
hawaii income patterns

INDIVIDUALS — 1997

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TABLE OF CONTENTS

HAWAII INCOME PATTERNS: INDIVIDUALS - 1997

	<u>Page</u>
INTRODUCTION	1
OVERVIEW	3
CONFORMITY TO THE INTERNAL REVENUE CODE	3
LEGISLATION	4
DATA SOURCE AND METHODOLOGY	5
TYPES AND NUMBER OF RETURNS FILED	7
RESIDENT RETURN STATISTICS	9
Resident Income and Adjustments	9
Resident Deductions and Personal Exemptions	13
Resident Taxable Income and Tax Liability	14
NONRESIDENT RETURN STATISTICS	15
Nonresident Income and Adjustments	15
Nonresident Deductions and Exemptions	16
Nonresident Taxable Income and Tax Liability	17
ELDERLY RESIDENT TAXPAYERS	17
BLIND, DEAF AND DISABLED RESIDENT TAXPAYERS	19
DEPENDENT RESIDENT TAXPAYERS	20
<u>STATISTICAL TABLES</u>	
TABLE 1. Percent Distribution of Selected Data on All Resident Returns by Adjusted Gross Income Class	22
TABLE 2. Selected Data on All Returns Filed, By Type of Return Filed and by Adjusted Gross Income Class	23
TABLE 3. Selected Data on Nonresident Returns Filed by Adjusted Gross Income Class	25

Table of Contents (Continued)

	<u>Page</u>
TABLE 4. Sources of Income and Statutory Adjustments on All Returns Filed by Adjusted Gross Income Class	26
TABLE 5. Sources of Income Reported in Each District by Number of Returns and Amount	33
TABLE 6. Types of Deductions by Adjusted Gross Income Class	34
TABLE 7. Types of Deductions Claimed in Each Taxation District by Number of Returns and Dollar Amount Reported and Allowed	37
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	38
TABLE 9. Number of Returns Filed, by Number of Exemptions Claimed and by Adjusted Gross Income Class	40
TABLE 10. Average Tax Liability and Effective Tax Rates, Before and After Credits, by Adjusted Gross Income Class	41
TABLE 11. Comparison of Number of Resident Returns, Before and After Credits, at Selected Tax Levels, AGI, and by Status	42
TABLE 12. Types of Return Filed by Those With Adjusted Gross Income Under \$100,000, Showing Number of Returns, Adjusted Gross Income, and Tax Liability by Status	43
TABLE 13. Selected Sources of Income 1988-1997	47
TABLE 14. Type and Amount of Deductions 1988-1997	48
TABLE 15. Type & Number of Returns in Each Taxation District 1988-1997 . . .	49
 APPENDIX: FACSIMILES OF INDIVIDUAL INCOME TAX RETURNS & INSTRUCTIONS	
Form N-11 and N-12, Resident Individual Income Tax Return with Schedules . . .	52
Instructions for Forms N-11 and N-12	62
Form N-13 (Short Form), Resident Individual Income Tax Return	90
Instructions for Form N-13	91
Form N-15, Nonresident Individual Income Tax Return	101
Instructions for Form N-15	102

INTRODUCTION

This fortieth annual edition of "Hawaii Income Patterns - Individuals" presents data compiled from resident and nonresident individual income tax returns filed in 1998 for tax year 1997. Additional information was collected from the federal returns of resident taxpayers to supplement the limited information available from the 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: elderly residents, disabled residents, and dependents who filed resident returns.

HAWAII INCOME PATTERNS - 1997 INDIVIDUALS

OVERVIEW

Hawaii individual income tax returns filed for tax year 1997 increased by 6,372 or 1.1% when compared with tax year 1996. Total reportable Hawaii income increased 7.1%, as shown in Figure 1. Some of the increases in Figure 1 are due to a more complete set of returns for 1997 as a result of improved data collection technology which allowed a later data collection cutoff. Tax liability before credits increased 10.1% for all individual returns. Tax liability on nonresident returns more than doubled as a result of a new method of computing tax liability adopted by the 1997 legislature. Nonresidents and part-year residents, beginning with tax year 1997, could only use that portion of exemptions and deductions that represent the ratio of their Hawaii income to their worldwide income. Increase in nonresident liability accounted for more than a third of the jump in tax liability before credits.

