

COUNCIL ON REVENUES

DBEDT Diamond Head Conference Room
No. 1 Capitol District Building
250 S. Hotel Street
Fourth Floor, Room 436
Honolulu, HI 96813

Tuesday, September 6, 2011
10:00 a.m.

PRESENT:

Council Members:

Richard F. Kahle, Jr. (Chair), Jack P. Suyderhoud (Vice-Chair), Avery K. Aoki,
Carl S. Bonham, Christopher Grandy, Ronald K. Migita and
Marilyn M. Niwao

Staff Members:

Department of Taxation: Donald Rousslang, Hamid Jahanmir and
Jacquelyn Guitguiten
Department of Budget and Finance: Terri Ohta, Keith Shimada and
Gregg Hirohata-Goto

Others:

James Delavon, House Minority Research Office
Johnnel Nakamura, Department of Taxation
Titin Sakata, Department of Taxation
Roderick Becker, Senate Ways and Means
Michelle Scala, Senate Ways and Means
Sabrina Nasir, Senate Ways and Means
Susan Hirai, Senate Ways and Means
Amy Sojot, Senate Ways and Means
Tony Valdez, Senate Ways and Means
Sharon Kotaka, Budget and Finance
Neal Miyahira, Budget and Finance
Paul Young, Healthcare Association of Hawaii
Lowell L. Kalapa, Tax Foundation of Hawaii

CALL TO ORDER:

The Chair called the meeting to order at 10:00 a.m. with a quorum present.

COMMUNICATIONS TO THE COUNCIL:

The Chair asked if there was any communication to the Council. There was none.

The Chair then moved on to the minutes of the meeting of July 28, 2011.

MINUTES OF THE MEETING OF JULY 28, 2011:

The Chair asked the members for any comments on the minutes of the July 28th meeting. There were no comments. The Chair called for a motion to approve the minutes.

It was moved by Mr. Migita and seconded by Dr. Grandy that the minutes of July 28, 2011 meeting be accepted. The Chair called for the vote, and the motion passed with the following votes:

Richard F. Kahle, Jr.	Yes
Jack P. Suyderhoud	Yes
Avery A. Aoki	Yes
Carl S. Bonham	Yes
Christopher Grandy	Yes
Ronald K. Migita	Yes
Marilyn M. Niwao	Yes

GENERAL FUND REVENUE FORECAST:

Next, the Council discussed the general fund revenue forecast for FY 2012. The Chair asked Mr. Aoki to provide the Council with some information on how the tourism sector is doing; particularly, with what will happen after APEC is over. Mr. Aoki said that he cannot see that far ahead. He said tourism is steady, as discussed in the last two Council meetings.

Dr. Bonham told the Council that in the forecast UHERO (Economic Research Organization at the University of Hawaii) released one week ago last Friday, there was a downgrade across the board of roughly one percentage point for their visitors forecast for this year and next year. And, they downgraded their jobs forecast by about 50 basis points (a half of 1 percentage point, to just a little over 1 percent) for this calendar year, and by roughly 1.5 percentage points for the next calendar year job growth. He said their general fund growth forecast (not taking into account any tax law changes) was around 9%, down a couple of percentage points from the forecast the Council had before. He added that he was getting about 11 percentage points in his model before and now he is getting about 9% for the current fiscal year. The Chair asked if that was including the refund problem. Dr. Bonham said yes.

Dr. Bonham added that this quarter is going to show large growth rates over the same quarter a year ago because of refund shifting. Dr. Bonham said he is reasonably happy with the Council's old forecast of 11% until there is more information. He acknowledged that the tax law changes are going to have some impact, although it is not clear that they are going to be as large as expected, because of tax avoidance. Ms. Niwao asked if this was due to tax planning. Dr. Bonham said yes, everybody that is within a tax bracket and is worried about paying extra taxes is going to be trying to figure out how to bring their AGI down to avoid falling into the higher bracket. The Chair added that removing the construction general excise tax (GET) exemptions would involve a lot of tax planning. Dr. Bonham agreed.

