

Hawaii Income Patterns

INDIVIDUALS -- 1995

DEPARTMENT OF TAXATION
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INTRODUCTION

This thirty-eighth annual edition of "Hawaii Income Patterns - Individuals" presents data compiled from resident as well as nonresident individual income tax returns filed in 1996 for the tax year 1995. Additional information was collected from the federal returns of resident taxpayers to supplement the information available on the new and simplified resident return Form N-11.

Statistics in this report represent all individual income tax returns. However, separate sections present additional details about special groups: the elderly, the disabled, and dependents.

HAWAII INCOME PATTERNS - 1995

INDIVIDUALS

SUMMARY

Perhaps the most important development for tax year 1995 was a new and simpler way to file returns for most residents of Hawaii. About 70% of residents who filed state tax returns used the new Form N-11, which uses federal adjusted gross income as its starting point. Users of this form did not have to list income sources and types of adjustments. Neither did they have to file Schedules A, B, C, D, E, and F (respectively covering details of itemized deductions, interest and dividend income, proprietorship activity, capital gains, miscellaneous income, and farm income). Use of the new form slashed the amount of paper and detail that taxpayers needed to prepare to file a Hawaii state tax return.

Adoption of the simplified form required that the Department of Taxation depend more heavily on information from the federal Internal Revenue Service for statistical information to complete this report. Certain items such as wages and interest are now defined differently in this edition of this report when compared with like items in previous editions because of nonconformity of Hawaii and federal tax laws regarding such items as cost of living allowances, interest on federal obligations, and municipal bond interest.

Figure 1 shows combined data for resident and nonresident returns filed for 1995. While most categories declined, tax liability after credits rose because of the reduction or elimination of major tax credits. The sharp reduction in the amount of available tax credits was also the likely reason why the number of nontaxable returns with little or no income showed a pronounced decline. Nontaxable returns with adjusted gross income between zero and \$4,999 dropped 16.5%.

Figure 1
Comparison of Selected Items for All 1995 and 1994 Returns
(Amounts in Thousands of Dollars)

Item	1995	1994	% Increase (Decrease)
Number of Returns	555,865	584,701	-4.9%
Salaries and Wages	\$ 12,946,717	\$ 13,453,982	-3.8%
Adjusted Gross Income*	\$ 15,728,094	\$ 16,466,485	-4.5%
Itemized Deductions Allowed**	\$ 3,024,859	\$ 3,155,757	-4.1%
Personal Exemptions	\$ 1,241,347	\$ 1,307,491	-5.1%
Taxable Income	\$ 11,409,066	\$ 11,980,123	-4.8%
Tax Liability Before Credits	\$ 903,420	\$ 949,753	-4.9%
Tax Liability After Credits	\$ 857,553	\$ 825,954	3.8%

*Excludes losses.

**After limitation of deductions of high income taxpayers.

CONFORMITY TO THE INTERNAL REVENUE CODE

Legislation to conform to the Internal Revenue Code was first adopted by the 1978 Hawaii legislature. Since then, the legislature has adopted most of the provisions of the Code for the sake of simplicity for Hawaii's taxpayers. However, some important differences between Hawaii and federal tax laws do remain.

Some items are taxed by the federal government but not by Hawaii. These include social security benefits, most pension distributions, and interest on U.S. government bonds. In addition, Hawaii does not tax contributions to Hawaii's individual housing account and the first \$1,750 of Hawaii national guard or military reserve duty pay.

Other items are taxed by Hawaii but not by the federal government. These include federal cost of living allowances (COLA), employee contributions to the Hawaii state government retirement system, and interest on state and local government bonds issued by jurisdictions outside of Hawaii.

Other federal-Hawaii differences include the size of the standard deduction and the personal exemption. Hawaii allows a miscellaneous itemized deduction for certain political contributions, which are not deductible on the federal return.

The federal government provides an earned income tax credit for low-income taxpayers with dependent children and another tax credit for low-income elderly or disabled taxpayers. Although Hawaii has not adopted these two credits, it provides taxpayers with other credits not available on the federal tax return, including the food tax credit, the low-income renter's tax credit, and medical services excise tax credit for nursing facilities expenses. Hawaii's various tax credits are discussed in greater detail in a separate report.¹

LEGISLATION

During its 1995 regular session, the Hawaii legislature adopted Act 7, which conforms Hawaii's income tax law to changes in the Internal Revenue Code made by Congress. Of major import to the income tax was the adoption of Act 134, which repealed the excise portion of the food/excise tax credit and reduced the food portion of the credit from \$55 to \$27 per qualified person. This act also repealed the medical services excise tax credit. Act 93 provided a general income tax credit of \$1 per qualified person in compliance with provisions of Article VII, section 6, of the Constitution of Hawaii.

¹Sasaki, Gail, "Tax Credits Claimed by Hawaii Residents--1995", Hawaii Department of Taxation, Tax Research & Planning Office, October 1997.

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During its 1995 special session, the legislature adopted two provisions affecting income taxes. Act 10 increased the maximum amount of political contributions that may be used as a miscellaneous itemized deduction. Act 23 reinstated the nursing facilities tax credit, which had been repealed along with the medical services excise tax credit by Act 134 of the regular session.

DATA SOURCE AND METHODOLOGY

In September 1996, data items were extracted from the Department of Taxation's Comprehensive Net Income Tax (CNIT) system for all tax year 1995 individual income tax returns filed up to that point in time. For resident individual returns, a random sample of 20,970 returns was selected as the basis of this report. Since business and capital gain activity on Schedules C, D, E, and F show greater variability than income sources such as wages, interest and dividends, returns with these schedules were sampled at a higher rate than those without them. Sampling rates are shown in Figure 2.

Figure 2
Number of Returns Filed by Population and Sample Size
With and Without Schedules C, D, and/or E
by Taxation District

Taxation District	Returns with Schedules C, D, E &/or F			Returns without Schedules C, D, E &/or F			
	N-11	N-12	N-15	N-11	N-12	N-13	N-15
Population:							
First	93,390	7,243	9,633	178,495	34,832	74,764	22,397
Second	13,271	905	634	23,063	4,199	8,717	624
Third	15,578	1,382	465	23,191	4,962	12,457	460
Fourth	6,146	506	245	11,403	2,108	4,584	193
STATE	128,385	10,036	10,977	236,152	46,101	100,522	23,674
Sample:							
First	11.7%	5.0%	100.0%	0.9%	0.8%	2.4%	100.0%
Second	8.9%	10.4%	100.0%	2.0%	2.4%	4.6%	100.0%
Third	9.2%	6.7%	100.0%	1.9%	1.8%	5.2%	100.0%
Fourth	9.0%	52.4%	100.0%	1.8%	1.8%	4.5%	100.0%
STATE	11.0%	6.0%	100.0%	1.1%	1.1%	3.1%	100.0%

Individual Income - 1995

The CNIT population was used to sample for resident returns filing Form N-12 (long form for those not filing federal returns) and Form N-13 (short form). The new resident Form N-11 has federal adjusted gross income (AGI) as its starting point and does not include complete breakouts of sources of income and types of adjustments. For this reason, the CNIT population could not be used to create a stratified sample based on the presence or absence of Schedules C, D, E, and F. Instead, data elements from the CNIT population were merged with data elements from the Internal Revenue Service's Individual Return Transactions File (IRTF) to obtain a combined data set with more complete information. This merged data set was used to create a stratified sample of N-11 returns.

For individual nonresident returns, which are filed on Form N-15, the entire population of 34,651 was used for this report. Since the IRTF data set is comprised of federal returns with Hawaii addresses, merging of CNIT N-15 data elements with IRTF was not done. For this reason, detail such as the breakout of Schedule E information for nonresidents is not available for this report.

For this tax year 1995 report, a total of 555,845 individual income tax returns were counted by the cutoff date. This number represents a 4.9% decline when compared with the 584,701 returns tallied for tax year 1994. One factor in the higher return count for 1994 was that a later December cutoff date was used to accommodate slower processing of returns for the 1994 tax year. The later cutoff date included these returns as well as others that were filed late by taxpayers.

Some of the information is broken out into the four taxation districts of the state of Hawaii. The first district refers to the island of Oahu; the second district consists of the islands of Maui, Molokai, and Lanai; the third district is the island of Hawaii; and the fourth district is comprised of the islands of Kauai and Niihau.

TYPES AND NUMBER OF RETURNS FILED

Any individual with gross income subject to Hawaii's income tax law must file an income tax return if that income is more than the standard deduction and personal exemption amounts. In addition, any person doing business in Hawaii must file a return, regardless of income size. Some individuals with little or no income who are not required to file choose to file anyway to claim such tax credits as the food credit and renter's credit.

Dependent taxpayers with income greater than the applicable standard deduction amount must also file a return unless their parents report that income. If the child's income is derived solely from interest and dividends and is between \$500 and \$5,000, then the parent may report that income by filing Form N-814, Parent's Election to Report Child's Interest and Dividends.

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Hawaii taxpayers used one of four income tax forms for individuals:

- N-11 new form for residents who also file a federal income tax return. Uses federal adjusted gross income as starting point.
- N-12 for part-year residents and for residents who do not file a federal income tax return and do not qualify to use Form N-13.
- N-13 for residents with taxable income below \$100,000 and income restricted to wages, salaries, tips, interest, ordinary dividends, and unemployment compensation. Taxpayers with adjustments or itemized deductions must use Form N-11 or Form N-12.
- N-15 for nonresidents with income from Hawaii sources.

Individual Income - 1995

Figure 3
Comparison of Type of Return Filed
in Each Taxation District in 1995 and 1994

Type of Return	State	TAXATION DISTRICT			
		First	Second	Third	Fourth
All Returns					
1995	555,845	420,754	51,413	58,493	25,185
1994	584,701	440,715	54,749	62,496	26,741
% Change	-4.9%	-4.5%	-6.1%	-6.4%	-5.8%
Form N-11					
1995	364,535	271,885	36,334	38,767	17,549
1994	0	0	0	0	0
% Change	--	--	--	--	--
Form N-12					
1995	56,137	42,075	5,104	6,344	2,614
1994	427,452	317,440	42,863	46,202	20,947
% Change	-86.9%	-86.7%	-88.1%	-86.3%	-87.5%
Form N-13					
1995	100,522	74,764	8,717	12,457	4,584
1994	118,263	87,426	10,408	15,228	5,201
% Change	-15.0%	-14.5%	-16.2%	-18.2%	-11.9%
Form N-15					
1995	34,651	32,030	1,258	925	438
1994	38,986	35,849	1,478	1,066	593
% Change	-11.1%	-10.7%	-14.9%	-13.2%	-26.1%

For tax year 1995, the total number of individual income tax returns tabulated was 555,845, which represented a decline of 4.9% when compared with the tax year 1994 total of 584,701.

Tax year 1995 witnessed the introduction of the new Form N-11. Persons who had previously filed Form N-12 and who also file federal income tax returns were required to file Form N-11, which accounts for the 86.9% drop in N-12 returns. Part of the 15% decline in N-13 returns can be attributed to former N-13 filers choosing to file Form N-11.

Individual Income - 1995

Resident Returns

Hawaii resident returns numbered 521,194 for 1995, a decrease of 24,521 or 4.5% from the 1994 count of 545,715. More than half of this decrease occurred among nontaxable returns with adjusted gross income (AGI) between \$0 and \$999. The return count for this AGI group fell by 13,302 or 26% from 64,985 in 1994 to 51,693 in 1995. Most individuals in this group are not required to file income tax returns but many choose to do so to receive tax credits.

Statistical evidence indicates that persons who filed returns solely to claim the excise and food credits were responsible for the large drop in returns in this group of nontaxable returns with AGI from \$0 to \$999. Both the excise and food credits, which were available to anyone who met residency requirements, were claimed by more than 95% of returns in the group in 1994. In that year, a resident with no tax liability could claim an excise credit of \$55 per person, a food credit of \$55 per person, a general credit of \$1 per person, a medical services credit of 4% of doctor and dentist bills even if the bills were paid by health insurance, and a renter's credit of \$50 per exemption. After action by the 1995 legislature, that same person was left with only a food credit of \$27 per person, the \$1 general credit, and the renter's credit of \$50 per exemption. Between 1994 and 1995, claims for the rent credit on nontaxable returns with AGI from \$0 to \$999 declined only 3.1%, indicating that most who were eligible for this credit continued to file returns for 1995. Meanwhile, food credit claims for returns in this same AGI group fell a sharp 19%. These numbers point to a conclusion that a sizable number of persons who had filed in 1994 only to receive food, excise, and general credits chose not to file in 1995 because the combined amount for these credits were worth only \$28 per person.

Returns with tax liability declined 1.8% from 431,300 to 423,498. Similarly, Internal Revenue Service counts of federal returns with Hawaii addresses show a 0.8% decline in the number of returns with tax liability in 1995 compared to 1994.²

Figure 4 shows the distribution of resident and nonresident returns by status. Slightly more than half of resident returns filed with status single.

² Internal Revenue Service, U.S. Department of the Treasury, "Statistics of Income Bulletin", Spring 1996 and Spring 1997.

