

## **COUNCIL ON REVENUES**

### **General Fund Meeting Minutes** **Wednesday, January 8, 2025**

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

Wednesday, January 8, 2025  
2:00 p.m.

#### **PRESENT:**

Council Members:

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

Staff Members:

Department of Taxation: Director Gary Suganuma, Deputy Kristen Sakamoto,  
Seth Colby, Yvonne Chow, Baybars Karacaovali, Shi Fu, Sisi Zhang and  
Roderick Tuliao

Department of Budget and Finance (B&F): Gregg Hirohata-Goto

#### **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). The Council acknowledge testimony submitted regarding:

1. Proposed Carbon Tax and Rebate

2. Public Comment re FB 2025-2027 Executive Biennium Budget – Strong Support for Investment of \$3 Million for Contracted Reproductive Health and Family Planning Services.

The Council responded that testimony submitted was not pertinent to any of the meeting issues and decided no further discussion was needed. The Council also responded similarly to testimony via email.

#### **APPROVED MINUTES OF THE MEETING OF OCTOBER 30, 2024:**

Chair Kawafuchi called for a motion to approve the minutes. Ms. Maynard moved to approve the minutes. Dr. Bonham seconded.

**It was moved by Ms. Maynard and seconded by Dr. Bonham that the minutes of the October 30th meeting be accepted. The Chair called for the vote, and the motion passed with the following votes:**

<b>Kurt Kawafuchi</b>	<b>Yes</b>
<b>Kristi Maynard</b>	<b>Yes</b>
<b>Carl Bonham</b>	<b>Yes</b>
<b>Scott W. Hayashi</b>	<b>Yes</b>
<b>Wendell Lee</b>	<b>Yes</b>
<b>Mike Hamasu</b>	<b>Yes</b>
<b>Regina Ostergaad-Klem</b>	<b>Yes</b>

**REVIEW OF REVENUES BY DR. SETH COLBY, TAX RESEARCH & PLANNING OFFICER:**

Dr. Colby prepared a brief presentation for the Council which highlighted the following information for the:

1. Preliminary Comparative Statement of State General Fund Tax Revenues for December 2024.
2. Monthly GET Revenues
3. Individual and Corporate Collections
4. General Fund Collections
5. 2024 Legislation – Individual Income Tax
  - a. Act 46, SLH 2024 (HB2404, HD1 SD1 CD1) RELATING TO INCOME TAX
    - i. Includes macroeconomic impacts and additional tax revenue from increased income
    - ii. Incorporates changes to withholding tables beginning Jan 1, 2025
  - b. Act 47, SLH 2024 (SB1035 SD2 HD1 CD1) RELATING TO GENERAL EXCISE TAX
    - i. Exempts GET from medical and dental services provided to patients who received Medicaid, Medicare, or TRICARE
    - ii. Includes macroeconomic impacts and additional tax revenue from increased income
6. Additional Fiscal Development in FY 2025
7. Suggestion to Council
8. Where do things stand YTD
9. Table 6AA
  - a. ESTIMATES OF GENERAL FUND TAX REVENUE BEFORE AND AFTER ADJUSTMENTS FOR CHANGES IN TAX LAWS: FY 2025 TO FY2031

10. What's driving the model's high forecast

11. Current Council on Revenues Forecast – September 5, 2024

[\[PRESENTATION AVAILABLE ON COR WEBSITE\]](#)

**DISCUSSION AND VOTE ON THE GENERAL FUND TAX REVENUE FORECAST FOR FISCAL YEAR 2025:**

The council agreed to engage in a discussion of the above-the-line forecast for all years, which is the General Fund forecast before adjustments, which include a one-off estate collection boost and the fiscal impacts of legislation passed in 2024. The Council decided to use the calculator provided by DOTAX to translate the above-the-line forecast into the official below-the-line forecast.

Dr. Bonham started the discussion for the General Fund tax revenue forecast for FY2025.

Dr. Bonham said that he is comfortable with the Council's above-the-line forecast for FY2025 and FY2026 but expressed his concerns regarding the out years due to a litany of risks.

Ms. Maynard agreed with Dr. Bonham regarding 5.5% growth for FY2025 and FY2026.

Mr. Hayashi asked Dr. Bonham what is the percentage of visitors from the LA wildfires and if it would have an impact on visitors to Hawaii.

Dr. Bonham said that although he could not provide a number for Mr. Hayashi, visitors from the LA wildfires would have an impact on visitors to Hawaii.

Mr. Hamasu asked Dr. Bonham what caused the 9% construction increase which was shown in a prior table.

Dr. Bonham responded that the increase is the excise tax base for contracting.

Mr. Hamasu suggested 5.75% growth rate for FY2025.

Mr. Hayashi asked Dr. Bonham if visitor arrivals were lower in his forecast.

Dr. Bonham said his visitor arrivals forecast was higher than the Council's mean forecast.

Dr. Bonham said he would be ok with 5.75% growth rate for FY2025.

Dr. Bonham stated that there is reason to believe that the economy is going to perform better than expected for the next 6 months.

Mr. Kawafuchi asked Ms. Ostergaard-Klem, Mr. Lee, and Mr. Hayashi if they had any comments regarding FY2025.

Ms. Ostergaard-Klem responded that she feels comfortable with an above-the-line growth rate of 5.75%.

Mr. Hayashi said that due to the uncertainty he would be a little more conservative and is comfortable with growth rate of 5.5%.

Mr. Lee stated that he would be more inclined to the growth rate of 5.75%.

Ms. Maynard expressed her concern about very low growth in general excise tax.

