

Council on Revenues DOTAX Presentation

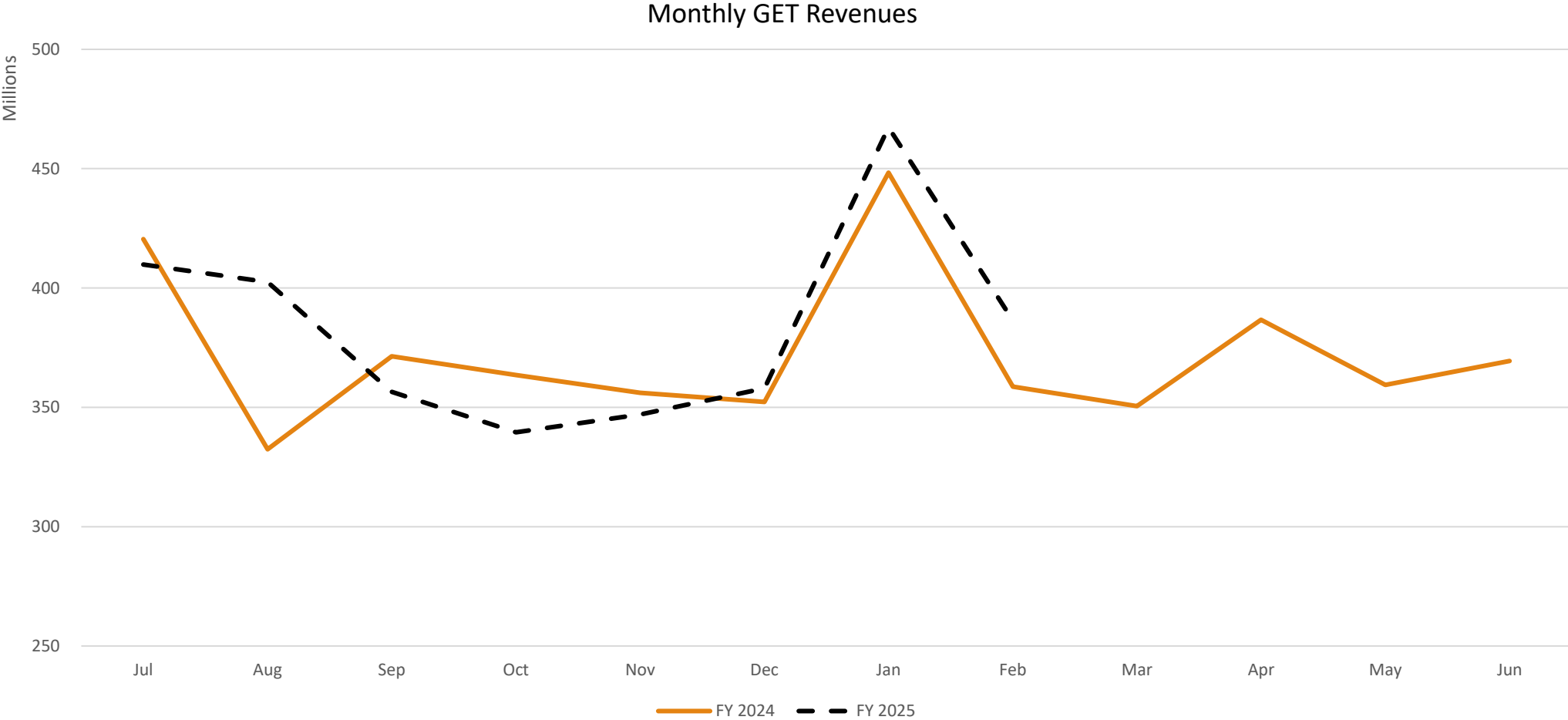
SETH COLBY, PH.D.

