

Council on Revenues DOTAX Presentation

SETH COLBY, PH.D.

TAX RESEARCH AND PLANNING OFFICER

DEPARTMENT OF TAXATION

MAY 29, 2024

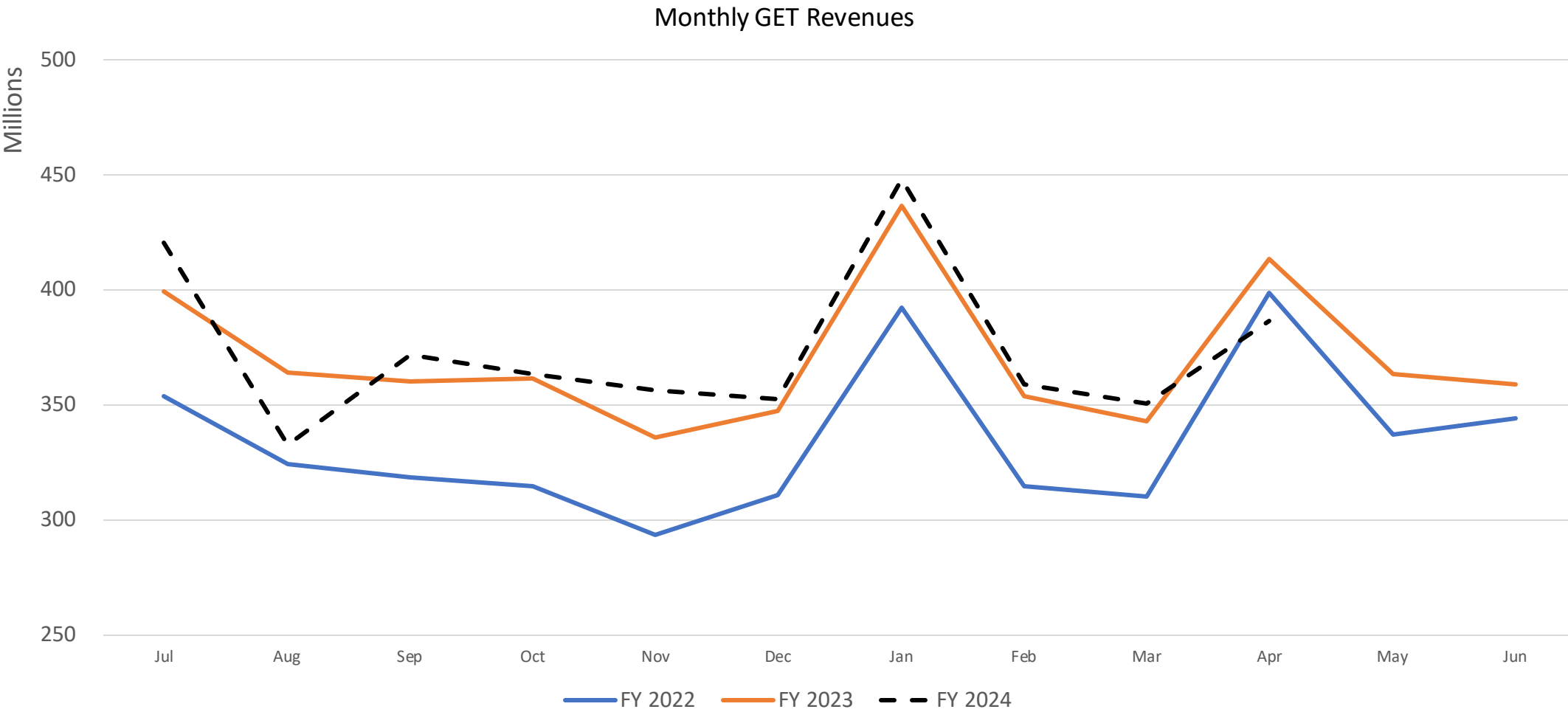
PRELIMINARY COMPARATIVE STATEMENT OF STATE GENERAL FUND TAX REVENUES
APRIL 2024
(Dollars in Thousands)