Ms. Niwao said we have not yet seen the impact of the tax law changes for the GET because it would not be reflected in collections until August. The Chair clarified that the July activity will be reported in August. Ms. Niwao said before the end of June there were a lot of people trying to get grandfathered in with binding contract provisions. She said lawyers were busy making sure contracts would be exempt from the tax. She did not think that there will be the kind of increase that you normally would have if there was no grandfather clause. She thought that more people who are general contractors will decide to do more of the work themselves rather than subcontracting it out to avoid the double tax when they are bidding on jobs. She said that, plus other national factors, made her feel that her original projections were probably too optimistic.

Mr. Migita said based on his personal experience and looking at the level of unemployment within the United States and what is happening in Europe and what is happening in Hawaii, he was not really optimistic in his forecast.

Dr. Suyderhoud said that he too adjusted his expectations downward in the last few months. He said in working on his forecast, he debated as to whether or not there would be another U.S. recession. He thought he shared the Council members' pessimism and did not feel that the probability was below 50% of another recession in 2012.

Dr. Grandy said that in general he agrees with Council's pessimism but he feels that things have cooled off a bit according to recent economic news. He said that he was thinking about the political business cycle and the incentive to pump up the economy. He thought that there seems to be a fair amount of effort on the federal side to help the economy that would make him think there is going to be some real effort at the national level, which is likely to have some effect over the next year and a half. He added that, although some recent numbers for Hawaii do not look great, we have been trending upward for a while now. He said in the near term (the next two years), he feels we are likely to have growth, but it might not be that kind of recovery that we regularly see. Although, he said, he is feeling not as good about the economy as he did 3 months ago.

The Chair asked Dr. Grandy what he thought about the current projection of 11% for revenue growth in 2012 and 6% for out years. Dr. Grandy guessed that 11% is going to be too low because DOTAX's estimates on the adjustments are so much higher (8 percentage points). He thought the revenue growth could be in the range of 15% or something close to that but then down in fiscal year 2013. Dr. Grandy added that his guess would be that the 11% would be several percentage points too low, but he was not at all confident we are going to hit the 20% growth rate.

Dr. Suyderhoud said he is uncomfortable forecasting the tax estimates for the tax law changes. He asked if the Council could make a forecast that is based purely on the economic situation and then add whatever number the Council thinks appropriate for the law changes. He said he did not want people to think that the revenue effects of the tax law changes are the Council's estimates, because they are not. Dr. Bonham said the Council is charged with doing a general fund forecast, therefore the Council has to come up with a number, one way or another. Dr. Bonham said the Council is uncertain about how much the revenue from last year is, changes in the tax law, owing to avoid the taxes, but added that the Council also is uncertain about the underlying economy.

Dr. Bonham added that the political business cycle could go exactly the opposite of what Dr. Grandy had described, in which case the economy would not create any jobs. He mentioned that the private sector created jobs last year and the public sector destroyed them. He said that and other economic and political factors led him and his colleagues to downgrade their forecast.

Dr. Bonham found it interesting that last year he had the highest forecast and now he has the lowest. He said the forecast of his general fund revenue growth model for this fiscal year was 9.5% and he thought that the Tax Department's model was 7.5% or something like that.

Dr. Suyderhoud asked if it would be due to the tax law changes or the underlying economy. Dr. Bonham said it would not be because of the underlying economy, since the underlying economy caused him to downgrade his forecast.

Dr. Suyderhoud suggested that a two-part process; basically go with the underlying economic forecast and add whatever we feel comfortable with regard to the tax law changes. Mr. Aoki said there are actually three components this year, when looking at the tax refund effect from last year (\$187.4 million, or 4.3%). He said this 4.3% increase over last year's revenue is given and a known variable. Mr. Aoki added that the tax law effect increase of 5% would make the growth rate about 9.3% and adding the underlying economic growth (of 1% to 2% suggested by Dr. Bonham) would be the reason why he thought the 11% growth in revenue for this fiscal year was alright.

