

Significant Changes from May 2020 Report

General Fund Non-Tax Revenues

Use of Money and Property – the net increase in FY 20 is attributed to an increase in investment pool account earnings due to the disbursement of interest to the general fund for prior periods (Department of Budget and Finance (B&F)).

Charges for Current Services – the net decreases in FYs 20-27 are attributed to decreases in federal reimbursements of prior year expenditures in FY 20 (Department of Human Services), reimbursements of health premiums for non-general funded positions in FYs 20-27 (B&F), and reimbursements of prefunding for Other Post-Employment Benefits (OPEB) in FYs 21-25 due to the temporary suspension of prefunding payments due to the COVID-19 pandemic (B&F).

Non-Revenue Receipts – the net decreases in FYs 20-27 are attributed to decreases in reimbursements of social security for non-general funded State positions, not including the Department of Education (DOE) and University of Hawai'i (UH) (B&F). The decreases are offset by increases for reimbursement of pension accumulation for non-general funded State positions in FYs 20-27, not including DOE and UH (B&F), and reimbursement of social security for non-general funded positions within UH in FYs 20-27 (B&F).

Special Tax Revenues

Transfer of General Excise Tax – the decrease in FY 20 is attributed to reduced general excise tax collections, while net decreases in FYs 21-27 reflect revised estimates of general excise tax transfers to the Mass Transit Special Fund (MTSF) (B&F) based on the Council on Revenue's forecast from the meeting held on May 28, 2020.

Liquid Fuel, Highways – the decrease in FY 20 is attributed to reduced business operations, and FYs 21-27 reflect projected amounts based on lower liquid fuel tax collection estimates due to lower anticipated business operations and growth (Department of Transportation (DOT)-Highways).

Transfer of Transient Accommodations Tax (TAT) – the decrease in FY 20 is attributed to the suspension of the TAT transfer to the Tourism Special Fund due to the Governor's emergency proclamation (No. 6) to address COVID-19 (Department of Business, Economic Development and Tourism (DBEDT)) and reduced TAT collections for the MTSF (B&F). The decreases in FYs 21-27 are based on the assumption that TAT collections for July through September 2020 will remain at zero (DBEDT) and on projected reductions in TAT collections.

State Motor Vehicle Weight Tax – the decreases in FYs 20-27 are attributed to a delay in revenue remittance from the counties due to the COVID-19 shutdown (DOT-Highways).

Rental Motor Vehicle Surcharge Tax – the increase in FY 20 is attributed to increased actual revenues for the first nine months of the year, and revised FYs 21-27 estimates are based on the anticipated reopening of tourism (DOT-Highways).

Special Fund Non-Tax Revenues

Use of Money and Property – the net increase in FY 20 is attributed to an increase in investment pool account earnings due to the disbursement of interest for prior periods (B&F, DOT-Highways, and DOT-Harbors).

Federal Grants – the net decrease in FY 20 is attributed to less project reimbursements than anticipated for highway improvements (DOT-Highways), and the decrease is offset by increases in federal grants from the Coronavirus Aid, Relief, and Economic Security (CARES) Act (DOT) and Provider Relief Funds and Small Business Administration Paycheck Protection Program (Department of Health (DOH)-Hawai'i Health Systems Corporation).

Charges for Current Services – the net decreases in FYs 21-27 are attributed to projected losses from reduction of airport revenues due to a decrease in forecasted enplanements (DOT-Airports) and reduced revenue projections due to dormitory renovations, dormitory social distancing requirements, and reduced tuition projections (UH).

Charges for Current Services, Utilities – the net decrease in FY 20 is attributed to reduced wharfage revenues due to COVID-19 (DOT-Harbors), while the reductions in FYs 21-27 have been revised to reflect the current operating volume (DOT-Harbors and DOT-Airports).

Transfers – the net increase in FY 20 is primarily attributed to the transfer of general funds to the Emergency and Budget Reserve Special Fund pursuant to Act 44, SLH 2019.

Other Than Special Fund Non-Tax Revenues

Use of Money and Property – the net decreases in FYs 20-26 reflect the estimated decreases in return on investment during the COVID-19 pandemic in the current fiscal year and in subsequent years on OPEB contributions to the Hawai'i Employer-Union Health Benefits Trust Fund (EUTF) (B&F).

Federal Grants – the decrease in FY 20 primarily reflects the reclassification of federal funds awarded to the State of Hawai'i to provide for coronavirus relief to a separate federal COVID-19 funds category and the updated FY 20 revenue estimates with actual amounts. The net increases in FYs 21-26 reflect: expected changes in timing of reimbursements to provide support for operation, maintenance, and repair costs for Army National Guard Facilities statewide and additional federal funds for the Hawai'i National Guard Youth Challenge Academy at the Department of Defense; additional federal funding for comprehensive literacy State development at

DOE; additional federal funding for substance abuse prevention and treatment services at the Alcohol and Drug Abuse Division and revised revenue estimates for the Family and Health Services program at DOH; revised projections of disaster relief supplemental funding received by the Office of Community Services at the Department of Labor and Industrial Relations; and additional grants for various research and training at UH.

Federal COVID-19 Funds – the net increases in FYs 20-22 reflect the reclassification of grants from federal funds to a separate category specifically for CARES Act funds and additional CARES Act funding at various State agencies.

Charges for Current Services, Utilities – the net increase in FY 20 reflects an increase in refunds, rebates and coverage gap discount payments from prescription drug plans, and network and performance guarantee payments on medical and dental plans from insurance carriers to the EUTF (B&F). The net decreases in FYs 21-27 reflect decreases in projected revenue from dining services at UH.

Non-Revenue Receipts – the net increase in FY 20 primarily reflects higher than anticipated contributions made by employers for OPEB to the EUTF (B&F). The net decrease in FY 21 reflects the expected decrease in OPEB contributions due to the COVID-19 pandemic. The net increases in FYs 22-27 reflect projected increases in employers' contributions to the health benefits plans for employees of the State of Hawai'i and counties. The net decrease in FY 21 and increase in FY 22 also reflect the cancellation of an anticipated bond issuance in FY 21 and the change in timing of bond issuances at the Hawai'i Housing Finance and Development Corporation (HHFDC) (DBEDT).

Repayments – the net increases in FYs 21-23 reflect anticipated paydowns for projects and debt service in the Housing Project Bond Special Fund Multifamily Fund at HHFDC (DBEDT).