TAX RESEARCH AND PLANNING OFFICER

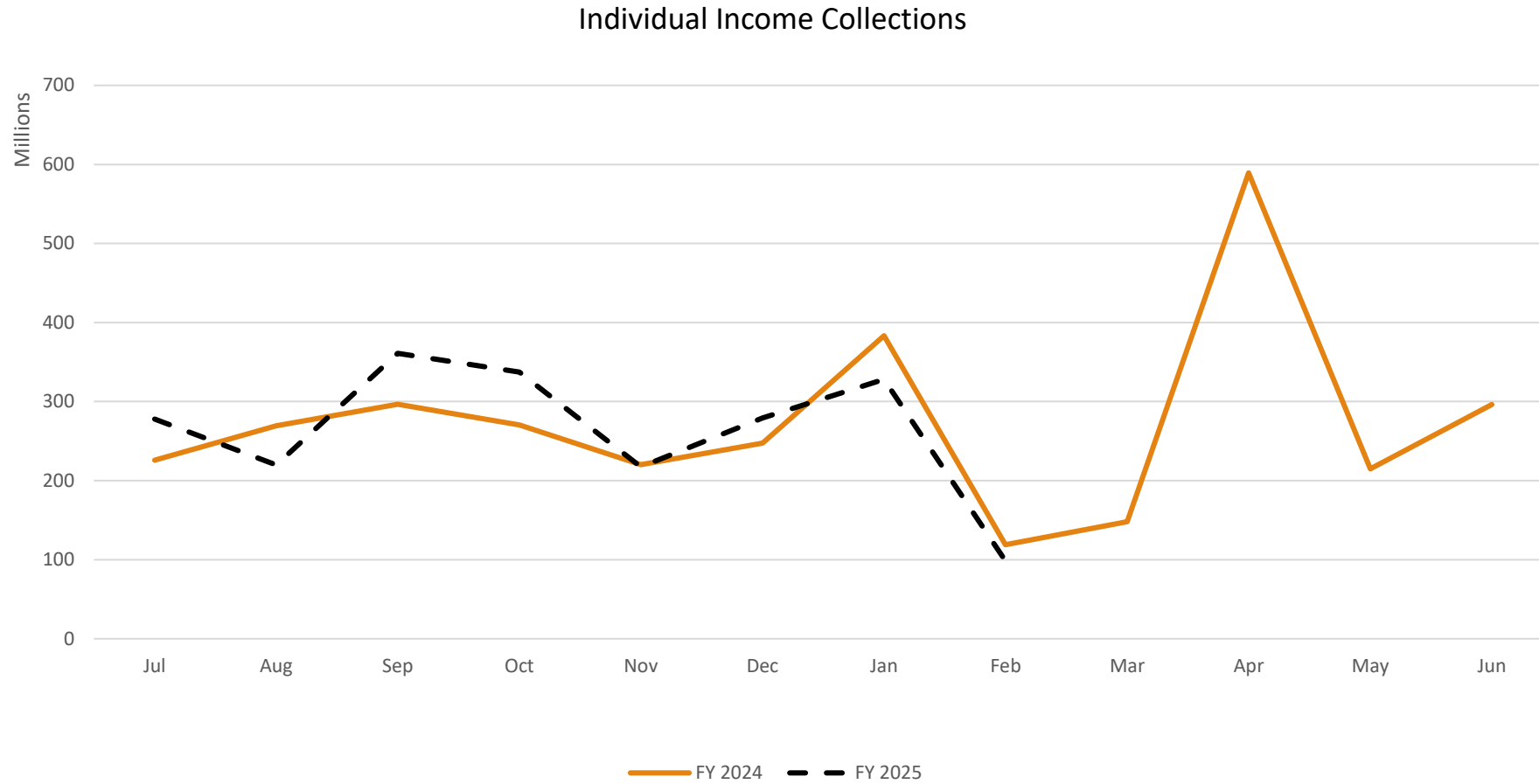
DEPARTMENT OF TAXATION

