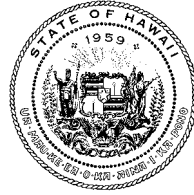


**LINDA LINGLE**  
GOVERNOR

**JAMES R. AIONA, JR.**  
LT. GOVERNOR



**PAUL H. BREWBAKER**  
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Albert Yamada

## **COUNCIL ON REVENUES**

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

January 5, 2010

The Honorable Donna Mercado Kim  
Chair, Senate Committee on Ways and Means  
State Capitol, Room 210  
Honolulu, HI 96813

The Honorable Marcus R. Oshiro  
Chair, House Committee on Finance  
State Capitol, Room 306  
Honolulu, HI 96813

Chairpersons and Members of the Committees:

Thank you for inviting the Council on Revenues to appear before your committees to present the current tax revenue forecasts for the State of Hawaii. My name is Paul Brewbaker, and I am the Chair of the Council on Revenues. I would like to present to you a review of recent trends as well as the Council's latest forecast.

### **Current Revenue Trends**

Fiscal year (FY) 2009 had a 9.5% decrease in the State's General Fund tax revenues, which followed a relatively modest 1.2% increase in FY 2008. This decrease was a reflection of the ongoing weak national and local economic conditions that contributed to the decline of both visitor arrivals and visitor expenditures in Hawaii. Despite a 7.4% decrease in hotel room rates, a significant increase in visitor arrivals did not materialize and transient accommodations tax collections disproportionately fell by 8.2% in FY 2009.

General excise and use tax collections, which typically make up about half of the total General Fund tax revenues, totaled \$2.4 billion in FY 2009, a 7.7% decrease from the previous fiscal year. In addition to the decline in visitor arrivals and expenditures, general excise tax collections were also significantly impacted by the decline in construction activity. Following a decrease of 1.9% in FY 2008, construction expenditures, as measured by the general excise tax resulting from contracting, declined by 4.3% in FY 2009.

Total personal income grew by a modest 1.1% in FY 2009. Net individual income tax collections decreased by 13.3% in FY 2009, mainly due to a 39.0% decrease in estimated individual income tax payments. Net corporation income taxes also decreased by 37.1% in FY 2009, primarily due to lower estimated tax payments.

In summary, slower economic growth resulting from declines in the visitor and construction industries was the main reason for the 9.5% decline in FY 2009 General Fund tax revenues.

In the current fiscal year, the nascent recovery of the U.S. economy has resulted in a positive 2.0% growth in number of visitors during the first four months of FY 2010. However, the downward cycle of the construction industry, higher unemployment rate, and lower inflation pressure have negatively impacted tax revenue collections.

The latest published data for FY 2010 indicate that the cumulative revenues, up to the month of November, deposited into the State General Fund totaled \$1,733 million. For this period, General Fund revenue collections decreased by \$121 million or 6.5 % when compared to the same period in the previous year. The growth of key components of the State tax revenue collections are as follows:

Cumulative general excise and use taxes, the largest single category of tax collections, amounted to \$955 million through November. It decreased by 7.3% from the same period last year.

Transient accommodations tax collections were about \$86 million through November or down 5.6% from the same period during the last fiscal year.

Individual income tax collections amounted to \$568.5 million through November or a decrease of 9.1% from the same period last year. Corporate income tax collections for this same period were down by 38.5%.

### **Forecasts of General Fund Tax Revenues**

The Council continuously reduced its FY 2009 forecast in its previous meetings due to a greater-than-expected downturn in economic conditions. While the Council correctly anticipated the slowdown of the economy, the degree of the slowdown was underestimated.

It should be noted that the model is a multi-year forecasting model from FY 2010 through FY 2016. As in all multi-year forecasts some years are over-estimated and other years are under-estimated. In most years, the growth in General Fund tax collections is greater than the growth in personal income. General Fund tax collections are also impacted by tax credits given to individuals and businesses. The 2-year time lag in tax credit data increases the problem of getting accurate forecasts of the General Fund tax collections, which are net of tax credits.

At its meeting on December 17, 2009, the Council on Revenues adjusted the forecasted growth rates of General Fund tax revenues. The forecast was reduced from negative 1.5% to negative

2.5% for FY 2010 and from 6.5% to 7.6% for FY 2011. The Council also updated its forecasts of General Fund tax revenues for FYs 2012 through 2016.

The revised forecasts of State General Fund tax revenues for fiscal years 2010 through 2016 are listed below:

<b>Fiscal Year</b>	<b>Thousands of Dollars</b>	<b>% Growth From Previous Year</b>
2010	\$4,097,243	-2.5%
2011	\$4,408,318	7.6%
2012	\$4,672,817	6.0%
2013	\$4,953,186	6.0%
2014	\$5,250,377	6.0%
2015	\$5,512,896	5.0%
2016	\$5,788,541	5.0%

Details of the Council's forecasts of the State's General Fund tax revenues for FY 2010 through FY 2016 are presented in the attached Table 1. These detailed forecasts are based on the Council's forecasts of total State General Fund tax revenues and the econometric model currently used by the Tax Research and Planning Office. Thus, while the forecast components of General Fund tax revenues are consistent with the overall Council forecasts, these estimates should not be labeled as "Council on Revenues' forecasts."

For FY 2010, the mean Council forecast of key economic indicators (Table 2) is that construction will decline by 15.0%, total personal income will decline by 0.5%, and visitor arrivals will increase slightly by 0.2%. Inflation (as measured by the Honolulu Consumer Price Index) is forecast to be 0.4%. For FY 2011, the mean Council forecast is that construction will decline by 6.0%, total personal income will grow by 2.7%, visitor arrivals will continue its upward trend and grow by 4.2%, and inflation will go up to 1.3%.

In producing its forecasts, the Council has adopted specific adjustments recommended by the Hawaii Department of Taxation to reflect the impacts on General Fund tax revenues of recent tax law changes, including:

- Act 209, Session Laws of Hawaii (SLH) 2007—exempts from the general excise tax sales of alcohol fuel.
- Act 211, SLH 2007—provides a refundable food/excise tax credit.
- Act 143, SLH 2008—amends provisions relating to agricultural businesses qualifying for enterprise zone benefits.

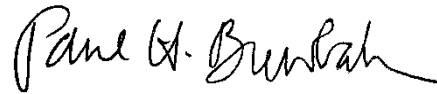
- Act 156, SLH 2008—allows state and county governments to hire retired state or county government employees.
- Act 233, SLH 2008—provides an important agricultural land qualified agricultural cost income tax credit.
- Act 14 SS, SLH 2009—phaseout of personal exemption.
- Act 40, SLH 2009—reduces the interest rate applied to overpayments of tax.
- Act 56, SLH 2009—increases the cigarette tax by one cent on July 1, 2009, July 1, 2010, and July 1, 2011.
- Act 58, SLH 2009—increases the tobacco tax on tobacco products other than cigarettes and taxes "little cigars" as cigarettes.
- Act 59, SLH 2009—increases the conveyance tax and reduces the conveyance tax allocations to the Rental Housing Trust Fund and the Natural Area Reserve Fund.
- Act 60, SLH 2009—temporarily increases the income tax rate on high income individuals and increases the standard deduction and personal exemption amounts.
- Act 61, SLH 2009—provides an additional 1% transient accommodations tax from July 1, 2009 through June 30, 2010, and an additional 2% transient accommodations tax from July 1, 2010 through June 30, 2015.
- Act 134, SLH 2009—Tax Administration; Cash Economy Enforcement Act.
- Act 166, SLH 2009—conforms to certain Federal penalties; promotes expedited tax appeals; creates 15 year collection statute.
- Act 178, SLH 2009—establishes a temporary 80% tax credit cap (80% of tax liability) and restricts carryover credits for the high technology business investment tax credit and the technology infrastructure renovation tax credit for investments made on or after May 1, 2009. Limits investment credit allocation ratio to 1 to 1. Temporarily suspends the capital goods excise tax credit (May 1, 2009 – December 31, 2009).
- Act 196, SLH 2009—Electronic filing and payment of taxes; accelerates tax payments.

The Council emphasizes the challenge it faces in forecasting tax revenues due to the interactions of significant tax law changes with unpredictable external factors. In arriving at the most recent forecast, Council members' implied revenue forecasts were based on their own individual economic assumptions.

The Honorable Donna Mercado Kim  
The Honorable Marcus R. Oshiro  
January 5, 2010  
Page 5

This concludes my presentation. Again, thank you for this opportunity to appear before these Committees.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Paul H. Brewbaker". The signature is fluid and cursive, with a long horizontal stroke at the end.

Paul Brewbaker, Ph.D.  
Chair, Council on Revenues

Attachments

**Table 1. ESTIMATES OF GENERAL FUND TAX REVENUE: FY 2010 to FY 2016**

(in thousands of dollars)

TYPE OF TAX	ACTUAL		ESTIMATED						
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
General Excise & Use 2/	\$2,618,787	\$2,417,580	\$2,350,845	\$2,535,286	\$2,681,932	\$2,846,825	\$3,016,732	\$3,171,122	\$3,374,995
Income - Individual 4/	1,544,307	1,338,451	1,264,796	1,374,051	1,461,627	1,560,849	1,663,470	1,749,315	1,867,815
Income - Corporation	85,081	53,522	50,103	36,724	39,290	47,964	59,525	71,776	84,610
Public Service Company	127,481	126,069	124,519	124,868	126,161	128,348	131,259	134,607	138,823
Insurance Premiums	95,742	93,720	90,703	90,880	96,324	97,425	98,651	97,810	97,382
Tobacco & Licenses 5/	83,443	76,955	94,253	93,736	90,045	84,032	80,845	77,911	75,175
Liquor & Permits	45,620	47,242	49,446	51,953	54,454	56,891	59,247	61,483	63,628
Banks & Other Fin Corps	18,212	26,075	24,318	26,734	33,357	37,580	41,241	43,332	46,725
Conveyance 3/	6,513	8,311	9,551	8,866	8,632	6,280	6,224	6,188	6,162
Miscellaneous *	751	810	535	537	540	542	544	545	547
Transient Accommodation Tax 1/	15,935	13,566	38,174	64,683	80,455	86,450	92,639	98,807	32,679
<b>NET TOTAL</b>	<b>\$4,641,872</b>	<b>\$4,202,301</b>	<b>\$4,097,243</b>	<b>\$4,408,318</b>	<b>\$4,672,817</b>	<b>\$4,953,186</b>	<b>\$5,250,377</b>	<b>\$5,512,896</b>	<b>\$5,788,541</b>
<b>GROWTH RATE</b>	<b>1.2%</b>	<b>-9.5%</b>	<b>-2.5%</b>	<b>7.6%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>5.0%</b>	<b>5.0%</b>

Notes:

1/ Deposits of 44.8% of TAT revenues to counties (Act 156, SLH 1998); 32.6% to the tourism special fund and 5.3% to the TAT trust fund (Act 250, SLH 2002); 17.3% to the convention center enterprise fund (Act 253, SLH 2002); all net of general fund deposits of excess of fund ceilings. Act 235, SLH 2005, increases allocation to the tourism special fund to 34.2% and repeals the TAT trust fund. Effective on July 1, 2007. Act 209, SLH 2006, increases ceiling on allocation to the convention center enterprise fund to \$33 million. Effective on July 1, 2006. Act 61, SLH 2009, temporarily imposes an additional 1.0% TAT for the period 7/1/2009 through 6/30/2010, and an additional 2.0% TAT for the period 7/1/2010 through 6/30/15. These additional amounts will be deposited into the general fund. Act 5, Special Session Laws of Hawaii 2009, allocates 12.5% of the revenues derived from Act 61 to the tourism special fund for one fiscal year (FY 2011).

2/ Act 209, SLH 2007, exempts gross income received from the sale of alcohol fuel from the general excise tax. Effective on July 1, 2007, provided that the exemption repeals on June 30, 2009. Act 40, SLH 2009, reduces the interest rate on overpayments due to taxpayers from 2/3 of 1% to 1/3 of 1% per month or fraction thereof.

3/ Due to the expiration of Act 222, SLH 2007, on June 30, 2008, the amount of conveyance tax deposited into the General Fund increased from 15% to 35%. Act 59, SLH 2009, increased the conveyance tax rates for properties valued \$1 million or more.

4/ Act 60, SLH 2009, temporarily increases the standard deduction and personal exemption amounts for taxable years beginning after 12/31/10, and also temporarily creates new 9%, 10%, and 11% tax brackets for certain individuals with high taxable income beginning with taxable years beginning after 12/31/08. Act 60, SLH 2009, will be automatically repealed on December 31, 2015.

5/ Act 58, SLH 2009, taxes "little cigars" in the same manner as cigarettes beginning 9/30/09; increases the tax on tobacco products other than cigarettes, little cigars, and cigars from 40% to 70% beginning 9/30/09; imposes a 50% tax on cigars. Act 56, SLH 2009, increases the cigarette tax from 11¢ to 13¢ on 7/1/09, from 12¢ to 14¢ on 7/1/10, and from 13¢ to 15¢ on 7/1/11; and also amends the dates on which changes in the allocation of cigarette tax revenues changes.

\* Includes inheritance and estate tax.

**Table 2**  
**FORECASTS OF KEY ECONOMIC INDICATORS: FY 2010 TO FY 2016**

**A. VALUE**

**Council MEAN Forecasts**

Fiscal Year	2010	2011	2012	2013	2014	2015	2016
Total Personal Income (\$1982-1984 mil.)	23,414	23,742	24,217	24,750	25,294	25,927	26,575
Total Personal Income (\$ mil.)	53,882	55,337	57,551	60,083	62,786	65,863	69,090
Construction Completed (\$ mil.)	6,372	5,990	6,097	6,384	6,837	7,384	7,968
Honolulu CPIU (1982-1984=100)	230	233	238	243	249	254	260
Visitor Arrivals (1,000)	6,378	6,646	6,865	7,071	7,269	7,451	7,630
U.S. GDP in Current Dollars (\$ bil.)	14,463	15,027	15,703	16,441	17,214	18,023	18,852
U.S. GDP Deflator (2000=100)	110	112	114	116	119	121	124
Calendar Year Wages (\$ mil.)	25,146	25,574	26,418	27,369	28,436	29,716	31,083
Visitor Expenditures (\$ mil.)	10,001	10,511	11,163	11,810	12,401	12,971	13,555
Hawaii Real GDP (\$2000 mil.)	49,470	49,965	50,915	51,984	53,127	54,296	55,491

**B. ANNUAL PERCENTAGE GROWTH RATE**

Total Personal Income (\$1982-1984 mil.)	-0.9	1.4	2.0	2.2	2.2	2.5	2.5
Total Personal Income (\$ mil.)	-0.5	2.7	4.0	4.4	4.5	4.9	4.9
Construction Completed (\$ mil.)	-15.0	-6.0	1.8	4.7	7.1	8.0	7.9
Honolulu CPIU (1982-1984=100)	0.4	1.3	2.0	2.2	2.3	2.3	2.4
Visitor Arrivals (1,000)	0.2	4.2	3.3	3.0	2.8	2.5	2.4
U.S. GDP in Current Dollars (\$ bil.)	1.1	3.9	4.5	4.7	4.7	4.7	4.6
U.S. GDP Deflator (2000=100)	0.9	1.3	1.8	2.0	2.1	2.1	2.1
Calendar Year Wages (\$ mil.)	-0.1	1.7	3.3	3.6	3.9	4.5	4.6
Visitor Expenditures (\$ mil.)	-2.9	5.1	6.2	5.8	5.0	4.6	4.5
Hawaii Real GDP (\$2000 mil.)	-0.1	1.0	1.9	2.1	2.2	2.2	2.2

# Hawaii's Economic Outlook

*Presented to the*

**SENATE COMMITTEE ON WAYS & MEANS**

*and*

**HOUSE COMMITTEE ON FINANCE**

**January 5, 2010**

by

**Dr. Pearl Imada Iboshi**

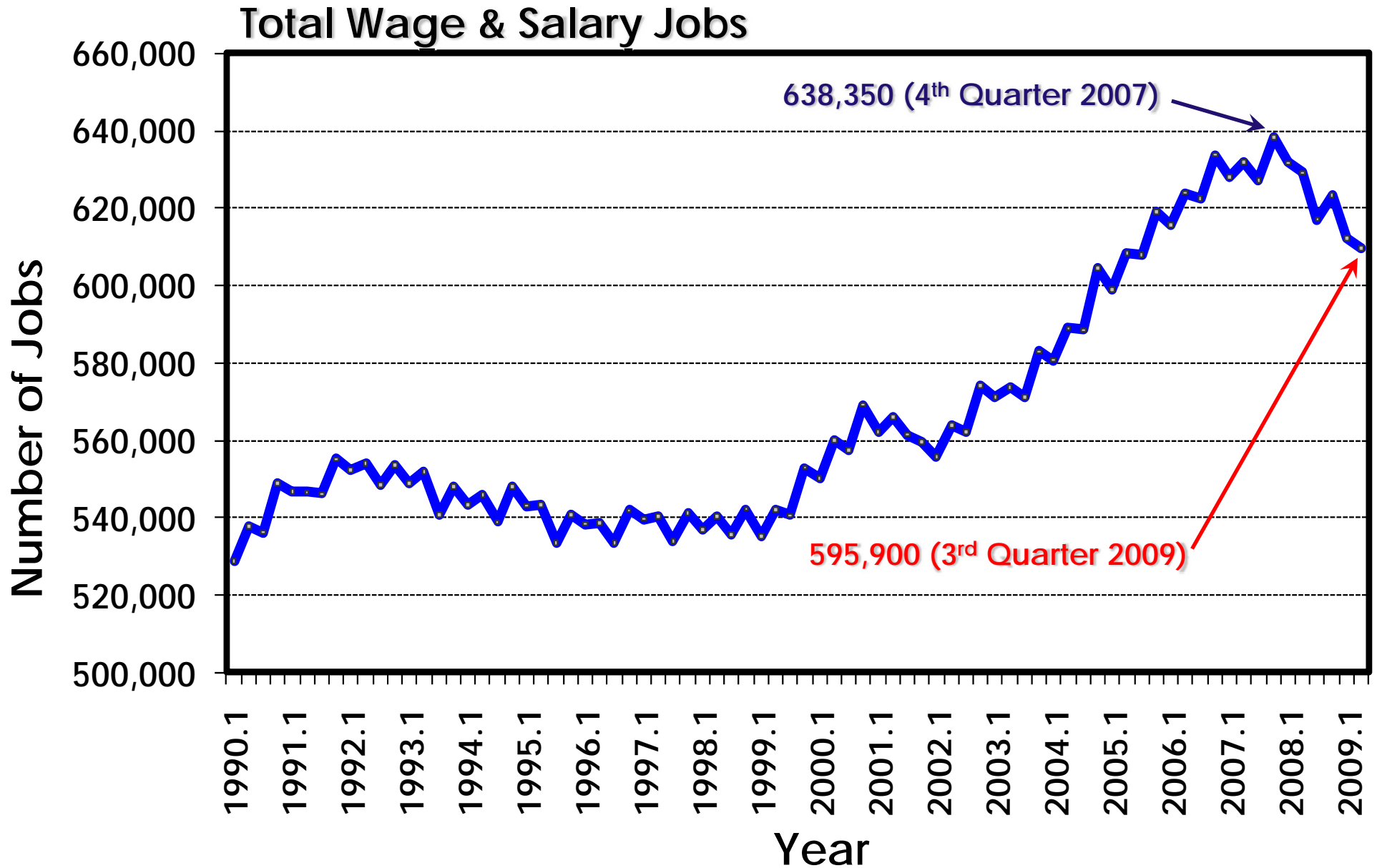
**Department of Business, Economic Development & Tourism**



