

COUNCIL ON REVENUES

Total Personal Income Meeting Minutes Wednesday, November 1, 2023

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

Wednesday, November 1, 2023
2:00 p.m.

PRESENT:

Council Members:

Kurt Kawafuchi (Chair), Kristi Maynard (Vice-Chair), Wendell Lee, Scott Hayashi, Regina Ostergaard-Klem, and Mike Hamasu

Staff Members:

Department of Taxation: Director Gary Suganuma, Deputy Kristen Sakamoto, Seth Colby, Baybars Karacaovali, Dongliang Wu, and Roderick Tuliao

CALL TO ORDER:

The Chair called the meeting to order at 2:01 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 SEPTEMBER 7, 2023:

Chair Kawafuchi called for a motion to approve the minutes. Ms. Maynard moved to approve the minutes. Mr. Hayashi seconded.

It was moved by Ms. Maynard and seconded by Mr. Hayashi that the minutes of the September 7th meeting be accepted. The Chair called for the vote, and the motion passed with the following votes:

Kurt Kawafuchi	Yes
Kristi L. Maynard	Yes
Scott W. Hayashi	Yes
Wendell Lee	Yes
Regina Ostergaard-Klem	Yes
Mike Hamasu	Yes

**DISCUSSION AND VOTE ON TOTAL PERSONAL INCOME FORECAST FOR
CY2023:**

Mr. Kawafuchi started the discussion by asking Dr. Colby to give a brief summary of Total Personal Income forecast for the Council's new members.

Dr. Colby stated that the constitution has a stipulation that spending cannot increase any faster than the average of the total personal income over several years.

Dr. Colby said that the Council is tasked with forecasting the total personal income so that the State knows if it will breach the ceiling spending imposed by the constitution.

Dr. Colby asked Dr. Karacaovali if he would like to add any comments regarding total personal income.

Dr. Karacaovali responded by highlighting the following tables from the TPI workbook provide to the Council:

1. Table 3 – 2022 Total Personal Income Annual Growth Rate: Actual vs. Forecasts
2. Table 6 – Summary of Total Personal Income Forecast (Annual Growth Rates)

Mr. Lee stated that the Council's forecast for CY2023 is 4.5% and for CY2024 is 3.8%.

Mr. Lee asked if there was any recovery from the Council's previous concerns regarding individual tax collections.

Dr. Colby said that individual personal income tax and withholding tax remains up on the year compared to estimated tax payments which has been reduced.

Ms. Maynard said she would be comfortable with 4.0% growth for CY2023.

Mr. Hayashi agreed with Ms. Maynard with reducing the Council's forecast for CY2023 due to the dividends interest and rents decrease of 6.6% to 4.12%.

Mr. Lee, to move the discussion along, asked if the Council would be comfortable with a 4.0% growth rate.

Mr. Hayashi motioned for 4.0% Total Personal Income growth rate for CY2023.

Ms. Maynard seconded 4.0% Total Personal Income growth rate for CY2023.

Mr. Kawafuchi asked Mr. Hamasu if he had any comments regarding the growth rate CY2023.

Mr. Hamasu responded that he would feel more comfortable with a lower number than a higher percentage number.

Mr. Hamasu also expressed his concern in construction activity.

Mr. Kawafuchi then asked Ms. Ostergaard-Klem if she had any comments regarding the growth rate for CY2023.

Ms. Ostergaard-Klem had a couple of questions regarding Table 6 from the TPI workbook:

1. How recent are the numbers for visitor arrivals.
2. What would the model estimates be from the previous TPI meeting.

Dr. Karacaovali responded that for this meeting the model contains the first two quarters for 2023 compared to the August meeting which only contained the first quarter.

Mr. Kawafuchi asked if there were any further discussions for CY2023.

It was moved by Mr. Hayashi and seconded by Ms. Maynard that the Total Personal Income forecast be 4.0% growth rate for CY2023. The Chair called for the vote, and the motion passed with the following votes:

Kurt Kawafuchi	Yes
Kristi L. Maynard	Yes
Scott W. Hayashi	Yes
Wendell Lee	Yes
Regina Ostergaard-Klem	Yes
Mike Hamasu	Yes

DISCUSSION AND VOTE FOR ON TOTAL PERSONAL INCOME FORECAST FOR CY2024:

Mr. Hayashi started the CY2024 discussion with a general comment that the impact on Maui would justify a decrease from the current 3.8% growth rate.

Mr. Hamasu asked the Council what the forecasted growth rates are from DBEDT and UHERO for visitor arrivals in CY2024.

Ms. Maynard responded that DBEDT's growth rate forecast is 3.5% increase in visitor arrivals.

Dr. Karacaovali said that UHERO is forecasting a decline of 0.9% in visitor arrivals.

Mr. Kawafuchi asked the Council if there was any proposal for CY2024.

Mr. Hayashi motioned for 3.25% growth rate.

Ms. Maynard seconded 3.25% growth rate.

Mr. Hamasu said that the original forecast was at 3.8% and he thinks 3.5% is also realistic due to previous discussions regarding the incorporations of inflation.

Ms. Maynard suggested splitting the difference of 3.5% and 3.25% growth rate.

The Council members agreed to split the difference at 3.35%.

Mr. Kawafuchi asked if there was a revised motion for 3.35% growth rate for CY2024.

Mr. Hayashi moved for 3.35% growth rate for CY2024.

Ms. Maynard seconded 3.35% growth rate for CY2024.

It was moved by Mr. Hayashi and seconded by Ms. Maynard that the Total Personal Income forecast be 3.35% growth rate for CY2024. The Chair called for the vote, and the motion passed with the following votes:

Kurt Kawafuchi	Yes
Kristi L. Maynard	Yes
Scott W. Hayashi	Yes
Wendell Lee	Yes
Regina Ostergaard-Klem	Yes
Mike Hamasu	Yes

Minutes of the Council on Revenues Meeting

Wednesday, November 1, 2023

Page 4

NEXT MEETING:

The Council tentatively agreed to meet on Monday, January 8, 2024, at 2 p.m.

ADJOURNMENT:

The meeting adjourned at 3:05 p.m.