

Hawaii

From 2002 to 2008, Hawaii's spending increased the most in the hospitals (187%), highways (73%), and parks and recreation (59%) categories. The increase in hospitals spending was the third-highest in the nation in terms of percentage, and grew from 19th-highest in terms of per-capita spending in 2002 to third-highest in 2008. The increase in highways spending was the fourth-greatest in the nation. The state ranked in the top five in per capita spending in seven of the 12 spending categories, and last in police, largely due to its unique island geography and relatively small population. The spending categories that saw the least growth were administration (+29%), natural resources (+16%) and debt service (-5%). The state's overall general spending increase of 43% put it in the top half of states, ranking 13th-highest.

Hawaii's total overall revenue growth of 58% ranked 14th for the period, and its total tax revenue growth of 50% ranked 15th. Corporate income taxes were the fastest growing tax revenue category, increasing 100%, although that still placed it in the bottom half of states (ranking 28th-highest). By contrast, the 62% increase in general sales tax revenue ranked 3rd-highest in the nation. Hawaii's general sales tax per capita ranked the highest in the nation in both 2002 and 2008.

| Spending (Spending and revenue numbers are in thousands of dollars) | 2002 | 2002 Per Capita Rank | 2008 | 2008 Per Capita Rank | Difference in Rank | 2002–2008 Increase/Decrease | 2002–2008 Increase/Decrease Rank |
|---|-----------|----------------------|------------|----------------------|--------------------|-----------------------------|----------------------------------|
| Corrections | 157,286 | 25 | 219,070 | 20 | +5 | 39% | 18 |
| Education | 2,257,402 | 6 | 3,393,565 | 4 | +2 | 50% | 12 |
| Government Administration | 376,034 | 4 | 486,718 | 3 | +1 | 29% | 27 |
| Health | 453,500 | 1 | 677,693 | 2 | -1 | 49% | 15 |
| Highways | 235,699 | 49 | 407,711 | 37 | +12 | 73% | 4 |
| Hospitals | 184,789 | 19 | 531,055 | 1 | +18 | 187% | 3 |
| Interest on Debt | 462,296 | 3 | 441,026 | 5 | -2 | -5% | 48 |
| Natural Resources | 98,076 | 20 | 113,560 | 23 | -3 | 16% | 30 |
| Parks and Recreation | 49,595 | 8 | 78,920 | 4 | +4 | 59% | 18 |
| Police Protection | 9,228 | 50 | 13,808 | 50 | 0 | 50% | 15 |
| Public Welfare | 1,125,980 | 29 | 1,563,961 | 31 | -2 | 39% | 29 |
| Salaries and Wages | 1,733,613 | 2 | 2,563,142 | 3 | -1 | 48% | 10 |
| Direct Expenditures | 6,553,219 | 2 | 9,429,236 | 2 | 0 | 44% | 12 |
| General Expenditures | 6,683,606 | 2 | 9,567,007 | 5 | -3 | 43% | 13 |
| Total Expenditures | 7,445,512 | 3 | 10,533,869 | 4 | -1 | 41% | 16 |

| Taxes (Spending and revenue numbers are in thousands of dollars) | 2002 | 2002 Per Capita Rank | 2008 | 2008 Per Capita Rank | Difference in Rank | 2002–2008 Increase/Decrease | 2002–2008 Increase/Decrease Rank |
|--|-----------|----------------------|-----------|----------------------|--------------------|-----------------------------|----------------------------------|
| Personal Income Tax ¹ | 1,111,590 | 9 | 1,544,835 | 10 | -1 | 39% | 31 |
| General Sales Tax ² | 1,612,333 | 1 | 2,619,595 | 1 | 0 | 62% | 3 |
| Corporate Income Tax ³ | 52,640 | 42 | 105,294 | 43 | -1 | 100% | 28 |
| Total Taxes | 3,420,671 | 1 | 5,147,569 | 4 | +3 | 50% | 15 |
| Total Revenue | 5,868,714 | 9 | 9,298,617 | 8 | +1 | 58% | 14 |

¹ Personal income tax per capita rankings are out of 43 since seven states do not collect personal income taxes.

² General sales tax per capita rankings are out of 45 since five states do not collect general sales taxes.

³ Corporate income tax per capita rankings are out of 46 since four states do not collect corporate income taxes.

Comparison to Baseline Growth

One sound rule of thumb is that government expenditures should not increase more than the combined increase in population and inflation growth. This allows the government to maintain service levels and accommodate increased costs due to an expanding population and rises in the cost of living. For the 2002–2008 period, the Consumer Price Index, used to measure inflation, increased approximately 20% and Hawaii’s population increased by 3%. This yields a “baseline” growth of 23% for the period. The figure below compares the difference in Hawaii’s expenditures and revenue for the period to this baseline for 15 spending and five revenue categories.