# Hawaii's economic outlook has worsened but is better than the US

- Labor market: Unemployment rate among the lowest 30% in the nation
- Personal income: Growth has been better than the U.S. average since 2002
- Construction: Private construction has declined, but State government construction increased during the first 9 months
- Visitor industry: Visitor arrivals show improvement since July 2009

# Hawaii has lost 42,450 jobs as of 3<sup>rd</sup> quarter 2009 from the peak of 4<sup>th</sup> quarter 2007

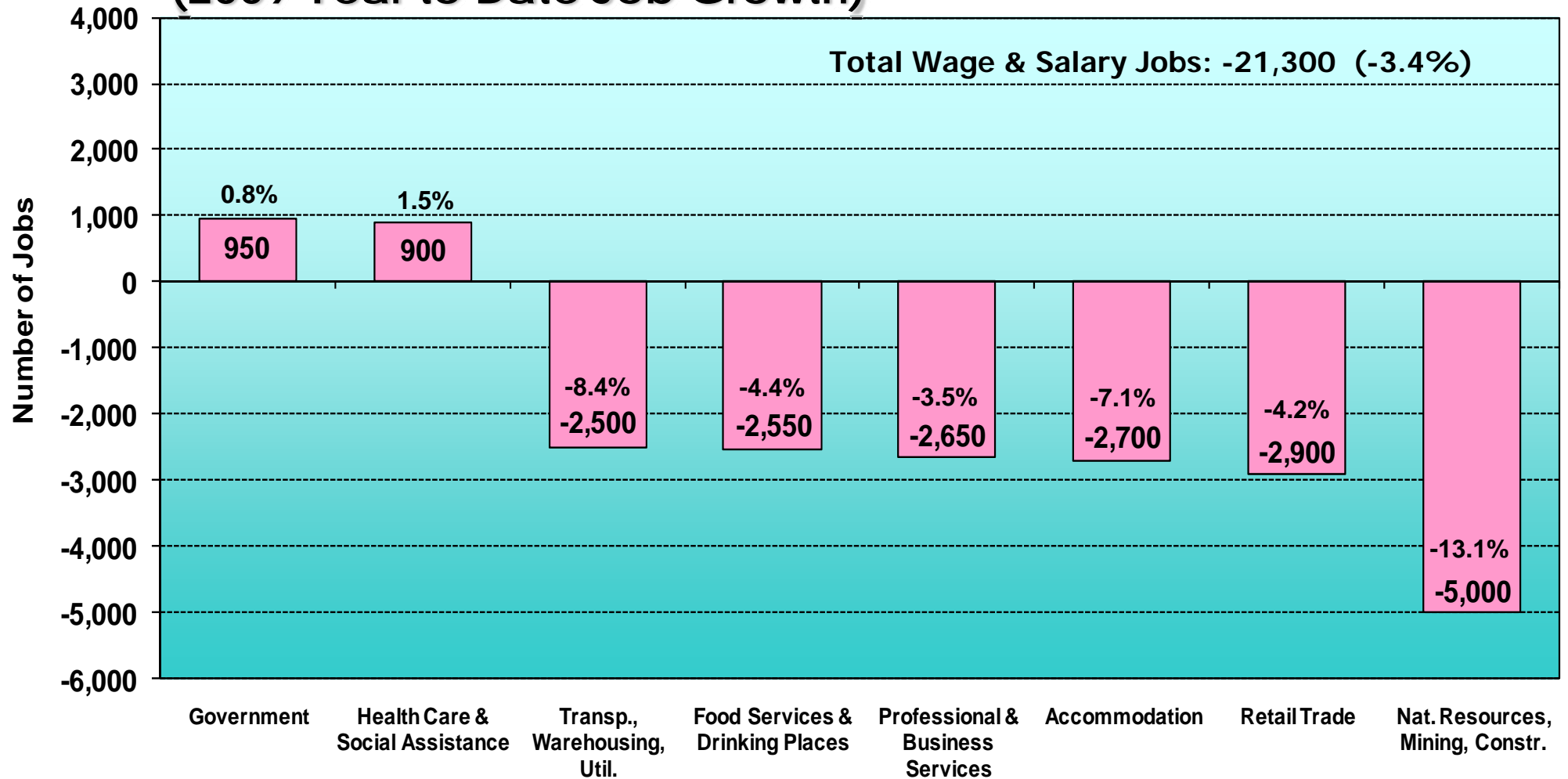


Through 3<sup>rd</sup> Quarter 2009

Source: Hawaii State Department of Labor and Industrial Relations

# Largest job declines were in construction and visitor related industries in 2009

(2009 Year to Date Job Growth)

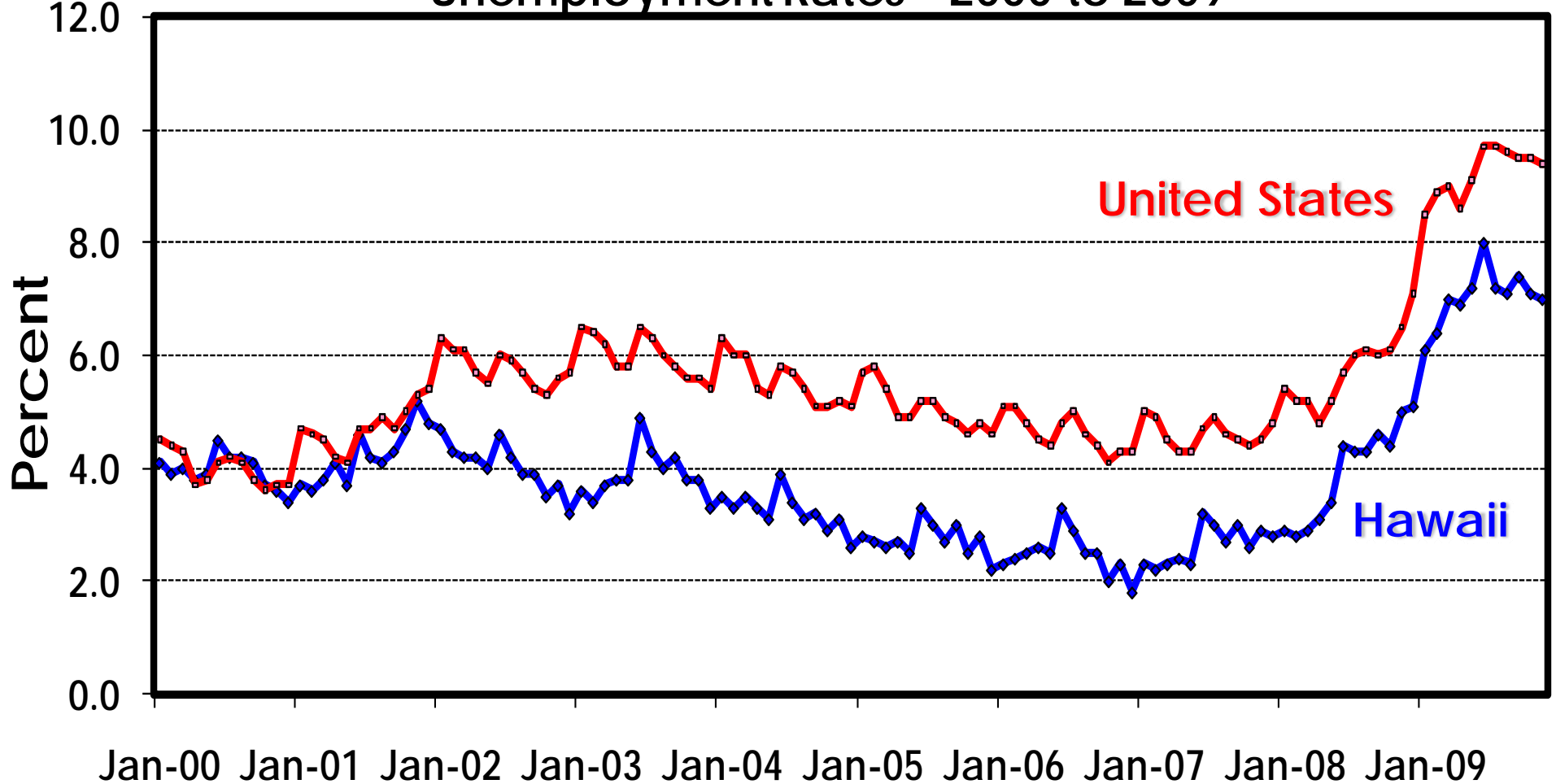


\* Through November 2009

Source: Hawaii State Department of Labor and Industrial Relations

# Hawaii's unemployment rate increased but has remained well below the U.S. average

## Unemployment Rates - 2000 to 2009\*

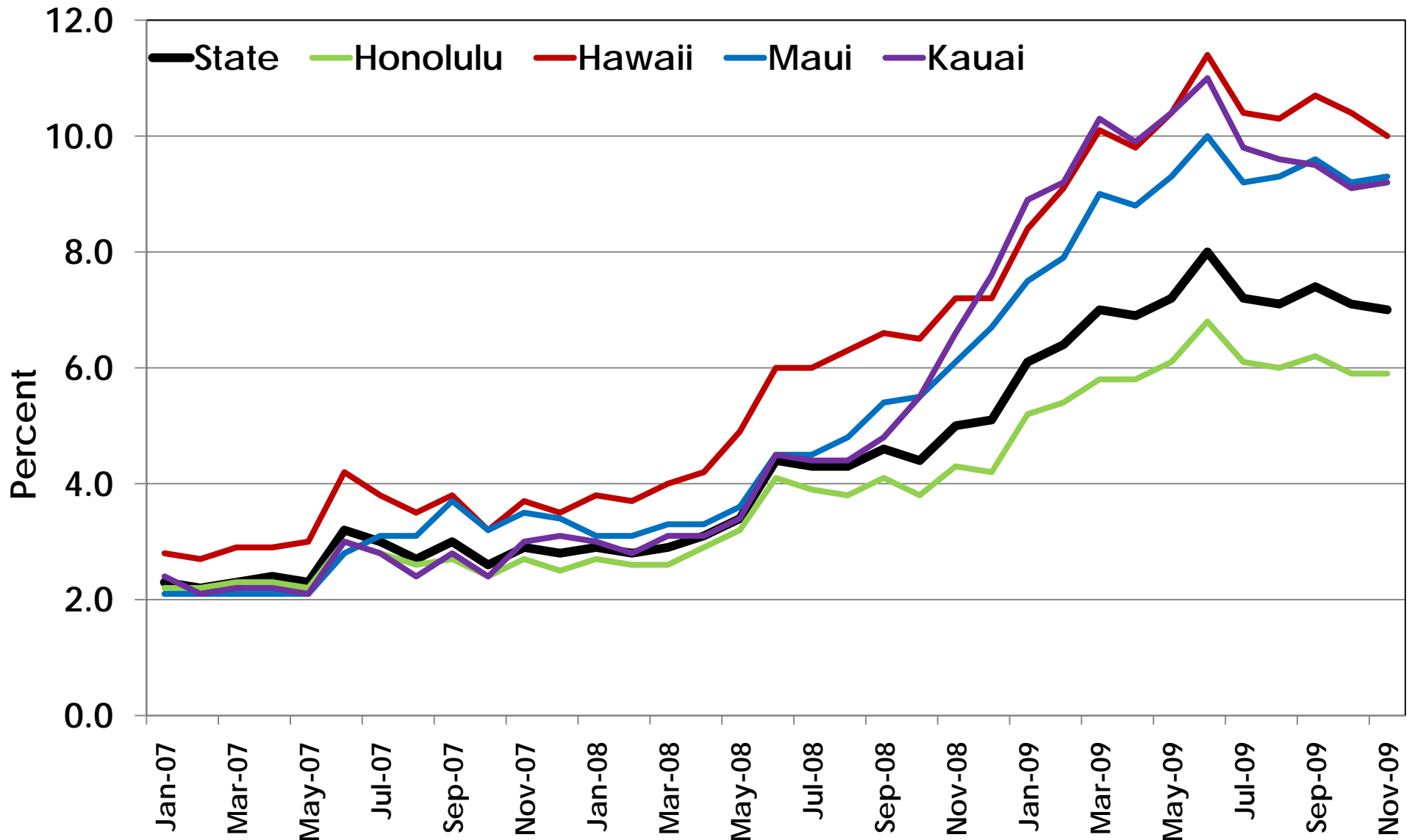


\* Through November 2009, Not seasonally adjusted.

Source: Bureau of Labor Statistics

# The gap in the unemployment rate between neighbor islands and Honolulu has widened

## Unemployment Rates - 2007 to 2009\*



\* Through November 2009, Not seasonally adjusted.

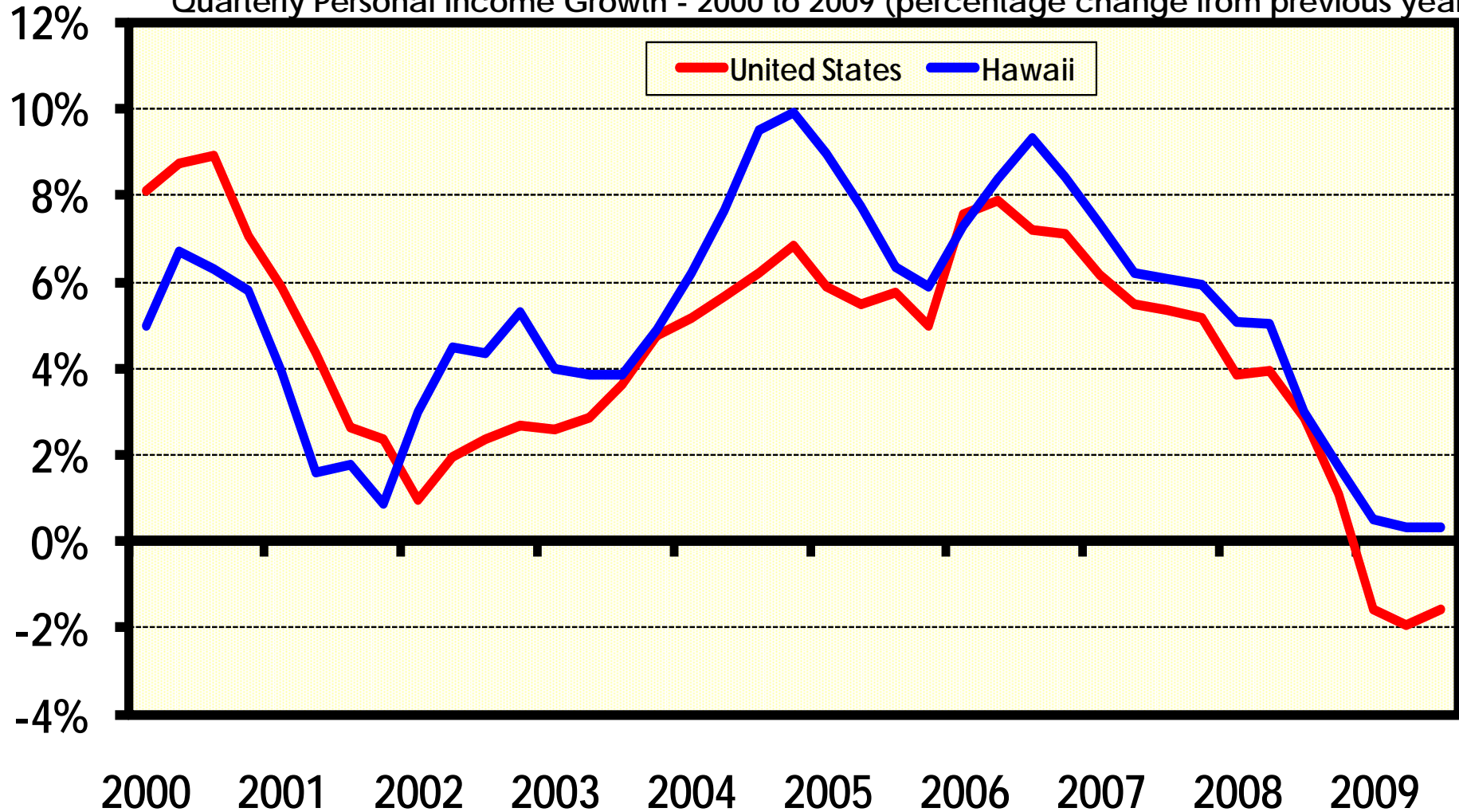
# Forecast on job growth

	2008	2009*	2010*
<b>Total</b>			
<b>Wage and Salary Jobs</b>	<b>-1.0%</b>	<b>-3.3%</b>	<b>-0.9%</b>

*\*Forecast*

# Hawaii personal income growth has been better than the U.S. since 2002

Quarterly Personal Income Growth - 2000 to 2009 (percentage change from previous year)



