# Council on Revenues DOTAX Presentation

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# PRELIMINARY COMPARATIVE STATEMENT OF STATE GENERAL FUND TAX REVENUES February 2025

### (Dollars in Thousands)

		CUMULATIV	/E TOTALS	DIFFERENCE		
	Feb 2025	2024-2025	2023-2024	AMOUNT %	CHANGE	
GE/Use Taxes	\$384,097	\$3,046,670	\$2,987,199	59,471	2.0%	
Income Tax - Corp.	(29,499)	180,689	211,804	(31,116)	-14.7%	
Decl. Est. Taxes	7,237	305,443	248,159			
Payment w/returns	1,853	39,572	19,356			
Refunds	(38,590)	(164,326)	(55,711)			
Income Tax - Ind.	98,128	2,117,218	2,032,145	85,072	4.2%	
Decl. Est. Taxes	24,450	507,189	422,581			
Payment w/returns	15,299	142,444	149,563			
WH Tax on Wages	213,167	1,925,974	1,853,206			
Refunds	(154,788)	(458,379)	(393,189)			
Special Fund	0	(10)	(15)			
Trans. Accom. Tax	73,877	539,878	546,682	(6,803)	-1.2%	
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	(7,186)	(52,584)	(53,705)			
SUB-TOTAL	66,691	471,795	477,477	(5,682)		
All Others	54,252	751,178	416,037	335,142	80.6%	
Collected by DOTAX	26,170	577,107	236,290			
Collected by Other Departments*	28,081	174,071	179,747			
TOTAL GENERAL FUND	\$573,667	\$6,567,549	\$6,124,662	\$442,887	7.2%	

	ADJUSTED FOR ESTATE TAX GAIN									
	ADJUSTMENT	2024-2025								
:		AMOUNT	%CHANGE							
6		3,046,670	2.0%							
<u>6</u>		180,689	-14.7%							
6		2,117,218	4.2%							
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6		539,878	-1.2%							
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6	(315,000)	436,178	4.8%							
U	(313,000)	450,170	7.070							
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6,252,549

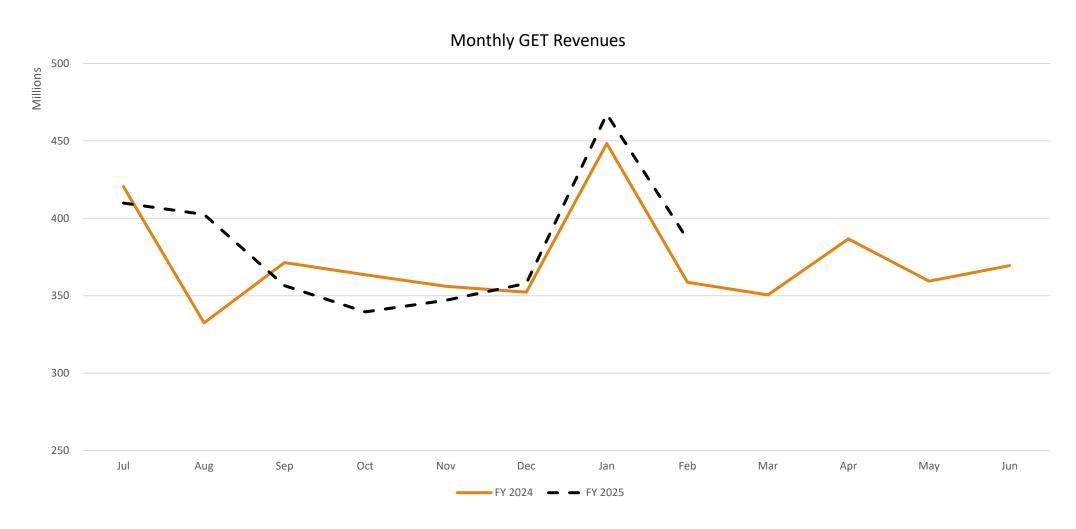
(315,000)

Note: General Fund allocations are in bold print.

2.1%

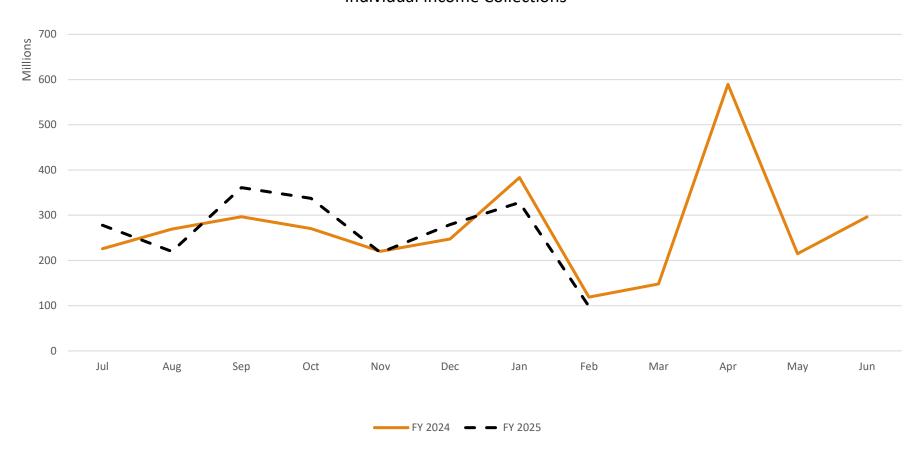
<sup>\*</sup>Includes Conveyance Tax and Insurance Premium Tax.