MAR 12, 2025

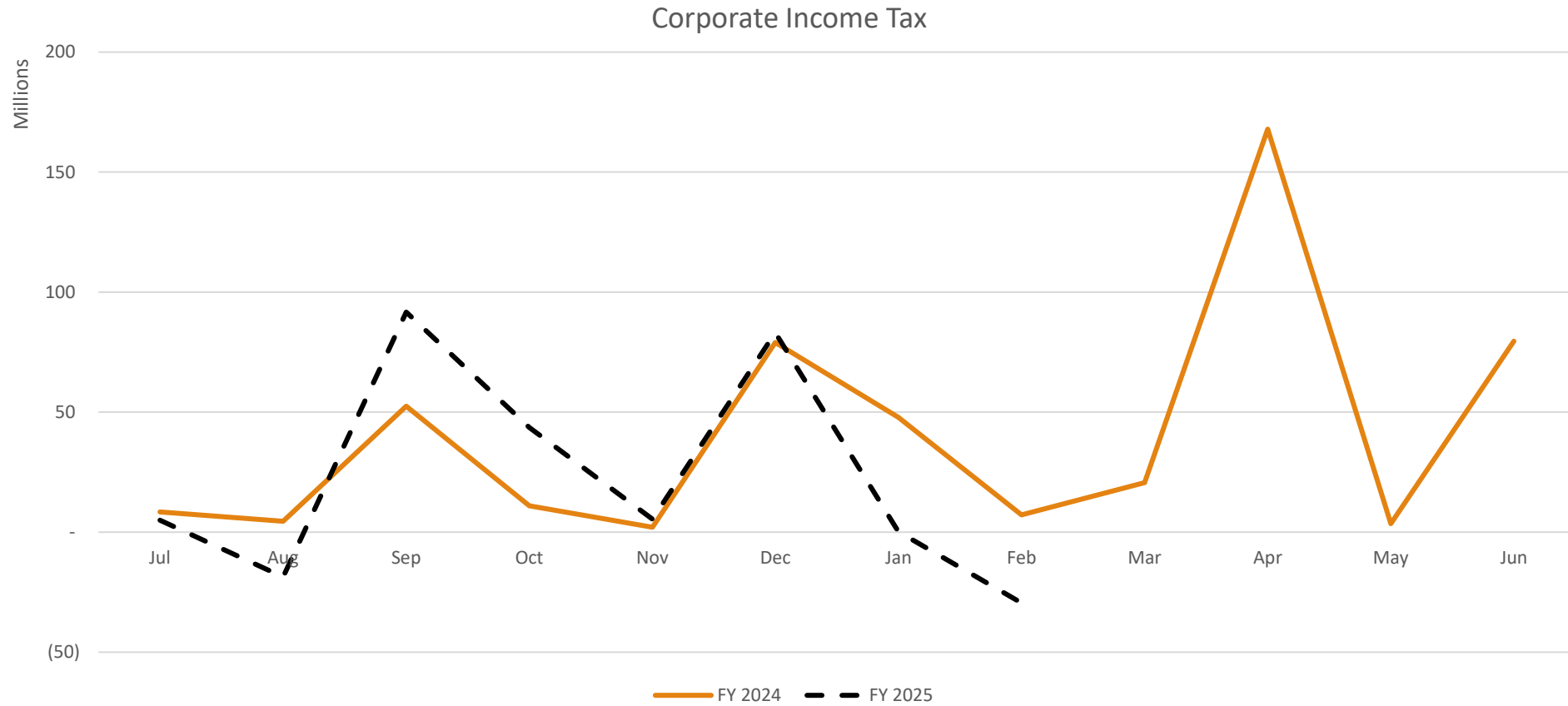
GET collections are improving relative to 2024



