COUNCIL ON REVENUES

General Fund Meeting Minutes
Wednesday, January 7, 2026

Virtual Meeting
Meeting was held virtually and video recorded.
Recorded Video Link: https://www.youtube.com/watch?v=k1Cy-XF7ot8

Wednesday, January 7, 2026
2:00 p.m.

PRESENT:

Council Members:
Kurt Kawafuchi, (Chair), Kristi Maynard (Vice-Chair), Carl Bonham, Scott Hayashi, Michael Hamasu, Regina Ostergaard-Klem, Marjorie Bennett

Staff Members:
Department of Taxation: Director Gary Suganuma, Deputy Director Kristen Sakamoto, Baybars Karacaovali (Tax Research & Planning Officer), Yvonne Chow, 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 2:01 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 comments.

APPROVED MINUTES OF THE MEETING OF OCTOBER 30, 2025:

Chair Kawafuchi called for a motion to approve the minutes. Ms. Maynard moved to approve the minutes. Ms. Ostergaard-Klem seconded.

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

Kurt Kawafuchi	**Yes**
Kristi Maynard	**Yes**

Marjorie Bennett	**Abstain**
Carl Bonham	**Yes**
Michael Hamasu	**Yes**
Scott W. Hayashi	**Yes**
Regina Ostergaard-Klem	**Yes**

REVIEW OF REVENUES BY DR. BAYBARS KARACAOVALI, TAX RESEARCH & PLANNING OFFICER:

Dr. Karacaovali made a presentation to the Council which highlighted the following information:

1. General Excise & Use Tax Collections: FY 2024 & FY 2025
2. General Excise & Use Tax Collections: FY 2026 (through November 2025)
3. Individual Income Tax Collections: FY 2024 & FY 2025
4. Major Tax-Related Measures Passed by the 2024 Legislature and Enacted into Law
    a. Act 46, SLH 2024 – Individual Income Tax Cut.
    b. Act 47, SLH 2024 - GET Exemption
5. Act 46, SLH 2024 – Individual Income Tax Cut: Details and Statistics
6. Individual Income Tax Collections: FY 2026 (through November 2025)
7. Major Tax-Related Measures Passed by the 2025 Legislature and Enacted into Law
    a. Act 58, SLH 2025 – Pass-Through Entity (PTE) Tax Add-Back
    b. Act 96, SLH 2025 – Transient Accommodations Tax Increase and Imposition on Cruise Ships
8. Transient Accommodations Tax Collections: FY 2024 & FY 2025
9. Transient Accommodations Tax Liability by Tax District: FY 2019-FY 2025
10. Transient Accommodations Tax Liability Composition by Tax District: FY 2020-FY 2025
11. Transient Accommodations Tax Collections: FY 2026 (through November 2025)
12. Corporate Income Tax Collections: FY 2024 & FY 2025
13. Corporate Income Tax Collections: FY 2026 (through November 2025)
14. General Fund: FY 2024 & FY 2025
15. Preliminary General Fund: FY 2026 (through November 2025)
16. Estimates of General Fund Tax Revenue from the Meeting of September 4, 2025: FY2026 to FY2032
17. Summary Table: Estimates of General Fund Tax Revenues: FY2026 to FY2032; Current Forecast, as of September 4, 2025, versus Model 1 – Input Mean Forecast
18. Details on Act 96, SLH 2025 – Transient Accommodations Tax Increase and Imposition on Cruise Ships: Breakdown of the Revenue Estimates for the Regular TAT Increase and TAT Imposition on Cruise Ships Sections of Act 96; DOTAX Announcement No. 2026-01
19. Summary Table: Estimates of General Fund Tax Revenues: FY2026 to FY2032; Current Forecast, as of September 4, 2025, versus Model 1 – Input Mean Forecast (without TAT on Cruise Ships)

[THE PRESENTATION IS AVAILABLE ON THE COR WEBSITE]
Presentation Link: https:/files.hawaii.gov/tax/useful/cor/2026gf01_07_DOTAX_presentation.pdf

DISCUSSION AND VOTE ON THE GENERAL FUND TAX REVENUE FORECAST FOR FISCAL YEAR 2026:

Mr. Kawafuchi asked Dr. Bonham to start off the discussion for fiscal year (FY) 2026.

Dr. Bonham started by stating that he is comfortable with the Council's previous forecast from their September 4, 2025 General Fund meeting.

Dr. Bonham said that the incoming data was a bit more positive than expected.

Dr. Bonham highlighted jobs data and incoming tourism data when sharing his forecast of -4.1% (with adjustments for tourism) which was a little more upbeat than the Council's.

Ms. Bennett also stated that in reading forecast reports, estimates and revisions that have come out in the last three or four weeks have suggested more good news than bad news, which have fed confidence.

Mr. Hayashi asked Dr. Bonham whether Airbnb properties were included in the daily hotel rates.

Dr. Bonham responded that Airbnb rates have fallen but that, they do a weighted average of the average daily rate for both short-term vacation rentals and hotels.

Ms. Ostergaard-Klem asked Dr. Bonham if any of the data collection methods have changed.

Dr. Bonham said that the intercept surveys have not really changed but is unsure if the State has as good an idea of where people are, potentially in the absence of in-flight surveys that would indicate which island visitors are going to. However, Dr. Bonham added that the good news is that the surveys are coming back.

Mr. Kawafuchi asked Dr. Bonham his forecast recommendation for fiscal year 2026.