Through 3Q 2009

Source: U.S. Department of Commerce, Bureau of Economic Analysis

# Forecast on personal income growth

2008

2009\*

2010\*

**Nominal Total**

**Personal Income**

3.7%

-0.8%

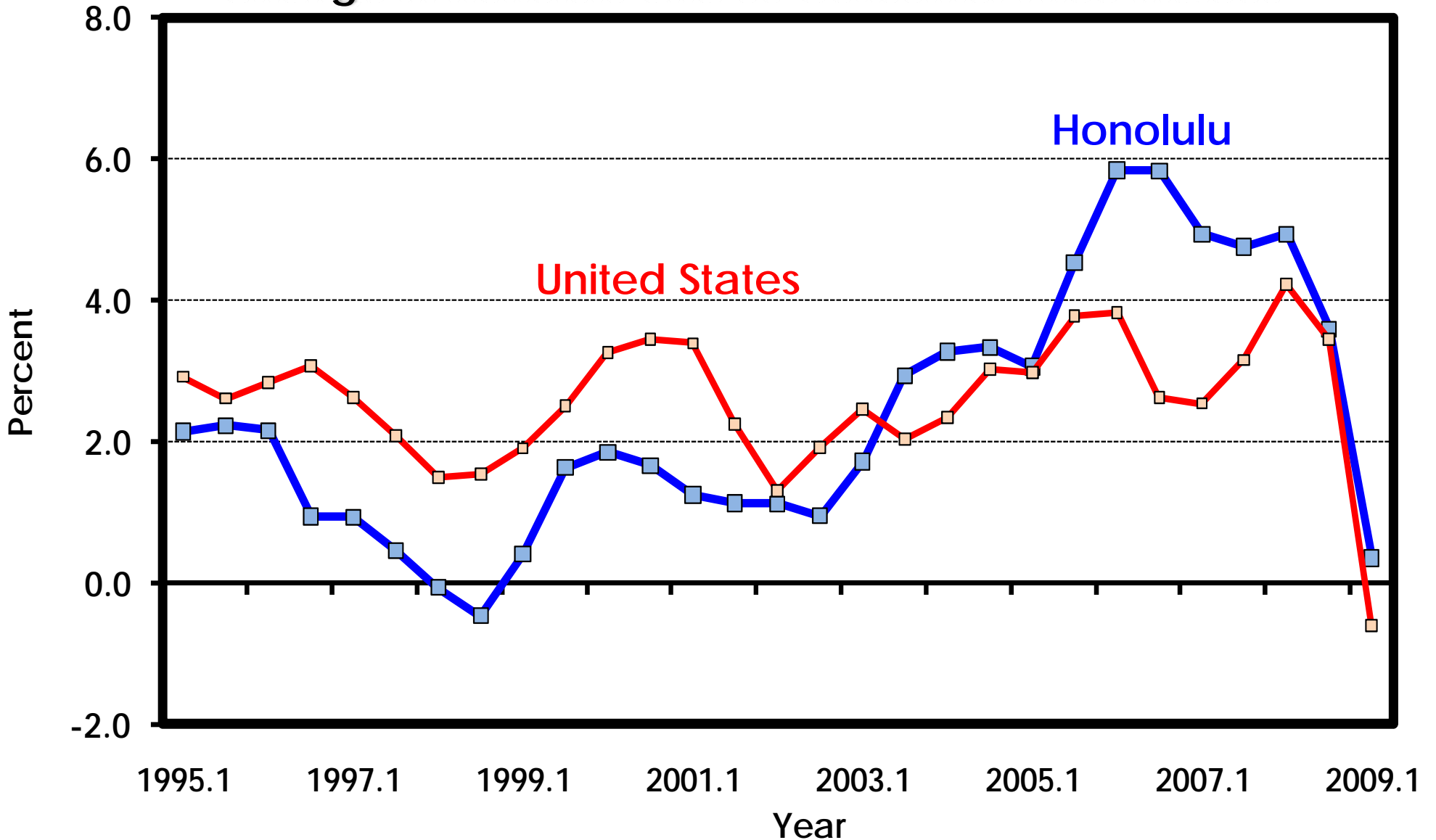
1.5%

*\*Forecast*



# Inflation for both Hawaii and U.S. has slowed dramatically in the past year

## Change in Honolulu and US Consumer Price Indices



All Urban Consumers (1982-1984=100)

Source: U.S. Department of Labor, Bureau of Labor Statistics

# Forecast: Slow increase in prices

2008    2009\*    2010\*

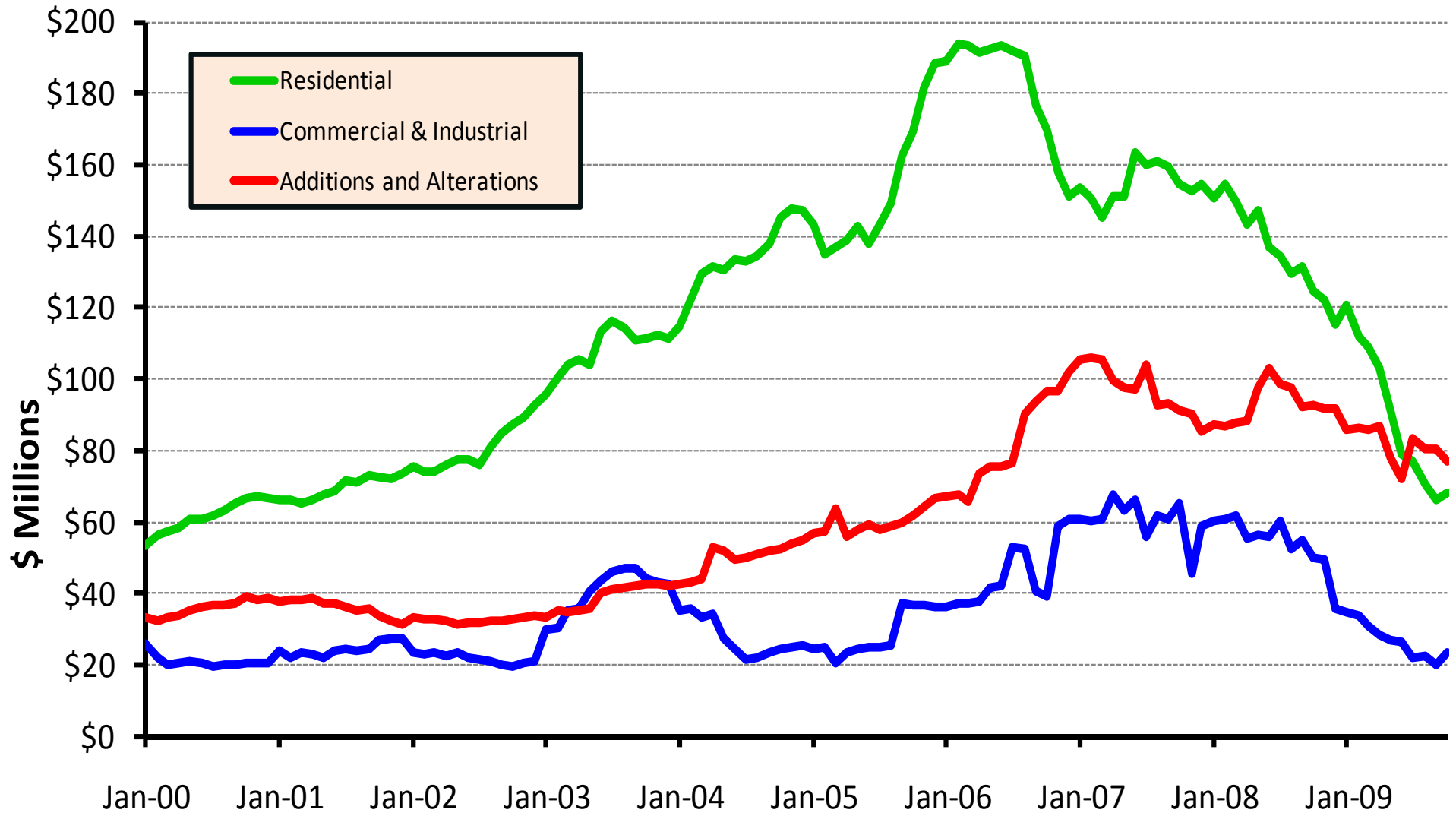
**Percent change in  
Honolulu CPI-U**

4.3%    0.1%    1.5%

*\*Forecast*

# The value of private building permits continue to fall

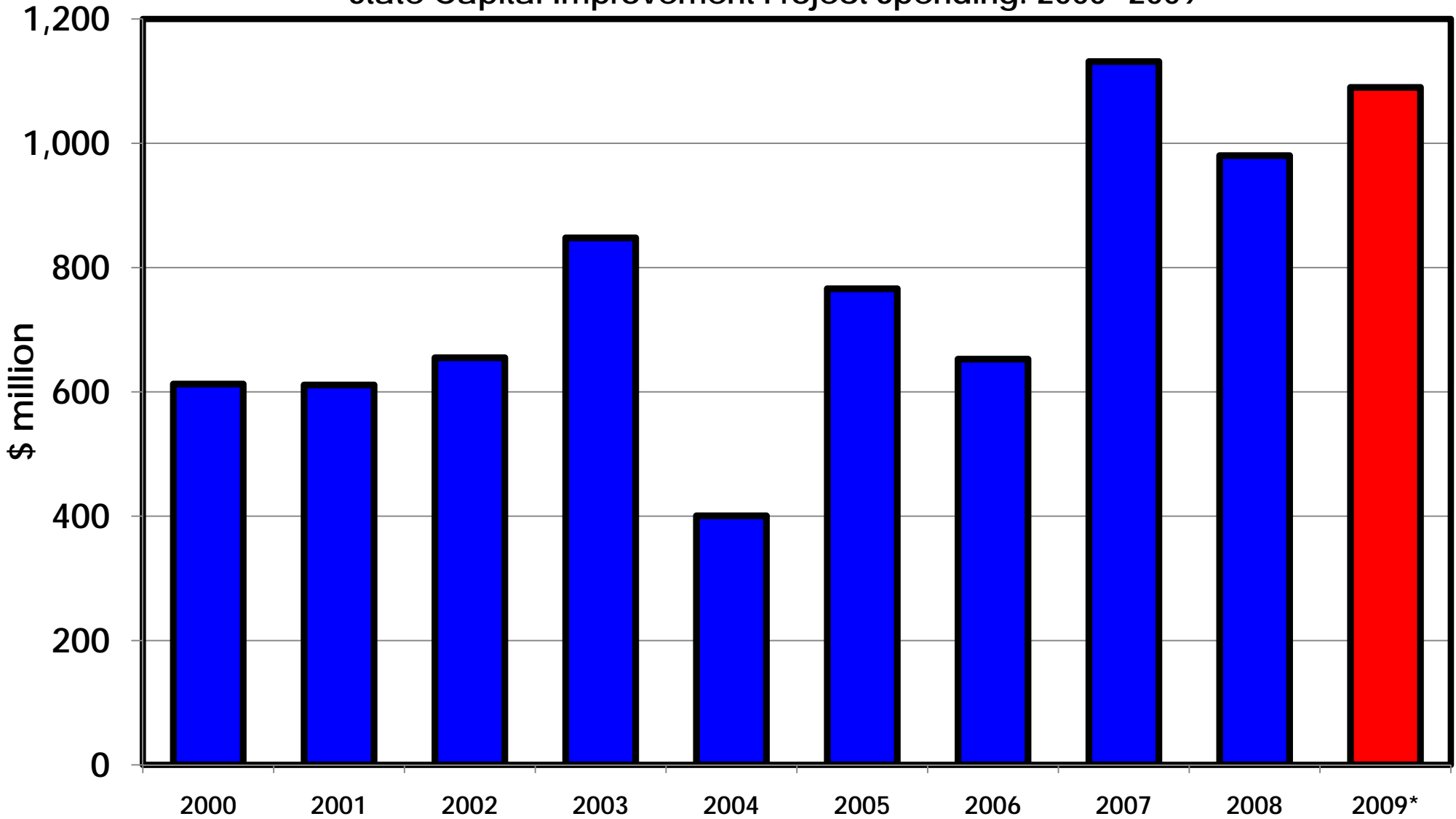
12-Month Moving Average of Building Authorization Components\*



\* Additions and Alterations and Commercial & Industrial data do not include Kauai. All data through October 2009  
Source: County building departments.

# State Capital Improvement Projects increased 11.2% during the first 3 quarters of 2009

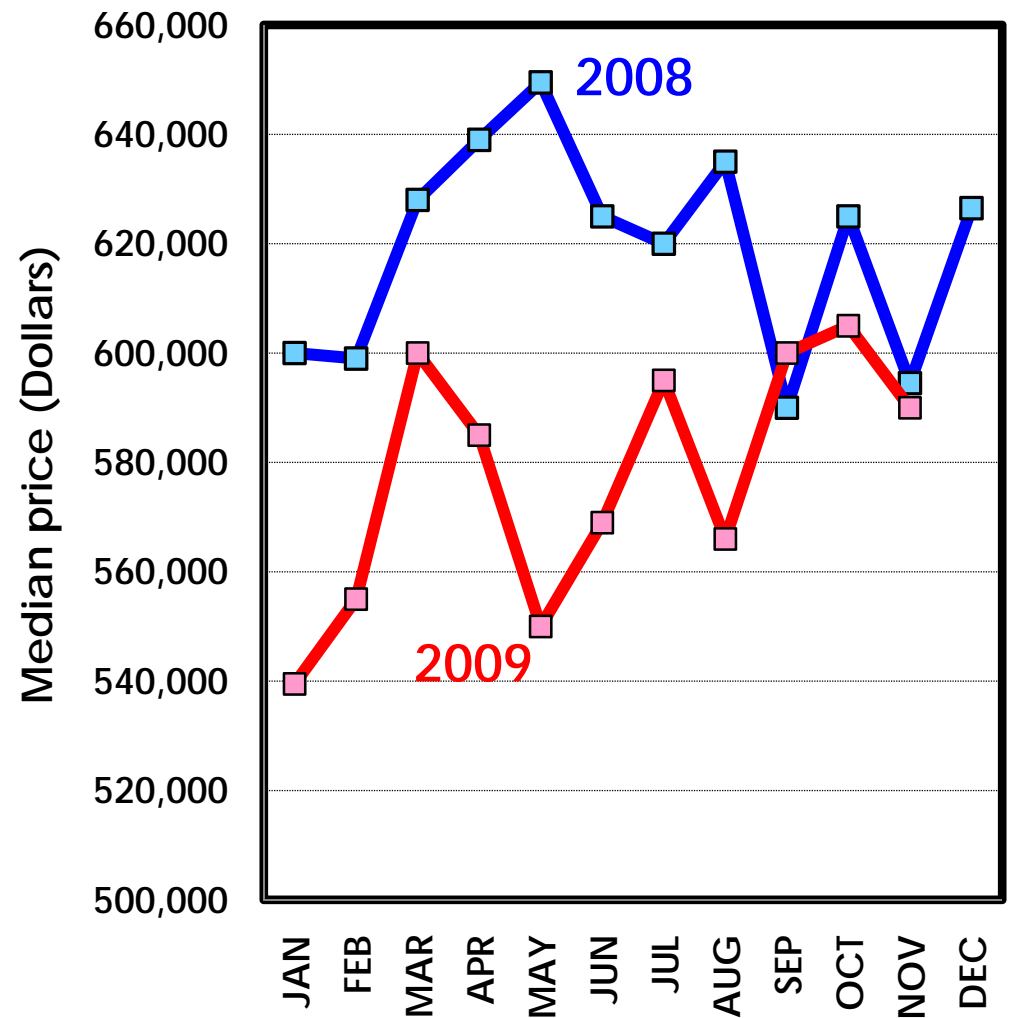
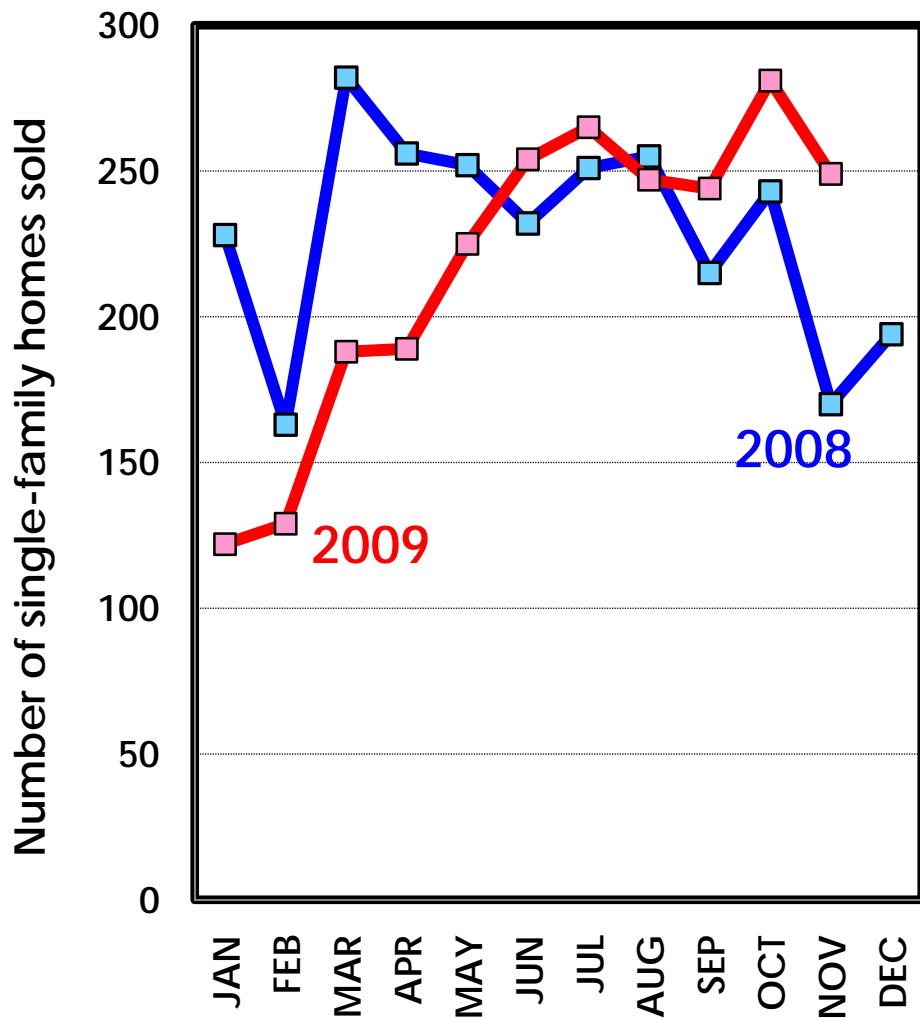
State Capital Improvement Project Spending: 2000- 2009