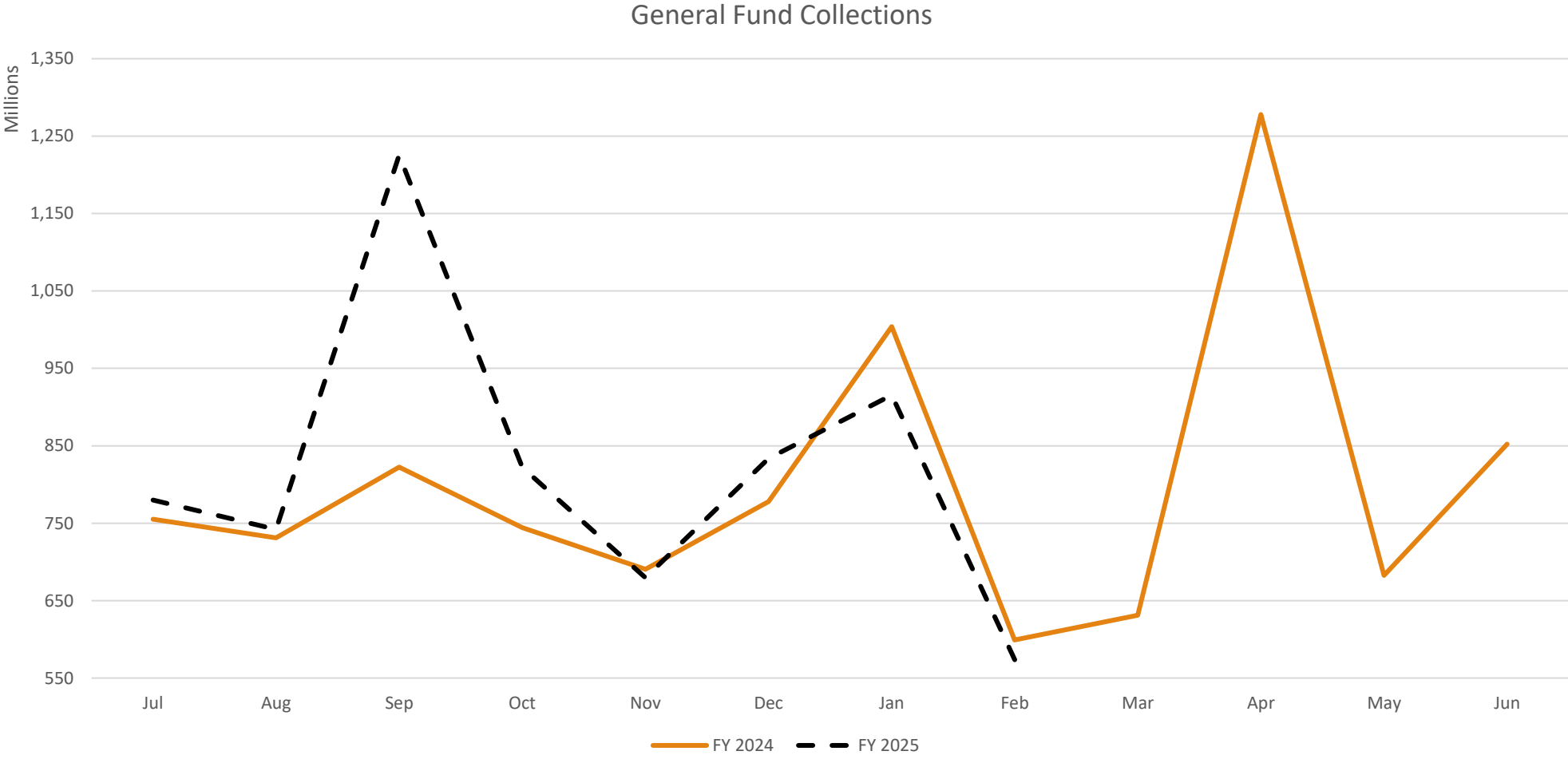
Tax cut bill and higher refunds are weighing on individual income taxes



