

# WAM FINANCIAL PLAN, TAX & ECONOMY BRIEFING

Department of Taxation  
Linda Takayama, Director  
February 28<sup>th</sup>, 2017



# The COR expects a 4.5% increase in general fund revenues in FY18

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**ESTIMATES OF GENERAL FUND TAX REVENUE FROM THE MEETING OF JANUARY 8, 2018: FY 2018 TO FY 2024**  
 Line item projections generated by Tax Research & Planning Office to be consistent with the Council's forecast for the total General Fund tax revenues  
 (in thousands of dollars)

TYPE OF TAX	BASE		ESTIMATED						
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
General Excise and Use Tax	\$3,206,154	\$3,239,225	\$3,375,491	\$3,491,007	\$3,615,628	\$3,746,101	\$3,877,380	\$4,019,720	\$4,146,085
Individual Income Tax	2,116,392	2,192,341	2,286,664	2,410,225	2,509,854	2,622,819	2,746,763	2,871,668	3,001,647
Corporate Income Tax	93,036	76,761	85,851	91,428	103,777	107,259	110,710	113,107	115,434
Public Service Company Tax	152,760	122,159	126,082	130,221	134,473	138,864	143,398	148,081	152,916
Tax on Insurance Premiums	153,173	164,688	170,138	173,936	178,262	183,127	188,268	193,665	208,301
Cigarette and Tobacco Tax	83,685	82,792	83,165	85,184	87,652	90,268	93,028	95,898	98,876
Liquor Tax	50,590	51,167	51,898	52,527	53,066	53,599	54,114	54,628	55,148
Tax on Banks and Other Financial Corps.	12,691	9,174	8,346	6,018	4,812	3,692	3,142	2,559	15,977
Inheritance and Estate Tax	49,613	18,968	19,306	19,657	20,013	20,375	20,744	21,119	21,503
Conveyance Tax	26,415	49,737	53,416	57,148	61,260	65,768	70,492	75,426	79,717
Miscellaneous Taxes*	16,067	15,845	16,264	16,265	16,263	16,259	16,255	16,250	16,246
Transient Accommodations Tax	233,781	292,357	322,779	349,558	373,441	396,710	418,341	440,219	462,588
<b>GENERAL FUND TOTAL</b>	<b>\$6,194,356</b>	<b>\$6,315,215</b>	<b>\$6,599,400</b>	<b>\$6,883,174</b>	<b>\$7,158,501</b>	<b>\$7,444,841</b>	<b>\$7,742,635</b>	<b>\$8,052,340</b>	<b>\$8,374,434</b>
<b>GROWTH RATE</b>	<b>8.0%</b>	<b>2.0%</b>	<b>4.5%</b>	<b>4.3%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>

\* The figures on this line include penalty and interest charges, fees and license charges from various taxes, and allocations to the General Fund from the environmental response, energy and food security tax.



# General fund revenues have increased 6.1% compared to the same time last year

## PRELIMINARY COMPARATIVE STATEMENT OF STATE GENERAL FUND TAX REVENUES JANUARY 2018 (Dollars in Thousands)

	Jan 2018	CUMULATIVE TOTALS		DIFFERENCE	
		2017-2018	2016-2017	AMOUNT	% CHANGE
<b>GE/Use Taxes</b>	<b>\$339,242</b>	<b>\$2,034,942</b>	<b>\$1,880,164</b>	<b>154,778</b>	<b>8.2%</b>
<b>Income Tax - Corp.</b>	<b>3,767</b>	<b>24,509</b>	<b>51,577</b>	<b>(27,068)</b>	<b>-52.5%</b>
Decl. Est. Taxes	8,525	88,587	103,210		
Payment w/returns*	(1,782)	(18,110)	18,863		
Refunds	(2,976)	(45,968)	(70,496)		
<b>Income Tax - Ind.</b>	<b>332,502</b>	<b>1,445,805</b>	<b>1,350,201</b>	<b>95,605</b>	<b>7.1%</b>
Decl. Est. Taxes	145,693	383,563	311,286		
Payment w/returns	4,910	69,926	60,438		
WH Tax on Wages	186,816	1,162,746	1,106,566		
Refunds	(4,717)	(160,376)	(128,053)		
Special Fund	0	(53)	(35)		
<b>Trans. Accom. Tax</b>	<b>52,754</b>	<b>298,468</b>	<b>295,742</b>		
Convention Ctr. Enterprise Fund	(2,208)	(15,458)	(15,458)		
Tourism Special Fund	(6,833)	(47,833)	(47,833)		
Turtle Bay Conservation Fund	(125)	(875)	(875)		
Land & Development Fund	(250)	(1,750)	(1,750)		
County Fund	(8,583)	(60,083)	(60,083)		
<b>SUB-TOTAL</b>	<b>34,754</b>	<b>172,468</b>	<b>189,742</b>	<b>2,726</b>	
<b>All Others</b>	<b>38,699</b>	<b>287,460</b>	<b>284,436</b>	<b>3,025</b>	<b>1.1%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$748,965</b>	<b>\$3,965,185</b>	<b>\$3,735,119</b>	<b>\$229,066</b>	<b>6.1%</b>