Figure 4
Number of Returns by Status of Taxpayer

Status	Residents		Nonresidents		All Returns	
	No. of Returns	% of Total	No. of Returns	% of Total	No. of Returns	% of Total
Joint	195,924	37.6%	19,758	57.0%	215,682	38.8%
Single	268,206	51.5%	10,189	29.4%	278,395	50.1%
Married Filing	10,579	2.0%	3,954	11.4%	14,533	2.6%
Head of Household	46,226	8.9%	741	2.1%	46,967	8.5%
Qualified Widow(er)	259	0.0%	9	0.0%	268	0.0%
TOTAL	521,194	100.0%	34,651	100.0%	555,845	100.0%

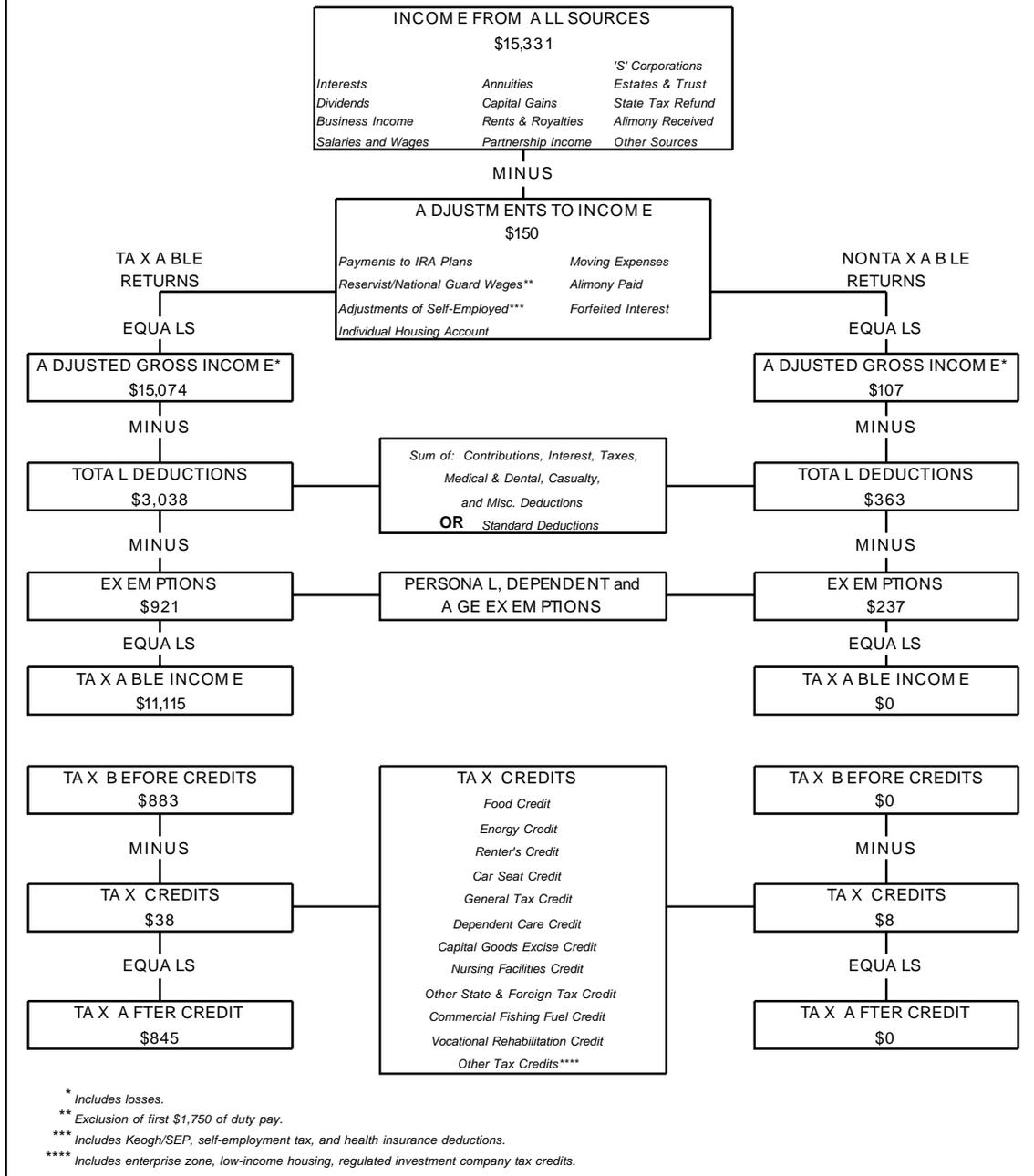
Nonresident Returns

Nonresident returns numbered 34,651, down 4,335 or 11.1% from the previous year. Joint returns were filed by 57% of nonresidents, in contrast with residents, among whom status single was the most common.

**STATISTICS OF INCOME, ADJUSTMENTS, DEDUCTION,
EXEMPTIONS, AND TAX LIABILITY**

Chart 1 shows the major components of the resident return for the 1995 tax year.

Chart 1 COMPONENTS OF A RESIDENT RETURN (Dollars in Millions)



SOURCES OF INCOME

Resident Returns

For N-11 returns, information on sources of income was obtained from the federal return. In general, income sources that are taxable on federal returns are identical to sources taxable on state returns. Some sources are taxed differently, which affects comparison of 1995 statistics with those from previous years, when most income source information was collected directly from state returns. Major items taxable only on federal returns include: social security benefits, most pensions, and interest on federal bonds. Major items taxable only on Hawaii state returns include: cost of living adjustments (COLA) for federal employees, employee retirement contributions of state and county employees, and interest from municipal bonds issued by states other than Hawaii.

For federal purposes, Hawaii residents had total reportable income of \$16.5 billion. To arrive at total reportable income for state purposes, one must add items taxed by Hawaii and not by the federal government such as COLA and state and county employee retirement contributions. These items totaled \$257.5 million. Then one must subtract items taxed by the federal government and not by Hawaii such as social security benefits and most pensions. These items totaled \$1,441.1 million. The result is total reportable Hawaii income of \$15.3 billion for 1995. This amount was 4.2% less than 1994 total Hawaii income, which amounted to \$16.0 billion.

Salaries was the largest income source and accounted for 83% of 1995 total Hawaii income. Since most wage information was obtained from federal returns for 1995, the 1995 salary and wage total of \$12.7 billion does not include most cost of living allowances and state employee retirement contributions. For 1995, these items are included in the category "all other sources" in Figure 5. For 1994, the "salaries and wages" category does include COLA and retirement contributions.

Figure 5
Comparison of Sources of Income Reported by
Resident Taxpayers in 1995 and 1994
(In Thousands of Dollars)

Source of Income	1995	1994	Percent Change
HAWAII TOTAL INCOME	\$ 15,330,827	\$ 15,973,571	-4.2%
Salaries and Wages	\$ 12,689,379	\$ 13,148,321	-3.5%
Interest	559,732	512,356	9.2%
Ordinary Dividends	289,713	305,933	-5.3%
Sole Proprietorships	528,239	661,365	-20.1%
Capital Assets/Other Property	309,943	444,072	-30.2%
Rents and Royalties	31,247	85,991	-63.7%
Partnerships and S-Corporations	183,055	240,238	-23.8%
Estates and Trusts	72,149	88,137	-18.1%
Unemployment Compensation	143,127	129,572	10.5%
All other Sources	524,243	357,586	46.6%

Net income from sole proprietorships, partnerships, the sale of capital assets, rents, and estates and trusts were all down sharply. Meanwhile, unemployment compensation benefits were up 10.5%. Interest income was up 9.5%, but comparing the 1994 and 1995 figures for this income category should take into account the fact that the 1995 amount includes interest from federal bonds such as U.S. savings bonds, while the 1994 amount does not.

Nonresident Returns

Total income subject to Hawaii taxation on nonresident returns rose 13.1% to \$308.4 million. While most sources of income experienced declines, as shown in Figure 6, a sharp contraction in the amount of losses in the "all other sources" category helped push Hawaii total income higher for 1995. Losses in this category include net operating losses carried forward from previous years.

Figure 6
Sources of Income Reported
by Nonresident Taxpayers in 1995 and 1994
(In Thousands of Dollars)

Source of Income	1995	1994	Increase (Decrease)
TOTAL	\$ 308,431	\$ 272,695	35,736
Salaries and Wages	\$ 257,338	\$ 305,661	(48,323)
Interest	11,230	16,482	(5,252)
Sole Proprietorships	4,546	7,619	(3,072)
Ordinary Dividends	1,044	1,024	20
Capital Assets/Other Property	81,103	91,255	(10,151)
Rents, Royalties, Partnerships, S Corp., Estates and Trusts	11,328	23,724	(12,397)
All other Sources	(58,159)	(173,070)	114,911

INCOME ADJUSTMENTS AND ADJUSTED GROSS INCOME

From total income, which is the sum of all reportable sources of income, a taxpayer may subtract certain adjustments to arrive at adjusted gross income (AGI). For 1995, taxpayers could report the following adjustments on both the federal and state income tax returns: contributions to individual retirement accounts, qualified moving expenses, one-half of the self-employment tax, up to 30% of the cost of health insurance for the self-employed, contributions to Keogh and Simplified Employee Plan (SEP) retirement arrangements, penalties for early withdrawal of savings, and alimony payments. Statistics for these adjustments were from the federal return because the new state Form N-11 does not contain information about them.

Two other adjustments have no federal counterpart. They are: 1) contributions to a Hawaii individual housing account and 2) the first \$1,750 in Hawaii national guard or military reserve duty pay.

Resident Returns

Residents reported adjustments of \$149.9 million on 71,593 returns, down from \$164.4 million on 79,074 returns the previous year. As figure 7 shows, the adjustment for self-employment tax was the most frequently claimed, followed by the adjustment for IRA contributions.

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Figure 7
Adjustments to Income
(Resident Returns)

Type of Adjustment	Number of Returns	Amount
Individual Retirement Account Contributions	20,534	\$ 36,913,742
Moving Expenses	3,908	9,668,902
One-half of Self-Employment Tax	42,078	38,456,591
Self-Employment Health Insurance Deduction	9,041	6,808,538
Keogh and SEP Retirement Plans	4,166	25,172,247
Alimony Paid	1,589	13,601,086
Individual Housing Account Contributions	267	586,233
Hawaii National Guard/Military Reserve Pay	5,150	17,565,375
Other Adjustments	3,933	1,147,070
Total Adjustments	71,593	\$ 149,919,784

After deducting adjustments of \$149.9 million from Hawaii total income of \$15,330.8 million, resident taxpayers were left with AGI of \$15,180.9 million, including losses. This 1995 AGI total was down 4.0% from the 1994 AGI total of \$15,809.2 million.

Median AGI for 1995 was \$19,602, up 4% from \$18,827 in 1994. One reason for the rise in overall median AGI is that fewer returns were filed by persons with little or no income in for 1995 as compared with 1994. Median AGI for joint returns was \$39,147, nearly triple the median AGI of \$13,401 on "all other" returns. Among taxable returns, median AGI was \$25,277, up slightly from \$25,265 in 1994. As Figure 8 shows, median AGI was higher on Oahu and Maui than it was on Hawaii and Kauai.

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Figure 8
Median Adjusted Gross Income
by Status, Taxation District and Year
(Resident Returns)

Taxation District	All Returns		Joint		All Others**	
	1995	1994	1995	1994	1995	1994
All Resident Returns*						
Oahu	\$ 20,342	\$ 19,709	\$ 42,092	\$ 42,768	\$ 13,745	\$ 12,593
Maui	21,025	19,386	36,962	37,286	14,749	13,835
Hawaii	15,417	13,313	31,212	30,933	10,015	7,383
Kauai	16,643	17,508	32,256	30,574	12,154	12,603
STATE	\$ 19,602	\$ 18,827	\$ 39,147	\$ 39,782	\$ 13,401	\$ 12,070
Taxable Resident Returns						
Oahu	\$ 25,898	\$ 26,460	\$ 49,310	\$ 50,213	\$ 18,807	\$ 18,443
Maui	25,697	23,719	42,599	42,638	19,192	17,373
Hawaii	22,058	22,075	40,051	37,791	16,249	14,709
Kauai	22,180	22,926	38,476	39,953	16,969	16,925
STATE	\$ 25,277	\$ 25,265	\$ 46,714	\$ 46,778	\$ 18,439	\$ 17,922

*Includes returns with AGI losses.

**Includes single, married filing separately, heads of households, and qualifying surviving spouses.

Nonresident Returns

Nonresidents claimed income adjustments of \$5.2 million for 1995, which was \$1.1 million less than in the previous year. Subtracting these adjustments from total Hawaii income of \$308.4 million resulted in 1995 adjusted gross income of \$303.3 million, including losses. This total was \$36.9 million or 14% more than the 1994 total AGI of \$266.4 million.

DEDUCTIONS

A taxpayer may choose to take a standard deduction or to itemize deductions. Allowable amounts for the standard deduction are as follows:

<u>Status</u>	<u>Standard Deduction</u>
Single.....	\$1,500
Joint	1,900
Married Filing Separately	950
Head of Household	1,650
Qualified Widow(er)	1,900
Dependent	500

If the dependent's earned income is over \$500, then the standard deduction is equal to the amount of earned income up to the allowable amount for the dependent's filing status. Since a dependent usually has single status, the maximum standard deduction for such a dependent with earned income is \$1,500.

If a taxpayer has deductions greater than the standard amount, it would be to his or her benefit to itemize deductions. Itemized deductions may be taken for medical expenses, certain interest expenses, charitable contributions, certain tax expenses, casualty and theft losses, and miscellaneous items such as employee business expenses, tax preparation fees, and certain political contributions. Some of these items are partially deductible. For example, only medical expenses in excess of 7.5% of AGI are deductible. Certain miscellaneous deductions can only be deducted to the extent that they exceed 2% of AGI. Casualty and theft losses in excess of 10% of AGI are deductible.

In addition to the above limitations, returns with AGI above \$100,000 (\$50,000 for married persons filing separately) are subject to an overall limitation. This limitation requires that such a return forego the lesser of 80% of certain itemized deductions or 3% of the amount by which AGI exceeds the \$100,000 or \$50,000 threshold.

Resident Returns

Hawaii residents were almost equally divided in their use of standard versus itemized deductions. Returns reporting the standard deduction numbered 269,709, or 52% of resident returns, and claimed \$422.7 million in deductions. The other 48% of resident returns claimed itemized deductions totaling \$3,016.0 million. Of this amount \$37.9 million was unallowable because of the limitation of itemized deductions for returns with AGI over

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\$100,000 (\$50,000 for married filing separately). As a result, total allowable itemized deductions amounted to \$2,978.1 million.

Most commonly claimed among itemized deductions was the deduction for taxes paid since nearly everyone had state income taxes to report. A deduction for taxes appeared on 97.6% of returns that itemized deductions and averaged \$4,031 per return. Second most common was the deduction for charitable contributions, which was claimed by 83.6% of itemized returns and averaged \$1,267 per return. Third in terms of number of returns was the deduction for interest expenses, which appeared on 54.6% of returns with itemized deductions. In terms of dollar volume, interest expenses ranked first with \$1,399.9 million reported, which represents an average of \$10,199 per return. The mortgage interest deduction explains this high average.