	Apr 2024	CUMULATIVE TOTALS		DIFFERENCE	
		2023-2024	2022-2023	AMOUNT	%CHANGE
GE/Use Taxes	\$386,691	\$3,724,392	\$3,692,932	31,459	0.9%
Income Tax - Corp.	168,198	400,660	260,639	140,022	53.7%
Decl. Est. Taxes	147,707	418,415	287,034		
Payment w/returns	30,472	54,939	37,794		
Refunds	(9,981)	(72,693)	(64,189)		
Income Tax - Ind.	589,319	2,769,332	2,553,891	215,441	8.4%
Decl. Est. Taxes	346,121	800,570	957,535		
Payment w/returns	170,561	360,053	373,695		
WH Tax on Wages	252,282	2,329,411	2,157,126		
Refunds	(179,645)	(720,687)	(934,452)		
Special Fund	0	(15)	(13)		
Trans. Accom. Tax	77,486	691,581	724,336	(32,755)	-4.5%
Turtle Bay Conservation Fund	0	(1,500)	(1,500)		
Convention Ctr. Enterprise Fund	0	(11,000)	(11,000)		
Tourism Emergency Special Fund	0	0	0		
Land & Development Fund	0	(3,000)	(3,000)		
Mass Transit Fund	(7,466)	(67,876)	(69,836)		
SUB-TOTAL	70,020	608,205	639,000	(30,795)	
All Others	61,750	529,126	522,147	6,979	1.3%
Collected by DOTAX	33,942	299,875	312,585		
Collected by Other Departments*	27,808	229,252	209,562		
TOTAL GENERAL FUND	\$1,275,978	\$8,031,716	\$7,668,609	\$363,106	4.7%

Note: General Fund allocations are in bold print.

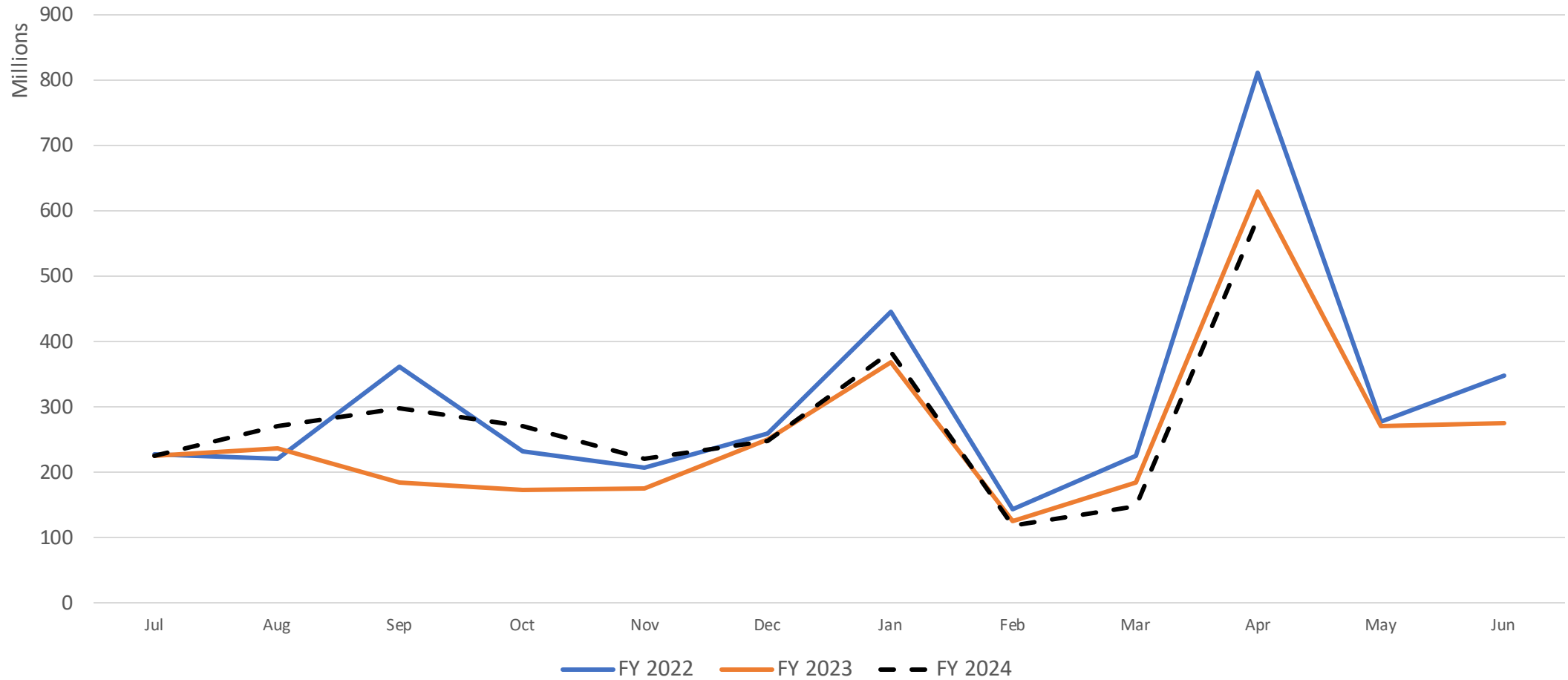
*Includes Conveyance Tax and Insurance Premium Tax.

