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COUNCIL ON REVENUES

Total Personal Income Meeting Minutes
Thursday, August 1, 2024

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

Thursday, August 1, 2024
2:00 p.m.

PRESENT:

Council Members:

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

Staff Members:

Department of Taxation: Director Gary Suganuma, Deputy Director Kristen Sakamoto, Baybars Karacaovali, Yvonne Chow, and Roderick Tuliao

CALL TO ORDER:

The Chair called the meeting to order at 2:00 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 29, 2024:

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 May 29th 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	Abstain
Mike Hamasu	Yes

DISCUSSION AND VOTE ON TOTAL PERSONAL INCOME FORECAST FOR CY2024:

Mr. Kawafuchi asked Dr. Bonham to start the discussion for Total Personal Income Forecast for CY2024.

Dr. Bonham started the discussion by asking Dr. Karacaovali for the Council's current forecast.

Dr. Karacaovali provided Dr. Bonham with that information by sharing Table 6 from the August 1, 2024, COR-TPI booklet.

Dr. Karacaovali stated that the last time the Council met regarding Total Personal Income was in November 2023 and that the Council's forecast for CY2024 was 3.35%.

Dr. Karacaovali highlighted Table 5 2016-2023 Total Personal Income Annual Growth Rate: Actual vs. Forecasts for the Current Year and wanted to point out to the Council that the TPI figures are frequently updated.

Dr. Bonham responded that if the Council was to update their nominal income forecast the number would be higher than when the Council released their forecast in May.

Dr. Bonham stated that he would be comfortable with anything between the simple average of all models and the Council's forecast from May of 2024.

Dr. Bonham clarified that any number from 4.5% to 5.5% growth for CY2024 is reasonable.

Ms. Maynard asked if 5.0% growth is good.

Dr. Bonham agreed with Ms. Maynard and stated that he thinks 5.0% growth is very reasonable.

Mr. Kawafuchi asked Dr. Karacaovali if he could recall the reason behind the Council's decision to lower the Councils forecast from last August to last November from 4.5% to 4.0%.

Dr. Karacaovali said that he could not recall the reason and noted that the Council's forecast for CY2024 was 3.35%.

Dr. Bonham said that as the State gets into the second half of 2024 the Council should keep in mind that they are comparing to post wildfire 2023 which in terms the State has seen the loss of tourism particularly on the domestic side.

Dr. Bonham added that with Maui year-to-date visitor growth being down 25% and as the State gets into the second half of the year, those numbers in terms of growth rates will jump.

Mr. Hamasu asked Dr. Bonham where the inflation rate for urban Hawaii currently stands.

Dr. Bonham said that the last data point provided in May has inflation rate for urban Hawaii at 5.2% year-over-year.

Dr. Bonham motioned to adopt 5.0% Total Personal Income growth rate for CY2024.

Ms. Maynard seconded 5.0% Total Personal Income growth rate for CY2024.

Mr. Kawafuchi asked the Council members if there was any further discussion for CY2024.

Ms. Ostergaard-Klem asked Dr. Bonham if there was still money from the wildfire that needs to be allocated.

Dr. Bonham responded that insurance payouts should not be counted as personal income, well however some of the support from FEMA or others might be counted as income.

Mr. Hayashi asked Dr. Bonham with regards to legal settlement payments if that would be included as personal income.

Dr. Bonham said he was unsure.

Dr. Karacaovali thinks that legal settlement payments would be considered as part of total personal income.

Mr. Kawafuchi asked if there was any further discussion for CY2024.

There were no further comments or questions.

It was moved by Dr. Bonham and seconded by Ms. Maynard that the Total Personal Income forecast be 5.0% 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

DISCUSSION AND VOTE FOR ON TOTAL PERSONAL INCOME FORECAST FOR CY2025:

Mr. Kawafuchi started the discussion by asking Dr. Bonham to explain why he expects CY2025 to be stronger.

Dr. Bonham responded that the reason he expects it to be higher was due to the rebuilding on Maui and the flow of all the federal money, insurance payouts, other settlement, and particularly the building activity.

Dr. Bonham said he would be comfortable with 5.0% growth for CY2025.

Mr. Kawafuchi asked Dr. Karacaovali what the Total Personal Income was for both CY2022 and CY2023.

Dr. Karacaovali responded that in CY2022 Total Personal Income was 0.03% and for CY2023 Total Personal Income was 5.3%.

Ms. Maynard motioned to leave Total Personal Income at 5.0% for CY2025.

Ms. Ostergaard-Klem seconded 5.0% Total Personal Income growth rate for CY2025.

Mr. Kawafuchi asked if there was any further discussion for CY2025.

There were no further comments or questions.

It was moved by Ms. Maynard and seconded by Ms. Ostergaard-Klem that the Total Personal Income forecast be 5.0% growth rate for CY2025. 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

NEXT MEETING:

The Council tentatively agreed to meet on Thursday, September 5, 2024, at 2 p.m.

ADJOURNMENT:

The meeting adjourned at 2:53 p.m.