Itemized deductions with AGI eligibility criteria were claimed by a decidedly smaller percentage of itemizers. Miscellaneous deductions, much of which is subject to the 2% of AGI rule, showed up on 34.7% of itemized returns. Medical deductions, all of which is subject to the 7.5% of AGI rule, were claimed by 19.7% of itemizers. Only 0.6% of itemizers claimed the deduction for casualty and theft losses, which had to meet the 10% of AGI rule.

Nonresident Returns

Nonresidents claimed \$47.6 million in standard deductions, which was reported on 83% of returns. The 17% of nonresidents who reported itemized deductions were able to claim \$46.8 million in deductions. Nonresidents had to forego another \$1.5 million in itemized deductions because of limitations on deductions for returns with AGI above \$100,000 (\$50,000 for married filing separately). The most common deduction was for taxes, which appeared on 92% of itemized returns. It was also the largest deduction in terms of dollar volume with \$19.6 million claimed.

PERSONAL EXEMPTIONS

A personal exemption of \$1,040 is allowed for each taxpayer, taxpayer's spouse, and qualified dependents. Each taxpayer or spouse who has attained age 65 may claim an additional \$1,040 exemption for age. A dependent who files his or her own return is not allowed to claim any exemptions on that return.

Blind, deaf, or totally disabled taxpayers are allowed a special personal exemption of \$7,000 in lieu of all personal exemptions except those for a non-disabled spouse and that spouse's age. If the spouse is also disabled, the total allowable exemption amount is \$14,000.

Individual Income - 1995

Resident Returns

For 1995, residents claimed \$1,157.6 million in personal exemptions, down 4.8% from the amount claimed the previous year. Total exemptions numbered 1,090,998, of which 127,077 or 11.6% were for age. Exemptions for dependents numbered 280,917 and accounted for 25.8% of total exemptions. Exemptions for the taxpayer or spouse numbered 683,004, which was 62.6% of the total.

Nonresident Returns

Nonresidents reported 80,376 exemptions amounting to \$83.8 million. Age exemptions represented 5.3% of all nonresident exemptions and numbered 4,284, while exemptions for dependents numbered 22,882 and comprised 28.5% of the total. The taxpayer and the taxpayer's spouse accounted for 53,210 exemptions, or 66.2% of nonresident exemptions.

TAXABLE INCOME

Taxable income is the result of subtracting personal exemptions and itemized or standard deductions from adjusted gross income. Taxable income is the amount used to calculate tax liability.

Resident Returns

Taxable income was reported on 81% of resident returns and amounted to \$11.1 billion, averaging \$26,246 per return. Subtraction of exemptions and deductions from adjusted gross income reduced taxable income to 73% of AGI.

Nonresident Returns

Among nonresidents, 56% of returns reported Hawaii taxable income, which amounted to \$293.6 million. Average taxable income was \$15,111.

TAX LIABILITY

A taxpayer uses the appropriate tax rate schedule or the tax tables against taxable income to compute tax liability. There are three tax rate schedules: one for status single and married filing separately, another for status joint, and a third for heads of households. In addition to income tax liability computed using the tax tables or the rate schedules, some taxpayers must pay additional taxes from other schedules. The most common sources of

Individual Income - 1995

additional taxes are forms N-152 and N-814. Additional tax from Form N-814 occurs when a parent elects to include a child's interest and dividend income on the parent's return. Additional tax from Form N-152 results when taxpayers take advantage of five or ten-year averaging of lump-sum retirement distributions.

Computed taxes plus additional taxes together comprise gross tax liability. This amount can be reduced by a variety of state tax credits to yield net tax liability, the amount the taxpayer must actually pay to the Hawaii state tax collector. For most taxpayers, much of tax liability has already been paid in the form of the withholding tax on wages. Other taxpayers have already paid a portion of tax liability through quarterly payments of estimated taxes. If the amount withheld and paid through estimated taxes is greater than net tax liability, then an overpayment results, which can be returned to the taxpayer in the form of a refund or be applied to the next year's tax liability. If the amount already paid through withholding and estimated taxes is less than net tax liability, the balance is due with the return.

Resident Returns

Gross tax liability amounted to \$883.1 million in 1995, which was down 4.4% from \$923.6 million in 1994 but nearly identical to the 1993 amount of \$884.0 million. Among 1995 returns with tax liability, average liability was \$2,085 before tax credits and \$1,996 after subtracting an average of \$89 in tax credits. Average liability for 1994 was \$2,141 before credits and \$1,925 after subtracting an average of \$216 in tax credits. The decrease in the average amount of credits for 1995 was the result of the elimination of the excise credit, the contraction of the medical services tax credit to cover only nursing facility expenses, and the reduction in the size of the food tax credit.

Effective tax rate is the percentage that results from dividing tax liability by income. This percentage can be computed using tax liability either before or after subtraction of tax credits. Based on taxable income, effective tax rate for 1995 was 7.95% before credits and 7.60% after credits. Based on adjusted gross income, effective tax rates were 5.86% before credits and 5.61% after credits.

Nonresident Returns

Nonresidents reported gross tax liability of \$20.3 million in 1995, a decrease of 23% from \$26.2 million in 1994. Since most tax credits are not available to nonresidents, 1995 net tax liability after credits was \$20.2 million, only a fraction less than gross tax liability. For 1995, average tax liability was \$1,036 before credits and \$1,029 after credits. Using gross tax liability, the effective tax rate was 6.9% based on taxable income and 5.1% based on adjusted gross income.

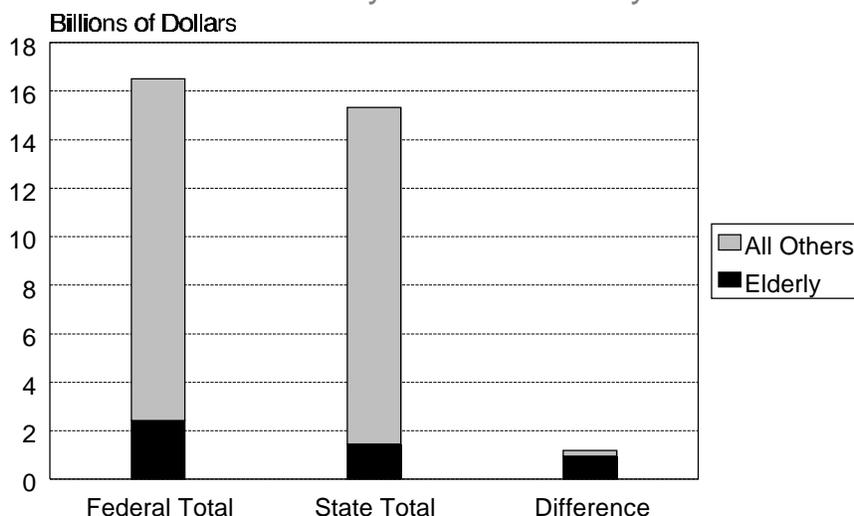
ELDERLY RESIDENT TAXPAYERS

An elderly taxpayer is identified as one who has claimed the exemption for being age 65 or older. Resident returns with such exemptions numbered 93,842, or 18% of total resident returns. Of these returns of the elderly, some 60,607, or roughly two-thirds, reported one age exemption. The remaining 33,235 elderly returns reported two age exemptions.

Elderly resident returns had total income reportable for state income tax purposes of \$1,452.6 million. Their total income reportable for federal income tax purposes was \$2,409.3 million. The difference between federal and state total income of \$956.7 million represented a 40% chunk of their federal total income. This large difference is due to the fact that the elderly benefit from two income sources that are totally or mostly untaxed by Hawaii. One source is pension income, which Hawaii by and large does not tax. The other is social security benefits, which are not taxed by Hawaii at all. In contrast, returns of the non-elderly (defined here as those without age exemptions) showed a difference of \$227 million between federal total income of \$14,105 million and state total income of \$13,878 million. This difference represented only 1.6% of the federal total income of the non-elderly. As Chart 2 shows, the elderly had a disproportionately large difference between federal and state total income.

Chart 2

Reportable Federal and State Total Income of Elderly and Non-Elderly



Individual Income - 1995

Figure 9 compares the distribution of federally-reportable income for the elderly and the non-elderly. The largest income source was pensions and annuities, which represented 31.6% of federally-reportable income. As previously explained, most pension income is not taxed on state returns. Second largest was salaries and wages, which accounted for 21.7% of federally-reportable income. Interest income was third at 12.5% of federal total income. In fourth place at 8% of federal total income was the taxable portion of social security benefits. On federal income tax returns, the taxable portion ranges from zero for those with lower incomes to 85% of benefits for those with higher incomes. On state returns, social security benefits are completely non-taxable.

Figure 9
Sources of Income Reported by the Elderly and
All Other Residents - 1995
(In Thousands of Dollars)

Sources of Income	Elderly		All Others	
	Amount	% of Total	Amount	% of Total
FEDERAL TOTAL INCOME	\$ 2,409,302	100.0%	\$ 14,105,096	100.0%
Salaries and Wages	\$ 523,069	21.7%	\$ 12,166,309	86.3%
Taxable Dividends	166,505	6.9%	123,208	0.9%
Interest	300,945	12.5%	258,787	1.8%
Sole Proprietorships	43,705	1.8%	484,535	3.4%
Capital Assets and Other Property	152,262	6.3%	157,681	1.1%
Rents and Royalties	101,258	4.2%	(70,011)	-0.5%
Partnerships	38,190	1.6%	144,865	1.0%
Estates and Trusts	28,737	1.2%	43,412	0.3%
Pensions and Annuities	760,986	31.6%	394,570	2.8%
Taxable IRA Payouts	105,525	4.4%	46,603	0.3%
Taxable Social Security	192,221	8.0%	23,971	0.2%
All Other Sources	(4,102)	-0.2%	331,166	2.3%

From Hawaii total income of \$1,452.6 million, elderly residents subtracted \$15.9 million in adjustments, resulting in Hawaii adjusted gross income of \$1,436.7 million. Fifty-nine percent of returns reported standard deductions amounting to \$92.3 million. The other 41% showed itemized deductions totaling \$375.8 million. Exemptions on elderly returns amounted to \$301.1 million.

Individual Income - 1995

Among elderly returns, 47.8% reported taxable income. This compares with 88.6% on resident returns with no age exemptions. Total taxable income on elderly returns amounted to \$943.8 million, resulting in tax liability of \$71.7 million. Average tax liability on elderly returns was \$1,599. On returns with no age exemptions, average tax liability was \$2,143. Based on taxable income, effective tax rates for the elderly were 7.6% before credits and 6.8% after credits. Based on adjusted gross income, the effective rates were 5.0% and 4.4%, respectively.

BLIND, DEAF AND DISABLED RESIDENT TAXPAYERS

A taxpayer who has been certified as blind, deaf or totally disabled (BDD) may claim a special personal exemption of \$7,000 in lieu of all the usual personal exemptions except those for a non-disabled spouse and that spouse's age. If the spouse is also certified as BDD, then the couple is allowed a total of \$14,000 in special personal exemptions.

BDD exemptions were claimed on 4,402 resident returns. These returns reported total income of \$144.7 million for federal tax purposes and \$111.2 million for state tax purposes. The difference of \$33.5 million represented 23% of federal total income. As with elderly returns, this large difference was the result of the divergence between Hawaii and federal income tax law with regards to the taxability of pension and social security income.

For BDD taxpayers, pension and annuity income amounted to \$30.5 million, or 21% of federal total income. This was second only to salaries and wages, which totaled \$35.1 million and represented 24% of federal total income. Other major income sources of BDD taxpayers were \$21.1 million in interest, \$13.4 million in dividends, \$12.6 million in capital gains, and \$8.1 million in federally-taxable social security benefits.

BDD taxpayers reported taxable income of \$59.6 million and tax liability of \$4.6 million before credits. Tax liability after credits was \$4.1 million.

DEPENDENT RESIDENT TAXPAYERS

Dependent taxpayers are individuals who file their own returns but who are eligible to be claimed as a dependent on another taxpayer's return. On the dependent's return, the personal exemption is not allowed and the normal standard deduction is allowed only if earned income exceeds the normal standard deduction amount for the dependent's status. If earned income is less than the normal standard deduction amount, then the allowed amount of standard deduction is the greater of \$500 or earned income.

Individual Income - 1995

Dependent resident taxpayers had total reportable income of \$148.5 million for Hawaii state tax purposes. Divergence of Hawaii and federal law in terms of reportable income was of minimal import as total reportable income for federal income taxes was only slightly larger at \$149.2 million. Wages was the major source of income at \$130.2 million, followed as a distant second by interest income of \$6.7 million. Taxable income amounted to \$104.1 million, resulting in tax liability of \$5.2 million.