Lower GET collections in April were partly explained by a transfer to County Surcharge



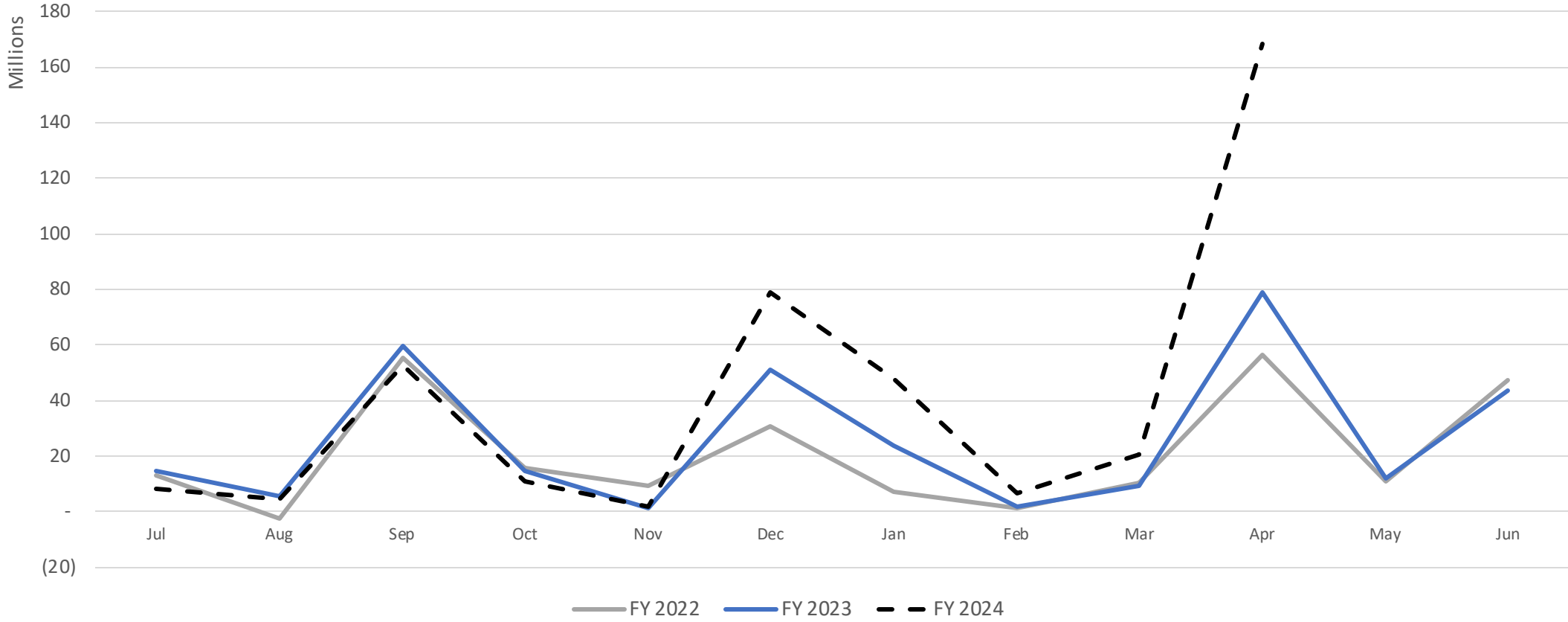
FY 2024 individual income collections fell compared with FY 2023