Figure 1
Comparison of Selected Items for All 1997 and 1996 Returns
(Money Amounts in Thousands of Dollars)

Item	1997	1996	Change
Number of Returns	562,746	556,374	1.1%
Number of Exemptions	1,195,857	1,188,421	0.6%
Number of Age Exemptions	132,857	131,788	0.8%
Number of Regular Exemptions	1,063,000	1,056,633	0.6%
Salaries and Wages.....	\$ 13,813,868	\$ 12,570,444	9.9%
Hawaii Total Income.....	17,365,886	16,221,317	7.1%
Total Adjustments.....	188,096	148,096	27.0%
Hawaii Adjusted Gross Income* ...	17,177,789	16,073,222	6.9%
Tax Liability Before Credits.....	1,032,843	937,813	10.1%
Tax Liability After Credits.....	974,083	890,802	9.3%

*Includes negative adjusted gross income.

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

Individual Income - 1997

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 returns, including the food tax credit and the low-income renter's tax credit. Hawaii's various tax credits are discussed in greater detail in a separate report.¹

LEGISLATION

The 1997 legislative measure that had the most effect on taxpayers was Act 281, which required nonresidents and part-year residents to calculate income tax liability as if they were residents. They then were required to use the ratio of Hawaii adjusted gross income to worldwide adjusted gross income to determine their final Hawaii income tax liability. This measure effectively prorated the value of the standard deduction and the personal exemption. As a result, Hawaii income tax liability of nonresidents rose sharply.

Other 1997 legislative measures affected smaller numbers of taxpayers in special situations. Act 262 added the Waialua District on Oahu as an enterprise zone, allowing qualified taxpayers in that district to claim the enterprise zone tax credit. Act 107 established a motion picture income tax credit for general excise taxes and transient

¹Ji, Fang, "Tax Credits Claimed on Hawaii Income Tax Returns - - 1997", Hawaii Department of Taxation, Tax Research and Planning Office, July 1999.

Individual Income - 1997

accommodations taxes paid in conjunction with motion picture filming. Act 108 introduced an income tax credit for hotel renovations.

DATA SOURCE AND METHODOLOGY

Use of improved data collection technology allowed collection of tax return information to take place later in the year than usual. Return information was retrieved from the department's Comprehensive Net Income Tax (CNIT) system in late November, 1998 instead of in early autumn as in previous years. This late retrieval allowed the capture of virtually all of timely-filed tax year 1997 returns since the due date for returns with extensions was October 20, 1998.

Figure 2
Sample Size and Frequency (Percent of Population) by Return Type

AGI*	N-11		N-12		N-13		N-15	
	Size	%	Size	%	Size	%	Size	%
Under -\$1 million	17	100.0	0	n/a	0	n/a	51	100.0
-\$1 mill. < -100k	223	86.4	0	n/a	0	n/a	208	100.0
-\$100k < 0	1,971	35.7	145	65.9	0	n/a	504	40.9
\$0 < 50k	14,500	4.8	1,105	5.1	4,003	5.0	1,577	4.9
\$50k < 100k	7,630	9.7	184	9.5	67	9.9	797	10.7
\$100k < 200k	3,447	19.1	175	100.0	1	100.0	704	19.4
\$200k < 500k	1,307	36.6	7	100.0	0	n/a	772	41.5
\$500k < 1 mill.	446	88.0	1	100.0	0	n/a	620	100.0
\$1 million & over	212	100.0	1	100.0	0	n/a	823	100.0
TOTAL	29,753	7.3	1,618	6.8	4,071	5.0	6,056	12.6

*Hawaii AGI for N-11, N-12, and N-13; worldwide AGI for N-15.