\*Estimated

# Hawaii home sales begin to improve

## Oahu Single Family Sales & Median Price: 2008 and 2009\*

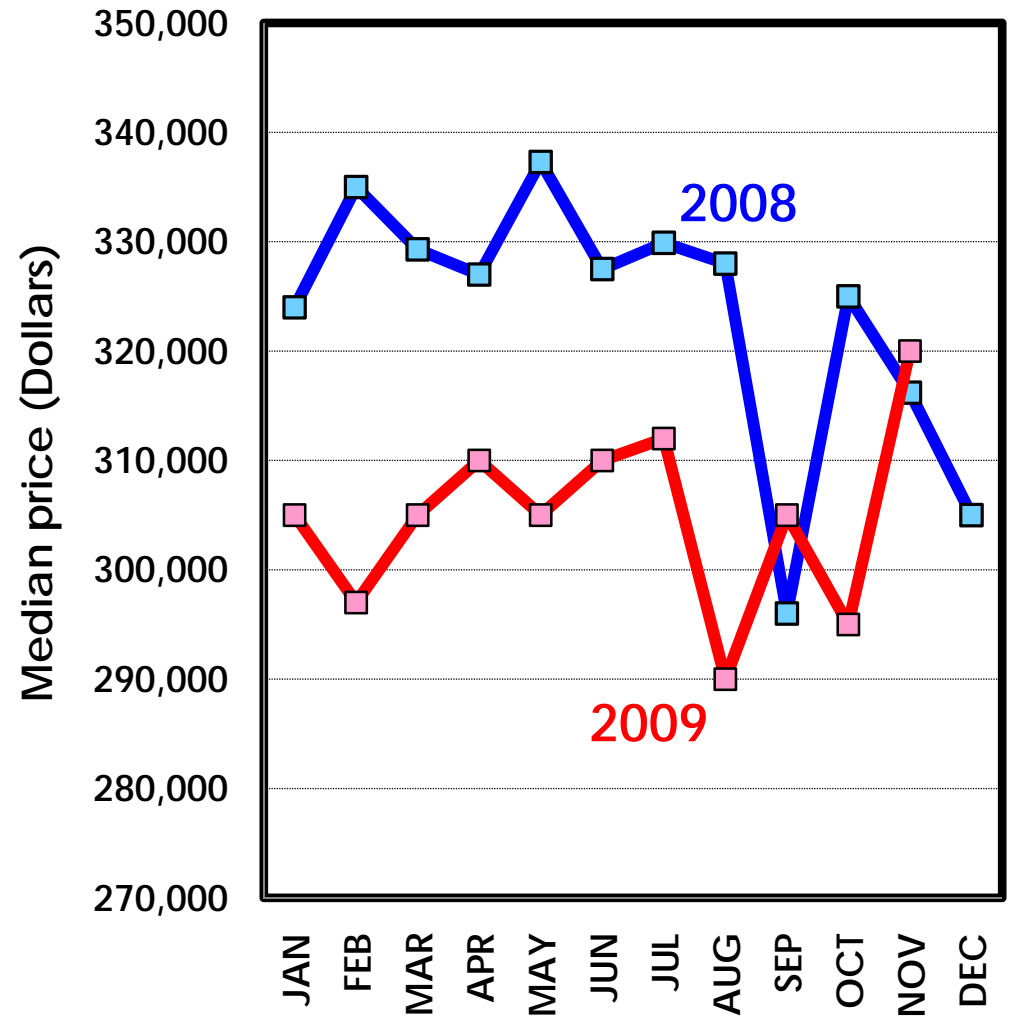
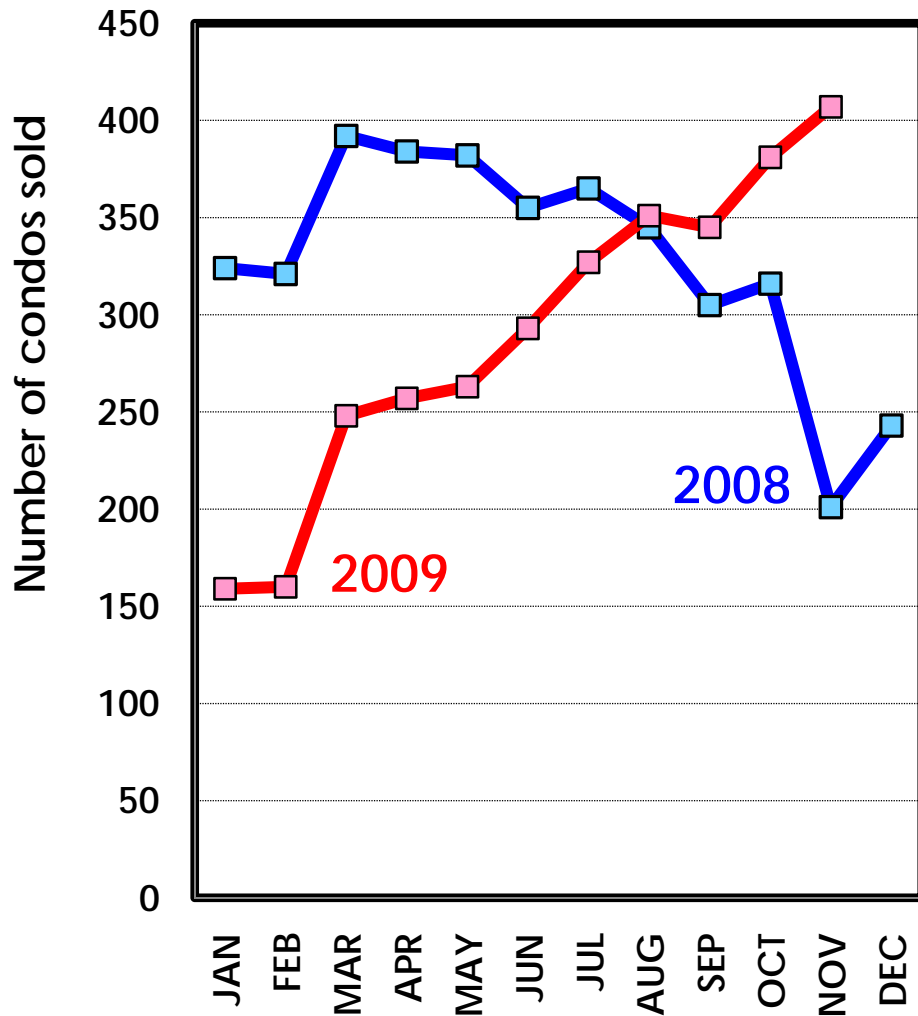


\* Through November 2009

Source: Honolulu Board of Realtors

# Hawaii condo sales begin to improve

## Oahu Condo Sales & Median Price: 2008 and 2009\*

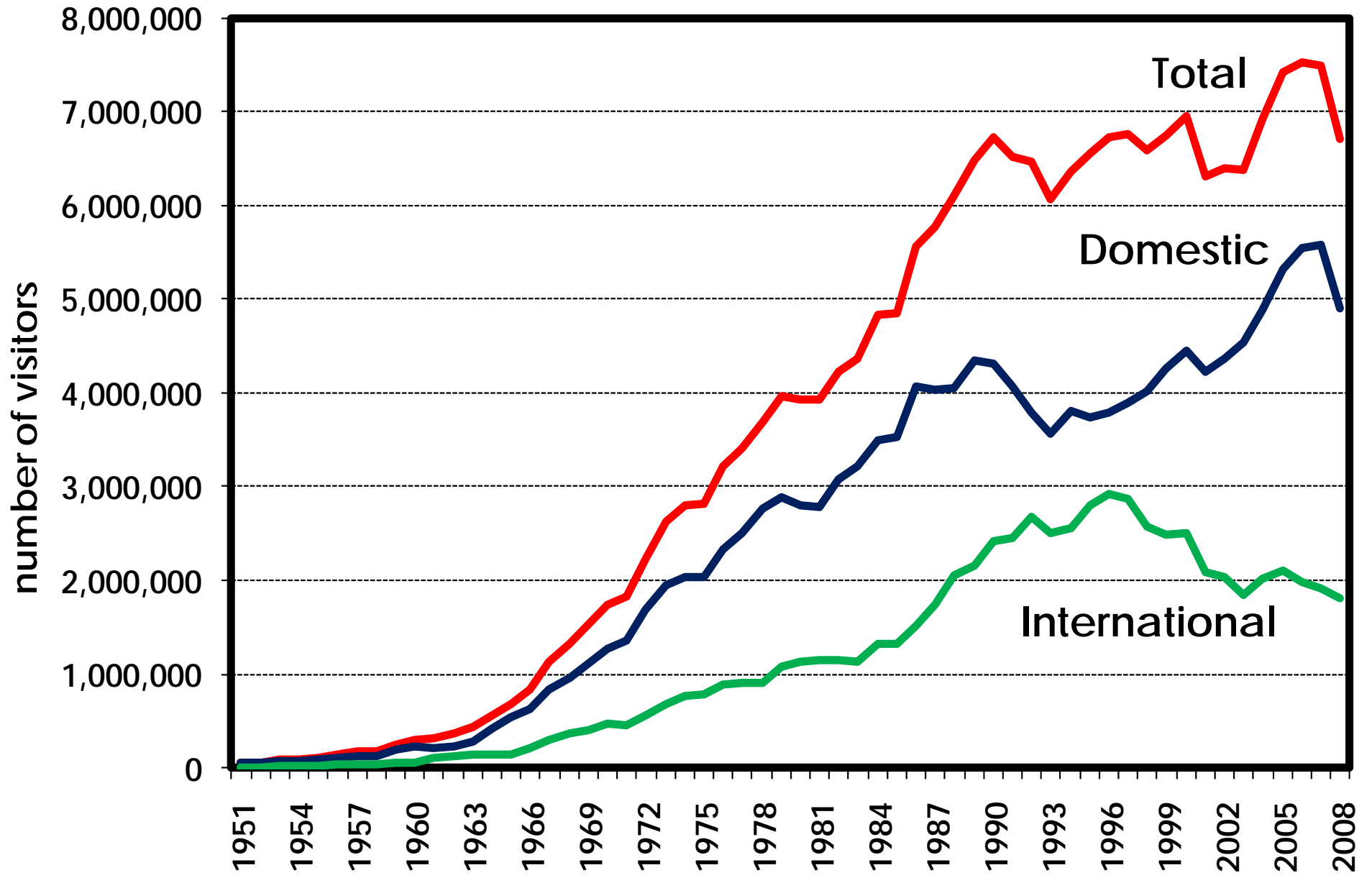


\* Through November 2009

Source: Honolulu Board of Realtors



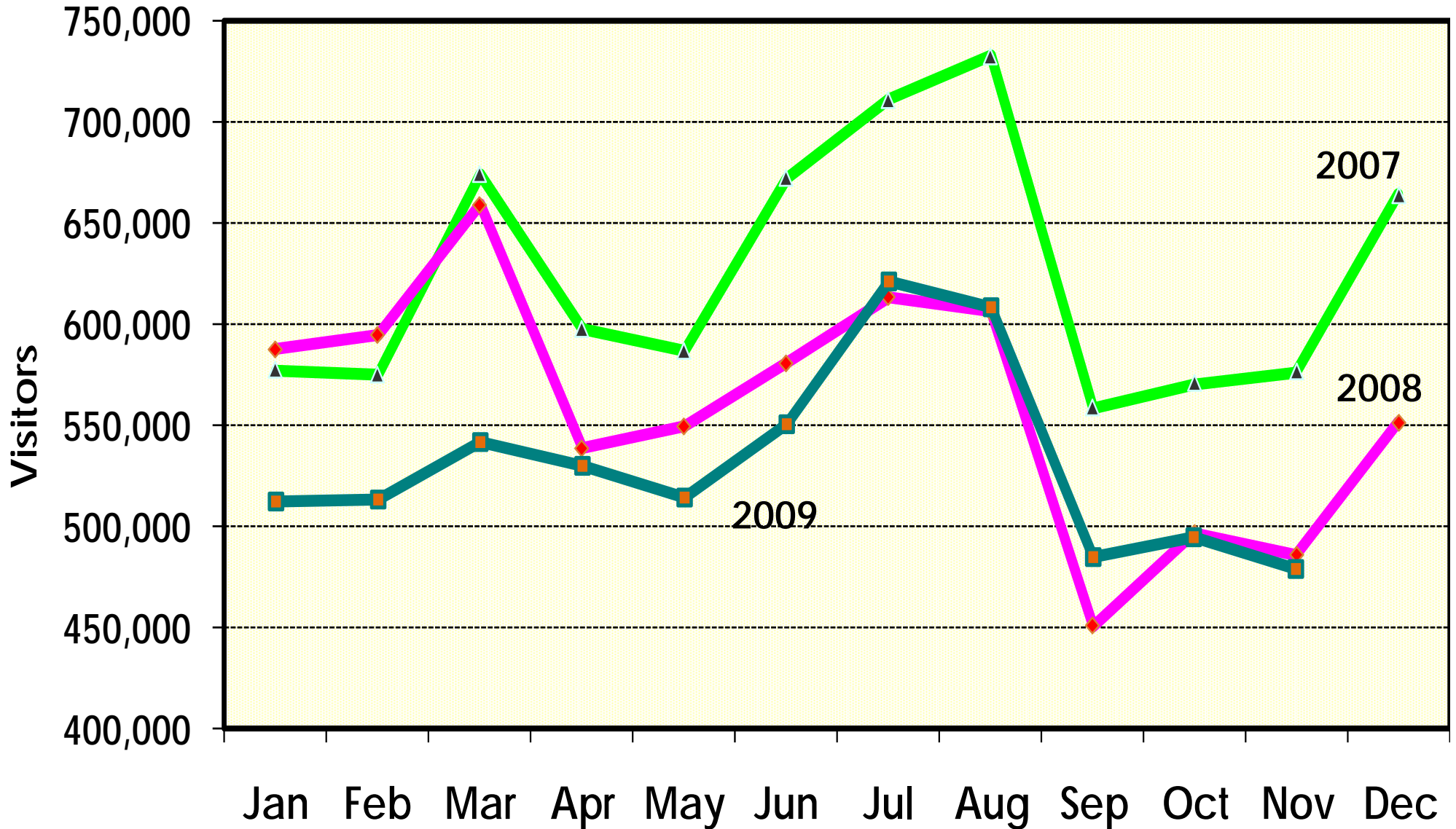
# Visitor arrivals to Hawaii: 1951 to 2008



Source: Hawai'i State Department of Business, Economic Development and Tourism

# Visitor arrivals began to recover during the summer

## Total Visitor Arrivals by air 2007 to 2009

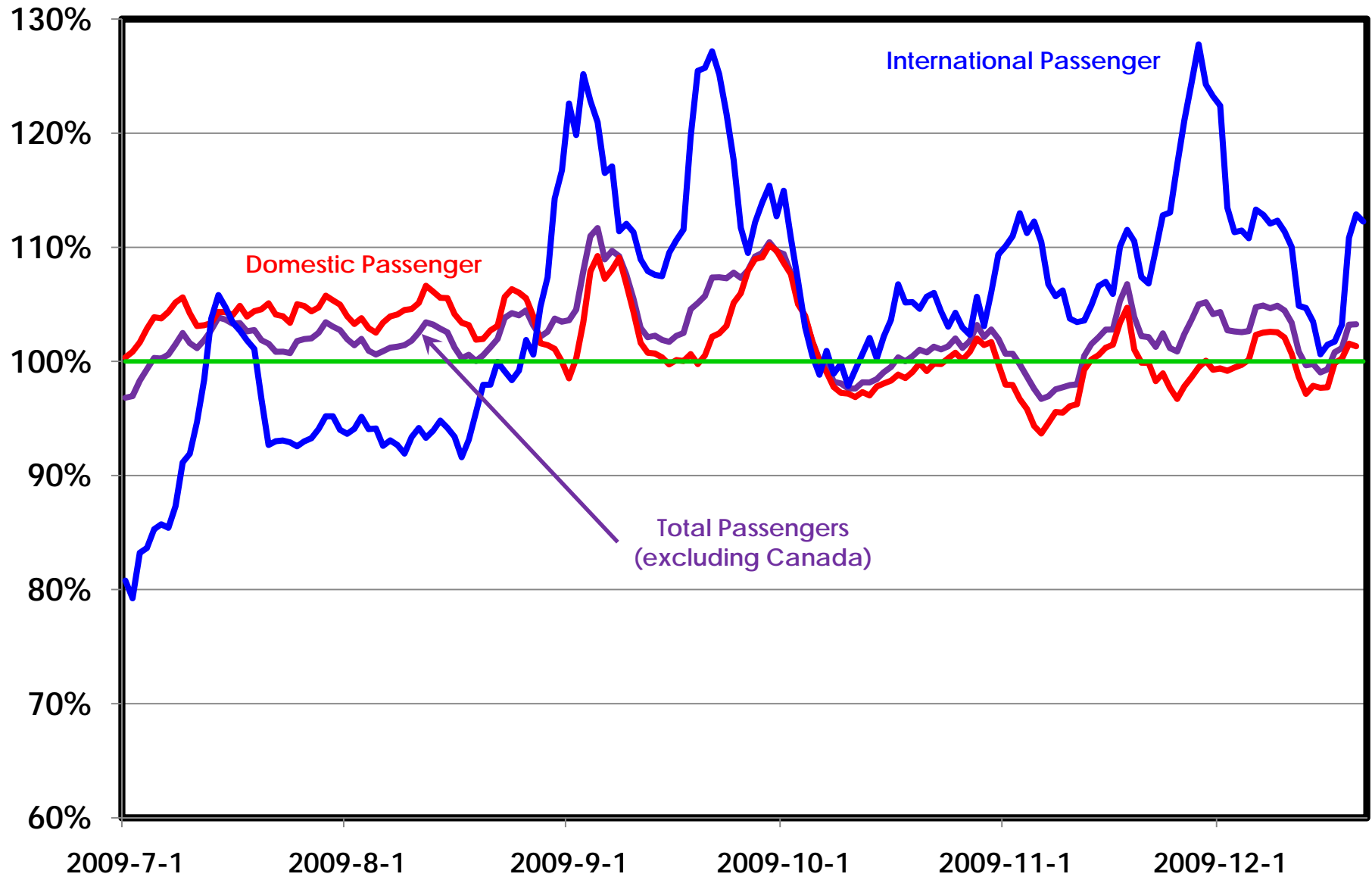


*Through November 2009*

*Source: Hawai'i State Department of Business, Economic Development and Tourism*



# International arrivals stronger during 2<sup>nd</sup> half of 2009

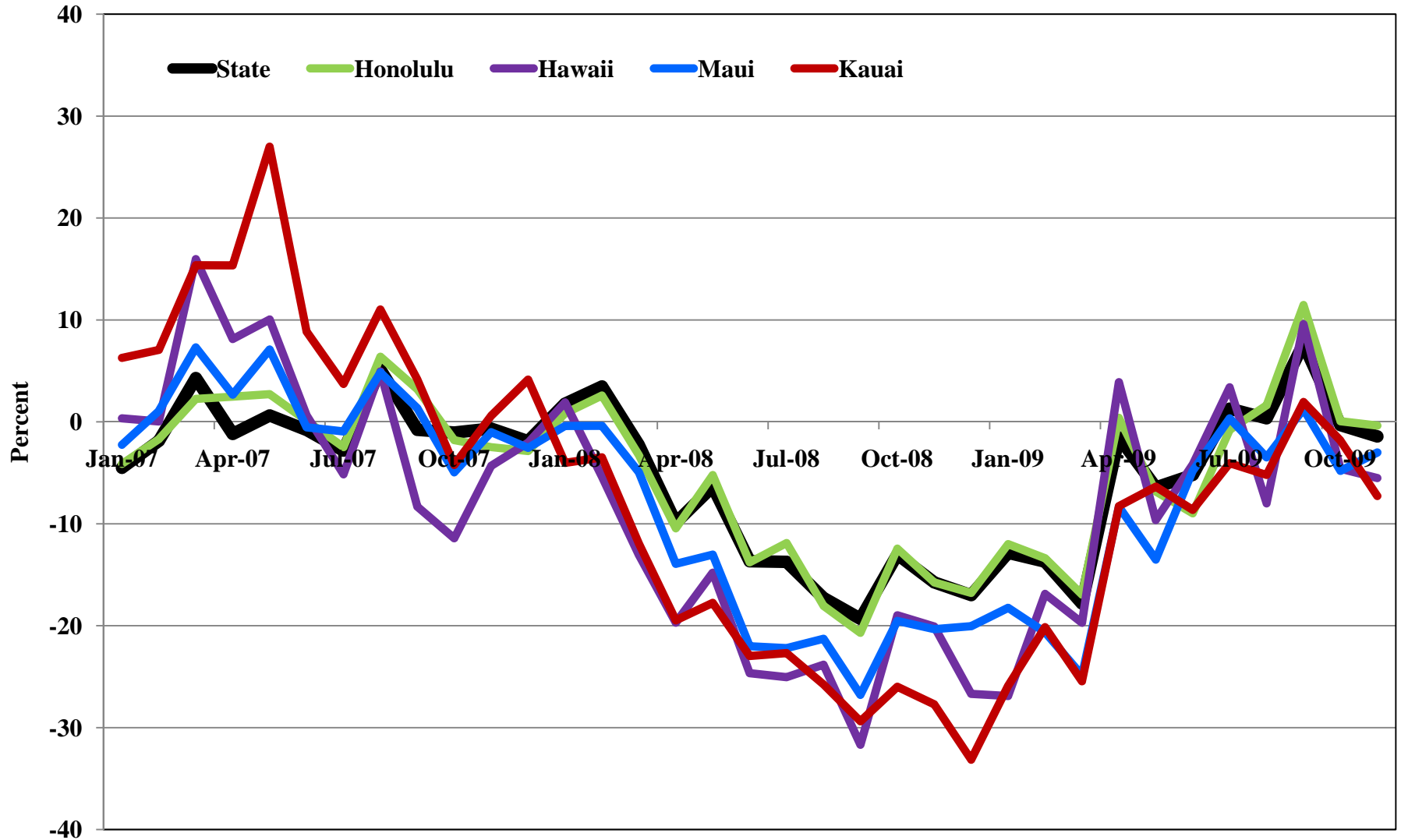


*Note: 7-day moving average, 100% = passenger count is the same this year as it was last year on the same date.*