Dr. Suyderhoud said that he did not want people to think that somehow we are in a really robust economy. Ms. Niwao said she thought that there is a substantial risk that the public was not going to understand where the Council gets its numbers. She said if we have 15% growth, they are going to say the Council on Revenues is predicting 15% growth that is all they see, that is all they are going to look at. She said the Council should specify what portion of the estimated growth in revenue is from economic growth; what portion is from the tax refund effect; and what portion is from the tax law changes; to informing the public, the Governor and the Legislature. Dr. Grandy agreed. He said it also may have desirable long-term effects on future public decisions regarding tax policies. Mr. Aoki said it would be difficult to know what the tax law component is. Dr. Bonham said the end of the fiscal year we are going to have a single number and no one will know the separate parts. He said no one could say for example 6% was due to economic growth, 4% was the refund fiasco and the rest were tax law changes. The Chair said he did not think that the Council will need to have an explanation for the portions as long as they are provided.

Dr. Suyderhoud suggested that the Council focus on the economic part of the revenue growth. He said we have the refund story; the economic story, and the tax law change story. The Council needs to focus on one of those. The first one, he said, is the economic story. The Chair, Ms. Niwao and Dr. Grandy agreed.

Dr. Suyderhoud said starting with the prior forecast, which is 11% and includes the 4.3% for the refund effect.

Dr. Grandy said he is comfortable with a purely economic general fund forecast for fiscal year 2012 on the order of 5 to 7%, and then adding to that 4% for the refund phenomena and some number for the tax law adjustments. He said he agreed that those parts should be separated in the Council's

communication and that he was in favor of putting some indication of the quantities in the Council's communication. He thought Ms. Niwao was right, that in the interest of transparency, the parts should be given separately.

The Chair asked if the rest of the Council members agree with Dr. Grandy's suggestion.

Dr. Suyderhoud asked if he could make a motion. He suggested a 6% for economic growth plus 4.3% to correct for the refund. He asked the Council members how comfortable they were with 10.3% for the combined refund story and underlying growth. Ms. Niwao asked if the 6% was based on 2% or 3% for inflation. Dr. Suyderhoud said probably a 2.5 to 3 percentage points for the inflation. Dr. Bonham asked Dr. Suyderhoud what he thought would be the growth rate of the economy. Dr. Suyderhoud said 6%. Dr. Bonham said he thought 5% is better. Ms. Niwao and Mr. Migita agreed with 5%. Dr. Suyderhoud said he is fine with that. Dr. Grandy said he likes the 6% better. Dr. Bonham said you could certainly get 6% if we get an extension of unemployment benefits and if we get an extension of payroll tax cut, which would yield an extra 0.5% or 1% of GET.

Dr. Suyderhoud said he will adjust his motion to 5% for economic growth and 4.3% for the refund part, for a total of 9.3%. He asked if any Council members wanted to round it to 9.5%. The Council members agreed to do that. Dr. Suyderhoud said he is moving 9.5% for the growth rate of general fund revenue in fiscal year 2012. The Chair asked for the second. Ms. Niwao seconded the motion.

The Chair asked if there was any further discussion. There was none.

Dr. Suyderhoud made a motion to forecast the general fund tax revenues growth rate in FY2012 with a two-part component, 5.2% for economic growth and 4.3% for the refund problem - a combined rate of 9.5%. Ms. Niwao seconded the motion. The Chair called for the vote, and the motion passed with the following votes:

Richard F. Kahle, Jr.	Yes
Jack P. Suyderhoud	Yes
Avery A. Aoki	Yes
Carl S. Bonham	Yes
Christopher Grandy	Yes
Ronald K. Migita	Yes
Marilyn M. Niwao	Yes

Next, the Council discussed the out years from fiscal years 2013 through 2018. Dr. Bonham suggested leaving it the same. He said his model has almost 6% in 2013 but he was more comfortable with 5.5% and 5% thereafter (2014 through 2018).