A stratified random sample was used to select returns for the data set used in this study. Since returns with large negative or positive incomes are subject to greater variability than returns with smaller incomes, the sample was stratified by Hawaii adjusted gross income (AGI) for resident returns and by worldwide AGI for nonresident returns to reduce sampling error. Sampling ranged from about 5% of returns for those with low positive AGI to 100% of returns for those with extreme negative or positive AGI. The range of sampling frequency can be seen in Figure 2.

Individual Income - 1997

Tax year 1997 was the third year in which most Hawaii taxpayers used the simplified Form N-11 to file their income tax returns. This single-page return greatly eases the filing process for taxpayers but at the same time creates data collection problems. Since Form N-11 uses federal adjusted gross income as a starting point, information on sources of income and types of income adjustments are absent and must be retrieved from the taxpayer's federal return. Each year, the Internal Revenue Service prepares a data tape called the Individual Return Transaction File (IRTF). This IRTF file was merged with the Hawaii sample of resident returns selected from the CNIT system. Some returns did not merge because they were filed after the late summer creation date of the IRTF file. Some of these returns were later merged by matching the tax year 1996 IRS return with the 1997 Hawaii sample. After this procedure, there were still some returns that did not merge because there was neither a 1997 nor a 1996 federal return to match the Hawaii return. For such returns that had very large positive or very large negative AGI, return details were gleaned manually from schedules and attachments to the paper return. Other non-merged returns were dropped from the sample and the sample was re-weighted to adjust for the removed returns. While this procedure does introduce non-sampling error, it was deemed preferable to a situation of having numerous returns with no details of income and adjustments.

For nonresident returns, no merge was attempted with federal returns because the IRTF data set contains returns with Hawaii addresses only. Since many nonresidents do not have Hawaii addresses, their returns would not merge. Lack of federal information means that detail such as the breakout of Schedule E information is not available for nonresidents.

All returns in the sample were edited for departmental and taxpayer data entry errors. Corrections were made where information from the paper return made the error apparent. For N-11 returns, income and adjustment discrepancies could not be corrected because there is no information on the paper return. For these returns, unresolvable discrepancies appear as "unknown income" and "unknown adjustments" in the tables in this report.

Some of the information in this report 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 consists 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 that is 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, the parent may report that income by filing Form N-814, Parent's Election to Report Child's Interest and Dividends.

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

- N-11 for residents who also file a federal income tax return. Uses federal adjusted gross income as starting point.
- N-12 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 and for part-year residents.

As Figure 3 shows, the total number of individual income tax returns rose 1.1% between tax year 1996 and tax year 1997. Among return types, there were some dramatic shifts as a result of two factors. One major factor was the 1997 legislature's Act 281, which required part-year residents and residents to compute their taxes in a similar manner by using the ratio of Hawaii AGI to worldwide AGI to compute Hawaii tax liability. Since part-year residents had to compute tax liability the same way as nonresidents, they were required to use Form N-15. In prior years, they used Form N-12. This requirement was the primary reason for the 15,776 increase in N-15 returns as well as one of the primary reasons why N-12 returns decreased by 20,920.

Individual Income - 1997

Figure 3
Comparison of Type of Return Filed
in Each Taxation District in 1997 and 1996

Type of Return	State	TAXATION DISTRICT			
		First	Second	Third	Fourth
All Returns					
1997	562,746	422,308	54,597	60,446	25,395
1996	556,374	419,302	53,331	58,794	24,947
% Change	1.1%	0.7%	2.4%	2.8%	1.8%
Form N-11					
1997	409,795	303,095	42,688	44,471	19,541
1996	386,237	287,542	39,840	40,539	18,316
% Change	6.1%	5.4%	7.1%	9.7%	6.7%
Form N-12					
1997	23,918	17,460	2,278	2,936	1,244
1996	44,838	33,634	4,178	5,099	1,927
% Change	-46.7%	-48.1%	-45.5%	-42.4%	-35.4%
Form N-13					
1997	80,850	59,299	7,070	10,772	3,709
1996	92,892	68,293	8,092	12,228	4,279
% Change	-13.0%	-13.2%	-12.6%	-11.9%	-13.3%
Form N-15					
1997	48,183	42,454	2,561	2,267	901
1996	32,407	29,833	1,221	928	425
% Change	48.7%	42.3%	109.7%	144.3%	112.0%