STATISTICAL

TABLES

TABLE 1
PERCENT DISTRIBUTION OF SELECTED DATA ON ALL RESIDENT RETURNS BY ADJUSTED GROSS INCOME CLASS - 1995

ADJUSTED GROSS INCOME CLASS	Number of Returns		Adjusted Gross Income		Taxable Income		Tax Liability	
	Number	%	Amount	%	Amount	%	Amount	%
TAXABLE RESIDENT RETURNS								
Under \$ 5,000	33,712	8.0%	\$ 107,585,923	0.7%	\$ 42,528,094	0.4%	\$ 1,114,555	0.1%
\$ 5,000 " 10,000	48,103	11.4%	351,768,482	2.3%	196,351,858	1.8%	8,732,822	1.0%
10,000 " 20,000	86,167	20.3%	1,292,769,893	8.6%	915,416,528	8.2%	56,837,868	6.4%
20,000 " 30,000	77,700	18.3%	1,928,234,997	12.8%	1,464,153,446	13.2%	106,149,018	12.0%
30,000 " 40,000	50,702	12.0%	1,761,741,361	11.7%	1,333,532,079	12.0%	102,471,521	11.6%
40,000 " 50,000	35,299	8.3%	1,580,804,050	10.5%	1,158,613,143	10.4%	90,829,412	10.3%
50,000 " 75,000	53,277	12.6%	3,246,992,577	21.5%	2,357,753,826	21.2%	191,668,977	21.7%
75,000 " 100,000	21,271	5.0%	1,822,735,328	12.1%	1,315,398,798	11.8%	112,192,776	12.7%
100,000 " 150,000	11,768	2.8%	1,379,946,588	9.2%	1,032,300,192	9.3%	91,771,633	10.4%
150,000 " 200,000	2,497	0.6%	428,445,402	2.8%	331,792,333	3.0%	30,457,918	3.4%
200,000 and over	3,002	0.7%	1,173,054,770	7.8%	967,625,584	8.7%	90,892,086	10.3%
TOTAL - TAXABLE RETURNS	423,498	100.0%	\$ 15,074,079,371	100.0%	\$ 11,115,465,881	100.0%	\$ 883,118,586	100.0%
<u>NONTAXABLE RESIDENT RETURNS</u>								
Loss	5,278	5.4%	\$ (126,864,180)					
\$ 0 under \$ 5,000	80,330	82.2%	83,348,158	35.7%	NOT APPLICABLE			
5,000 " 10,000	6,985	7.1%	48,792,853	20.9%				
10,000 and over	5,103	5.2%	101,551,193	43.5%				
TOTAL - NONTAXABLE RETURNS	97,696	100.0%	\$ 233,692,204¹	100.0%				
ALL RESIDENT RETURNS	521,194		\$ 15,307,771,575¹		\$ 11,115,465,881		\$ 883,118,586	

¹ Exclusive of losses.

TABLE 2
SELECTED DATA ON ALL RETURNS FILED, BY TYPE OF RETURN FILED AND BY ADJUSTED GROSS INCOME CLASS - 1995

ADJUSTED GROSS INCOME CLASS	Number of Returns			Adjusted Gross Income		
	Single ¹	Joint	H/H ²	Single ¹	Joint	H/H ²
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	32,888	141	683	\$ 104,178,519	\$ 629,399	\$ 2,778,005
\$ 5,000 "	36,362	8,247	3,494	262,989,416	62,445,885	26,333,181
10,000 "	54,432	19,899	11,836	813,542,862	300,885,645	178,341,386
20,000 "	45,528	20,629	11,543	1,133,072,545	513,114,214	282,048,238
30,000 "	24,555	20,368	5,779	853,397,748	710,591,645	197,751,968
40,000 "	11,878	20,513	2,908	524,054,465	927,626,867	129,122,718
50,000 "	9,674	41,278	2,325	560,361,490	2,547,320,270	139,310,817
75,000 "	1,791	19,078	402	153,981,424	1,634,404,718	34,349,186
100,000 "	963	10,674	131	112,414,476	1,251,582,346	15,949,766
150,000 "	321	2,111	65	55,394,754	361,999,164	11,051,484
200,000 and over	365	2,575	62	157,907,964	989,387,857	25,758,949
TOTAL - TAXABLE RETURNS	218,757	165,513	39,228	\$ 4,731,295,663	\$ 9,299,988,010	\$ 1,042,795,698
NONTAXABLE RESIDENT RETURNS						
Loss	2,730	2,221	327	\$ (33,120,609)	\$ (87,686,099)	\$ (6,057,472)
\$ 0 under \$ 5,000	54,634	19,391	6,305	42,343,727	32,500,412	8,504,019
5,000 "	1,388	5,163	434	9,699,236	35,753,775	3,339,842
10,000 and over	1,276	3,636	191	29,630,990	68,839,327	3,080,876
TOTAL - NONTAXABLE RETURNS	60,028	30,411	7,257	\$ 81,673,953³	\$ 137,093,514³	\$ 14,924,737³
ALL RESIDENT RETURNS	278,785	195,924	46,485	\$ 4,812,969,616³	\$ 9,437,081,524³	\$ 1,057,720,435³
ALL NONRESIDENT RETURNS	14,143	19,758	750	\$ 120,370,556³	\$ 291,041,161³	\$ 8,910,561³
TOTAL - ALL RETURNS	292,928	215,682	47,235	\$ 4,933,340,172³	\$ 9,728,122,685³	\$ 1,066,630,996³

See end of table for footnotes.

TABLE 2 (continued)
SELECTED DATA ON ALL RETURNS FILED, BY TYPE OF RETURN FILED AND BY ADJUSTED GROSS INCOME CLASS - 1995

ADJUSTED GROSS INCOME CLASS	Taxable Income			Tax Liability		
	Single ¹	Joint	H/H ²	Single ¹	Joint	H/H ²
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	\$ 42,172,260	\$ 68,219	\$ 287,615	\$ 1,107,001	\$ 1,429	\$ 6,125
\$ 5,000 " 10,000	168,264,423	16,616,655	11,470,780	7,965,298	388,647	378,877
10,000 " 20,000	633,703,826	160,683,253	121,029,449	42,673,547	7,263,609	6,900,712
20,000 " 30,000	925,914,467	332,964,964	205,274,015	72,030,569	20,080,268	14,038,181
30,000 " 40,000	693,551,232	494,701,795	145,279,052	57,959,046	33,599,576	10,912,899
40,000 " 50,000	410,378,039	652,165,123	96,069,981	35,473,275	47,689,038	7,667,099
50,000 " 75,000	439,569,403	1,816,398,273	101,786,150	39,223,869	143,881,688	8,563,420
75,000 " 100,000	117,323,148	1,170,513,939	27,561,711	10,620,533	99,102,805	2,469,438
100,000 " 150,000	88,670,898	932,321,324	11,307,970	8,114,751	82,624,042	1,032,840
150,000 " 200,000	44,332,802	279,655,771	7,803,760	4,152,608	25,587,229	718,081
200,000 and over	133,601,291	812,316,626	21,707,667	12,470,980	76,399,341	2,021,765
TOTAL - TAXABLE RETURNS	\$ 3,697,481,789	\$ 6,668,405,942	\$ 749,578,150	\$ 291,791,477	\$ 536,617,672	\$ 54,709,437
NONTAXABLE RESIDENT RETURNS						
Loss						
\$ 0 under \$ 5,000						
5,000 " 10,000						
10,000 and over						
		NOT APPLICABLE			NOT APPLICABLE	
TOTAL - NONTAXABLE RETURNS						
ALL RESIDENT RETURNS	\$ 3,697,481,789	\$ 6,668,405,942	\$ 749,578,150	\$ 291,791,477	\$ 536,617,672	\$ 54,709,437
ALL NONRESIDENT RETURNS	\$ 90,907,482	\$ 196,659,192	\$ 6,033,216	\$ 6,440,065	\$ 13,441,140	\$ 420,422
TOTAL - ALL RETURNS	\$ 3,788,389,271	\$ 6,865,065,134	\$ 755,611,366	\$ 298,231,542	\$ 550,058,812	\$ 55,129,859

¹ Includes married filing separately.

² Includes heads of household and qualifying surviving spouses.

³ Exclusive of losses.

TABLE 3
SELECTED DATA ON NONRESIDENT RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1995

ADJUSTED GROSS INCOME CLASS	Number of Returns	Hawaii Adjusted Gross Income	No. of Exemptions		Itemized Deductions	Taxable Income	Tax Liability
			Regular	Age			
<u>TAXABLE NONRESIDENT RETURNS</u>							
Under \$ 5,000	3,119	\$ 10,381,576	3,016	64	\$ 209,475	\$ 3,469,294	\$ 98,096
\$ 5,000 "	5,458	40,131,325	11,392	394	1,004,819	18,708,555	695,895
10,000 "	5,970	85,625,567	15,758	401	3,332,037	56,385,010	2,952,676
20,000 "	2,469	60,024,370	6,889	179	4,574,347	45,008,206	2,929,286
30,000 "	968	33,282,243	2,603	110	4,180,308	25,584,285	1,841,983
40,000 "	537	24,042,330	1,402	67	3,153,143	19,076,007	1,467,110
50,000 "	528	31,810,026	1,333	110	4,595,422	25,504,864	2,060,635
75,000 "	191	16,215,626	442	50	2,129,029	13,505,027	1,108,951
100,000 "	173	20,862,522	398	68	2,171,213	18,124,781	1,519,211
150,000 "	65	11,234,242	162	30	1,002,217	10,009,645	850,117
200,000 and over	113	63,473,284	222	60	4,946,496	58,224,216	4,777,667
TOTAL - TAXABLE RETURNS	19,591	\$ 397,083,111	43,617	1,533	\$ 31,298,506	\$ 293,599,890	\$ 20,301,627
<u>NONTAXABLE NONRESIDENT RETURNS</u>							
Loss	4,112	\$ (117,046,426)	8,386	1,195	3,354,498		
\$ 0 under \$ 5,000	10,075	14,495,333	20,755	1,387	3,415,109		
5,000 " 10,000	672	4,151,717	2,673	134	1,909,346		
10,000 and over	201	4,592,117	661	35	6,820,629		
TOTAL - NONTAXABLE RETURNS	15,060	\$ 23,239,167¹	32,475	2,751	\$ 15,499,582		
ALL NONRESIDENT RETURNS	34,651	\$ 420,322,278¹	76,092	4,284	\$ 46,798,088	\$ 293,599,890	\$ 20,301,627

¹ Exclusive of losses.

TABLE 4
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1995

ADJUSTED GROSS INCOME CLASS	SALARIES AND WAGES		DIVIDENDS		INTEREST	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
<u>TAXABLE RESIDENT RETURNS</u>						
Under \$ 5,000	26,852	\$ 85,745,033	4,165	\$ 3,224,752	18,717	\$ 11,756,770
\$ 5,000 "	37,794	258,135,580	6,423	9,413,586	26,281	37,858,927
10,000 "	75,355	1,060,972,318	10,990	24,830,439	49,542	67,028,570
20,000 "	73,318	1,732,512,774	10,341	23,135,695	55,275	54,620,209
30,000 "	48,255	1,562,035,933	10,098	22,606,742	40,431	48,305,207
40,000 "	34,175	1,423,666,809	8,566	17,608,128	29,544	30,446,109
50,000 "	51,283	2,874,260,937	16,307	37,826,177	48,554	71,463,774
75,000 "	20,543	1,573,027,626	9,240	24,518,724	20,697	38,055,755
100,000 "	11,083	1,102,684,876	7,480	27,364,969	11,483	35,492,983
150,000 "	2,234	300,168,370	1,663	12,795,339	2,435	13,437,501
200,000 and over	2,532	582,265,677	2,255	63,520,549	2,952	69,205,937
TOTAL - TAXABLE RETURNS	383,424	\$ 12,555,475,933	87,528	\$ 266,845,100	305,911	\$ 477,671,742
<u>NONTAXABLE RESIDENT RETURNS</u>						
Loss	1,402	\$ 18,628,276	1,826	\$ 3,637,851	4,256	\$ 8,559,760
\$ 0 under \$ 5,000	21,590	41,261,353	9,621	7,274,826	38,363	38,837,898
5,000 "	2,105	14,870,365	2,723	4,908,764	6,194	21,159,340
10,000 and over	3,414	59,142,934	2,125	7,046,850	4,415	13,502,877
TOTAL - NONTAXABLE RETURNS	28,511	\$ 133,902,928	16,295	\$ 22,868,291	53,228	\$ 82,059,875
ALL RESIDENT RETURNS	411,935	\$ 12,689,378,861	103,823	\$ 289,713,391	359,139	\$ 559,731,617
ALL NONRESIDENT RETURNS	21,617	\$ 257,338,173	928	\$ 1,043,766	6,832	\$ 11,230,451
TOTAL - ALL RETURNS	433,552	\$ 12,946,717,034	104,751	\$ 290,757,157	365,971	\$ 570,962,068

TABLE 4 (continued)
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1995

ADJUSTED GROSS INCOME CLASS	BUSINESS AND PROFESSIONS				SALE OF CAPITAL ASSETS & OTHER PROPERTY			
	Profit		Loss		Profit		Loss	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
<u>TAXABLE RESIDENT RETURNS</u>								
Under \$ 5,000	1,582	\$ 4,764,140	322	\$ 943,714	1,758	\$ 1,694,457	418	\$ 497,120
\$ 5,000 " 10,000	4,034	21,841,133	753	2,451,132	2,516	4,084,514	776	1,453,794
10,000 " 20,000	7,141	59,333,715	2,129	7,881,139	4,654	11,079,792	2,081	4,158,851
20,000 " 30,000	5,407	47,161,541	2,245	6,677,056	4,610	14,732,243	1,827	4,246,911
30,000 " 40,000	4,912	52,092,766	2,375	6,857,201	4,129	15,548,308	2,041	4,486,363
40,000 " 50,000	3,833	43,255,131	2,221	8,472,683	3,689	14,509,734	1,423	3,359,353
50,000 " 75,000	6,825	94,281,432	3,260	10,156,528	7,231	39,600,515	2,531	5,752,598
75,000 " 100,000	3,237	60,067,059	1,425	5,566,899	4,799	36,106,276	1,591	2,692,643
100,000 " 150,000	1,930	71,630,074	756	2,634,418	3,867	52,664,348	1,155	2,812,025
150,000 " 200,000	515	29,705,130	156	1,178,649	1,053	27,388,181	302	789,571
200,000 and over	757	97,692,702	189	2,738,179	1,492	135,652,299	492	2,673,026
TOTAL - TAXABLE RETURNS	40,173	\$ 581,824,823	15,831	\$ 55,557,598	39,798	\$ 353,060,667	14,637	\$ 32,922,255
<u>NONTAXABLE RESIDENT RETURNS</u>								
Loss	609	\$ 4,519,167	1,586	\$ 18,591,772	643	\$ 7,839,737	1,421	\$ 18,350,118
\$ 0 under \$ 5,000	3,129	6,603,720	817	2,802,047	2,186	2,550,635	1,798	5,019,249
5,000 " 10,000	1,003	4,782,859	262	1,798,103	814	1,148,697	555	1,495,617
10,000 and over	1,128	11,859,472	487	2,601,002	901	4,251,371	562	1,120,896
TOTAL - NONTAXABLE RETURNS	5,869	\$ 27,765,218	3,152	\$ 25,792,924	4,544	\$ 15,790,440	4,336	\$ 25,985,880
ALL RESIDENT RETURNS	46,042	\$ 609,590,041	18,983	\$ 81,350,522	44,342	\$ 368,851,107	18,973	\$ 58,908,135
ALL NONRESIDENT RETURNS	1,094	\$ 10,677,737	674	\$ 6,131,340	2,219	\$ 83,637,412	670	\$ 2,533,986
TOTAL - ALL RETURNS	47,136	\$ 620,267,778	19,657	\$ 87,481,862	46,561	\$ 452,488,519	19,643	\$ 61,442,121

