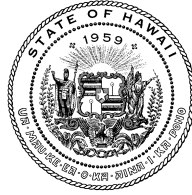


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GOVERNOR

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COUNCIL ON REVENUES

STATE OF HAWAII
P.O. BOX 259
HONOLULU, HAWAII 96809-0259

August 7, 2017

The Honorable David Y. Ige
Governor, State of Hawaii
Executive Chambers
State Capitol, Fifth Floor
Honolulu, HI 96813

Dear Governor Ige:

In its meeting on August 1, 2017, the Council on Revenues lowered its forecast for the growth rate in Hawaii Total Personal Income (TPI) for calendar year 2017 to 3.5%. The Council forecasts TPI growth of 3.5% for calendar year 2018 as well.

The lower TPI forecasts reflects an economic outlook that is less robust than in recent years, which in part due to slower growth in the construction sector. The growth of the tourism industry remains positive, although it is not as strong as before. Hawaii's economy is nearing full employment, so job growth has slowed. The Council also noted that the U.S. economy is growing steadily at a rate of around 3.0% and expects the Federal Reserve to increase interest rates this year.

The updated data for Hawaii's TPI for calendar years 2013 through 2016, along with the Council's current forecasts for 2017 and for 2018, are shown below:

Calendar Year	Millions of Dollars	% Growth From Previous Year
2013	\$62,784	1.5%
2014	\$65,993	5.1%
2015	\$69,129	4.8%
2016	\$72,100	4.3%
2017 (Forecast)	\$74,624	3.5%
2018 (Forecast)	\$77,235	3.5%

The Honorable David Y. Ige

August 7, 2017

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Please advise us if we can be of further assistance or if you have any questions concerning the foregoing estimates.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kurt Kawafuchi". The signature is fluid and cursive, with a large initial "K" and a distinct "I" at the end.

KURT KAWAFUCHI
Chair, Council on Revenues