The second major factor behind the shifts between return types was increasing acceptance of the simplified N-11 return, which was in its third year of appearance. Statewide, use of the N-11 return increased by 23,558 or 6.1%. A portion of this increase came at the expense of the N-13 short-form return, which declined in numbers by 12,042 or 13.0%. Another portion of the N-11 increase came from resident taxpayers who formerly used the N-12 return.

Individual Income - 1997

Figure 4 shows the distribution of resident and nonresident returns by filing status. The most common filing status among residents was status single, while joint returns were most common among nonresidents. A nonresident who is married to a resident is required to pay tax on all sources of income if they file a joint return. If that same nonresident files separately from his or her spouse, then tax liability is based on the ratio of Hawaii AGI to worldwide AGI. This was the likely reason for the relatively high proportion of returns in the “married filing separate” category among nonresidents.

Figure 4
Number of Returns by Status of Taxpayer

Status	Residents		Nonresidents		All Returns	
	No. of Returns	% of Total	No. of Return	% of Total	No. of Returns	% of Total
Joint	200,848	39.0%	19,859	41.2%	220,707	39.2%
Single.....	254,137	49.4%	17,716	36.8%	271,853	48.3%
Married Filing Separate	10,430	2.0%	8,524	17.7%	18,954	3.4%
Head of Household.....	48,829	9.5%	2,079	4.3%	50,908	9.0%
Qualified Widow(er).....	319	0.1%	5	0.0%	324	0.1%
TOTAL	514,563	100.0%	48,183	100.0%	562,746	100.0%

RESIDENT RETURN STATISTICS

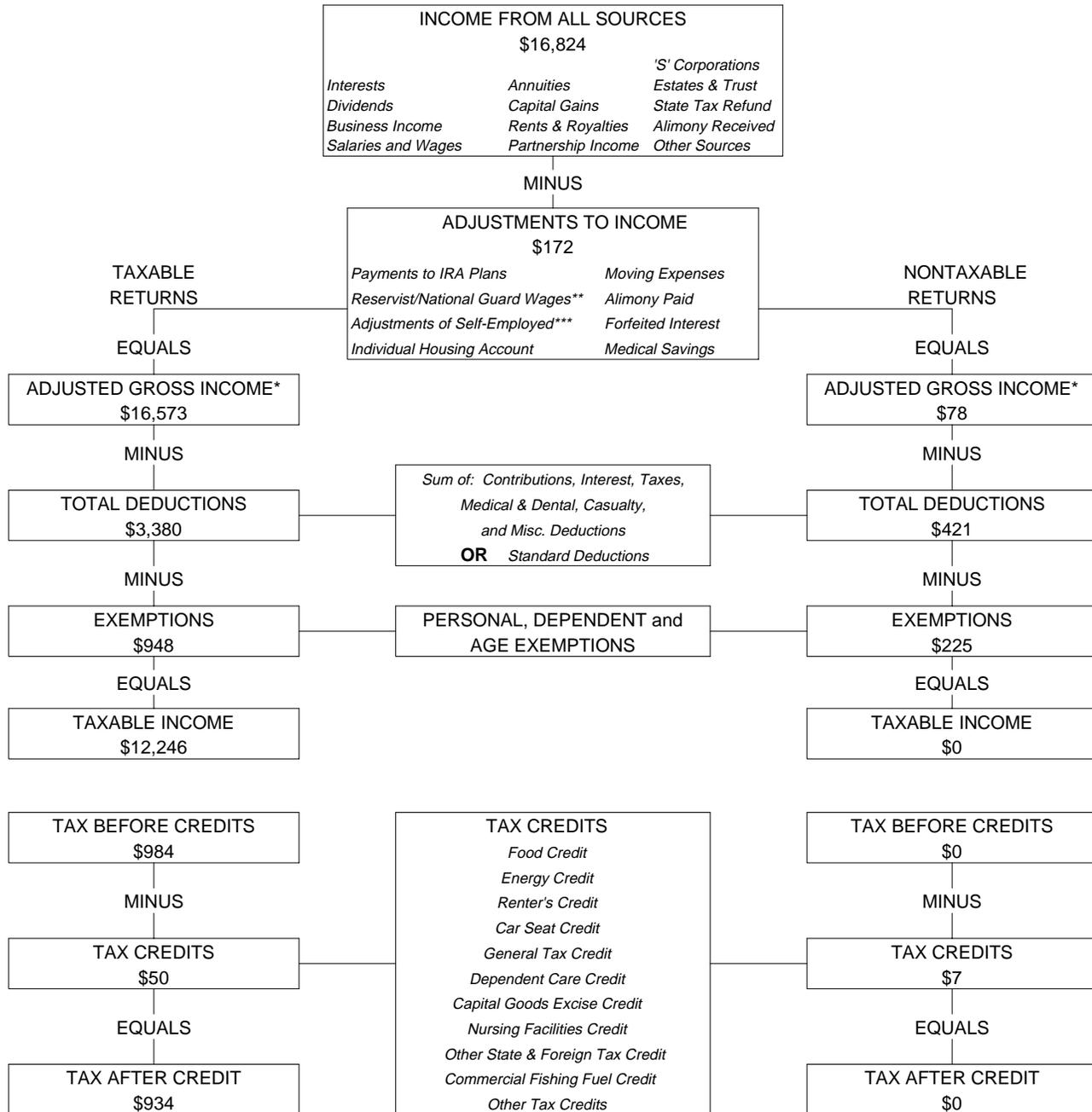
Chart 1 shows the major components of resident returns for the 1997 tax year.