TABLE 4 (continued)
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1995

ADJUSTED GROSS INCOME CLASS	RENTS AND ROYALTIES				PARTNERSHIPS AND S-CORPORATIONS				
	Profit		Loss		Profit		Loss		
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount	
TAXABLE RESIDENT RETURNS									
Under \$ 5,000	262	\$ 777,287	117	\$ 879,722	236	\$ 182,973	66	\$ 253,494	
\$ 5,000 "	1,577	5,940,176	600	3,372,901	455	1,354,705	163	677,992	
10,000 "	3,345	18,217,676	2,043	10,868,564	1,054	5,146,342	696	1,401,714	
20,000 "	3,096	18,427,089	2,764	18,411,313	1,047	6,833,966	803	1,931,048	
30,000 "	2,471	22,526,884	2,878	20,047,650	959	8,205,525	698	1,857,037	
40,000 "	1,937	15,531,114	2,757	16,506,199	901	9,105,654	553	2,093,752	
50,000 "	3,809	28,734,454	5,321	37,402,618	1,652	20,947,591	1,117	3,160,778	
75,000 "	2,183	20,594,705	3,471	25,665,570	1,108	12,822,650	874	2,387,962	
100,000 "	1,740	29,700,451	2,271	14,548,217	1,167	28,097,807	809	8,540,472	
150,000 "	466	10,776,418	232	1,736,896	498	23,591,857	215	1,239,154	
200,000 and over	686	36,209,562	330	4,681,046	834	126,673,196	325	9,853,519	
TOTAL - TAXABLE RETURNS	21,572	\$ 207,435,816	22,784	\$ 154,120,696	9,911	\$ 242,962,266	6,319	\$ 33,396,922	
NONTAXABLE RESIDENT RETURNS									
Loss	271	\$ 1,892,615	1,672	\$ 21,558,138	179	\$ 1,453,193	552	\$ 25,728,314	
\$ 0 under \$ 5,000	1,368	2,524,490	922	4,893,249	402	408,138	377	1,022,648	
5,000 " 10,000	1,027	3,459,077	483	2,378,035	277	520,112	136	306,872	
10,000 and over	803	6,888,036	850	8,002,817	180	1,633,816	228	3,467,854	
TOTAL - NONTAXABLE RETURNS	3,469	\$ 14,764,218	3,927	\$ 36,832,239	1,038	\$ 4,015,259	1,293	\$ 30,525,688	
ALL RESIDENT RETURNS	25,041	\$ 222,200,034	26,711	\$ 190,952,935	10,949	\$ 246,977,525	7,612	\$ 63,922,610	
ALL NONRESIDENT RETURNS	--	-- ¹	--	-- ¹	--	-- ¹	--	-- ¹	
TOTAL - ALL RETURNS	25,041	\$ 222,200,034	26,711	\$ 190,952,935	10,949	\$ 246,977,525	7,612	\$ 63,922,610	

See end of table for footnotes.

TABLE 4 (continued)
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1995

ADJUSTED GROSS INCOME CLASS	ESTATES AND TRUSTS		UNEMPLOYMENT COMPENSATION		PENSIONS AND ANNUITIES ²		TAXABLE IRA DISTRIBUTIONS	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
<u>TAXABLE RESIDENT RETURNS</u>								
Under \$ 5,000	185	\$ 138,260	648	\$ 1,638,855	1,773	\$ 14,323,660	714	\$ 1,121,181
\$ 5,000 " 10,000	126	427,312	4,575	11,111,654	7,107	87,286,402	2,566	8,791,348
10,000 " 20,000	349	1,151,333	9,159	35,050,887	12,164	166,256,963	4,402	22,579,115
20,000 " 30,000	320	2,604,630	7,778	26,602,708	9,113	104,323,833	2,760	26,936,611
30,000 " 40,000	431	2,531,695	6,154	24,748,203	7,727	104,293,336	2,188	12,585,011
40,000 " 50,000	264	2,092,552	4,419	17,892,507	4,346	60,297,014	1,270	8,350,286
50,000 " 75,000	410	3,035,328	5,372	16,284,912	6,621	93,135,545	1,894	18,382,705
75,000 " 100,000	370	8,454,990	1,512	2,982,306	2,675	39,487,109	1,059	10,183,222
100,000 " 150,000	244	2,829,442	337	909,437	1,813	34,329,859	438	7,454,675
150,000 " 200,000	95	1,538,490	72	318,543	498	9,017,469	139	3,946,435
200,000 and over	205	46,020,361	50	257,104	621	24,741,201	234	8,012,528
TOTAL - TAXABLE RETURNS	2,999	\$ 70,824,393	40,076	\$ 137,797,116	54,458	\$ 737,492,391	17,664	\$ 128,343,117
<u>NONTAXABLE RESIDENT RETURNS</u>								
Loss	59	\$ (3,979)	145	\$ 595,466	2,239	\$ 47,532,981	405	\$ 3,369,126
\$ 0 under \$ 5,000	70	95,460	706	1,175,446	18,751	247,462,209	2,514	11,394,783
5,000 " 10,000	50	126,910	450	1,883,714	4,111	67,850,704	1,193	3,600,990
10,000 and over	122	1,106,382	303	1,674,792	2,495	55,218,201	633	5,419,397
TOTAL - NONTAXABLE RETURNS	301	\$ 1,324,773	1,604	\$ 5,329,418	27,596	\$ 418,064,095	4,745	\$ 23,784,296
ALL RESIDENT RETURNS	3,300	\$ 72,149,166	41,680	\$ 143,126,534	82,054	\$ 1,155,556,486	22,409	\$ 152,127,413
ALL NONRESIDENT RETURNS	--	-- ¹	1,516	\$ 5,477,497	266	\$ 1,162,144	--	-- ¹
TOTAL - ALL RETURNS	3,300	\$ 72,149,166	43,196	\$ 148,604,031	82,320	\$ 1,156,718,630	22,409	\$ 152,127,413

See end of table for footnotes.

TABLE 4 (continued)
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1995

ADJUSTED GROSS INCOME CLASS	ALL OTHER SOURCES ³				FEDERAL TOTAL INCOME FROM ALL SOURCES	
	Profit		Loss		Number of Returns	Amount
	Number of Returns	Amount	Number of Returns	Amount		
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	1,201	\$ 1,480,338	154	\$ 19,774	33,712	\$ 124,253,882
\$ 5,000 "	4,826	11,928,288	238	270,023	48,103	449,947,783
10,000 "	14,889	40,406,822	531	2,021,462	86,167	1,485,722,242
20,000 "	20,146	49,827,638	325	846,311	77,700	2,075,606,298
30,000 "	21,994	53,553,646	422	994,581	50,702	1,894,790,424
40,000 "	20,445	47,711,276	155	120,980	35,299	1,659,913,347
50,000 "	38,549	89,192,597	360	1,315,237	53,277	3,329,358,208
75,000 "	18,318	53,268,982	158	498,402	21,271	1,842,757,928
100,000 "	10,469	39,760,524	37	766,475	11,768	1,403,617,838
150,000 "	2,167	13,443,534	15	491,500	2,497	440,691,497
200,000 and over	2,553	45,554,792	31	2,380,405	3,002	1,213,479,733
TOTAL - TAXABLE RETURNS	155,557	\$ 446,128,437	2,426	\$ 9,725,150	423,498	\$ 15,920,139,180
NONTAXABLE RESIDENT RETURNS						
Loss	1,447	\$ 4,968,793	1,124	\$ 82,541,775	5,278	\$ (63,777,131)
\$ 0 under \$ 5,000	6,684	17,132,415	384	1,797,649	57,730	361,186,531
5,000 "	3,021	9,354,517	90	217,118	6,985	127,470,304
10,000 and over	4,079	19,089,964	66	2,262,220	5,103	169,379,303
TOTAL - NONTAXABLE RETURNS	15,231	\$ 50,545,689	1,664	\$ 86,818,762	75,096	\$ 594,259,007
ALL RESIDENT RETURNS	170,788	\$ 496,674,126	4,090	\$ 96,543,912	498,594	\$ 16,514,398,187
ALL NONRESIDENT RETURNS	6,536	\$ 76,652,062	2,806	\$ 130,122,880	19,134	\$ 308,431,036
TOTAL - ALL RETURNS	177,324	\$ 573,326,188	6,896	\$ 226,666,792	517,728	\$ 16,822,829,223

See end of table for footnotes.

TABLE 4 (continued)
 SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1995

ADJUSTED GROSS INCOME CLASS	ITEMS TAXED BY HAWAII BUT NOT BY FEDERAL		ITEMS TAXED BY FEDERAL BUT NOT BY HAWAII		HAWAII TOTAL INCOME		STATUTORY ADJUSTMENTS	
	Number of Returns	Amount	Number of Returns	Amount ⁵	Number of Returns	Amount	Number of Returns	Amount
TAXABLE RESIDENT RETURNS								
Under \$ 5,000	2,261	\$ 382,638	3,113	\$ 14,504,570	33,712	\$ 110,131,950	2,323	\$ 2,546,027
\$ 5,000 " 10,000	2,727	1,806,365	6,957	94,495,757	48,103	357,258,391	5,337	5,489,909
10,000 " 20,000	10,203	9,550,703	16,491	186,092,623	86,167	1,309,180,322	11,525	16,410,429
20,000 " 30,000	17,543	16,801,655	17,617	147,438,039	77,700	1,944,969,914	11,064	16,734,917
30,000 " 40,000	14,881	21,751,122	18,852	140,489,085	50,702	1,776,052,461	9,106	14,311,100
40,000 " 50,000	10,232	20,224,367	16,537	88,561,717	35,299	1,591,575,997	5,634	10,771,947
50,000 " 75,000	16,940	57,576,181	32,724	119,468,493	53,277	3,267,465,896	9,871	20,473,319
75,000 " 100,000	7,875	51,799,683	15,850	50,676,774	21,271	1,843,880,837	4,791	21,145,509
100,000 " 150,000	4,823	35,586,712	8,986	44,539,220	11,768	1,394,665,330	3,141	14,718,742
150,000 " 200,000	803	7,157,614	1,848	12,929,815	2,497	434,919,296	948	6,473,894
200,000 and over	1,217	20,889,220	2,323	49,086,803	3,002	1,185,282,150	1,325	12,227,380
TOTAL - TAXABLE RETURNS	89,505	\$ 243,526,260	141,298	\$ 948,282,896	423,498	\$ 15,215,382,544	65,065	\$ 141,303,173
NONTAXABLE RESIDENT RETURNS								
Loss	989	\$ 9,227,577	2,858	\$ 68,584,580	5,268	\$ (123,134,134)	1,137	\$ 3,730,046
\$ 0 under \$ 5,000	3,123	1,534,775	18,972	277,426,352	55,734	85,294,954	3,039	1,946,796
5,000 " 10,000	1,456	1,074,226	4,271	78,883,435	6,985	49,661,095	1,124	868,242
10,000 and over	1,101	2,175,838	3,993	67,932,421	5,103	103,622,720	1,228	2,071,527
TOTAL - NONTAXABLE RETURNS	6,669	\$ 14,012,416	30,094	\$ 492,826,788	73,090	\$ 115,444,635	6,528	\$ 8,616,611
ALL RESIDENT RETURNS	96,174	\$ 257,538,676	171,392	\$ 1,441,109,684	496,588	\$ 15,330,827,179	71,593	\$ 149,919,784
ALL NONRESIDENT RETURNS	not meaningful		not meaningful		19,134	\$ 308,431,036	2,466	\$ 5,155,184
TOTAL - ALL RETURNS	96,174	\$ 257,538,676	171,392	\$ 1,441,109,684	515,722	\$ 15,639,258,215	74,059	\$ 155,074,968

1 Included in "all other sources".

2 Amounts for pensions and annuities are federally taxable amounts, some of which is not taxable by Hawaii.

3 Federally taxable amounts for residents. Includes state tax refunds, alimony received, federally taxable social security benefits, and all other miscellaneous sources.

4 Total income for nonresidents includes only amounts taxable by Hawaii.

5 Does not include individual housing accounts and military reserve/Hawaii national guard duty pay, which are included as statutory adjustments in the last column.