Individual Income Collections



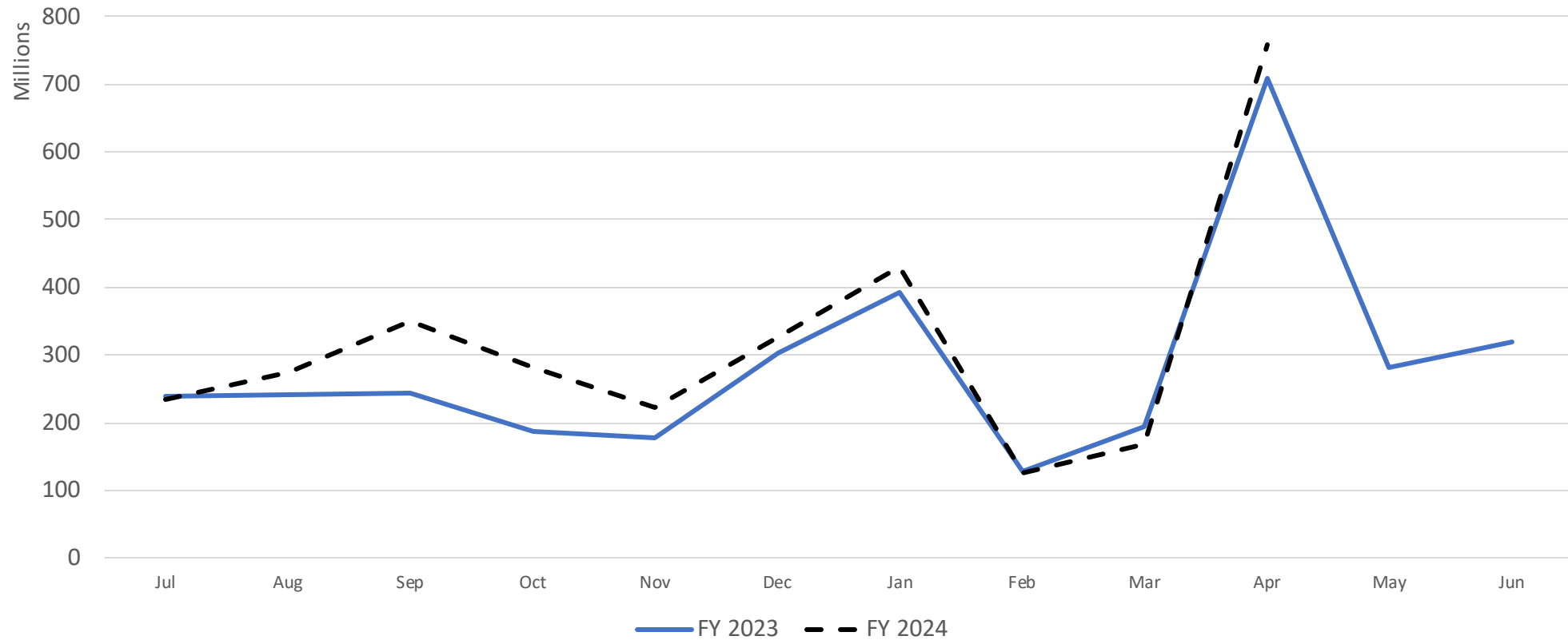
But Corporate Income Taxes Are Increasing