# **GET** collections are improving relative to 2024



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

### **Individual Income Collections**

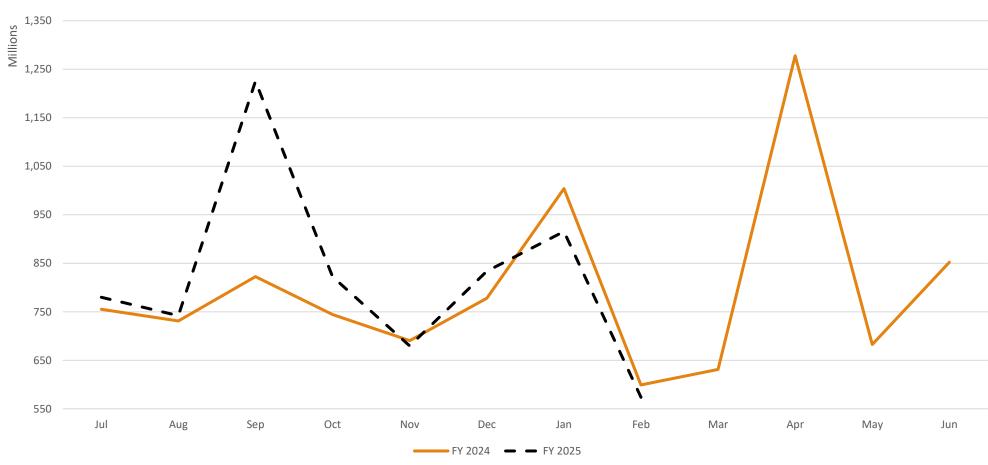


# Large corporate refunds are dragging down general fund revenues



# **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 TABL

### ESTIMATES OF GENERAL FUND TAX REVENUES: FY 2025 to FY 2031

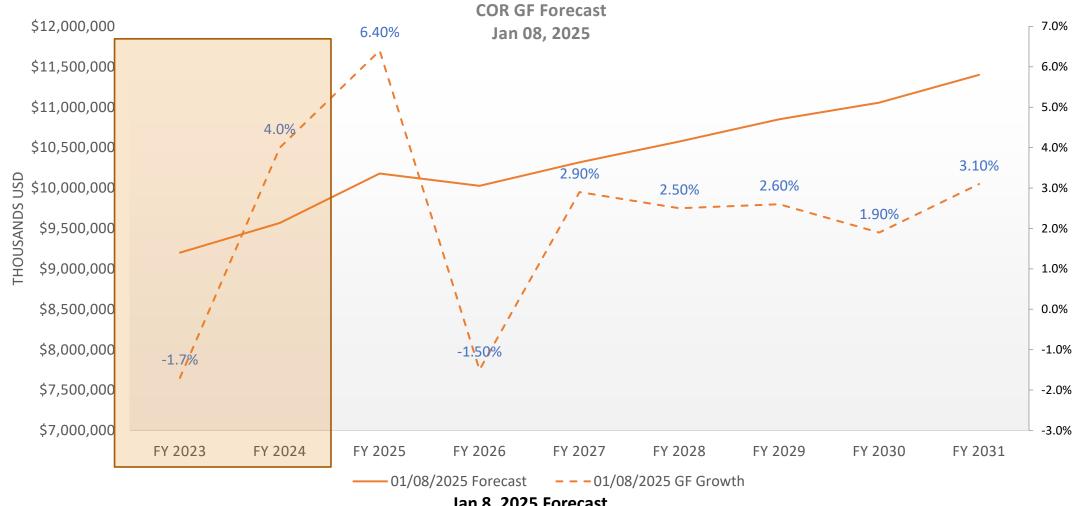
Amount (\$1,000) and Growth Rate (%)

	BA	SE	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%		\$ 10,180,685 6.4%		\$ 10,318,786 2.9%			\$ 11,057,935 1.9%	\$ 11,400,731 3.1%
ABOVE THE LINE FORECAST (01/08/2025) 2024 LEGISLATURE - REVENUE IMPACT Act 46 - Individual Income Tax	\$ 9,200,305	\$ 9,568,313	\$ 10,420,985 8.9%	2.3%	4.5%	4.0%	3.5%	3.5%	3.5%
Act 40 - Individual Income Tax Act 47 - GET	\$ 9,200,305	\$ 9,568,313		(33,551) \$ 10,027,975	(77,484) \$ 10,318,786	(80,963) \$ 10,576,756	\$ 10,851,752	(88,219) \$ 11,057,935	\$ (92,074) \$ 11,400,731
MODEL 1 - INPUT MEAN FORECAST	\$ 9,200,305	\$ 9,568,313	6.4% \$ 10,165,707 6.2%	\$ 10,520,524		\$ 11,452,455	\$ 11,992,859	1.9% \$ 12,487,866 4.1%	3.1% \$ 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!