current forecast for CY2021.

Dr. Colby stated that the Council's forecast was -4.0% for CY2021.

Dr. Bonham noted that there was a growth rate of 16.4% in the first quarter for year over year which was extremely high due to transfer payments and direct payments to households that continued.

Ms. Maynard stated that in general the Council thought that 2020 was artificially high because of all the transfer payments and asked if there was any way to get a feeling for how much of the 16.4% was transfer payments.

Dr. Bonham explained that the forecast was made in October of 2020 before the election and two rounds of additional federal fiscal stimulus.

Dr. Bonham said the 2021 TPI forecast for nominal personal income of 1.2% from the Council's forecast was not unreasonable but believes it will be a little higher.

Dr. Colby asked if the increase in the child tax credits and EITC was included in the transfer receipts figure

Ms. Niwao does not think that the child tax credits would be considered part of the personal income calculation because it is basically an advance for their taxes.

Dr. Suyderhoud asked how much of this is a timing issue in a sense that it pushes up the benefits of the credit earlier in the year.

Dr. Colby said that the increase in the EITC and Child Tax Credit represent additional funds for fiscal transfers. They would likely be received during the tax year rather than when the tax returns are filed, bringing forward these transfer payments into calendar year 2021.

Dr. Bonham confirmed that child tax credits is counted in transfer payments. Dr Bonham also suggested 1.5% - 2.0% for CY2021.

Ms. Maynard agreed that it makes sense to change the forecast and to be more optimistic for CY2021.

Mr. Hayashi commented and agreed that 1.5% might be a reasonable number for CY2021.

Mr. Lee asked if increased wages was factored in when predicting inflation at 3.0%.

Dr. Bonham responded by stating that right now there is very little evidence of wage growth.

Ms. Maynard commented that if employers increased cost there would have to be adjustments every prices and profits will be lower.

Mr. Hayashi asked Dr. Colby if the State factors remote work into Total Personal Income wages or is it excluded because they are from another state.

Dr. Colby responded that residents that declare residency would be included.

Ms. Niwao expressed a preference for the lower 1.5% figure due to her concerns about the COVID Delta variant that was beginning to surge through the community and based upon some of the issues presented earlier.

It was moved by Dr. Bonham and seconded by Dr. Suyderhoud that the Total Personal Income Revenue forecast be 2.0% growth rate for CY2021. The Chair called for the vote, and the motion passed with the following votes:

Kurt Kawafuchi	Yes
Marilyn Niwao	No
Carl S. Bonham	Yes
Jack P. Suyderhoud	Yes
Kristi L. Maynard	Yes
Scott W. Hayashi	Yes
Wendell K. Lee	Yes

DISCUSSION AND VOTE FOR ON TOTAL PERSONAL INCOME FORECAST FOR CY2022:

Dr. Bonham opened the discussion with -2.0% for CY2022.

Mr. Hayashi asked if -2.0% is reasonable.

Dr. Bonham stated that the UCLA forecast is -5.0% but does not have any growth in wages.

Mr. Lee shared that if the infrastructure comes in and hits the back end of 2022 it might start ticking up in 2023 which would help mitigate the -2.0% decrease.

Dr. Suyderhoud stated that the Council should also consider the return of international tourism.

Mr. Hayashi asked that with HTA changing its focus for more quality tourists is it reasonable to think that the number of tourists will increase or will spending also increase.

Dr. Bonham responded that the plans that HTA is working should not affect 2021.

It was moved by Dr. Bonham and seconded by Dr. Suyderhoud that the Total Personal Income Revenue forecast be -2.0% growth rate for CY2022. The Chair called for the vote, and the motion passed with the following votes:

Kurt Kawafuchi	Yes
Marilyn Niwao	Yes
Carl S. Bonham	Yes
Jack P. Suyderhoud	Yes
Kristi L. Maynard	Yes
Scott W. Hayashi	Yes
Wendell K. Lee	Yes

NEXT MEETING:

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The Council tentatively agreed to meet on Tuesday, September 7, 2021 at 2 p.m.

ADJOURNMENT:

The meeting adjourned at 3:03 p.m.