Corporate Income Tax



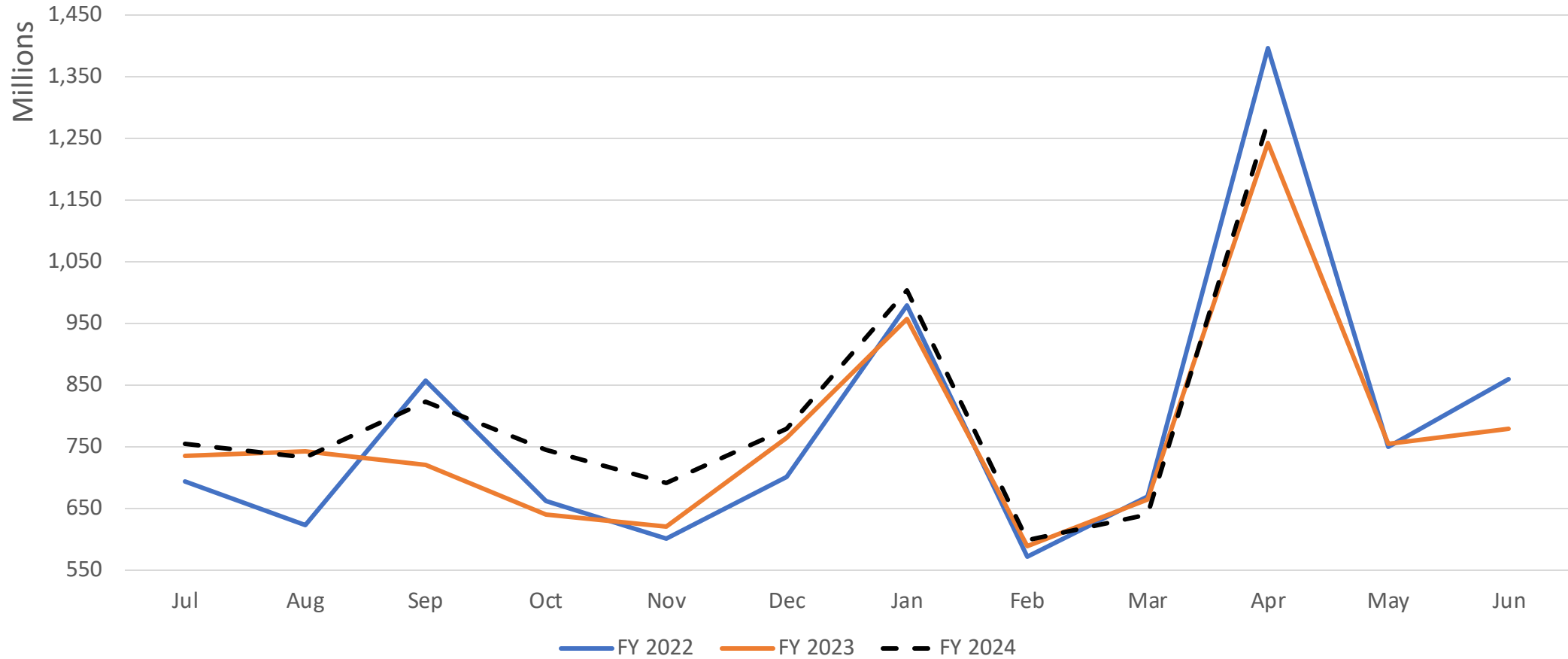
Combined Income Tax Collections Are Stable Switch from individual to corporate explained by PTE Law

Individual and Corporate Collections



April 2024 General Fund Collections were above April 2023 but below April 2022

General Fund Collections



Preliminary Collections for May 2024 are down due to soft GET, TAT and accelerated income tax payments that moved to April from May

Preliminary Comparison of May Numbers

	2023 MAY	2024 MAY	MoM % Change
GET	363,502,354.10	356,013,329.00	-2.1%
Individual and Corporate*	282,612,782	175,920,809	-37.8%
TAT	70,913,778	61,384,029	-13.4%
Sum	717,028,914	593,318,167	-17.3%

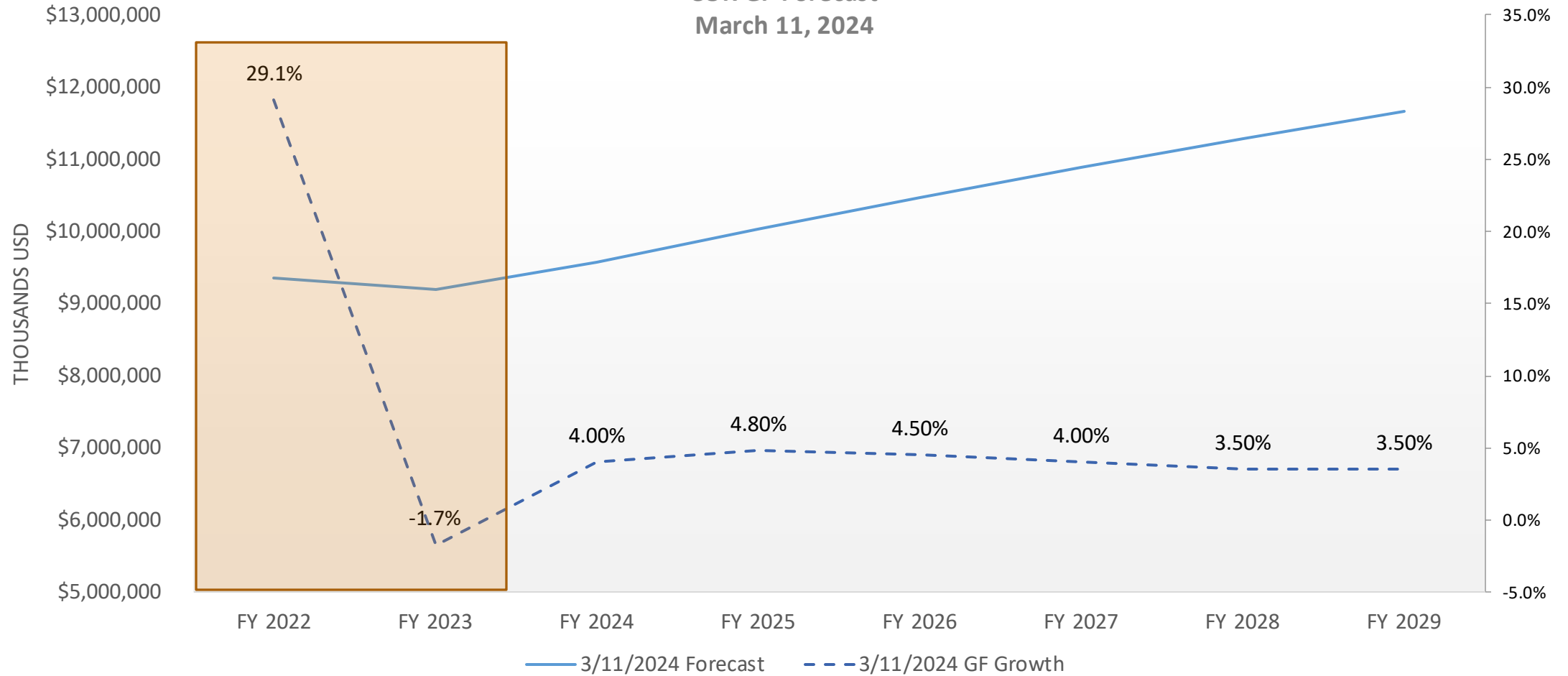
* May 2024 individual income numbers will increase a bit