Ms. Niwao raised concerns about future cuts in federal spending, caused by the deficit. She thought that in the year 2014, there will be quite a bit of cutting back on federal spending. Dr. Grandy said there are many uncertainties. Ms. Niwao said they are going to cut the spending and was concerned that it would impact the economy. Dr. Bonham agreed. Dr. Suyderhoud said at least in the short-run.

Dr. Bonham said in one meeting he recalled looking at historical averages and finding that the forecast for the next 5 or 6 years was too high. Dr. Grandy suggested forecasting the out years consistent with long run economic growth. Dr. Bonham agreed. Dr. Grandy said the long run growth rates in Hawaii have been declining for several decades.

Dr. Bonham said the average general fund revenue growth, not compounded, from 1981 through the 2nd quarter of 2011 was 5.25%.

Ms. Niwao noted that Japan's economy went through this big real estate boom and bust and then had stagnant long-term growth. She said the forecast is assuming the traditional cycles. She asked if it is possible that we could repeat Japan's experience. She added that we have an aging society in Hawaii, like Japan. Dr. Suyderhoud said he thought differences from Japan were greater than similarities. Dr. Bonham agreed.

Dr. Suyderhoud added that he does not think that our long-term future is like Japan's for a number of reasons; including demographics, exchange rates and other factors. He agreed that it is important to think about the long-term prospects.

Dr. Bonham moved to adopt 5.5% for next fiscal year (2013) and, 5.0% for the remaining fiscal years. Dr. Suyderhoud and Dr. Grandy seconded the motion. The Chair asked if there was any discussion. There was none.

It was moved by Dr. Bonham and seconded by Dr. Suyderhoud and Dr. Grandy to forecast the growth rate of general fund tax revenues at 5.5% for fiscal year 2013 and, at 5% for fiscal years 2014 through 2018. The Chair called for the vote, and the motion passed with the following votes:

Richard F. Kahle, Jr.	Yes
Jack P. Suyderhoud	Yes
Avery A. Aoki	Yes
Carl S. Bonham	Yes
Christopher Grandy	Yes
Ronald K. Migita	Yes
Marilyn M. Niwao	Yes

Dr. Bonham said that after accounting for the tax law changes, the economic forecast would need to be revisited. Dr. Suyderhoud said that they were thinking 7.25% from tax law changes for FY 2012, and nothing after that. Mr. Aoki said there was. Dr. Rousslang asked the members to look at the below-the-line adjustments.

Dr. Bonham suggested using the table with the list of tax law changes. Dr. Rousslang said it was probably best to look at Table 2 of the workbook.

Dr. Bonham asked about the methodology used to calculate the estimates. He asked if they were static estimates and if they used the growth in income that the Council forecasted. And, were there any

assumptions made about people doing tax planning to change their taxable income. Dr. Rousslang said yes, such factors were considered.

Dr. Bonham asked about the ability to account for subjective factors, including tax planning. He asked Dr. Rousslang, if based on his own experience, he was comfortable with the estimates. Dr. Rousslang said he was more comfortable with the estimates for the net income tax changes than with those for the GET exemptions. He said the income tax numbers could be off either way, because of the way they were estimated. The average tax rate was used, which is well below the marginal rate for high income taxpayers. Dr. Bonham asked Dr. Rousslang if he used 2009 income. Dr. Rousslang said yes.

Dr. Bonham said the estimate for the motor vehicle surcharge should be pretty straight-forward. Dr. Suyderhoud found the estimate surprisingly high. Dr. Rousslang said the estimates for the motor vehicle surcharge and for the changes to the income tax were fairly reliable.

Ms. Niwao asked about the general excise tax exemptions and, what years of data were used for the estimates and how they related to the estimates in the report of the 2005-2007 Tax Review Commission (TRC).