Resident Income and Adjustments

For federal purposes, Hawaii residents had total reportable income of \$18.6 billion. Appendix Table 4 shows the distribution of this amount by source. Use of federal amounts for income sources was necessary because there is no detailed information on income sources on the simplified Hawaii Form N-11 used by most residents. Salaries and wages was the largest income category at \$13.3 billion, accounting for 72% of federal total income. The next largest income category was pensions and annuities at \$1.6 billion, representing 9% of federal total income.

To arrive at total reportable income for Hawaii purposes, one must add items taxed by Hawaii and not by the federal government such as COLA for federal employees, employee

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



* Includes losses.

** Exclusion of first \$1,750 of duty pay.

*** Includes Keogh/SEP, self-employment tax, and health insurance deductions.

Individual Income - 1997

retirement contributions of state and county employees, and interest from municipal bonds issued by states other than Hawaii. These items totaled \$319.3 million. Then one must subtract items taxed by the federal government and not by Hawaii such as social security benefits, most pensions, and interest on federal bonds. These items totaled \$2,078.6 million. The result is total reportable Hawaii income for 1997 of \$16.8 billion, which is the amount shown in the topmost box in Chart 1. This amount was 5.5% more than the previous year's total reportable Hawaii income of \$15.9 billion.

A taxpayer may claim certain adjustments to be deducted from total income to obtain adjusted gross income. Allowable adjustments on both the federal and the Hawaii return include contributions made to a deductible Individual Retirement Arrangement (IRA), 50% of self-employment tax, 40% of self-employed health insurance, contributions to a Keogh retirement plan or self-employed plan (SEP), the interest penalty on early withdrawal of savings, alimony paid, and contributions to a medical savings account. 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.