*Source: Hawaii State Department of Business, Economic Development and Tourism*

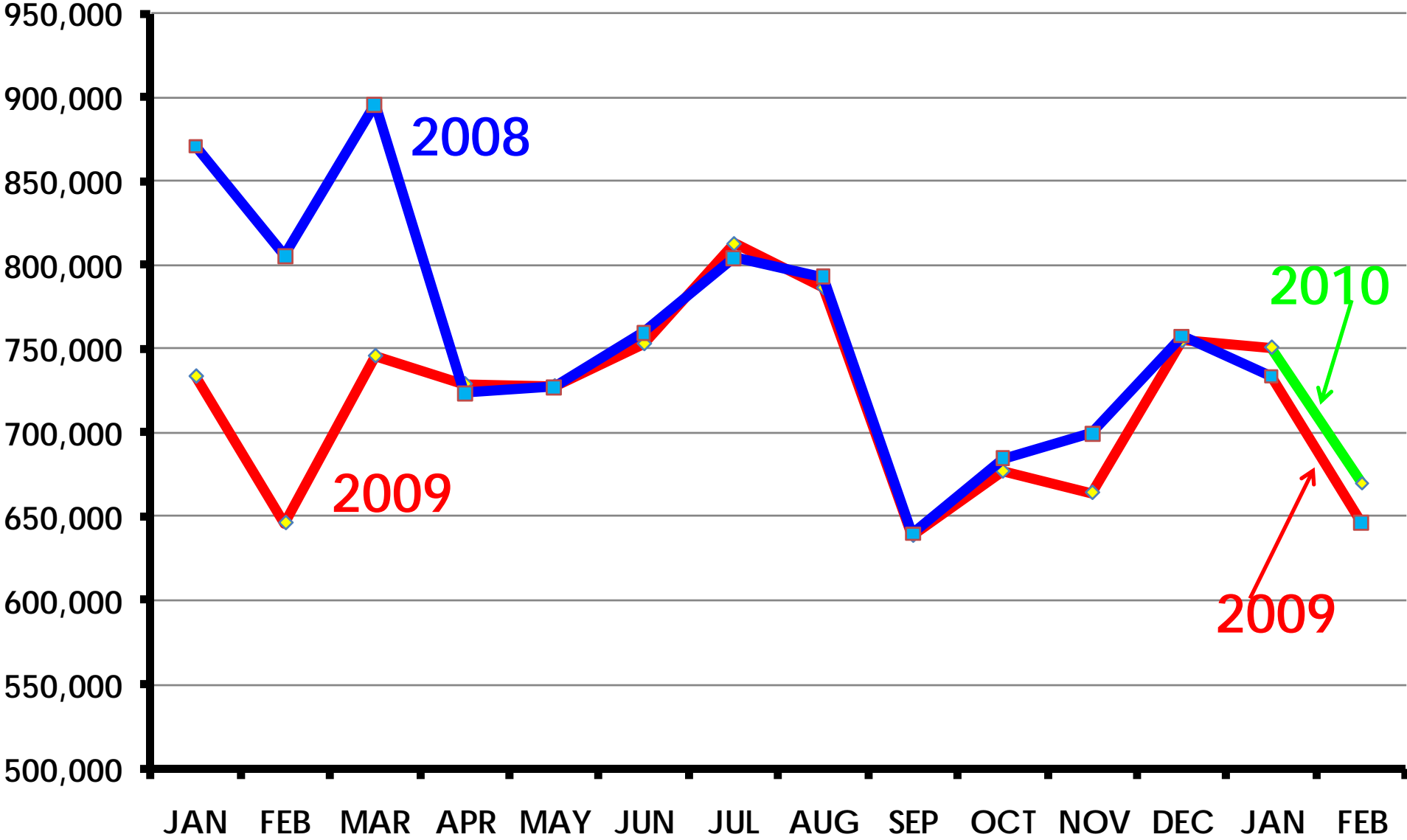
# Neighbor island visitor arrivals slowed more dramatically starting in 2008

(% change from same month in previous year)



# Scheduled airseats will exceed 2009 levels in 2010

## Scheduled Airseats 2008 - 2010

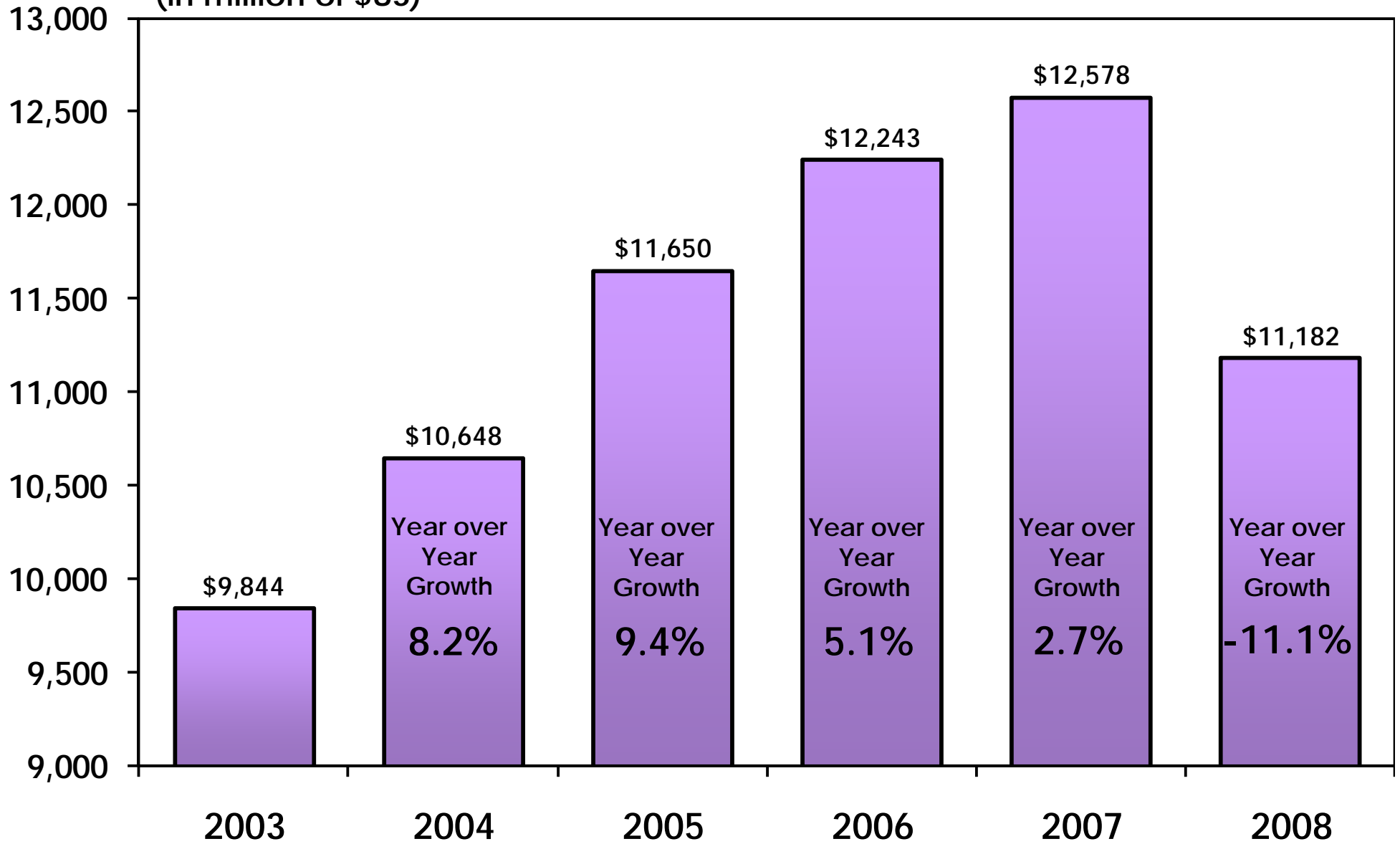


Source: ADI Global Airport Industry Database / OAG Schedule Detail

# Visitor expenditures have fallen more than arrivals

## Total Annual Visitor Expenditure (Arrivals by Air): 2003 to 2008

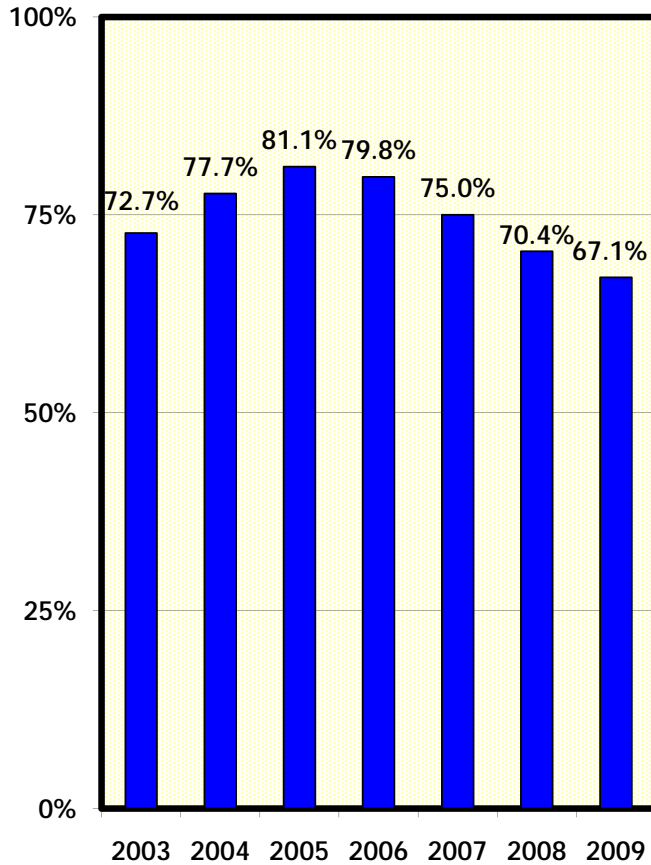
(in million of \$US)



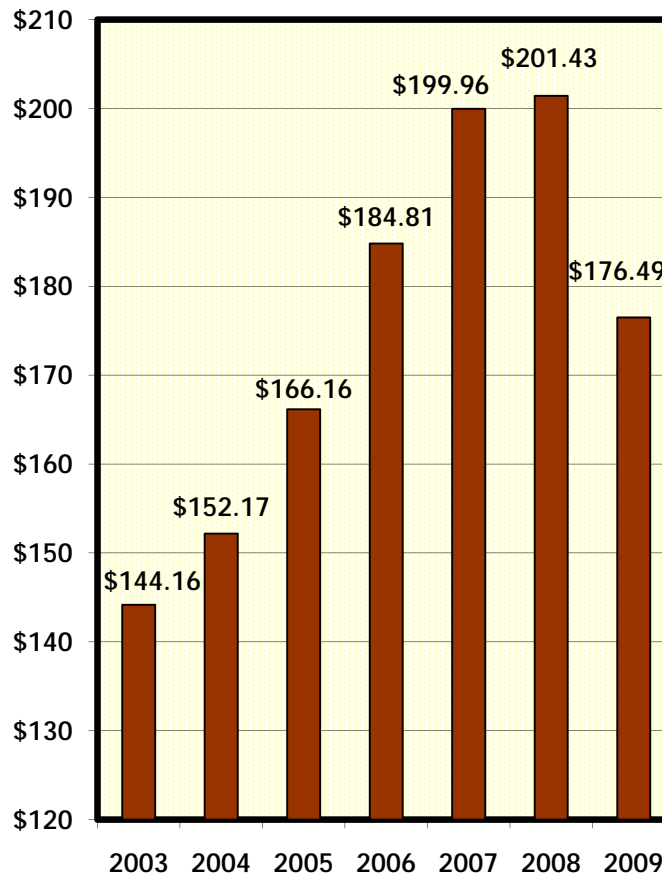
# Hotel industry performance

Occupancy, room rates, and room revenue decreased in 2009

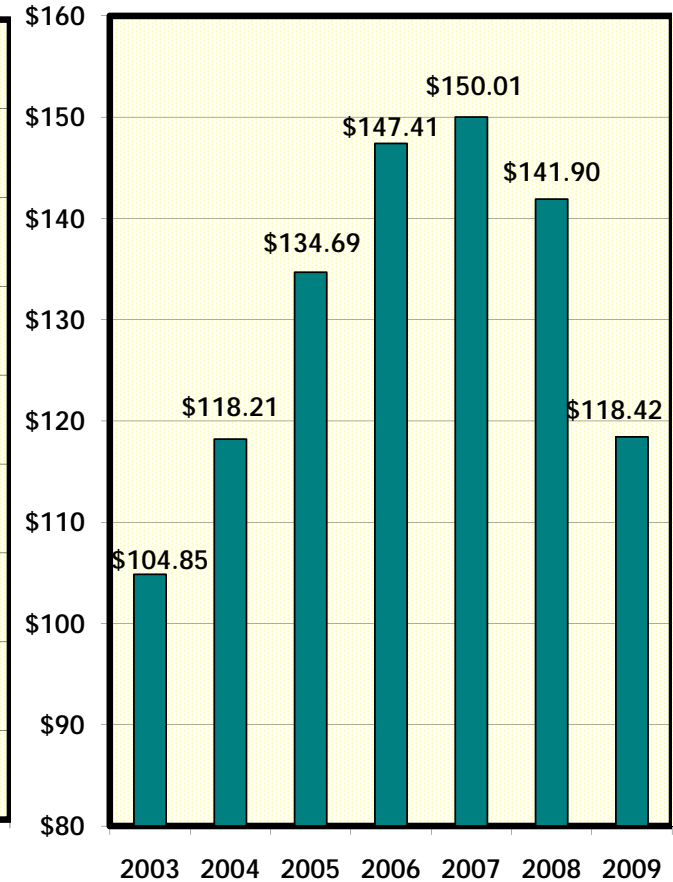
Average Occupancy Rates  
2000 to 2009 (Thru October)



Average Hotel Room Rates  
2000 to 2009 (Thru October)



Average Room Revenue per  
Available Room  
2000 to 2009 (Thru October)



Source: Smith Travel Research, Hospitality Advisors LLC

# Visitor forecast

	2008	2009*	2010*
<b>Visitor Arrivals</b>	-10.6%	-4.5%	2.0%
<b>Visitor Expenditures</b>	-11.0%	-12.6%	0.0%

*\*Forecast*

## Blue Chip forecast for U.S. and Japan real GDP growth

	<u>2008</u>	<u>2009</u>	<u>2010</u>
United States	0.4	-2.5	2.7

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Japan	-0.7	-5.6	1.5

*Source: Blue Chip Forecast, December 2009*

# Summary of actual and forecasted key economic indicators for Hawaii: CY 2008 to 2010 (Annual % Change)

	Actual CY 2008	Forecasted CY 2009	Forecasted CY 2010
Total Population	0.8%	0.8%	0.8%
Visitor Arrivals	-10.6%	-4.5%	2.0%
Visitor Expenditures	-11.0%	-12.6%	0.0%
Honolulu CPI-U	4.3%	0.1%	1.5%
Personal Income	3.7%	-0.8%	1.5%
Real Personal Income	-0.6%	-0.9%	0.0%
Total Wage and Salary Jobs	-1.0%	-3.3%	-0.9%

*Source: Department of Business, Economic Development & Tourism*



**U H E R O**

Celebrating Ten Years of Service to Hawaii

# **UHERO Forecast Update: Growth Expected in New Year**

**Senate Ways & Means — House Finance  
Joint Economic Briefing  
January 5, 2009**

**Dr. Carl Bonham  
Executive Director, UHERO**



**University of  
Hawai'i  
Economic  
Research  
Organization**

# Overview

- US and global recessions have ended
  - But prospects are for a relatively weak recovery
  - And chance of double dip is very real