Dr. Rousslang said the numbers from the TRC report were adjusted for growth in the general excise tax base and for such things as the grandfather clause and possible workarounds, although the adjustments for these things may not have been big enough in the initial estimates. He also mentioned the lack of reliable data.

Ms. Niwao said she understood that we do not have data on the exemption amounts and Dr. Rousslang agreed that is true in most cases.

Ms. Niwao asked if there is no way to capture the data from the general excise returns, noting that there is a line for contracting, for example. Dr. Rousslang said yes, but we don't have data on the sub-contractor's deduction. Ms. Niwao asked if there is a way to capture that information from the GET returns, or if it had to be done manually. Dr. Rousslang confirmed that the data from schedule GE (the tax form that lists the exemptions), are not captured electronically. Ms. Niwao asked if anything can be done to get the information and Dr. Rousslang said not for the next year.

Dr. Suyderhoud asked about the reliability of the estimates for the revenue gains from the Transient Accommodations Tax (TAT), the Motor Vehicle Rental and the changes in net income taxes. Dr. Rousslang responded that the estimates were reasonably reliable.

Dr. Suyderhoud asked about the \$170 million estimate for the GET and Dr. Rousslang answered that there is much more uncertainty with that number than the others. Dr. Suyderhoud asked what number would provide a lower bound, such that the probability of getting at least that much revenue was 80%. He asked if \$50 million would be such a number (as a substitute for the original estimate of \$170 million). Dr. Rousslang said he thought \$50 million would be a good number. Dr. Suyderhoud said that is \$120 million less than the original estimate. Dr. Rousslang said that there is a great deal of uncertainty with the estimate.

Dr. Suyderhoud noted that taking \$120 million off the revenue estimates left about \$200 million for fiscal year 2012. He suggested \$200 million for the tax law changes as opposed to the original estimate of \$312 million. Dr. Bonham noted the uncertainty of the GET exemption estimates. Dr. Suyderhoud noted that it was prudent to err on the low side rather than on the high side.

Dr. Suyderhoud asked how much \$200 million would add to growth in percentage terms. Mr. Aoki responded that it would be about 4.5%. Dr. Grandy said the figure is 4.6%. He suggested the range of 14% to 15% for the general fund tax revenue forecast for FY 2012. Dr. Bonham said that meant 14.5% total growth if we assume 5% for tax law changes. Dr. Grandy agreed. Dr. Suyderhoud asked how many were comfortable with 5%. Dr. Grandy said he was comfortable with it.

The Chair asked Dr. Suyderhoud if the 5% could be wrapped in a motion. Dr. Suyderhoud said the reason he is asking questions is because he wants to think about 2013 and 2014 as well, and if we are saying 5% in FY 2012 what are we saying about FY 2013? The Chair asked if it will be 5.5%. Ms. Niwao said probably, because we will have more revenue.

After some further discussion of the tax law changes and the effects on future tax revenues, Dr. Suyderhoud made a motion that the tax law adjustments to the general fund forecast be +5% for FY 2012; +5% for FY2013; +2% for FY 2014; +2% for FY 2015, and 0% thereafter for FYs 2016 through 2018, subject to continuation of the statutes. The Chair asked for the second and Ms. Niwao seconded the motion.

The Chair asked if there was any discussion. Dr. Bonham suggested the Council first have a vote on the bottom line numbers. Dr. Suyderhoud agreed and the Chair approved Dr. Bonham's suggestion.

Dr. Suyderhoud made a motion that the tax law adjustments to the general fund forecast be +5% for FYs 2012 to 2013; +2% for FYs 2014 to 2015; and, 0% for FYs 2016 through 2018, subject to continuation of the statutes. Ms. Niwao seconded the motion. The Chair called for the vote, and the motion passed with the following votes:

Richard F. Kahle, Jr.	Yes
Jack P. Suyderhoud	Yes
Avery A. Aoki	Yes
Carl S. Bonham	Yes
Christopher Grandy	Yes
Ronald K. Migita	Yes
Marilyn M. Niwao	Yes

Dr. Bonham made a motion for the resulting number for the bottom line: 14.5% for FY 2012; 10.5% for FY 2013; 7% for FY 2014; 7% for FY 2015; 5% thereafter (FYs 2016 through 2018). The Chair asked for a second.

