

DRAFT

COUNCIL ON REVENUES

General Fund Meeting Minutes
Thursday, May 21, 2026

Virtual Meeting

Meeting was held virtually and video recorded.

Recorded Video Link: <https://www.youtube.com/watch?v=mugX2sFc-oM>

Thursday, May 21, 2026

2:00 p.m.

PRESENT:

Council Members:

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

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 2:00 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 comments.

APPROVAL OF MINUTES FOR THE MEETING OF MARCH 10, 2026:

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

Ms. Maynard moved to approve the minutes of the March 10th meeting, and Ms. Bennett seconded the motion. The Chair called for a vote, and the motion passed with the following votes:

Kurt Kawafuchi	Yes
Kristi Maynard	Yes

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

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. Tax Revenue Composition – Fiscal Years (FYs)2016 - 2025
2. General Excise & Use Tax Collections (\$ Million) - Chart
3. Individual Income Tax Collections (\$ Million) - Chart
4. Major Tax-Related Measures Passed by the 2024 Legislature and Enacted into Law – Estimates of General Fund Tax Revenue Gain or (Loss) (Dollar amounts are in \$ millions) - Table
5. 2019-2024 Tax Schedule – Table; Actual 2025-2026 Tax Schedule – Act 46 - Table
6. Number of Resident Returns 23-24 – Table; Number of Resident Returns 25-26 - Table
7. TY 2026 Synthetic After-Credit Tax Liability - Table
8. Act 46, SLH 2024 Tax Year 2027 (If No Change In Policy) – Table; Freeze above \$175k-Single/\$350k-joint @25 rate Tax Year 2027 – Add New 13% Top Bracket Decrease Brackets 2 & 3 to 2.5% & 5% - Table; Act 46 SLH 2024 Tax Year 2029 (If No Change In Policy) – Table; Freeze above \$175k-Single/\$350k-joint @25 rate Tax Year 2027 – Add New 13% Top Bracket Decrease Brackets 2 & 3 to 2.5% & 5% - Table
9. Married Filing Jointly Dependents (excluding spouse) 2 Income (Hawai'i AGI) \$88,000 – Table
10. Married Filing Jointly Dependents (excluding spouse) 2 Income (Hawai'i AGI) \$250,000 – Table
11. Married Filing Jointly Dependents (excluding spouse) 2 Income (Hawai'i AGI) \$1,500,000 – Table
12. Married Filing Jointly Dependents (excluding spouse) 2 Income (Hawai'i AGI) \$10,000,000 – Table
13. Number of Resident Returns 23-24 – Table; Number of Resident Returns 25-26 - Table
14. Proposed 2027-2028 Tax Schedule – SB 3125, S.D1, H.D.1, C.D.2 – Table
15. Proposed 2029-Thereafter Tax Schedule – SB 3125, S.D1, H.D.1, C.D.2 – Table
16. General Fund Revenue Gain (or Loss) – Table
17. FY 2025 Source of Revenue – Table

18. Major Tax-Related Measures Passed by the 2025 Legislature and Enacted into Law – Estimates of General Fund Tax Revenue Gain or (Loss) (Dollar amounts are in \$ millions) - Table
19. DOTAX Announcement No. 2026-01
20. Transient Accommodations Tax Collections (\$ Million) - Chart
21. FY 2025 Source of Revenue – Table
22. Corporate Income Tax Collections (\$ Million) – Chart
23. Corporate Income Tax Collections (\$ Million) – Chart
24. General Fund (\$ Million) - Chart
25. Preliminary General Fund (\$ Million) - Chart
26. Council on Revenues Forecast: As of March 10, 2026 – Chart
27. Summary Table Estimates of General Fund Tax Revenue: FY 2026 to FY 2032 Amount (\$1,000) and Growth Rate (%) – Table and Chart

[THE PRESENTATION IS AVAILABLE ON THE COR WEBSITE]

Presentation Link: <https://files.hawaii.gov/tax/useful/cor/2026-05-COR-GF-Presentation-DOTAX.pdf>

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

Dr. Bonham started the discussion by highlighting the year-over-year numbers for the general fund to the Council.