TABLE 5
SOURCES OF INCOME REPORTED IN EACH DISTRICT BY NUMBER OF RETURNS AND AMOUNT - 1995
(Resident Returns)

SOURCES OF INCOME	TAXATION DISTRICT									
	FIRST		SECOND		THIRD		FOURTH			
	Number	Amount	Number	Amount	Number	Amount	Number	Amount		
Salaries and Wages	309,274	\$ 9,977,795,720	40,775	\$ 1,142,282,208	42,330	\$ 1,076,192,521	19,556	\$ 493,108,412		
Taxable Dividends	80,479	230,781,426	8,558	25,371,186	10,603	23,666,590	4,183	9,894,189		
Interest	268,341	422,874,223	33,491	46,697,949	39,012	64,307,945	18,295	25,851,500		
Business and Professions										
Net Profit	31,386	451,820,944	5,103	61,253,665	7,236	71,831,320	2,317	24,684,112		
Net Loss	12,121	48,609,088	2,603	11,981,382	2,903	14,137,718	1,356	6,622,334		
Sale of Capital Assets										
Net Gain	34,176	284,378,187	3,801	30,674,318	4,537	43,734,779	1,828	10,063,823		
Net Loss	14,436	44,267,284	1,787	5,491,953	1,866	6,579,816	884	2,569,082		
Rents and Royalties										
Net Profit	18,792	176,078,644	2,455	17,087,138	2,602	16,387,362	1,192	12,646,890		
Net Loss	20,484	149,295,773	2,553	17,706,714	2,449	15,408,787	1,225	8,541,661		
Partnerships and S-Corporations										
Net Profit	8,384	205,505,382	1,199	23,253,158	1,084	16,278,817	282	1,940,168		
Net Loss	5,582	47,498,815	740	6,894,171	773	6,665,946	517	2,863,678		
Estates and Trusts										
(Income Less Loss)	2,498	54,611,610	343	5,154,862	319	6,875,854	140	5,506,840		
Unemployment Compensation	27,932	96,262,181	4,552	14,687,873	6,406	20,600,732	2,790	11,575,748		
Pensions and Annuities	62,360	936,375,263	6,517	65,076,813	9,123	111,997,264	4,054	42,107,146		
Taxable IRA Distributions	17,299	122,521,766	2,112	13,617,406	2,265	11,509,822	733	4,478,419		
All Other Sources										
Net Income	130,802	399,166,404	16,038	38,011,714	16,495	40,903,708	7,453	18,592,300		
Net Loss	2,071	70,163,609	922	9,093,079	675	9,145,586	422	8,141,638		
Federal Total Income	372,359	\$ 12,998,337,181	48,767	\$ 1,432,000,991	53,702	\$ 1,452,348,861	23,757	\$ 631,711,154	498,585	16,514,398,187
Hawaii Additions	72,807	209,462,819	8,479	17,019,666	10,468	20,091,604	4,420	10,964,587		
Hawaii Subtractions	132,986	1,158,842,026	13,643	87,550,730	16,615	139,964,022	8,148	54,752,906		
Hawaii Total Income	370,535	\$ 12,048,957,974	48,710	\$ 1,361,469,927	53,586	\$ 1,332,476,443	23,757	\$ 587,922,835		
Less Adjustments to Income	52,005	114,242,765	7,294	12,664,240	8,992	16,209,928	3,302	6,802,851	71,593	149,919,784
Adjusted Gross Income	370,544	\$ 11,934,715,209	48,711	\$ 1,348,805,687	53,586	\$ 1,316,266,515	23,757	\$ 581,119,984	496,598	15,180,907,395

1 Includes state tax refunds, alimony received, federally taxable social security benefits, and all other miscellaneous sources.

2 Items taxed by Hawaii but not by the federal government, such as federal cost of living allowances and certain state retirement contributions.

3 Items taxed by the federal government but not by Hawaii, such as social security contributions and certain pensions.

4 Comprised of payments to qualified retirement and housing accounts, interest penalty for premature withdrawal, alimony payments, military reserve or Hawaii national guard duty pay, and self-employment deductions.

5 Includes losses.

TABLE 6
TYPES OF DEDUCTIONS, ALL RETURNS, BY ADJUSTED GROSS INCOME CLASS - 1995

ADJUSTED GROSS INCOME CLASS	CONTRIBUTIONS		INTEREST		MEDICAL & DENTAL		CASUALTY LOSS	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
<u>TAXABLE RESIDENT RETURNS</u>								
Under \$ 5,000	348	\$ 91,124	189	\$ 309,683	358	\$ 604,198	--	\$ --
\$ 5,000 "	2,966	1,689,382	671	1,394,332	2,698	4,630,400	--	--
10,000 "	18,183	16,430,747	8,600	38,660,144	9,527	16,011,237	133	74,314
20,000 "	34,409	25,703,487	14,359	94,101,684	10,101	19,962,188	227	975,388
30,000 "	31,889	31,260,968	15,937	116,860,872	5,971	10,798,666	130	213,390
40,000 "	26,120	24,454,022	16,826	152,841,852	3,095	6,116,527	30	61,800
50,000 "	46,160	55,266,321	35,294	365,196,028	3,104	11,350,420	283	1,164,232
75,000 "	19,503	29,257,159	18,257	234,943,913	556	3,861,166	52	122,900
100,000 "	11,108	23,986,202	10,120	157,984,175	150	1,373,708	132	154,540
150,000 "	2,237	8,105,683	2,101	42,288,300	45	1,054,921	12	113,143
200,000 and over	2,731	31,264,807	2,400	72,468,966	29	1,094,429	--	--
TOTAL - TAXABLE RETURNS	195,654	\$ 247,509,902	124,754	\$ 1,277,049,949	35,634	\$ 76,857,860	999	\$ 2,879,707
<u>NONTAXABLE RESIDENT RETURNS</u>								
Loss	630	\$ 846,525	1,581	\$ 16,499,327	1,544	\$ 5,541,698	286	\$ 344,160
\$ 0 under \$ 5,000	5,447	4,629,403	3,113	15,433,642	6,080	18,101,263	223	476,210
5,000 "	4,137	5,912,432	3,278	23,173,847	3,479	14,453,562	10	30,050
10,000 and over	4,326	7,430,148	4,532	67,744,087	2,723	19,338,609	36	1,257,830
TOTAL - NONTAXABLE RETURNS	14,540	\$ 18,818,508	12,504	\$ 122,850,903	13,826	\$ 57,435,132	555	\$ 2,108,250
ALL RESIDENT RETURNS	210,194	\$ 266,328,410	137,258	\$ 1,399,900,852	49,460	\$ 134,292,992	1,554	\$ 4,987,957
ALL NONRESIDENT RETURNS	3,624	\$ 4,628,470	1,228	\$ 14,929,342	617	\$ 1,593,535	52	\$ 382,008
TOTAL - ALL RETURNS	213,818	\$ 270,956,880	138,486	\$ 1,414,830,194	50,077	\$ 135,886,527	1,606	\$ 5,369,965

TABLE 6 (continued)
 TYPES OF DEDUCTIONS, ALL RETURNS, BY ADJUSTED GROSS INCOME CLASS - 1995

ADJUSTED GROSS INCOME CLASS	TAXES		MISCELLANEOUS DEDUCTIONS		TOTAL ALLOWABLE ITEMIZED DEDUCTIONS	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
<u>TAXABLE RESIDENT RETURNS</u>						
Under \$ 5,000	275	\$ 101,339	50	\$ 26,860	557	\$ 1,133,204
\$ 5,000 "	3,018	2,481,820	1,355	963,950	3,655	11,159,884
10,000 "	20,906	27,031,702	9,204	12,338,331	21,629	110,546,475
20,000 "	44,134	87,209,040	15,271	26,757,844	44,529	254,709,631
30,000 "	40,949	113,088,496	12,785	24,998,960	41,219	297,221,352
40,000 "	30,747	111,431,125	11,151	22,869,809	30,895	317,775,135
50,000 "	50,308	245,104,152	15,935	38,762,324	50,660	716,735,821
75,000 "	20,859	150,136,692	6,354	18,561,679	21,080	436,505,590
100,000 "	11,718	119,017,757	3,672	12,555,805	11,728	308,965,896
150,000 "	2,477	37,797,486	696	4,637,183	2,483	88,621,709
200,000 and over	2,983	108,366,782	736	8,280,350	2,983	195,543,646
TOTAL - TAXABLE RETURNS	228,374	\$ 1,001,766,391	77,209	\$ 170,753,095	231,418	\$ 2,738,918,343
<u>NONTAXABLE RESIDENT RETURNS</u>						
Loss	2,114	\$ 4,196,569	1,624	\$ 2,249,046	2,404	\$ 29,677,325
\$ 0 under \$ 5,000	5,464	4,513,697	4,320	2,040,270	7,656	45,194,485
5,000 "	4,634	4,517,420	2,128	1,418,455	4,930	49,505,766
10,000 and over	4,874	10,813,836	1,868	8,196,432	5,077	114,765,199
TOTAL - NONTAXABLE RETURNS	17,086	\$ 24,041,522	9,940	\$ 13,904,203	20,067	\$ 239,142,775
ALL RESIDENT RETURNS	245,460	\$ 1,025,807,913	87,149	\$ 184,657,298	251,485	\$ 2,978,061,118
ALL NONRESIDENT RETURNS	5,522	\$ 19,644,951	1,729	\$ 7,095,860	5,989	\$ 46,798,088
TOTAL - ALL RETURNS	250,982	\$ 1,045,452,864	88,878	\$ 191,753,158	257,474	\$ 3,024,859,206

TABLE 6 (continued)
 TYPES OF DEDUCTIONS, ALL RETURNS, BY ADJUSTED GROSS INCOME CLASS - 1995

ADJUSTED GROSS INCOME CLASS	STANDARD DEDUCTIONS		TOTAL ALLOWABLE & STANDARD DEDUCTIONS		UNALLOWED ITEMIZED DEDUCTIONS	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
<u>TAXABLE RESIDENT RETURNS</u>						
Under \$ 5,000	33,155	\$ 45,261,825	33,712	\$ 46,395,029	--	\$ --
\$ 5,000 " 10,000	44,448	69,241,620	48,103	80,401,504	--	--
10,000 " 20,000	64,538	102,215,650	86,167	212,762,125	--	--
20,000 " 30,000	33,171	53,915,000	77,700	308,624,631	--	--
30,000 " 40,000	9,483	15,645,250	50,702	312,866,602	--	--
40,000 " 50,000	4,404	7,587,732	35,299	325,362,867	--	--
50,000 " 75,000	2,617	4,721,850	53,277	721,457,671	508	107,656
75,000 " 100,000	191	348,100	21,271	436,853,690	372	377,919
100,000 " 150,000	40	74,100	11,768	309,039,996	11,690	6,106,291
150,000 " 200,000	14	22,600	2,497	88,644,309	2,483	5,375,007
200,000 and over	19	31,700	3,002	195,575,346	2,982	25,931,688
TOTAL - TAXABLE RETURNS	192,080	\$ 299,065,427	423,498	\$ 3,037,983,770	18,035	\$ 37,898,561
<u>NONTAXABLE RESIDENT RETURNS</u>						
Loss	2,874	\$ 4,655,500	5,278	\$ 34,332,825	--	\$ --
\$ 0 under \$ 5,000	72,674	115,036,797	80,330	160,231,282	--	--
5,000 " 10,000	2,055	3,888,500	6,985	53,394,266	--	--
10,000 and over	26	49,400	5,103	114,814,599	20	15,743
TOTAL - NONTAXABLE RETURNS	77,629	\$ 123,630,197	97,696	\$ 362,772,972	20	\$ 15,743
ALL RESIDENT RETURNS	269,709	\$ 422,695,624	521,194	\$ 3,400,756,742	18,055	\$ 37,914,304
ALL NONRESIDENT RETURNS	28,606	\$ 47,650,044	34,595	\$ 94,448,132	330	\$ 1,475,829
TOTAL - ALL RETURNS	298,315	\$ 470,345,668	555,789	\$ 3,495,204,874	18,385	\$ 39,390,133

TABLE 7
 TYPES OF DEDUCTIONS CLAIMED IN EACH TAXATION DISTRICT BY NUMBER OF RETURNS AND DOLLAR AMOUNT REPORTED AND ALLOWED - 1995
 (Resident Returns)

TYPE OF DEDUCTION	TAXATION DISTRICT							
	FIRST		SECOND		THIRD		FOURTH	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Itemized Contributions	160,423	\$ 207,305,771	21,192	\$ 26,697,526	18,761	\$ 21,823,470	9,818	\$ 10,501,643
Interest	103,645	1,129,535,367	13,144	120,460,256	14,226	104,739,770	6,243	45,165,459
Medical and Dental	35,381	94,575,900	4,930	12,670,595	5,781	18,527,529	3,368	8,518,968
Casualty Loss	1,150	3,519,253	265	204,988	82	1,098,030	57	165,686
Taxes	185,914	821,661,415	24,404	85,914,782	23,619	81,102,819	11,523	37,128,897
Other Itemized Deductions	65,689	140,154,093	9,912	21,112,235	6,942	13,515,113	4,606	9,875,857
Total Itemized Deductions	190,961	\$ 2,396,751,799	24,767	\$ 267,060,382	24,073	\$ 240,806,731	11,684	\$ 111,356,510
Less: Unallowed Itemized Deductions	15,616	32,718,616	998	2,094,179	1,020	2,245,230	421	856,279
Net Allowed Itemized Deductions	190,961	\$ 2,364,033,183	24,767	\$ 264,966,203	24,073	\$ 238,561,501	11,684	\$ 110,500,231

TABLE 8
NUMBER OF DEPENDENTS, NUMBER OF EXEMPTIONS, TAX WITHHELD, PAYMENTS OF DECLARATION, BALANCE DUE,
REFUNDS AND CARRIED FORWARD CREDITS BY ADJUSTED GROSS INCOME CLASS - 1995

ADJUSTED GROSS INCOME CLASS	DEPENDENTS		EXEMPTIONS ¹			TAX WITHHELD	
	Number of Returns	Number of Dependents	Number of Returns	Number of Exemptions	Amount	Number of Returns	Amount
TAXABLE RESIDENT RETURNS							
Under \$ 5,000	547	547	14,676	17,945	\$ 18,662,800	26,009	\$ 4,096,911
\$ 5,000 "	6,416	9,629	40,652	71,127	75,015,120	36,913	13,429,142
10,000 "	19,177	30,519	83,440	153,683	164,591,240	74,308	66,027,662
20,000 "	22,763	38,853	77,577	146,642	155,456,920	73,098	121,518,285
30,000 "	17,524	33,254	50,692	110,165	115,342,680	48,169	115,048,384
40,000 "	17,519	34,060	35,283	92,486	96,828,040	34,040	103,421,318
50,000 "	30,351	60,567	53,267	159,166	167,781,080	51,180	213,981,364
75,000 "	13,405	25,488	21,271	67,425	70,482,840	20,503	122,684,239
100,000 "	6,979	13,321	11,768	36,998	38,606,400	10,989	89,861,270
150,000 "	1,375	2,542	2,497	7,577	8,008,760	2,203	25,047,223
200,000 and over	1,536	2,946	3,001	9,308	9,853,840	2,498	51,238,169
TOTAL - TAXABLE RETURNS	137,592	251,726	394,124	872,522	\$ 920,629,720	379,910	\$ 926,353,967
NONTAXABLE RESIDENT RETURNS							
Loss	873	1,476	5,100	11,666	\$ 12,516,200	1,198	\$ 1,088,634
\$ 0 under \$ 5,000	11,304	20,460	76,006	167,591	179,386,840	18,404	1,337,485
5,000 "	1,640	3,705	6,985	23,519	27,176,560	1,950	693,782
10,000 and over	1,676	3,550	5,093	15,660	17,842,000	3,352	3,051,163
TOTAL - NONTAXABLE RETURNS	15,493	29,191	93,184	218,436	\$ 236,921,600	24,904	\$ 6,171,064
ALL RESIDENT RETURNS	153,085	280,917	487,308	1,090,958	\$ 1,157,551,320	404,814	\$ 932,525,031
ALL NONRESIDENT RETURNS	12,350	22,882	33,439	80,376	\$ 83,795,960	21,448	\$ 17,697,573
TOTAL - ALL RETURNS	165,435	303,799	520,747	1,171,334	\$ 1,241,347,280	426,262	\$ 950,222,604

See end of table for footnotes.

