

Hawaii

Federal Policies Have Cost Hawaii \$768 Million over the Past Four Years

Federal Policies Affect Hawaii Revenue and Spending Levels, 2002-2005

*Cost to
Hawaii*

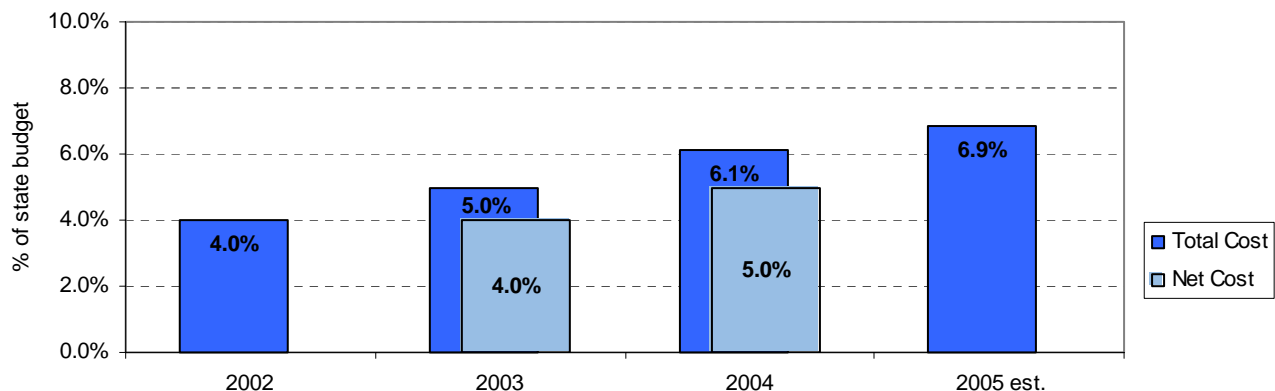
➤	<i>Federal Tax Changes:</i> Recently enacted federal tax cuts reduce state revenue directly.	\$57 million
➤	<i>Remote Sales:</i> States cannot collect sales taxes on goods & services purchased over the Internet due to federal law and court decisions.	\$483 million
➤	<i>Internet Access:</i> States are generally prohibited from applying tax to Internet access charges.	\$0
➤	<i>Unfunded Mandates:</i> Federal government imposes responsibilities on states but provides insufficient funding.	\$239 million
➤	<i>Medicare/Medicaid Dual Eligibles:</i> Increased use of prescription drugs shifts costs of health care for low-income elderly from federal Medicare program to state Medicaid programs.	\$69 million
➤	<i>Federal Fiscal Relief:</i> Congress approved temporary grants in 2003.	(\$80 million)
	TOTAL COST (net of fiscal relief), 2002-2005:	\$768 million

Federal Policies Have Worsened Hawaii's Fiscal Problems

*Ranking among 50
states plus D.C.*

➤	Total cost as percent of General Fund budget (2002-2005):	5.5%	45th
➤	Net cost as percent of General Fund budget, including offsetting federal fiscal relief (2002-2005):	5.0%	43rd

Net Cost of Federal Policy to Hawaii as a Percentage of State General Fund Budget



Source: Center on Budget and Policy Priorities, *Passing Down the Deficit: Federal Policies Contribute to the Severity of the State Fiscal Crisis*, May 12, 2004.