Figure 5
Adjustments to Income on Resident Returns

Type of Adjustment	Number of Returns	Amount
Individual Retirement Account Contributions.....	20,854	\$ 41,002,814
Moving Expenses.....	2,027	5,648,107
One-half of Self-Employment Tax.....	48,290	49,298,720
Self-Employment Health Insurance Deduction.....	12,096	12,455,475
Keogh and SEP Retirement Plans.....	5,048	34,890,547
Alimony Paid.....	1,710	16,819,226
Penalty for Early Withdrawal of Savings.....	3,414	654,000
Medical Savings Account Contributions.....	11	16,500
Individual Housing Account Contributions.....	169	339,349
Hawaii National Guard/Military Reserve Pay.....	6,233	10,496,924
Unknown Adjustments.....	1,214	707,619
Total Adjustments.....	77,637	\$ 172,329,281

Individual Income - 1997

Figure 5 shows the distribution of adjustments claimed by Hawaii residents for 1997. There is an “unknown” category because details of adjustments could not be retrieved if a taxpayer filed a simplified N-11 Hawaii return and there was no matching federal return to supply the missing information. Total adjustments increased 22% from \$140.8 million in 1996 to \$172.3 million in 1997. Deductible IRA contributions increased slightly from \$40.9 million to \$41.0 million. Contributions by the self-employed and business partners to Keogh and SEP retirement plans rose from \$22.4 million to \$34.9 million.

After subtraction of adjustments, Hawaii residents were left with \$16.7 billion in adjusted gross income. This represented an increase of 4.3% when compared with the previous year. As shown in Figure 6, median AGI for all resident returns rose to \$20,866 from \$19,834 the previous year. For taxable resident returns, median AGI increased to \$26,475 from \$25,393. Lower median AGI on the county of Hawaii may reflect the rural nature of much of that county.

Figure 6
Median Adjusted Gross Income on Resident Returns
by Status, Taxation District and Year

Taxation District	All Returns		Joint		All Others**	
	1997	1996	1997	1996	1997	1996
All Resident Returns*						
Oahu	\$ 21,518	\$ 20,822	\$ 43,953	\$ 41,634	\$ 14,067	\$ 13,768
Maui	22,194	19,876	40,891	39,062	16,199	14,966
Hawaii	15,394	14,834	32,285	27,953	10,042	10,296
Kauai	20,356	17,753	34,557	30,914	11,870	11,180
STATE	\$ 20,866	\$ 19,834	\$ 41,750	\$ 39,079	\$ 13,671	\$ 13,217
Taxable Resident Returns						
Oahu	\$ 27,259	\$ 26,078	\$ 51,281	\$ 50,023	\$ 18,815	\$ 18,595
Maui	25,805	24,788	45,628	45,507	19,069	18,375
Hawaii	22,810	20,891	42,479	38,567	15,278	14,848
Kauai	25,492	23,877	41,548	40,297	18,083	18,033
STATE	\$ 26,475	\$ 25,393	\$ 48,865	\$ 47,505	\$ 18,475	\$ 18,294

*Includes returns with AGI losses.

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

Individual Income - 1997

Resident Deductions and Personal Exemptions

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 more than \$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.

Hawaii residents were almost equally divided in their use of standard versus itemized deductions. Returns taking the standard deduction numbered 247,817, or 48% of resident returns, and claimed \$382.1 million in deductions. The other 52% of resident returns claimed itemized deductions totaling \$3,477.3 million. Of this amount, \$58.1 million was unallowable because of the limitation of itemized deductions for higher-income returns. As a result, total allowable itemized deductions amounted to \$3,419.2 million.

Individual Income - 1997

Most commonly claimed among itemized deductions was the deduction for taxes paid since nearly all residents who itemized had state income taxes to report. A deduction for taxes appeared on 98% of returns that itemized deductions and averaged \$4,247. Second most common was the deduction for charitable contributions, which was claimed on 84% of itemized returns and averaged \$1,596 among returns with that particular deduction. Third in terms of number of returns was the deduction for interest expenses, which appeared on 56% of returns with itemized deductions. In terms of dollar volume, interest expenses ranked first with \$1.64 billion for an average of \$10,910 per return. The mortgage interest deduction accounted for \$1.56 billion of the total and explains the high average amount per return.