Large corporate refunds are dragging down general fund revenues



General Fund collections saw a large spike in September



Major Developments Since January Meeting

§ Larger corporate refunds resulted in lower corrections

- § CIT refunds YTD 2025: \$164M

- § CIT refunds YTD 2024: \$55M

§ Individual income filers are either claiming more refunds or doing so earlier in filing season

- § CIT refunds YTD 2025: \$458M

- § CIT refunds YTD 2024: \$393M

§ Withholding declines are close to revenue estimates

- § WH on Wages down \$20-30M per month

- § TRP estimated a loss of \$41.2M per month

§ No signs of economic slowdown

- § GET and TAT collections are increasing relative to 2024

Additional Fiscal Development in FY 2025

The State will issue hazard pay settlement for State employees due to collective bargaining agreement

Estimated Income Boost: \$537 million

Two Equal Payments

October 2024

March 2025

Expected FY 2025 revenue gain:

IIT: \$40.2 million

GET: \$10.7 million

Total: \$50.9 million

Estate tax collections in September 2024 were \$315 million larger than normal

2024 Legislation

Individual Income Tax

Act 46, SLH 2024 (HB2404 HD1 SD1 CD1) RELATING TO INCOME TAX

Revenue Impact:

Estimated Total Revenue Impact (\$ Millions)

FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
-240.3	-596.6	-740.1	-922.7	-1,052.6	-1,262.3	-1,347.5	-1,453.2

Includes macroeconomic impacts and additional tax revenue from increased income

Incorporates changes to withholding tables beginning Jan 1, 2025

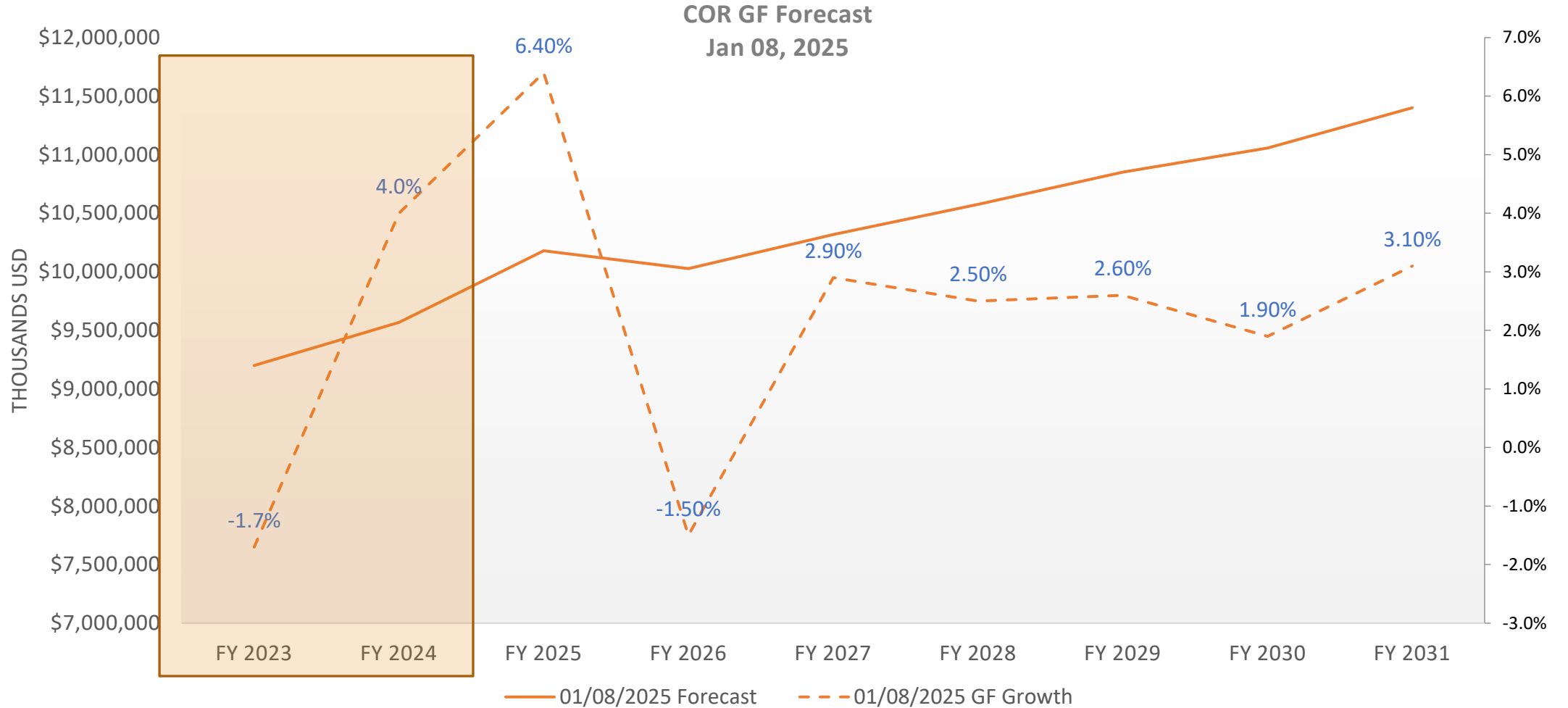
Table 1
SUMMARY TABLE
ESTIMATES OF GENERAL FUND TAX REVENUES: FY 2025 to FY 2031
Amount (\$1,000) and Growth Rate (%)