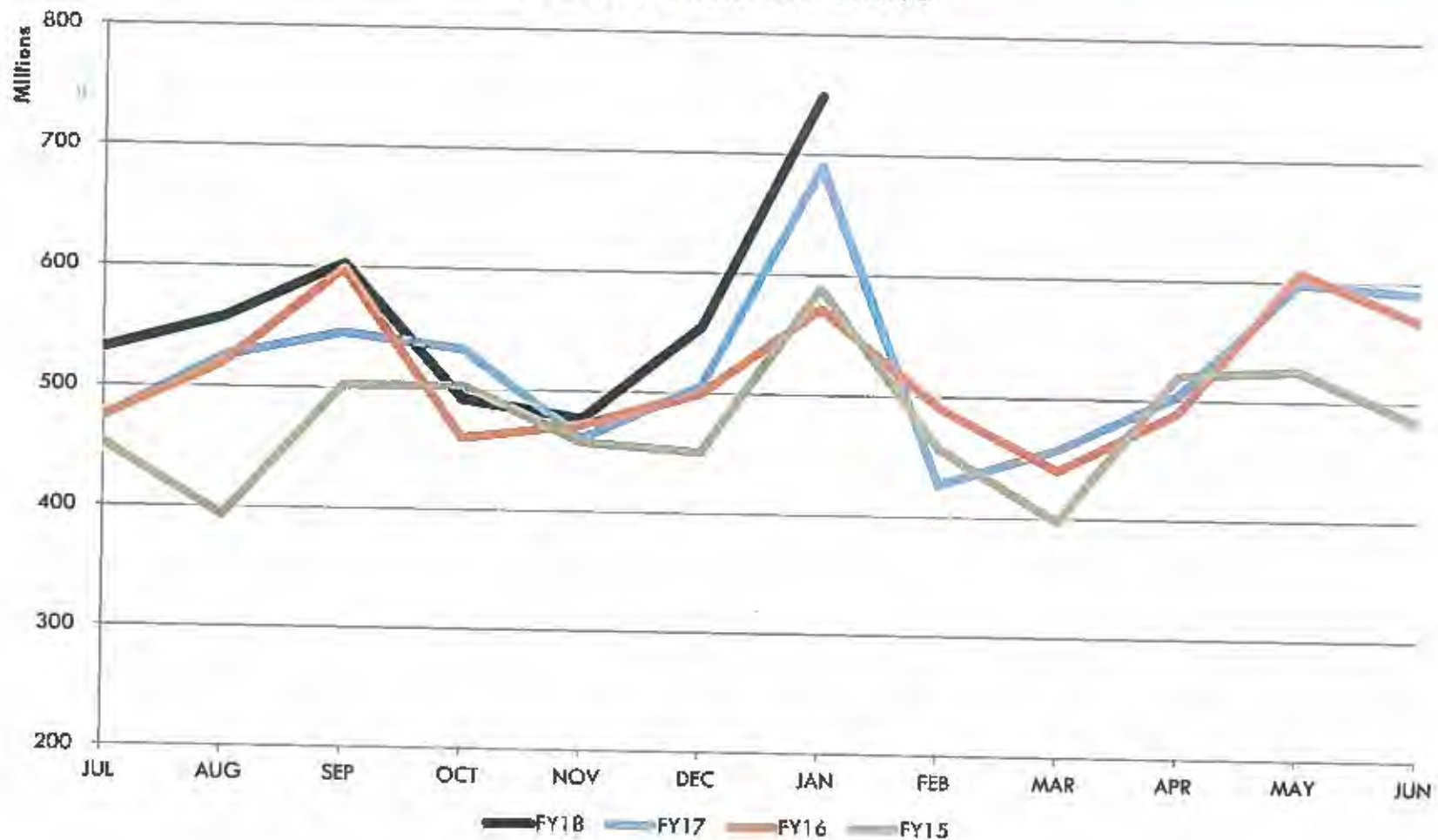
Note: General Fund allocations are in bold print.

\* The negative amount is due to tax refunds, which exceeds tax collections.

FY18 revenue collections are above previous years but following seasonal trends

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General Fund Revenues



# The Tax Cut & Jobs Act should boost revenues in short term

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- ❑ Tax cut to increase spending and visitor expenditures (boost GET and TAT)
- ❑ Increased dividends and capital gains will boost individual income tax collections
- ❑ Increase tax liability from repatriated earnings due to TCJA (\$27 M in FY19)



# One-time adjustments explain part of the lower revenue collections

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Adjustment	Impact
\$25M transfer out of GET and into TAT fund in FY17	Increases FY18 GET number and decreases FY18 TAT number
\$15.6M transfer out of GET into litigation fund (non-revenue) in FY17	Increases FY18 GET number and FY 18 General Fund number