Ms. Sakata brought to the Council's attention that the future increases are one-time changes and they should not be compounded. Dr. Suyderhoud agreed, thanked Ms. Sakata and took the entire motion off.

The Chair asked Dr. Suyderhoud to reconsider the motion.

Dr. Suyderhoud made a motion to reconsidering the previous motion on both the tax law adjustments to the general fund and, the bottom line numbers. Ms. Niwao seconded it. The Chair called for the vote in favor of the motion. And, the motion passed with the following votes:

Richard F. Kahle, Jr.	Yes
Jack P. Suyderhoud	Yes
Avery A. Aoki	Yes
Carl S. Bonham	Yes
Christopher Grandy	Yes
Ronald K. Migita	Yes
Marilyn M. Niwao	Yes

Dr. Suyderhoud said the Council is reconsidering both the tax law changes and the bottom line number motions, therefore the Council just voted to reconsider both of them.

Dr. Suyderhoud made a motion for the growth rate of tax revenue changes of 14.5% for FY 2012; 6.5% for FY 2013; 3% for FY 2014; and 5% for FYs 2015 through 2018. Dr. Bonham seconded the motion.

In a combined motion made by Dr. Suyderhoud on the tax law adjustments to the general fund forecast and the bottom line numbers, the Council's vote was unanimous.

A combined motion was made by Dr. Suyderhoud on the tax law adjustments to the general fund forecast and, the bottom line numbers. The tax law adjustment to the general fund forecast: +5% for FY 2012; +1% for FY 2013; -2% for FY 2014; and, 0% for FYs 2015 through 2018 and, the bottom line numbers: 14.5% for FY 2012; 6.5% for FY 2013; 3% for FY 2014; and, 5% for FYs 2015 through 2018. Dr. Bonham seconded the motion. The Chair called for the vote, and the motion passed with the following votes:

Richard F. Kahle, Jr.	Yes
Jack P. Suyderhoud	Yes
Avery A. Aoki	Yes
Carl S. Bonham	Yes
Christopher Grandy	Yes
Ronald K. Migita	Yes
Marilyn M. Niwao	Yes

Ms. Niwao asked if any correspondence to the Governor and the Legislature is going to include some breakdown of how the Council derived at these numbers so that there is no misunderstanding. The Chair said yes.

Next, the Council was presented a report by Budget and Finance.

REPORT BY THE DEPARTMENT OF BUDGET & FINANCE ON OTHER REVENUES:

Ms. Ohta reported the significant changes to the May 2011 report.

General Fund Tax Revenues estimates reflect increases in FYs 11-13 and are attributed to: 1) the federal interest subsidy on Build America Bonds (Department of Budget and Finance (B&F)); 2) the temporary diversion of tobacco settlement revenues from the Emergency and Budget Reserve Fund and the Tobacco Prevention and Control Trust Fund to the general fund as authorized by Act 124, SLH 2011 (Department of Health (DOH)); 3) reimbursements to the State for the 2004 flood expenses (University of Hawaii (UH)); 4) transfer from the Hurricane Reserve Trust Fund as authorized by Act 62, SLH 2011 (DCCA); and 5) transfers from non-general funds authorized by Act 192, SLH 2010, and Act 124, SLH 2011 (various departments).