	BASE		ESTIMATE						
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
CURRENT FORECAST as of January 8, 2025	\$ 9,200,305 -1.7%	\$ 9,568,313 4.0%	\$ 10,180,685 6.4%	\$ 10,027,975 -1.5%	\$ 10,318,786 2.9%	\$ 10,576,756 2.5%	\$ 10,851,752 2.6%	\$ 11,057,935 1.9%	\$ 11,400,731 3.1%
ABOVE THE LINE FORECAST (01/08/2025)	\$ 9,200,305	\$ 9,568,313	\$ 10,420,985 8.9%	\$ 10,658,126 2.3%	\$ 11,136,370 4.5%	\$ 11,580,419 4.0%	\$ 11,988,877 3.5%	\$ 12,408,454 3.5%	\$ 12,840,305 3.5%
2024 LEGISLATURE - REVENUE IMPACT			\$ (240,300)	\$ (596,600)	\$ (740,100)	\$ (922,700)	\$ (1,052,600)	\$ (1,262,300)	\$ (1,347,500)
Act 46 - Individual Income Tax			\$ -	(33,551)	(77,484)	(80,963)	(84,525)	(88,219)	(92,074)
Act 47 - GET									
	\$ 9,200,305	\$ 9,568,313	\$ 10,180,685 6.4%	\$ 10,027,975 -1.5%	\$ 10,318,786 2.9%	\$ 10,576,756 2.5%	\$ 10,851,752 2.6%	\$ 11,057,935 1.9%	\$ 11,400,731 3.1%
MODEL 1 - INPUT MEAN FORECAST	\$ 9,200,305	\$ 9,568,313	\$ 10,165,707 6.2%	\$ 10,520,524 3.5%	\$ 11,003,463 4.6%	\$ 11,452,455 4.1%	\$ 11,992,859 4.7%	\$ 12,487,866 4.1%	\$ 13,145,695 5.3%

The model results from the mean forecast are pretty close to the January 08 forecast (model not adjusted for estate tax payment)

Forecast will need to be adjusted for the unexpected refunds

Current Council on Revenues Forecast



Jan 8, 2025 Forecast

FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
\$9,200,336	\$9,568,313	\$10,180,685	\$10,027,975	\$10,318,786	\$10,576,756	\$10,851,751	\$11,057,935	\$11,400,731
-1.70%	4.00%	6.40%	-1.50%	2.90%	2.50%	2.60%	1.90%	3.10%

Mahalo!