TABLE 8 (continued)
NUMBER OF DEPENDENTS, NUMBER OF EXEMPTIONS, TAX WITHHELD, PAYMENTS OF DECLARATION, BALANCE DUE,
REFUNDS AND CARRIED FORWARD CREDITS BY ADJUSTED GROSS INCOME CLASS - 1995

ADJUSTED GROSS INCOME CLASS	PAYMENTS OF DECLARATION ²		BALANCE DUE		REFUNDS & AMOUNT CREDITED	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
<u>TAXABLE RESIDENT RETURNS</u>						
Under \$ 5,000	479	\$ 144,488	4,575	\$ 114,014	29,110	\$ 4,169,530
\$ 5,000 " 10,000	1,495	772,004	9,029	865,913	38,989	8,790,317
10,000 " 20,000	5,378	3,283,131	16,173	3,975,640	69,853	23,195,815
20,000 " 30,000	4,351	3,869,212	12,149	4,542,181	65,477	31,079,274
30,000 " 40,000	3,642	5,138,917	8,995	4,664,888	41,568	26,142,987
40,000 " 50,000	2,682	4,743,551	6,524	3,163,144	28,737	23,988,707
50,000 " 75,000	4,319	10,327,163	8,862	7,021,708	44,378	47,090,117
75,000 " 100,000	2,637	8,589,012	2,885	3,009,227	18,386	25,594,062
100,000 " 150,000	2,684	12,687,341	2,195	3,924,556	9,573	17,037,633
150,000 " 200,000	988	6,678,965	667	2,177,463	1,830	4,183,141
200,000 and over	1,575	38,230,228	899	6,993,175	2,103	10,934,260
TOTAL - TAXABLE RETURNS	30,230	94,464,012	72,953	\$ 40,451,909	350,004	\$ 222,205,843
<u>NONTAXABLE RESIDENT RETURNS</u>						
Loss	310	437,524	--	\$ --	4,889	\$ 1,920,184
\$ 0 under \$ 5,000	500	200,976	--	--	77,869	7,326,926
5,000 " 10,000	531	182,885	--	--	6,939	1,549,241
10,000 and over	634	846,659	--	--	5,040	4,639,102
TOTAL - NONTAXABLE RETURNS	1,975	\$ 1,668,044	--	\$ --	94,737	\$ 15,435,453
ALL RESIDENT RETURNS	32,205	\$ 96,132,056	72,953	\$ 40,451,909	444,741	\$ 237,641,296
ALL NONRESIDENT RETURNS	2,778	\$ 13,914,262	3,294	\$ 2,230,123	22,873	\$ 13,699,600
TOTAL - ALL RETURNS	34,983	\$ 110,046,318	76,247	\$ 42,682,032	467,614	\$ 251,340,896

1 Excludes returns filed by dependents who can be claimed by another taxpayer.

2 Includes estimated tax payments, extension payments, and prior year carryover credits.

TABLE 9
NUMBER OF RETURNS FILED, BY NUMBER OF EXEMPTIONS CLAIMED AND BY ADJUSTED GROSS INCOME CLASS - 1995

ADJUSTED GROSS INCOME CLASS	NUMBER OF REGULAR EXEMPTIONS CLAIMED						AGE EXEMPTIONS CLAIMED		
	One	Two	Three	Four	Five	Six or more	One	Two	
RESIDENT RETURNS									
Under \$ 5,000	65,116	23,134	3,381	2,085	1,383	456	32,018	12,717	
\$ 5,000 " 10,000	29,812	12,350	3,463	1,190	335	487	7,531	6,367	
10,000 " 20,000	52,096	22,849	6,467	3,417	1,259	600	8,564	7,008	
20,000 " 30,000	45,526	17,235	8,595	4,151	2,296	1,046	4,423	2,720	
30,000 " 40,000	24,887	11,629	5,896	5,121	2,604	934	3,236	1,406	
40,000 " 50,000	11,474	8,439	5,335	6,515	2,145	1,457	1,573	570	
50,000 " 75,000	9,585	14,879	9,880	12,176	4,322	2,491	1,806	1,144	
75,000 " 100,000	1,568	6,909	4,481	5,148	2,745	446	548	528	
100,000 " 150,000	930	3,967	2,301	3,393	804	382	486	377	
150,000 " 200,000	301	883	511	553	181	73	190	121	
200,000 and over	341	1,168	487	725	228	58	232	277	
TOTAL - RESIDENT RETURNS	241,636	123,442	50,797	44,474	18,302	8,430	60,607	33,235	
TOTAL - NONRESIDENT RETURNS	12,190	9,743	4,640	4,618	1,666	581	1,728	1,278	
TOTAL - ALL RETURNS	253,826	133,185	55,437	49,092	19,968	9,011	62,335	34,513	

NOTE: Excludes returns filed by dependents who may be claimed by another taxpayer.

TABLE 10
AVERAGE TAX LIABILITY AND EFFECTIVE TAX RATES, BEFORE AND AFTER CREDITS, BY ADJUSTED GROSS INCOME CLASS - 1995
(Resident Returns)

ADJUSTED GROSS INCOME CLASS	INCOME TAX LIABILITY				EFFECTIVE TAX RATES					
	Before Credits		After Credits		BASED ON TAXABLE INCOME		BASED ON ADJ. GROSS INCOME			
	Total	Average	Total	Average	Before Credit	After Credit	Before Credit	After Credit		
TAXABLE RESIDENT RETURNS										
	Under \$	5,000	\$ 1,114,555	\$ 33	\$ 185,816	\$ 6	2.62%	0.44%	1.04%	0.17%
\$	5,000	" 10,000	8,732,822	182	6,204,620	129	4.45%	3.16%	2.48%	1.76%
	10,000	" 20,000	56,837,868	660	50,181,316	582	6.21%	5.48%	4.40%	3.88%
	20,000	" 30,000	106,179,018	1,367	98,867,728	1,272	7.25%	6.75%	5.51%	5.13%
	30,000	" 40,000	102,471,521	2,021	98,788,229	1,948	7.68%	7.41%	5.82%	5.61%
	40,000	" 50,000	90,829,412	2,573	87,408,989	2,476	7.84%	7.54%	5.75%	5.53%
	50,000	" 75,000	191,668,977	3,598	184,570,662	3,464	8.13%	7.83%	5.90%	5.68%
	75,000	" 100,000	112,192,776	5,274	108,958,173	5,122	8.53%	8.28%	6.16%	5.98%
	100,000	" 150,000	91,771,633	7,798	89,922,990	7,641	8.89%	8.71%	6.65%	6.52%
	150,000	" 200,000	30,457,918	12,198	30,066,572	12,041	9.18%	9.06%	7.11%	7.02%
	200,000	and over	90,892,086	30,277	90,044,645	29,995	9.39%	9.31%	7.75%	7.68%
TOTAL - TAXABLE RETURNS			\$ 883,148,586	\$ 2,085	\$ 845,199,740	\$ 1,996	7.95%	7.60%	5.86%	5.61%
NONTAXABLE RESIDENT RETURNS										
Loss			--	--	(432,023)	(92)				
\$	0	under \$ 5,000	--	--	(5,911,473)	(84)				
	5,000	" 10,000	--	--	(692,100)	(103)				
	10,000	and over	--	--	(770,070)	(154)				
TOTAL - NONTAXABLE RETURNS			\$ --	\$ --	\$ (7,805,666)	\$ (90)				
TOTAL RESIDENT RETURNS			\$ 883,148,586	\$ 285	\$ 837,394,074	\$ 1,906				

TABLE 11
COMPARISON OF NUMBER OF RESIDENT RETURNS, BEFORE AND AFTER CREDITS, AT SELECTED TAX LEVELS, AGI, AND BY STATUS - 1995

ADJUSTED GROSS INCOME CLASS	No Tax		\$1 - \$99		\$100 - \$499		\$500 - \$999		\$1,000 and over	
	Before	After	Before	After	Before	After	Before	After	Before	After
SINGLE/MARRIED										
FILING SEPARATE RETURNS										
Loss	2,730	2,730	--	--	--	--	--	--	--	--
\$ 0 under \$ 5,000	54,634	63,250	30,939	22,323	1,949	1,949	--	--	--	--
5,000 " 20,000	2,013	4,497	7,456	8,882	37,022	36,389	31,496	31,110	14,820	11,929
20,000 and over	651	689	77	100	948	1,027	2,784	3,121	91,266	90,789
TOTAL	60,028	71,166	38,472	31,305	39,919	39,365	34,280	34,231	106,086	102,718
JOINT RETURNS										
Loss	2,221	2,221	--	--	--	--	--	--	--	--
\$ 0 under \$ 5,000	19,391	19,532	141	--	--	--	--	--	--	--
5,000 " 20,000	7,632	16,855	9,836	4,622	12,403	10,338	5,907	3,963	--	--
20,000 and over	1,167	2,236	746	536	3,098	4,509	11,085	13,776	122,297	117,336
TOTAL	30,411	40,844	10,723	5,158	15,501	14,847	16,992	17,739	122,297	117,336
HEAD OF HOUSEHOLD RETURNS¹										
Loss	327	327	--	--	--	--	--	--	--	--
\$ 0 under \$ 5,000	6,305	6,918	683	70	--	--	--	--	--	--
5,000 " 20,000	598	3,553	2,415	1,968	6,102	5,119	6,288	5,053	525	235
20,000 and over	27	603	260	64	520	1,234	2,541	3,806	19,894	17,535
TOTAL	7,257	11,401	3,358	2,102	6,622	6,353	8,829	8,859	20,419	17,770
ALL RETURNS										
Loss	5,278	5,278	--	--	--	--	--	--	--	--
\$ 0 under \$ 5,000	80,330	89,700	31,763	22,393	1,949	1,949	--	--	--	--
5,000 " 20,000	10,243	24,905	19,707	15,472	55,527	51,846	43,691	40,126	15,345	12,164
20,000 and over	1,845	3,528	1,083	700	4,566	6,770	16,410	20,703	233,457	225,660
TOTAL	97,696	123,411	52,553	38,565	62,042	60,565	60,101	60,829	248,802	237,824

¹ Includes qualifying surviving spouses.

TABLE 12
TYPE OF RETURN FILED BY THOSE WITH ADJUSTED GROSS INCOME UNDER \$100,000,
SHOWING NUMBER OF RETURNS, ADJUSTED GROSS INCOME, AND TAX LIABILITY BY STATUS - 1995
(All Resident Returns)

ADJUSTED GROSS INCOME CLASS	FORM N-11 RETURNS			FORM N-12 RETURNS			FORM N-13 RETURNS		
	Number of Returns	Adjusted Gross Income	Tax Liability	No. of Returns	Adjusted Gross Income	Tax Liability	No. of Returns	Adjusted Gross Income	Tax Liability
ALL RETURNS									
Loss	4,767	\$ (122,674,883)	\$ 0	511	\$ (4,189,297)	\$ 0	0	\$ 0	\$ 0
Zero	2,679	0	0	4,007	0	0	17,910	0	0
\$1 under \$1,000	11,418	5,022,547	7,042	4,175	1,515,427	51	11,494	4,336,705	2,723
1,000 " 5,000	34,080	101,136,057	636,627	10,953	30,515,395	75,782	17,326	48,407,950	392,330
5,000 " 10,000	31,397	229,239,392	4,266,741	9,356	67,127,467	1,393,767	14,335	104,194,476	3,072,314
10,000 " 15,000	29,054	362,208,265	11,775,679	5,036	65,157,543	2,378,484	11,818	145,826,564	6,831,171
15,000 " 20,000	30,250	531,075,352	23,360,268	3,370	59,847,027	2,784,119	9,897	173,858,030	9,708,147
20,000 " 30,000	60,701	1,507,958,767	78,636,043	6,374	159,590,876	8,555,792	11,897	290,169,194	18,957,183
30,000 " 40,000	43,497	1,513,111,924	85,348,871	3,828	133,284,585	7,659,217	3,756	128,322,756	9,463,433
40,000 " 50,000	30,409	1,362,707,326	76,298,972	3,778	168,782,334	10,570,766	1,194	53,050,251	3,959,674
50,000 " 60,000	24,572	1,342,596,991	76,208,452	1,697	93,813,661	6,617,170	491	26,498,398	2,045,286
60,000 " 75,000	24,821	1,669,159,076	99,373,146	1,421	95,769,547	5,588,775	341	22,897,268	1,836,148
75,000 " 100,000	20,139	1,727,456,514	105,914,838	1,095	92,551,512	5,871,489	63	4,982,610	406,449
		1			1				
TOTAL	347,784	\$ 10,228,997,328	\$ 561,826,679	55,601	\$ 963,766,077	\$ 51,495,412	100,522	\$ 1,002,544,202	\$ 56,674,858

See end of table for footnotes.