Dr. Bonham continued stating that if May and June remained the same as April, which was up almost two and a half percent year over year, the State would end up with a fiscal year number that's close to two and a half percent loss instead of -4.5%, as previously forecast.

Dr. Bonham then stated that for fiscal year 2026 he would be comfortable suggesting a growth rate of -2.0 percent because of the effects of the war and the price surges in the economy that is being seen.

Ms. Maynard added that based on the preliminary statements each month has gotten better starting with September 2025.

Ms. Maynard also added that the GE tax and TAT tax are very strong but noted that the income tax for individuals is down as shown in Dr. Karacaovali's presentation.

Dr. Bonham motioned for -2.5% for current fiscal year 2026.

Ms. Maynard seconded the motion for -2.5 for current fiscal year 2026.

Mr. Kawafuchi asked if there was any further discussion.

There being none, a vote was taken.

The motion carried unanimously.

It was moved by Dr. Bonham and seconded by Ms. Maynard that the General Fund growth rate forecast be -2.5% 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
Michael Hamasu	Yes
Marjorie Bennett	Yes
Regina Ostergaard-Klem	Yes

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

Mr. Kawafuchi asked if anyone on the Council would like to begin the discussion for FY2027.

Dr. Bonham started the discussion by highlighting the Council's consensus forecast.

Dr. Bonham then stated that his models for next year's tax revenues are under 1% growth rate year over year.

Mr. Kawafuchi asked Dr. Bonham if he decreased the current forecast of 2% to 1% for fiscal year 2027.

Dr. Bonham said yes to decreasing the current forecast of 2% to 1% for fiscal year 2027.

The Council members expressed their concerns regarding the uncertainty and the effects it's having on oil prices and the State.

Dr. Bonham moved for 1.0% growth rate for fiscal year 2027.

Ms. Bennett seconded the motion for 1.0% growth rate for fiscal year 2027.

Mr. Kawafuchi asked if there was any further discussion.

There being none, a vote was taken.

The motion carried unanimously.

It was moved by Dr. Bonham and seconded by Ms. Bennett that the General Fund revenue growth rate forecast be set at 1.0% 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
Michael Hamasu	Yes
Marjorie Bennett	Yes
Regina Ostergaard-Klem	Yes

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

Mr. Kawafuchi invited members of the Council to begin the discussion regarding forecasts for FY2028 through FY2032.

Dr. Bonham started the discussion by saying the out years looked fine and would be comfortable with keeping the Council's previous forecasts as follows 1.9% for FY 2028, 2.5% FY 2029, 1.8% for FY 2030, 3.1% for FY 2031, and 3.4% for FY 2032.

Ms. Maynard moved to retain the current forecast for FY2028 through FY2032.

Ms. Ostergaard-Klem seconded the motion.

Mr. Kawafuchi asked if there was any additional discussion.

There being none, the Council proceeded to a vote.

The motion passed unanimously.

It was moved by Mr. Hayashi 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
Michael Hamasu	Yes
Marjorie Bennett	Yes
Regina Ostergaard-Klem	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 March 10th meeting. In his presentation, Mr. Hirohata-Goto highlighted the significant changes regarding Revenues from Use of Money and Property, Charges for Current Services: Utilities and Other Enterprises, Federal Grants, and Charges for Current Services.

It was moved by Mr. Hayashi and seconded by Mr. Hamasu 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
Michael Hamasu	Yes
Marjorie Bennett	Yes
Regina Ostergaard-Klem	Yes

NEXT MEETING:

The Council tentatively agreed to meet on Thursday, July 30, 2026, at 2 p.m. for the Total Personal Income forecast.

ADJOURNMENT:

The meeting adjourned at 3:37 p.m.