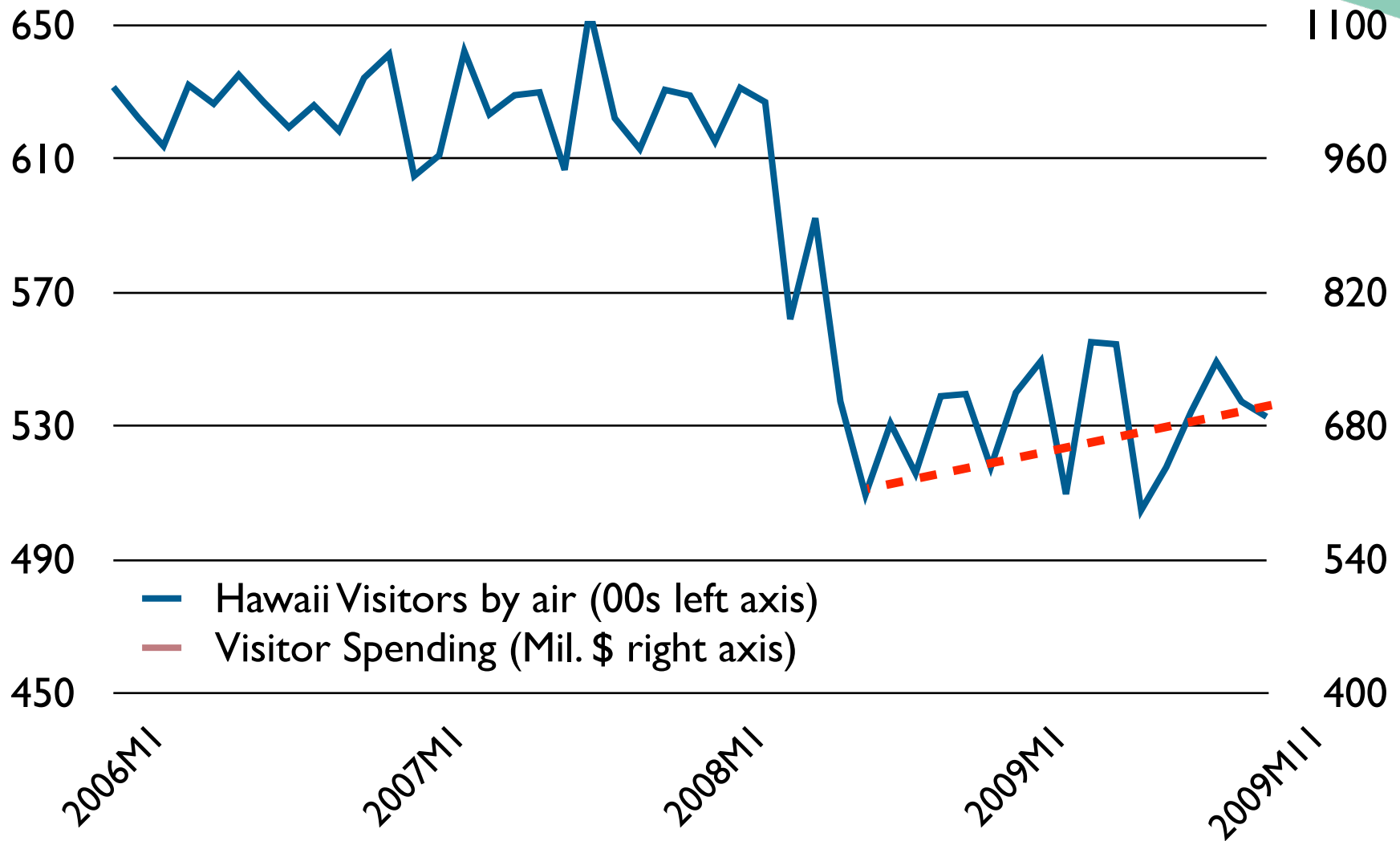
# Overview

- US and global recessions have ended
  - But prospects are for a relatively weak recovery
  - And chance of double dip is very real
- Hawaii economy continues to contract
  - Signs of bottom but no significant growth yet
  - Weak growth beginning to show up in labor income
  - Key sectors still at risk

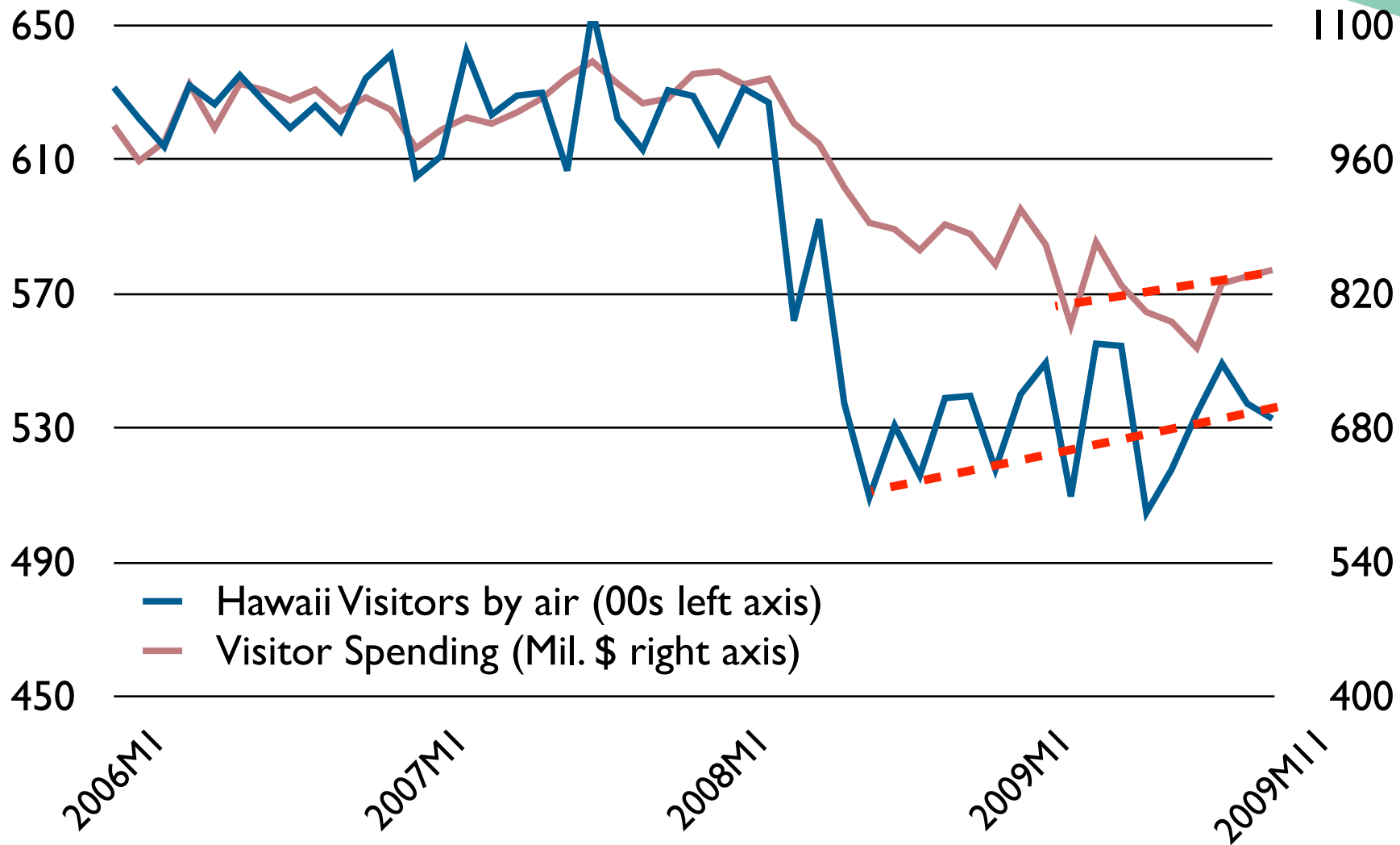
# Evidence of Hawaii Recovery?

- Visitor Arrivals have stabilized
  - Even spending appears to have bottomed
  - Glimmer of hope in September through November spending

# A bottom forming for tourism



# A bottom forming for tourism



# Evidence of Hawaii Recovery?

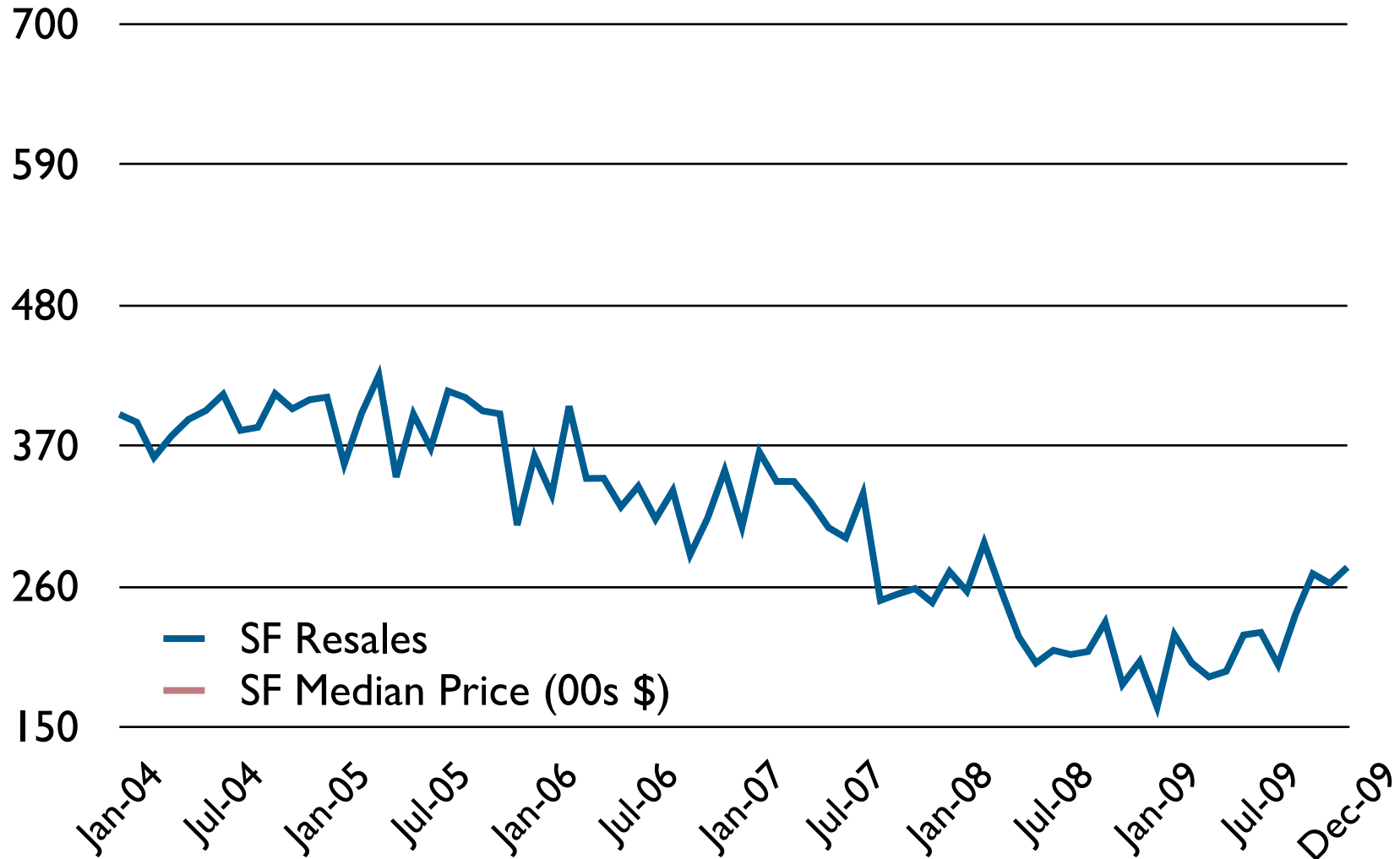
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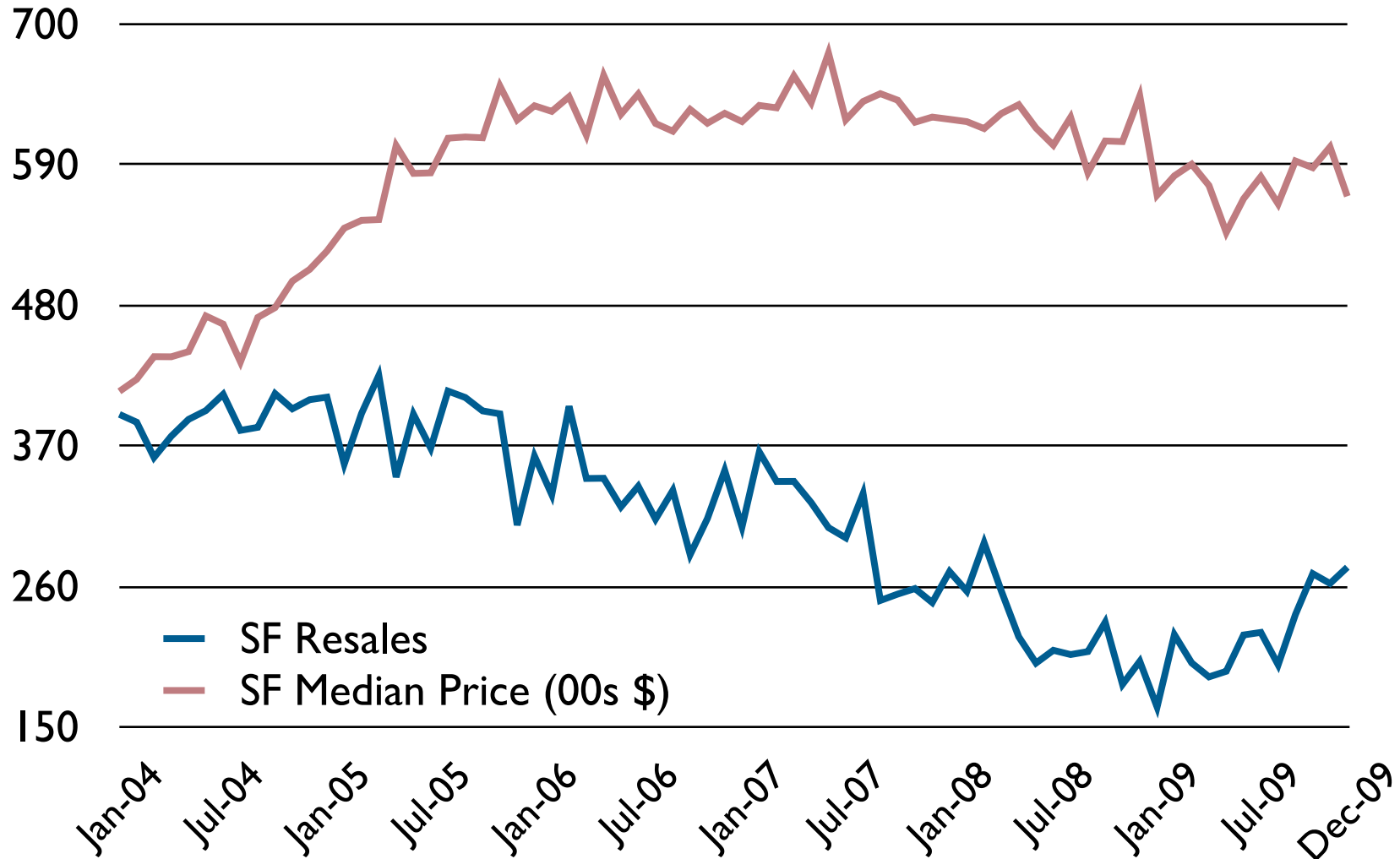
- Visitor Arrivals have stabilized
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  - Glimmer of hope in September through November spending
- Home sales are up and prices appear to be stabilizing
  - Tax credit expires this spring
  - Mortgage rates to rise with expiration of FED interventions
  - Downside risk still exists with lingering labor market weakness



# Home Prices Bottom?



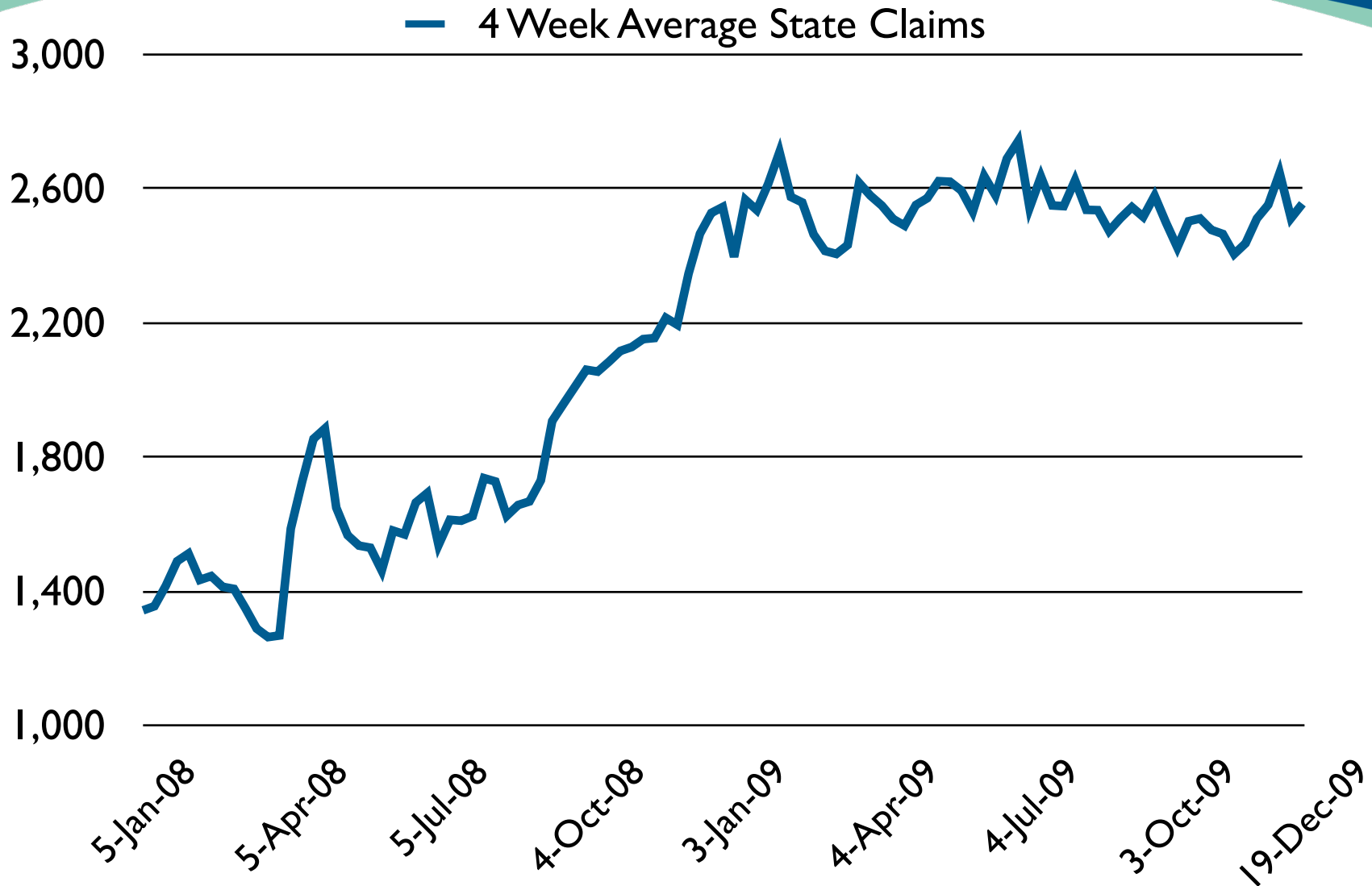
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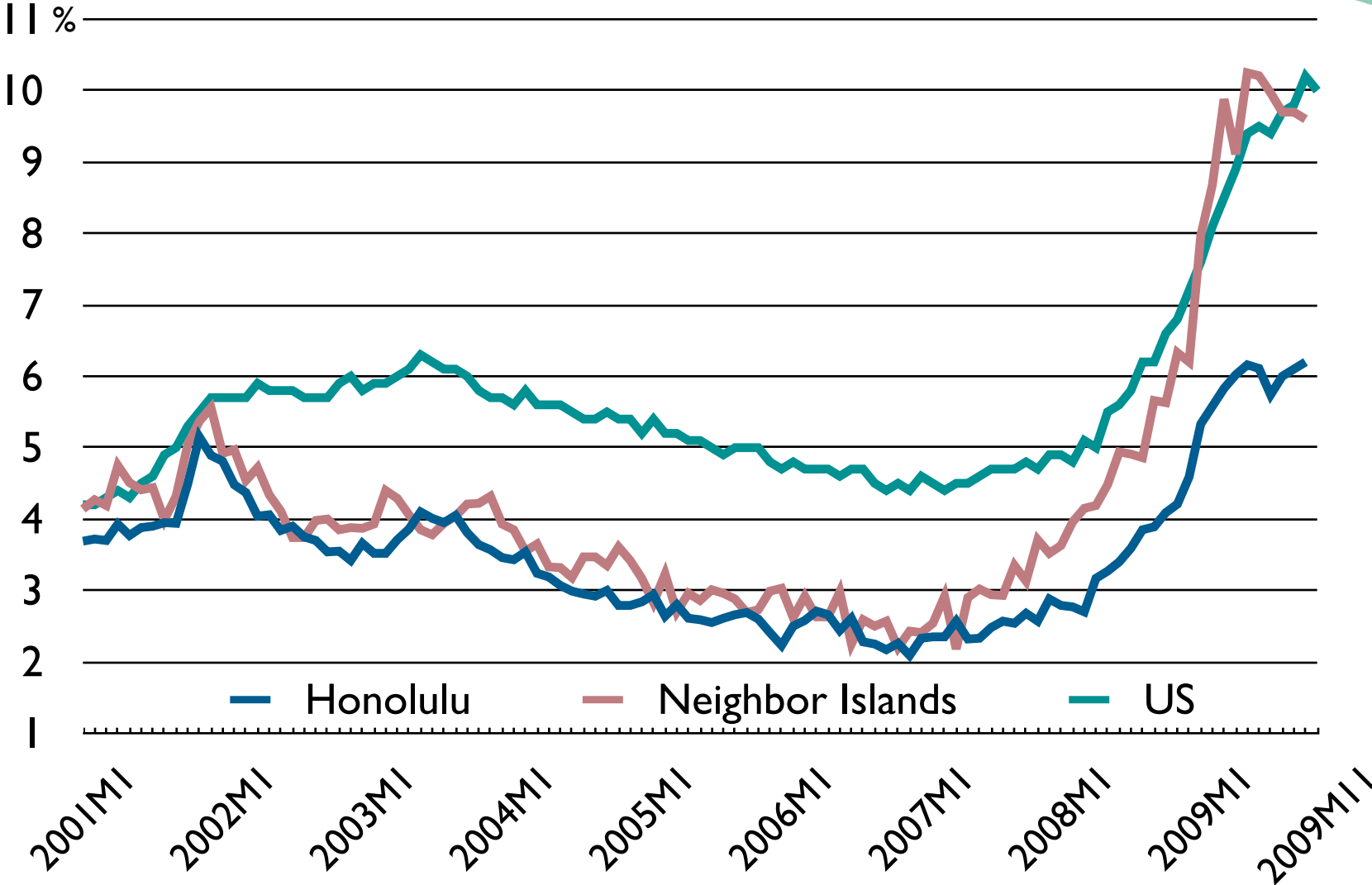
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  - Downside risk still exists with lingering labor market weakness
  