Special Fund Tax Revenues estimates for FYs 12-18 reflect projected revenues for the motor vehicle registration fees as authorized by Act 162, SLH 2011 (Department of Transportation (DOT) – Highways Division); motor vehicle weight tax as authorized by Act 86, SLH 2011; and rental motor vehicle surcharge tax as authorized by Act 104, SLH 2011. The increases are offset by decreases in FYs 12-15 to reflect a temporary revenue ceiling that was imposed on the Tourism Special Fund as authorized by Act 103, SLH 2011 (Department of Business, Economic Development and Tourism (DBEDT)) and decreases in FYs 12-18 to correct reporting errors (Department of Labor and Industrial Relations (DLIR)).

Special Fund Non-Tax Revenues estimates reflect increases in FYs 11-18 and are attributed to the extension of federal grants for efficient and improved public transportation services and for new and/or to expand existing fixed guideway systems and comprehensive corridor based bus systems for the DOT – General Administration, increased tuition (UH), expansion of the cardiovascular program at Hilo Medical Center, expansion of the clinical services and out-patient services at Maui Memorial Medical Center (DOH – Hawaii Health Systems Corporation), and increases in airport landing and neighbor island airport concession fees (DOT – Airports Division). The increases are offset by decreases in airport terminal building rental fees and the diversion of rental motor vehicle surcharge tax revenues from the Airport Revenue Fund to the general fund in FY 12 as authorized by Act 104, SLH 2011 (DOT – Airports Division), investment pool earnings (DOT – Highways Division), and termination of Extended Unemployment Compensation and Federal Additional Compensation benefits (DLIR).

Other than Special Fund Non-Tax Revenues for FYs 11-17 are attributed to: 1) additional federal Medicaid matching funds related to Act 17, SLH 2011, and the emergency appropriation for Medicaid payments in the Department of Human Services (DHS); 2) additional federal reimbursements for disaster relief related to the October 2004 flood and October 2006 Earthquake disaster (Department of Defense); 3) student financial aid (UH); 4) State Small Business Credit Initiative grant (DBEDT); 5) School Lunch Program (Department of Education (DOE)); 6) Drinking Water Treatment Revolving Loan Fund (DOH); 7) Title I grants (DOE); 8) bond issuances for infusion to the Housing Project Bond Fund, Rental Housing Trust Fund, and Dwelling Unit Revolving Fund to develop or rehabilitate affordable housing rentals; and 9) the addition of

State teachers into the contributions for the Employer-Union Health Benefits Trust Fund health benefits plan (B&F).

After Ms. Ohta answered some questions from the Council members, Dr. Suyderhoud moved a motion to accept the report. Ms. Niwao seconded the motion. The Chair asked for all in favor.

It was moved by Dr. Suyderhoud and, seconded by Ms. Niwao to accept the B&F report as submitted. The Chair called for the vote, and the motion passed with the following votes:

Richard F. Kahle, Jr.	Yes
Jack P. Suyderhoud	Yes
Avery A. Aoki	Yes
Carl S. Bonham	Yes
Christopher Grandy	Yes
Ronald K. Migita	Yes
Marilyn M. Niwao	Yes

The Department of Taxation's Tax Research & Planning Office will prepare a table with detailed line-item estimates to the Governor, along with the Council's forecast as submitted.

NEXT MEETING:

The next COR meeting is tentatively scheduled for Thursday, November 3, 2011 at 10:00 am; however, the date and time will be confirmed by e-mail. The Council staff will attempt to secure the DBEDT Diamond Head Conference Room 436 for the meeting.

The Chair asked for a motion to adjourn. Ms. Niwao made a motion to adjourn. Dr. Grandy seconded it.

Ms. Niwao made a motion to adjourn the meeting, seconded by Dr. Grandy. The Chair called for the vote and the motion passed with the following votes:

Richard F. Kahle, Jr.	Yes
Jack P. Suyderhoud	Yes
Avery A. Aoki	Yes
Carl S. Bonham	Yes
Christopher Grandy	Yes
Ronald K. Migita	Yes
Marilyn M. Niwao	Yes

ADJOURNMENT:

The meeting adjourned at 11:50 a.m.