Ms. Maynard motion for 5.65% growth rate for FY2025.

Dr. Bonham seconded the 5.65% growth rate for FY2025.

Ms. Maynard clarified her motion for 5.65% above-the-line growth rate, which translates into an official 6.4% growth rate for FY2025.

Dr. Bonham seconded the 6.4% growth rate for FY2025.

**It was moved by Ms. Maynard and seconded Dr. Bonham that the General Fund growth rate forecast be 6.4% FY2025. The Chair called for the vote, and the motion passed with the following votes:**

<b>Kurt Kawafuchi</b>	<b>Yes</b>
<b>Kristi Maynard</b>	<b>Yes</b>
<b>Carl Bonham</b>	<b>Yes</b>
<b>Scott W. Hayashi</b>	<b>Yes</b>
<b>Wendell Lee</b>	<b>Yes</b>
<b>Mike Hamasu</b>	<b>Yes</b>
<b>Regina Ostergaard-Klem</b>	<b>Yes</b>

**DISCUSSION AND VOTE FOR THE GENERAL FUND TAX REVENUE FORECAST FOR FY2026:**

Mr. Kawafuchi asked Dr. Bonham to start the discussion for FY2026.

Dr. Bonham stated that he felt comfortable with 5.5% above-the-line growth for FY2026 as previously stated.

Mr. Hamasu asked the Council if they feel the economy will be slower overall.

Dr. Bonham said yes and acknowledge that a lot of it is due to the uncertainty which was not built into the Councils baseline forecast.

Mr. Hamasu then asked if the uncertainty would lead the Council to a negative outlook.

Dr. Bonham said that he is not sure if an increase in uncertainty would necessarily lead you to lower your baseline.

Ms. Maynard said she would be ok with 5.5% above-the-line growth for FY2026.

Mr. Lee seconded 5.5% above=the-line growth rate for FY2026.

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

Dr. Bonham clarified and moved for 5.5% growth rate above-the-line, which translates into a -1.5% growth rate for FY2026.

Mr. Lee seconded the -1.5% growth rate forecast for FY2026.

**It was moved by Dr. Bonham and seconded by Mr. Lee that the General Fund revenue growth rate forecast be -1.5% for FY2026. The Chair called for the vote, and the motion passed with the following votes:**

<b>Kurt Kawafuchi</b>	<b>Yes</b>
<b>Kristi Maynard</b>	<b>Yes</b>
<b>Carl Bonham</b>	<b>Yes</b>
<b>Scott W. Hayashi</b>	<b>Yes</b>
<b>Wendell Lee</b>	<b>Yes</b>
<b>Mike Hamasu</b>	<b>Yes</b>

**Regina Ostergaard-Klem    Yes**

**DISCUSSION AND VOTE FOR ON THE GENERAL FUND TAX REVENUE FORECAST FOR FY2027 THROUGH FY2031:**

Dr. Bonham motioned for above-the-line rates of 4.5% for FY2027, 4.0% for FY2028, 3.5% for FY2029, FY2030, and FY2031, which translates into official rates of 2.9% for FY2027, 2.5% for FY2028, 2.6% for FY2029, 1.9% for FY2030, and 3.1% for FY2031

Ms. Ostergaard-Klem seconded the official rates of 2.9% for FY2027, 2.5% for FY2028, 2.6% for FY2029, 1.9% for FY2030, and 3.1% for FY2031

There was no further discussion, and a vote was taken.

**It was moved by Dr. Bonham and seconded by Ms. Ostergaard-Klem that the General Fund revenue growth rate forecast be 2.9% for FY2027, 2.5% for FY2028, 2.6% for FY2029, 1.9% for FY2030, and 3.1% for FY2031. The Chair called for the vote, and the motion passed with the following votes:**

<b>Kurt Kawafuchi</b>	<b>Yes</b>
<b>Kristi Maynard</b>	<b>Yes</b>
<b>Carl Bonham</b>	<b>Yes</b>
<b>Scott W. Hayashi</b>	<b>Yes</b>
<b>Wendell Lee</b>	<b>Yes</b>
<b>Mike Hamasu</b>	<b>Yes</b>
<b>Regina Ostergaard-Klem</b>	<b>Yes</b>

**REPORT BY THE DEPARTMENT OF BUDGET & FINANCE ON OTHER REVENUES BY MR. GREGG HIROHATA-GOTO:**

Mr. Gregg Hirohata-Goto provided the Council with a report of revised projections for General Fund non-tax revenues, non-General Fund tax, and non-tax revenues since the September 5th meeting. He provided a written report summary of significant changes in revenues from Non-Revenue Receipts, State Motor Vehicle Registration fee, Revenues from Use of Money and Property, and Special Revenue Fund – Other than Special Funds.

**It was moved by Mr. Hayashi and seconded by Ms. Maynard to adopt Budget & Finance Report. The Chair called for the vote, and the motion passed with the following votes:**

<b>Kurt Kawafuchi</b>	<b>Yes</b>
<b>Kristi Maynard</b>	<b>Yes</b>

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<b>Carl Bonham</b>	<b>Yes</b>
<b>Scott W. Hayashi</b>	<b>Yes</b>
<b>Wendell Lee</b>	<b>Yes</b>
<b>Mike Hamasu</b>	<b>Yes</b>
<b>Regina Ostergaard-Klem</b>	<b>Yes</b>

**NEXT MEETING:**

The Council tentatively agreed to meet on Wednesday, March 12, 2025, at 2 p.m.

**ADJOURNMENT:**

The meeting adjourned at 3:49 p.m.