- Unemployment has probably not yet peaked

# Initial unemployment claims



# Labor markets to remain weak

Unemployment Rate (SA)



# Forecast summary

## ➤ Protracted tourism slump

- As recession ends, consumer spending will remain weak
- Lower prices have increased sales, hurting revenue and tax collections
- U.S. economy still poses risk
  - » rapid rebound?
  - » slow growth?
  - » or double dip?

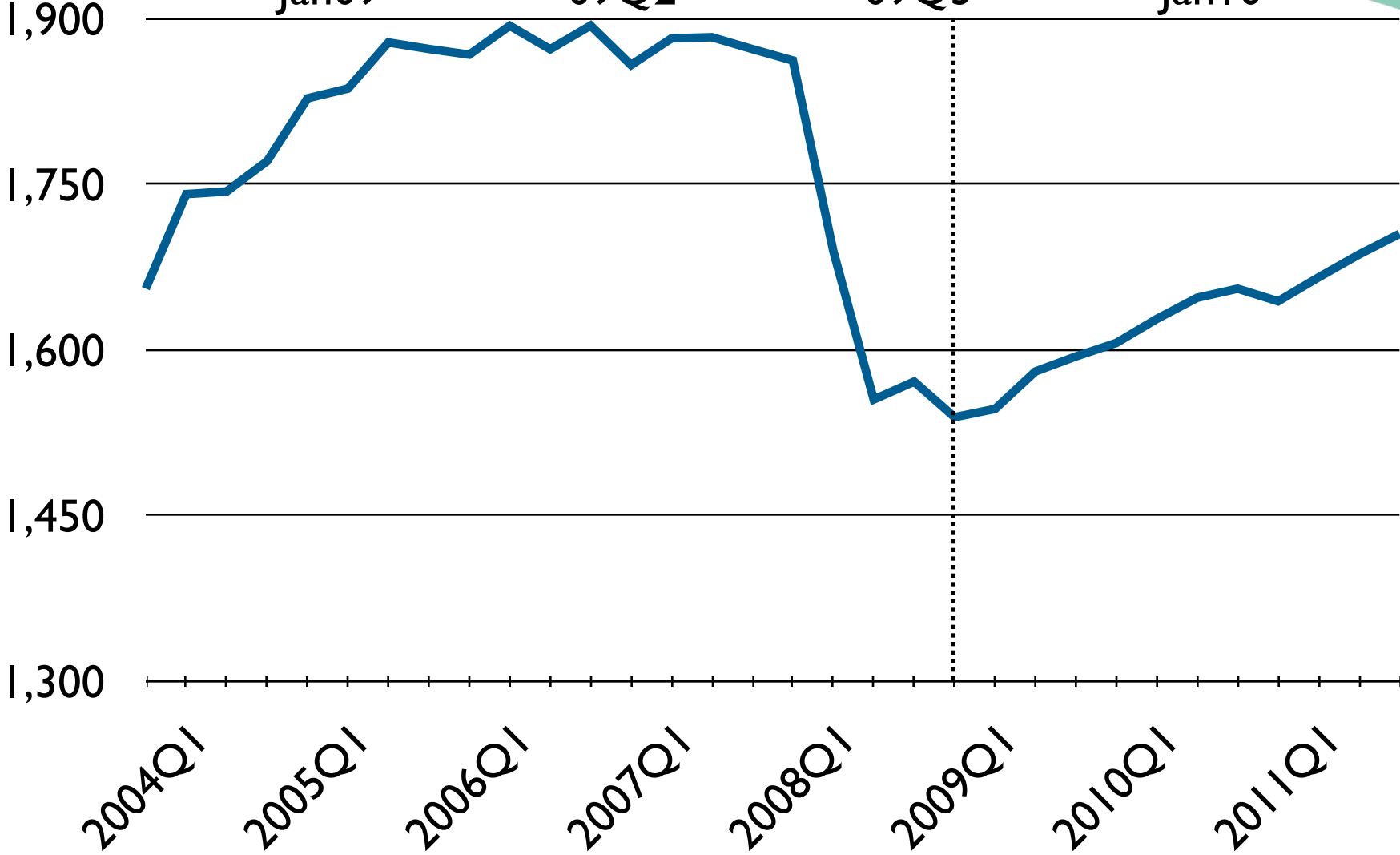
# Forecast summary

- Protracted tourism slump
  - As recession ends, consumer spending will remain weak
  - Lower prices have increased sales, hurting revenue and tax collections
  - U.S. economy still poses risk
    - » rapid rebound?
    - » slow growth?
    - » or double dip?
- Economy has bottomed out but growth will be weak
  - State fiscal crisis acts as drag on economy offsetting ARRA
  - High unemployment will linger into 2011

# Tourism Outlook Stabilizing

State Visitor Arrivals (000s)