TABLE 12 (Continued)
TYPE OF RETURN FILED BY THOSE WITH ADJUSTED GROSS INCOME UNDER \$100,000,
SHOWING NUMBER OF RETURNS, ADJUSTED GROSS INCOME, AND TAX LIABILITY BY STATUS - 1995
(All Resident Returns)

ADJUSTED GROSS INCOME CLASS	FORM N-11 RETURNS			FORM N-12 RETURNS			FORM N-13 RETURNS		
	Number of Returns	Adjusted Gross Income	Tax Liability	No. of Returns	Adjusted Gross Income	Tax Liability	No. of Returns	Adjusted Gross Income	Tax Liability
<u>SINGLE RETURNS</u>									
Loss	2,483	\$ (31,111,231)	\$ 0	247	\$ (2,009,378)	\$ 0	0	\$ 0	\$ 0
Zero	1,813	0	0	3,665	0	0	14,259	0	0
\$1 under \$1,000	7,975	3,473,687	7,042	2,912	1,168,882	51	9,439	3,606,613	2,723
1,000 "	24,205	73,215,605	629,998	8,105	22,543,798	75,600	15,149	42,513,661	391,587
5,000 "	19,595	142,092,103	3,829,849	5,944	42,143,572	1,228,231	12,211	88,452,977	2,907,218
10,000 "	15,666	195,514,016	8,464,337	2,740	34,569,805	1,733,501	9,787	120,594,839	6,119,157
15,000 "	17,535	307,549,572	16,523,806	2,068	36,798,934	2,065,535	7,261	127,211,054	7,767,211
20,000 "	33,897	846,305,547	51,927,926	3,689	91,868,603	5,405,267	8,507	208,015,641	14,697,376
30,000 "	20,657	719,373,056	47,743,571	1,397	48,642,651	3,391,850	2,531	86,428,261	6,823,625
40,000 "	10,081	445,788,346	29,369,643	1,265	55,037,844	4,161,607	532	23,228,275	1,942,025
50,000 "	5,582	302,691,746	20,317,778	838	46,309,005	3,582,783	150	7,839,561	676,435
60,000 "	2,933	191,503,342	13,580,428	126	8,878,726	686,930	65	4,260,360	379,515
75,000 "	1,707	146,337,012	9,879,533	100	9,142,300	741,000	0	0	0
TOTAL	164,129	\$ 3,342,732,801	\$ 202,273,911	33,096	\$ 395,094,742	\$ 23,072,355	79,891	\$ 712,151,242	\$ 41,706,872

See end of table for footnotes.

TABLE 12 (Continued)
TYPE OF RETURN FILED BY THOSE WITH ADJUSTED GROSS INCOME UNDER \$100,000,
SHOWING NUMBER OF RETURNS, ADJUSTED GROSS INCOME, AND TAX LIABILITY BY STATUS - 1995
(All Resident Returns)

ADJUSTED GROSS INCOME CLASS	FORM N-11 RETURNS			FORM N-12 RETURNS			FORM N-13 RETURNS		
	Number of Returns	Adjusted Gross Income	Tax Liability	No. of Returns	Adjusted Gross Income	Tax Liability	No. of Returns	Adjusted Gross Income	Tax Liability
JOINT RETURNS									
Loss	1,983	\$ (85,721,737)	\$ 0	238	\$ (1,964,362)	\$ 0	0	\$ 0	\$ 0
Zero	607	0	0	175	0	0	2,120	0	0
\$1 under \$1,000	2,940	1,310,107	0	916	200,878	0	1,686	601,906	0
1,000 "	7,358	20,794,918	1,364	2,276	6,416,976	65	1,454	3,805,026	0
5,000 "	9,161	67,053,541	194,683	3,087	22,670,377	137,133	1,162	8,475,742	56,831
10,000 "	8,654	107,588,631	1,562,567	1,965	26,074,245	479,027	1,006	12,691,352	306,237
15,000 "	8,282	145,111,359	3,418,391	1,152	20,182,879	634,800	1,309	23,263,843	862,587
20,000 "	17,632	438,349,517	16,084,968	1,725	42,828,853	1,712,627	1,952	47,702,428	2,282,673
30,000 "	17,828	622,055,786	28,233,211	2,092	72,517,820	3,665,954	797	27,949,723	1,700,411
40,000 "	17,774	803,239,187	40,231,161	2,202	100,117,068	5,580,408	619	28,006,473	1,877,469
50,000 "	17,946	983,232,337	52,600,398	818	45,401,261	2,899,970	298	16,466,740	1,204,634
60,000 "	20,691	1,399,313,317	80,818,208	1,295	86,890,821	4,901,845	276	18,636,908	1,456,633
75,000 "	18,030	1,546,770,316	93,565,867	995	83,409,212	5,130,489	63	4,982,610	406,449
		1			1				
TOTAL	148,886	\$ 6,049,097,279	\$ 316,710,818	18,936	\$ 504,746,028	\$ 25,142,318	12,742	\$ 192,582,751	\$ 10,153,924

See end of table for footnotes.

TABLE 12 (Continued)
TYPE OF RETURN FILED BY THOSE WITH ADJUSTED GROSS INCOME UNDER \$100,000,
SHOWING NUMBER OF RETURNS, ADJUSTED GROSS INCOME, AND TAX LIABILITY BY STATUS - 1995
(All Resident Returns)

ADJUSTED GROSS INCOME CLASS	FORM N-11 RETURNS			FORM N-12 RETURNS			FORM N-13 RETURNS		
	Number of Returns	Adjusted Gross Income	Tax Liability	No. of Returns	Adjusted Gross Income	Tax Liability	No. of Returns	Adjusted Gross Income	Tax Liability
HEAD OF HOUSEHOLD RETURNS									
Loss	301	\$ (5,841,915)	\$ 0	26	\$ (215,557)	\$ 0	0	\$ 0	\$ 0
Zero	259	0	0	167	0	0	1,531	0	0
\$1 under \$1,000	503	238,753	0	347	145,667	0	369	128,186	0
1,000 "	2,517	7,125,534	5,265	572	1,554,621	117	723	2,089,263	743
5,000 "	2,641	20,093,748	242,209	325	2,313,518	28,403	962	7,265,757	108,265
10,000 "	4,734	59,105,618	1,748,775	331	4,513,493	165,956	1,025	12,540,373	405,777
15,000 "	4,433	78,414,421	3,418,071	150	2,865,214	83,784	1,327	23,383,133	1,078,349
20,000 "	9,172	223,303,703	10,623,149	960	24,893,420	1,437,898	1,438	34,451,125	1,977,134
30,000 "	5,012	171,683,082	9,372,089	339	12,124,114	601,413	428	13,944,772	939,397
40,000 "	2,554	113,679,793	6,698,168	311	13,627,422	828,751	43	1,815,503	140,180
50,000 "	1,044	56,672,908	3,290,276	41	2,103,395	134,417	43	2,192,097	164,217
60,000 "	1,197	78,342,417	4,974,510	0	0	0	0	0	0
75,000 "	402	34,349,186	2,469,438	0	0	0	0	0	0
TOTAL	34,769	\$ 837,167,248	\$ 42,841,950	3,569	\$ 63,925,307	\$ 3,280,739	7,889	\$ 97,810,209	\$ 4,814,062

1 Includes losses.

2 Includes married filing separately.

3 Includes qualifying surviving spouse.

TABLE 13
 SELECTED SOURCES OF INCOME 1986 - 1995
 All Returns
 (In Millions of Dollars)

SOURCES OF INCOME	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Salaries and Wages	\$ 7,236	\$ 8,322	\$ 9,207	\$ 10,372	\$ 11,106	\$ 12,056	\$ 12,757	\$ 12,938	\$ 13,454	\$ 12,947
Taxable Dividends	163	222	240	273	289	278	282	273	307	291
Interest	556	629	674	790	840	824	720	526	529	571
Business and Professions										
Net Profit	303	446	568	637	698	709	694	752	780	620
Net Loss	43	62	61	56	72	82	83	105	111	87
Sale of Capital Assets										
Net Gain	326	612	839	966	1,139	681	567	611	577	452
Net Loss	23	35	39	30	38	34	32	54	42	61
Rents and Royalties										
Net Profit	129	138	156	185	205	244	263	254	273	222
Net Loss	175	156	133	127	136	176	156	180	187	191
Partnerships										
Net Profit	107	158	208	244	252	322	341	292	340	247
Net Loss	114	76	64	60	73	102	78	85	100	64
Estates and Trusts (Income Less Loss)	37	25	34	44	59	55	68	71	88	72
Total Hawaii Income	\$ 8,713	\$ 10,421	\$ 11,858	\$ 13,475	\$ 14,649	\$ 15,161	\$ 15,739	\$ 15,735	\$ 16,727	\$ 15,639

¹ Data available for residents only.

² Income before statutory adjustments.

TABLE 14
TYPE AND AMOUNT OF DEDUCTIONS 1986 - 1995
All Returns
(In Millions of Dollars)

TYPE OF DEDUCTIONS	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Itemized Deductions:										
Contributions	\$ 160	\$ 175	\$ 190	\$ 223	\$ 222	\$ 253	\$ 278	\$ 289	\$ 287	\$ 271
Interest	906	930	936	1,053	1,131	1,260	1,354	1,335	1,408	1,415
Taxes	695	646	736	813	846	906	990	999	1,141	1,045
Medical and Dental	76	69	73	84	109	106	133	135	150	136
Casualty Losses	6	11	11	5	5	9	38	5	11	5
Moving Expenses ¹	n/a	15	18	25	25	25	22	20	n/a	n/a
Other Deductions	126	76	78	103	120	139	166	183	206	192
Total Reported	\$ 1,968	\$ 1,922	\$ 2,043	\$ 2,306	\$ 2,458	\$ 2,699	\$ 2,981	\$ 2,967	\$ 3,203	\$ 3,064
Unallowed Deductions ²	--	--	--	--	--	43	45	42	47	39
Total Allowed	\$ 1,968	\$ 1,922	\$ 2,043	\$ 2,306	\$ 2,458	\$ 2,656	\$ 2,936	\$ 2,924	\$ 3,155	\$ 3,025

¹ Beginning in 1987, moving expenses became an itemized deduction. In 1994, moving expenses became an adjustment to income.

² Beginning 1991, itemized deductions limited for taxpayers with adjusted gross income more than \$100,000 or \$50,000 if married filing separately.

TABLE 15
TYPE AND NUMBER OF RETURNS FILED IN EACH TAXATION DISTRICT, 1986 - 1995

TYPE OF RETURN	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
<u>First Taxation District</u>										
Form N-11	--	--	--	--	--	--	--	--	--	271,885
Form N-12	242,537	264,038	272,550	282,669	290,628	298,253	304,892	308,171	317,440	42,075
Form N-13	83,050	92,659	95,266	103,702	99,533	95,086	90,378	87,591	87,426	74,764
Form N-15	18,364	22,442	26,069	26,261	31,368	34,301	34,956	34,611	35,849	32,030
TOTAL - FIRST DISTRICT	343,951	379,139	393,885	412,632	421,529	427,640	430,226	430,373	440,715	420,754
<u>Second Taxation District</u>										
Form N-11	--	--	--	--	--	--	--	--	--	36,334
Form N-12	28,664	31,683	32,615	35,077	37,428	39,188	40,255	41,179	42,863	5,104
Form N-13	9,352	10,038	10,185	10,723	10,656	10,833	10,732	10,114	10,408	8,717
Form N-15	735	796	918	1,001	1,961	1,494	1,662	1,414	1,478	1,258
TOTAL - SECOND DISTRICT	38,751	42,517	43,718	46,801	50,045	51,515	52,649	52,707	54,749	51,413
<u>Third Taxation District</u>										
Form N-11	--	--	--	--	--	--	--	--	--	38,767
Form N-12	31,881	35,087	36,640	38,910	41,503	43,525	45,029	45,492	46,202	6,344
Form N-13	11,986	13,225	14,326	15,382	16,002	15,518	15,137	14,724	15,228	12,457
Form N-15	431	535	622	705	981	941	1,078	969	1,066	925
TOTAL - THIRD DISTRICT	44,298	48,847	51,588	54,997	58,486	59,984	61,244	61,185	62,496	58,493
<u>Fourth Taxation District</u>										
Form N-11	--	--	--	--	--	--	--	--	--	17,549
Form N-12	13,854	15,787	16,538	17,774	18,675	19,521	20,045	19,977	20,947	2,614
Form N-13	5,208	5,846	5,833	6,275	6,360	6,069	5,290	5,285	5,201	4,584
Form N-15	220	246	333	368	532	456	613	663	593	438
TOTAL - FOURTH DISTRICT	19,282	21,879	22,704	24,417	25,567	26,046	25,948	25,925	26,741	25,185
<u>All Taxation Districts</u>										
Form N-11	--	--	--	--	--	--	--	--	--	364,535
Form N-12	316,936	346,595	358,343	374,430	388,234	400,487	410,221	414,819	427,452	56,137
Form N-13	109,596	121,768	125,610	136,082	132,551	127,506	121,537	117,714	118,263	100,522
Form N-15	19,750	24,019	27,942	28,335	34,842	37,192	38,309	37,657	38,986	34,651
TOTAL - ALL RETURNS	446,282	492,382	511,895	538,847	555,627	565,185	570,067	570,190	584,701	555,845

¹ Excludes the blind, deaf and disabled; and dependents with unearned income of \$1,040 or more, who may be claimed on another taxpayer's return.

APPENDIX

FACSIMILES OF INDIVIDUAL INCOME
TAX RETURNS AND INSTRUCTIONS

The following are links to the 1995 forms on this CD:

Form N-11 *Resident Individual Income Tax Return*
Form N-12 *Resident or Part-Year Resident Individual Income Tax Return*
Instructions for Forms N-11 and N-12

Schedule D-1 *Sales of Business Property*
Instructions for Schedule D-1
Schedule J *Supplemental Annuities Schedule*
Schedule X *Tax Credits for Hawaii Residents*
Form N-615 *Computation of Tax for Children Under Age 14 Who Have
Investment Income of More than \$1,000*
Form N-814 *Parent's Election to Report Child's Interest and Dividends*

Form N-13 *(Short Form) Resident Individual Tax Return*
Instructions for Form N-13

Form N-15 *Nonresident Individual Income Tax Return*
Instructions for Form N-15

Schedule A - *Itemized Deductions*
Schedule B - *Interest and Dividend Income*
Schedule D - *Capital Gains and Losses*