Issues Impacting FY2024 Collections

- Lower base in FY 2022 from Constitutional Refund
 - \$311.7 million in September and October
- Lower Estimated Tax Payments will reset in January 2024
- Economic Impacts from Maui Wild Fires
- Pass Through Entities shifting state payments from individual to corporate
- Tax Law Changes
 - -\$83 million in FY2023
- Preliminary Collections for May 2024 Weak

Current Council on Revenues Forecast

COR GF Forecast
March 11, 2024



Mar 11, 2024 Forecast

FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
\$ 9,358,848	\$9,200,336	\$9,568,349	\$10,027,630	\$10,478,874	\$10,898,029	\$11,279,460	\$11,674,241	\$12,082,839
29.1%	-1.7%	4.00%	4.80%	4.50%	4.00%	3.50%	3.50%	3.50%

Model 1

ESTIMATES OF GENERAL FUND TAX REVENUE: FY 2024 TO FY 2030

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

TYPE OF TAX	BASE		ESTIMATED						
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
General Excise and Use Tax	\$3,978,993	\$4,408,473	\$4,722,507	\$5,144,491	\$5,465,926	\$5,698,586	\$5,898,162	\$6,098,030	\$6,277,572
Individual Income Tax	3,759,753	3,099,886	3,160,289	3,454,423	3,724,598	4,003,748	4,285,164	4,668,708	4,980,552
Corporate Income Tax	255,621	316,831	332,334	368,917	397,482	473,187	488,852	503,028	514,615
Public Service Company Tax	122,068	142,195	151,333	159,582	167,197	174,573	182,126	189,968	198,147
Tax on Insurance Premiums	195,607	203,791	227,706	245,439	261,384	277,944	294,833	312,431	330,871
Cigarette and Tobacco Tax	65,658	59,070	53,138	49,245	46,355	43,742	41,303	38,989	36,806
Liquor Tax	53,983	54,513	55,241	56,540	57,456	58,150	58,744	59,324	59,910
Tax on Banks and Other Financial Corps.	57,252	28,969	29,527	43,393	46,417	49,972	52,545	54,184	55,525
Inheritance and Estate Tax	57,405	58,083	59,843	61,381	62,762	64,067	65,374	66,701	68,055
Conveyance Tax	145,318	49,032	57,692	67,374	76,256	85,604	95,264	105,460	116,278
Miscellaneous Taxes*	21,760	22,886	24,180	25,548	26,989	28,509	30,116	31,813	33,607
Transient Accommodations Tax	645,429	756,578	748,611	771,458	792,233	811,538	828,824	846,133	863,796
GENERAL FUND TOTAL	\$9,358,848	\$9,200,305	\$9,622,401	\$10,447,791	\$11,125,055	\$11,769,620	\$12,321,307	\$12,974,769	\$13,535,733
GROWTH RATE	29.1%	-1.7%	4.6%	8.6%	6.5%	5.8%	4.7%	5.3%	4.3%