Jan09    09Q2    09Q3    Jan10

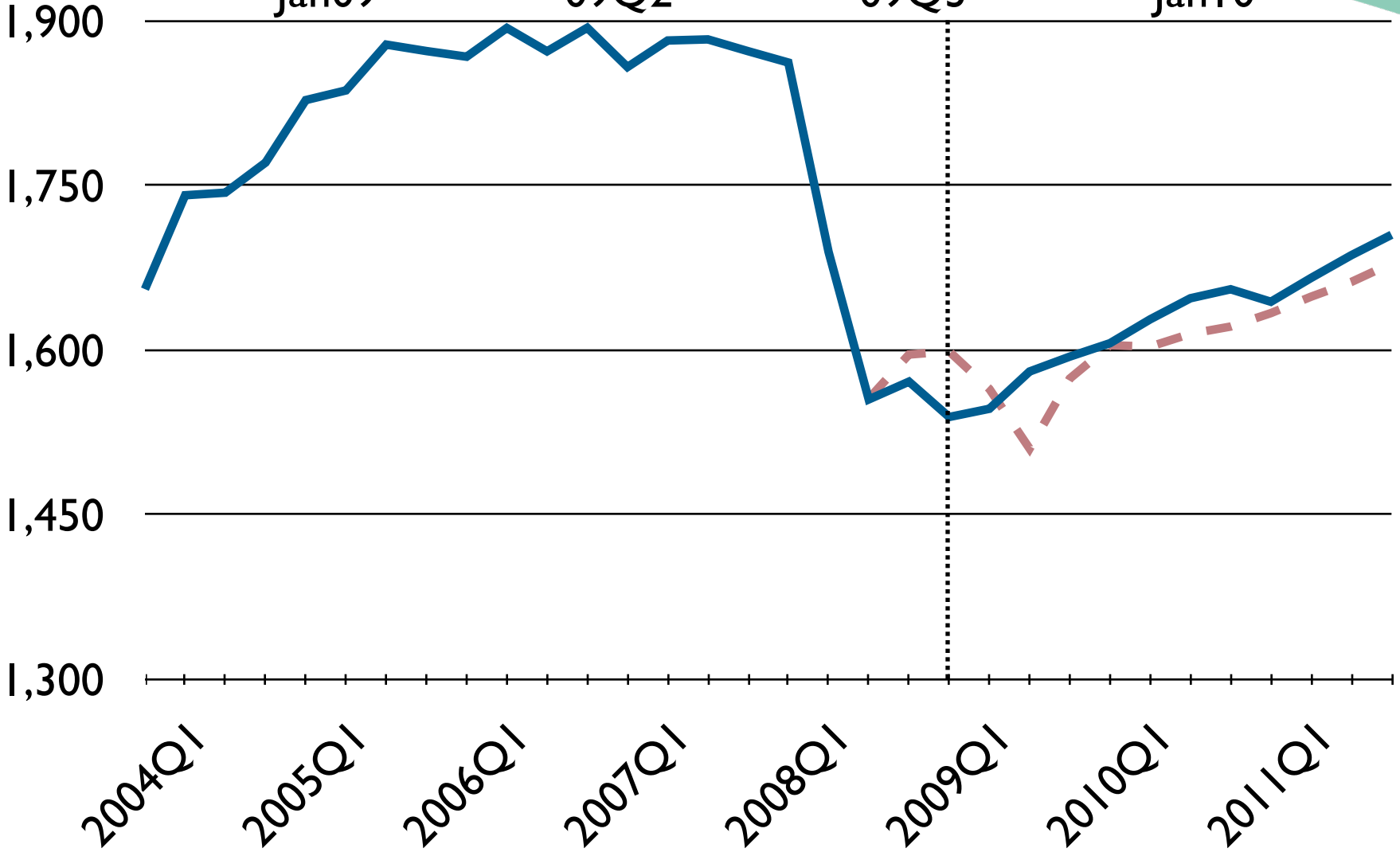




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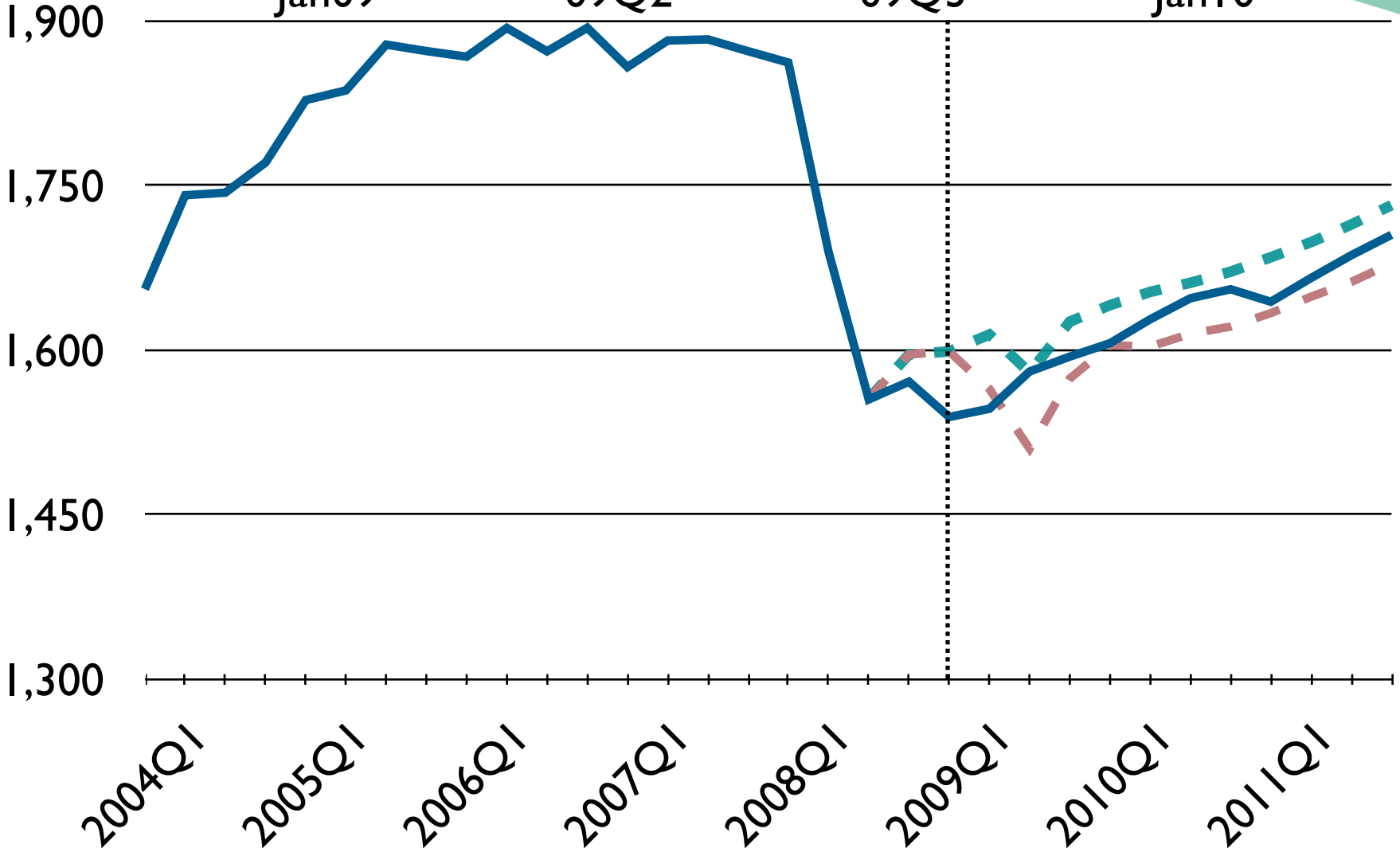
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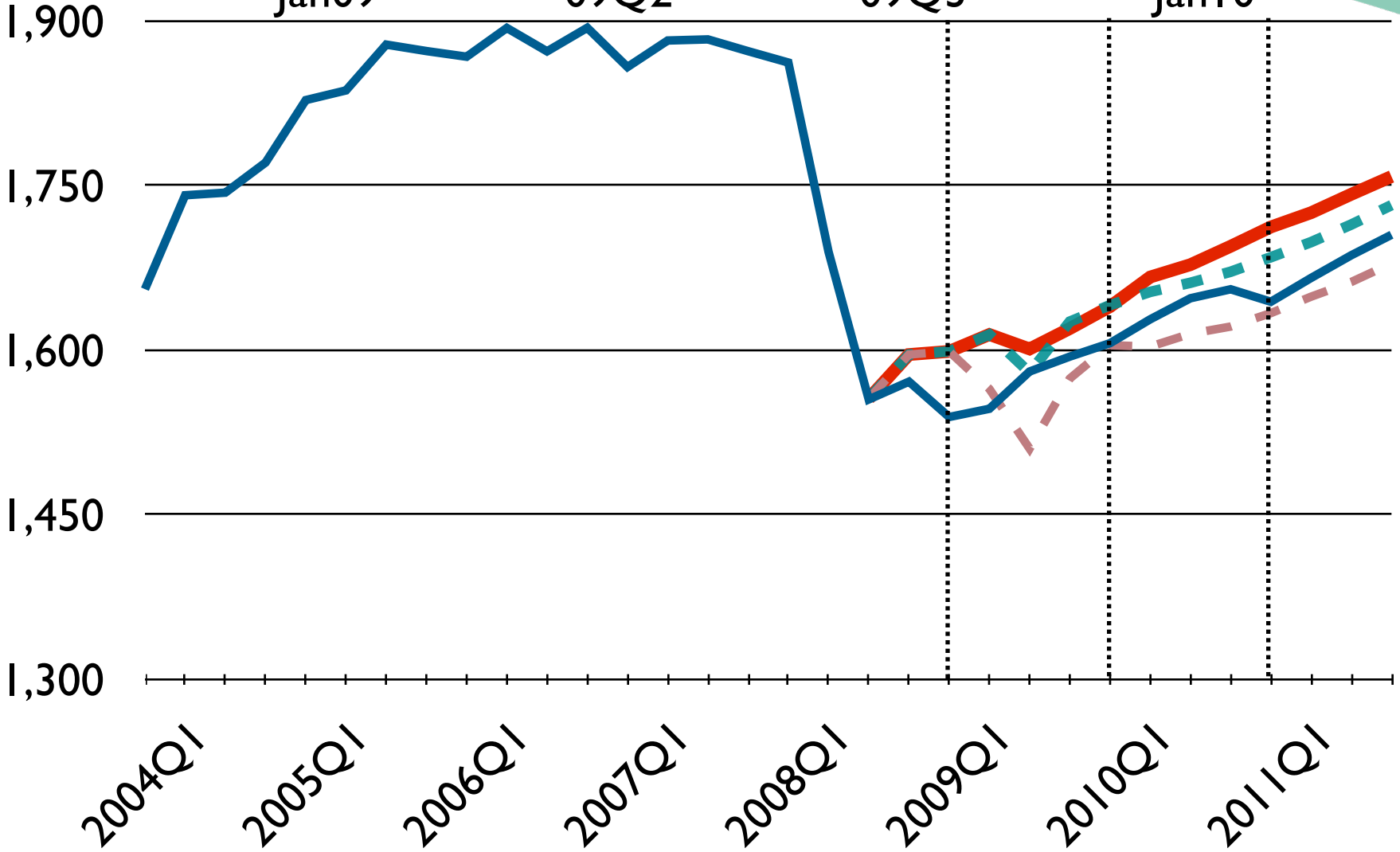
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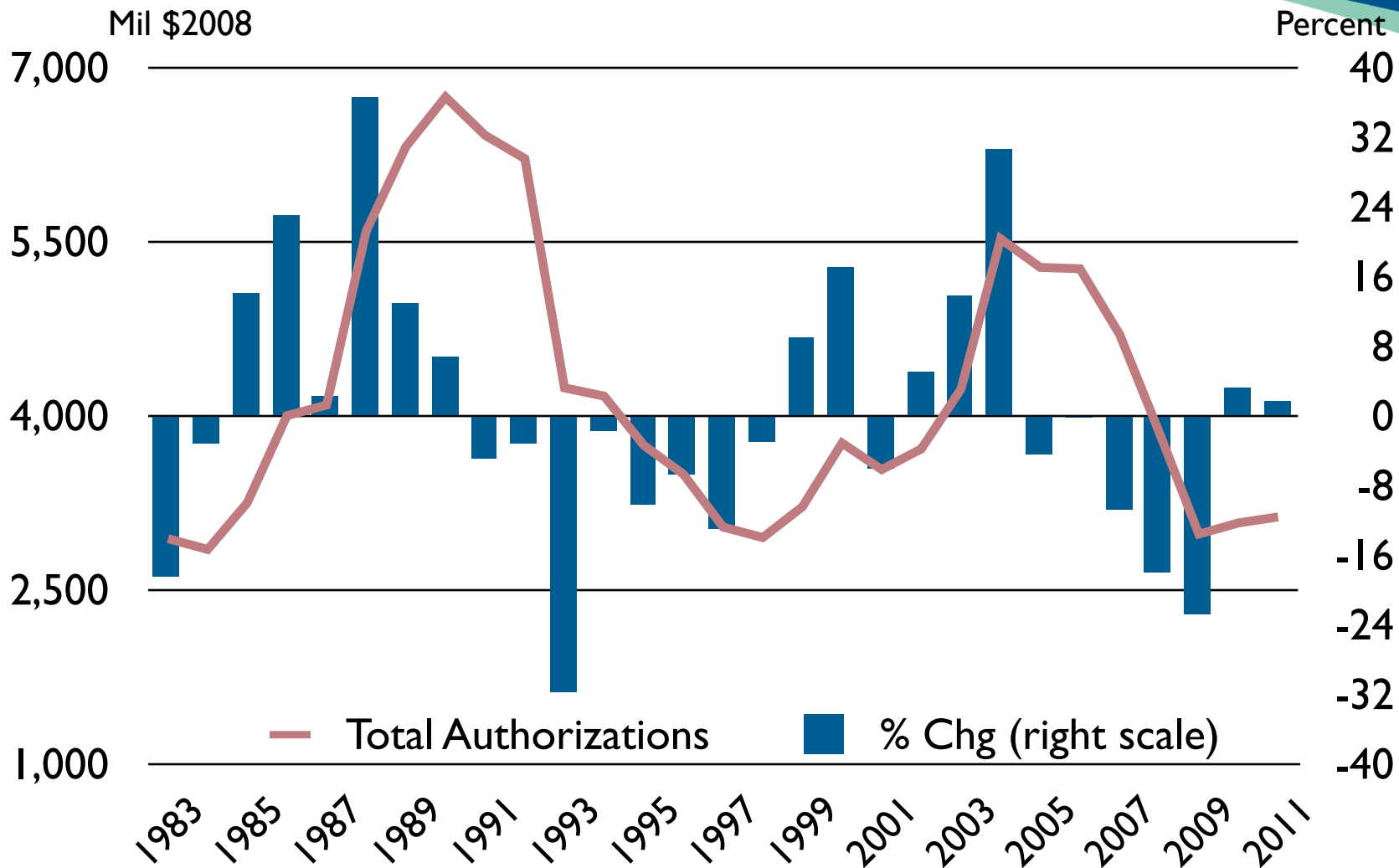
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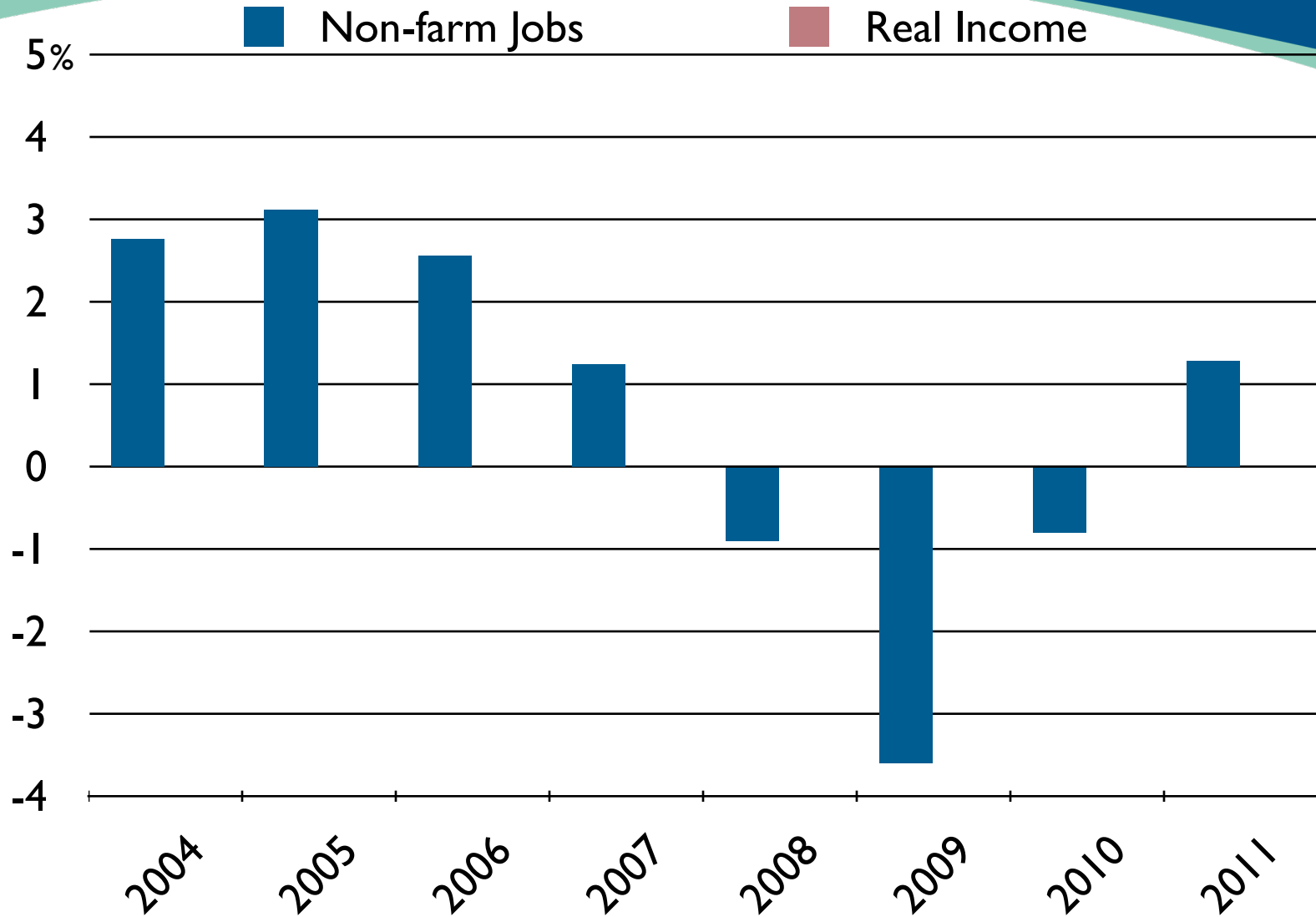
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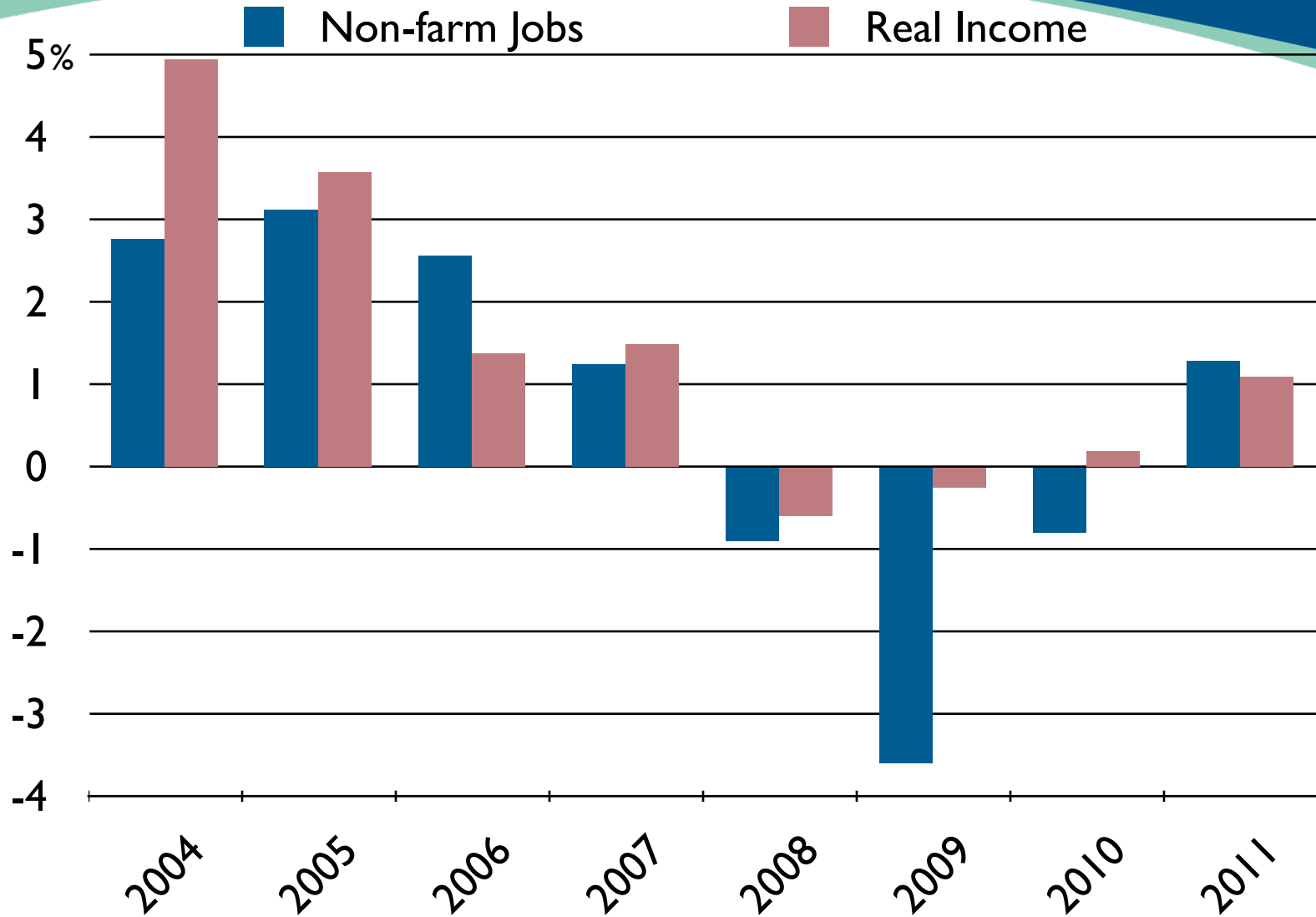
# Building authorizations expected to bottom



# Slow recovery



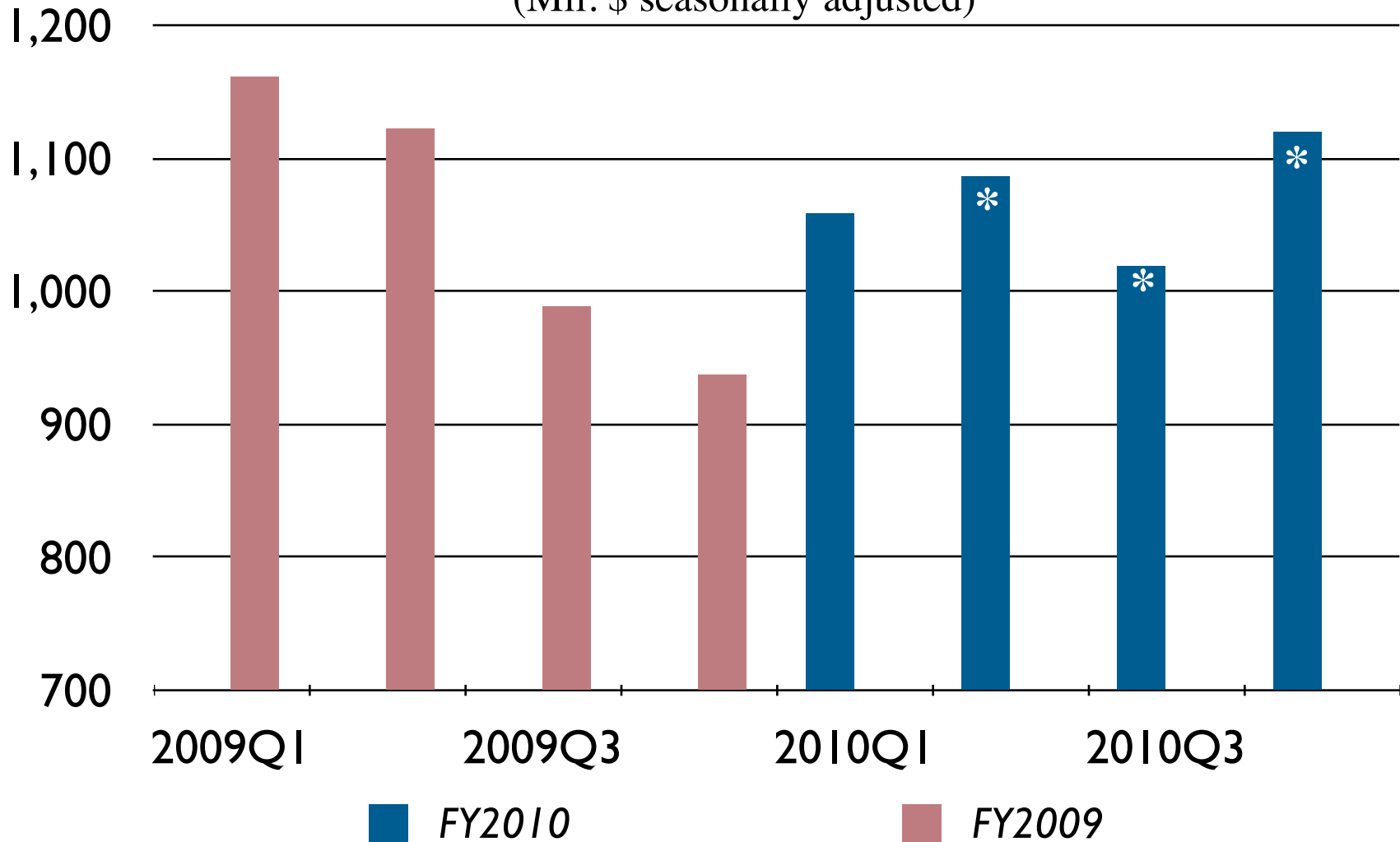
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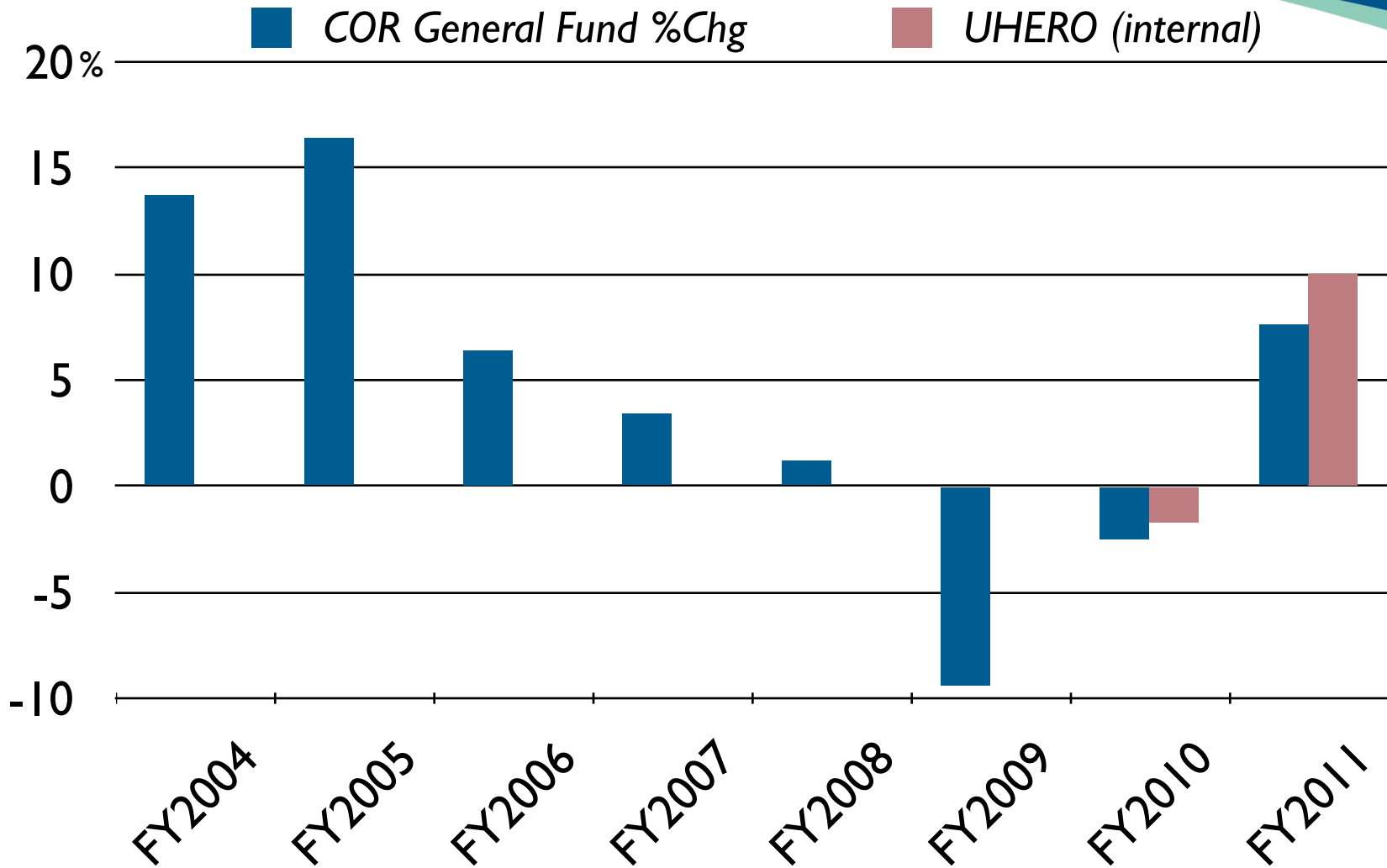
# State fiscal crisis

## General Fund Tax Revenue

(Mil. \$ seasonally adjusted)



# State fiscal crisis







**Mahalo**