Dr. Bonham said that he would not change the Council's forecast and would keep it the same as in the Council's previous General Fund meeting.

Ms. Ostergaard-Klem asked Dr. Bonham if his position on construction will continue to hold.

Dr. Bonham responded that he continues to have growth in his contracting tax base (construction) forecasts at three to four percent range for the next several fiscal years.

Ms. Maynard said that she would feel comfortable with Dr. Bonham's recommendation of leaving the forecast unchanged.

Mr. Hayashi asked Dr. Karacaovali if the corporate income tax is combined with TAT or if it is separate.

Dr. Karacaovali responded that the corporate income tax is separate.

Mr. Kawafuchi asked the Council if there was any further discussion for fiscal year 2026.

Dr. Bonham moved to leave the forecast for FY2026 unchanged.

Ms. Maynard seconded the motion to leave the forecast for FY2026 unchanged.

Mr. Kawafuchi asked to confirm that the forecast would be -4.7% for the current fiscal year.

Mr. Kawafuchi called for a vote for the motion of leaving the current forecast as is for the fiscal year ending 2026 at -4.7%.

It was moved by Dr. Bonham and seconded by Ms. Maynard that the General Fund growth rate forecast be -4.7% for FY2026. The Chair called for the vote, and the motion passed with the following votes:

Kurt Kawafuchi	**Yes**
Kristi Maynard	**Yes**
Carl Bonham	**Yes**
Scott W. Hayashi	**Yes**
Regina Ostergaard-Klem	**Yes**
Michael Hamasu	**Yes**
Marjorie Bennett	**Yes**

DISCUSSION AND VOTE FOR THE GENERAL FUND TAX REVENUE FORECAST FOR FY2027:

Mr. Kawafuchi asked if anyone from the Council would like to lead off the discussion for FY2027.

Dr. Bonham moved to leave all the out years unchanged.

Mr. Hamasu reiterated on what was previously said regarding the economy improving.

Mr. Hamasu stated that their year-end figures for commercial real estate and investment sales have dramatically increased at year end and from a business perspective there is an improvement overall in the economy.

Mr. Hamasu asked about the possibility of Governor's proposal of revising the tax strategy moving forward.

Dr. Bonham responded that the revision of the tax strategy has not been made into law so the Council would have to take into account the current state of the individual income tax law.

Mr. Kawafuchi asked Dr. Karacaovali if an analysis of spending and net effects of the tax relief was done segregated by income levels from stretching out the brackets, creating a bigger standard deduction, and offering (GET) exemptions for Medicaid and such.

Dr. Karacaovali said that the dynamic analysis was not done by income level but instead it was done as an overall macroeconomic impact to the economy, which does not differentiate the feedback by income level.

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

There was no further discussion.

Mr. Kawafuchi confirmed the motion to keep the Council's current forecast for out years at 2.0% for FY2027, 1.9% for FY2028, 2.5% for FY2029, 1.8% for FY2030, 3.1% for FY2031, and 3.4% FY2032.

Vote was taken.

It was moved by Dr. Bonham and seconded by Mr. Hamasu that the General Fund revenue growth rate forecast be set at 2.0% for FY2027. The Chair called for the vote, and the motion passed with the following votes:

Kurt Kawafuchi	**Yes**
Kristi Maynard	**Yes**
Carl Bonham	**Yes**
Scott W. Hayashi	**Yes**
Regina Ostergaard-Klem	**Yes**
Michael Hamasu	**Yes**
Marjorie Bennett	**Yes**

DISCUSSION AND VOTE ON THE GENERAL FUND TAX REVENUE FORECAST FOR FY2028 THROUGH FY2032:

There was no discussion.
Council voted to keep out years unchanged.

It was moved by Dr. Bonham and seconded by Mr. Hamasu that the General Fund revenue growth rate forecast be set at 1.9% for FY2028, 2.5% for FY2029, 1.8% for FY2030, 3.1% for FY2031, and 3.4% for FY2032. The Chair called for the vote, and the motion passed with the following votes:

Kurt Kawafuchi	**Yes**
Kristi Maynard	**Yes**
Carl Bonham	**Yes**
Scott W. Hayashi	**Yes**
Regina Ostergaard-Klem	**Yes**
Michael Hamasu	**Yes**
Marjorie Bennett	**Yes**

REPORT BY THE DEPARTMENT OF BUDGET & FINANCE ON NON-TAX AND SPECIAL TAX REVENUE PROJECTIONS PRESENTED BY MR. GREGG HIROHATA-GOTO:

Mr. Gregg Hirohata-Goto provided the Council with a Department of Budget & Finance (B&F) report of revised projections for general fund non-tax revenues, non-general-fund tax and non-tax revenues since the September 4th meeting. In his presentation, Mr. Hirohata-Goto highlighted the significant changes regarding Charges for Current Services: Utils & Other Enterprises, and Federal Grants.

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

Kurt Kawafuchi	**Yes**
Kristi Maynard	**Yes**
Carl Bonham	**Yes**
Scott W. Hayashi	**Yes**
Regina Ostergaard-Klem	**Yes**
Michael Hamasu	**Yes**
Marjorie Bennett	**Yes**

NEXT MEETING:

The Council tentatively agreed to meet on Thursday, March 10, 2026, at 2 p.m. for the General Fund forecast.

ADJOURNMENT:

The meeting adjourned at 3:21 p.m.