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 35% of itemized returns. Medical deductions, all of which are subject to the 7.5% of AGI rule, were claimed by 21% of itemizers. Only 0.5% of itemizers claimed the deduction for casualty and theft losses, which had to meet the 10% of AGI rule.

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.

For 1997, residents claimed \$1,173.8 million in personal exemptions, down 1.2% from the amount claimed the previous year. Resident exemptions numbered 1,100,130, of which 126,723 or 11.5% were for age. Exemptions for dependents numbered 294,658 and accounted for 27% of total resident exemptions. Exemptions for the taxpayer or spouse numbered 678,749, which was 62% of the total.

Resident Taxable Income and Tax Liability

Taxable income is the amount remaining after subtracting deductions and personal exemptions from adjusted gross income. There was taxable income on 82% of resident returns. Resident taxable income increased to \$12.2 billion for 1997 from \$11.5 billion for 1996.

In most instances, gross tax liability is based directly on taxable income. For some taxpayers, additional tax is levied due to special circumstances. The most common

Individual Income - 1997

sources of 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. For 1997, Hawaii residents reported gross tax liability of \$984 million, compared to \$917 million for 1996. Net tax liability is the amount that the taxpayer actually pays. It represents gross tax liability reduced by tax credits, including the credit for taxes paid to other states and foreign countries. For 1997, tax credits of \$57 million reduced resident net tax liability to \$927 million.

NONRESIDENT RETURN STATISTICS

Tax year 1997 saw a sharp 49% increase in taxpayers using the N-15 nonresident return, which jumped in number from 32,407 to 48,183. Much of this increase was due to the new requirement that part-year residents use the N-15 return. Formerly, part-year residents used the N-12 resident return.

Figure 7
Sources of Income Reported
by Nonresident Taxpayers in 1997 and 1996
(In Thousands of Dollars)

Sources of Income	1997	1996	Increase (Decrease)
TOTAL.....	\$ 542,375	\$ 275,583	\$ 266,792
Salaries and Wages.....	\$ 481,027	\$ 231,095	\$ 249,932
Interest.....	18,318	8,617	9,701
Ordinary Dividends.....	6,595	955	5,640
Capital Assets/Other Property.....	132,280	77,251	55,029
Rents, Royalties, Partnerships, S Corp., Estates and Trusts.....	4,033	25,248	(21,215)
All other Sources.....	(99,878)	(67,583)	(32,295)

Individual Income - 1997

Nonresident Income and Adjustments

Nonresidents and part-year residents must report income amounts and adjustment amounts by category on a worldwide basis and also as amounts from Hawaii sources. Since this report is concerned with Hawaii income, the income detail shown in Table 4 of the Appendix represents Hawaii income amounts. Total income from Hawaii sources amounted to \$542 million, up from \$276 million the year before. Inclusion of part-year residents with nonresidents may explain part of this increase as well as part of the other large increases shown in Figure 7.

Total Hawaii adjustments to income rose from \$7.3 million to \$15.8 million. After subtraction of adjustments from total income, Hawaii AGI for 1997 was \$527 million. Hawaii AGI of nonresidents was 5.4% of their worldwide AGI of \$9.7 billion.

Nonresident Deductions and Exemptions

Prior to 1997, nonresidents reported only itemized deductions attributable to Hawaii on their N-15 tax return. Act 281 of the 1997 legislature required that nonresidents compute preliminary tax liability as if they were residents. As a result, the 1997 N-15 return required taxpayers to report the worldwide amounts for itemized deductions instead of the Hawaii

Figure 8
Standard Deductions and Worldwide Itemized Deductions
of Nonresidents and Part-Year Residents

Type of Deduction	No. of Returns	Amount
Total Itemized Deductions.....	17,728	\$ 690,448,514
Taxes.....	16,970	278,449,685
Charitable contributions.....	12,323	219,774,774
Interest paid.....	9,182	136,068,799
Medical and dental.....	2,391	12,294,514
Casualty and theft.....	174	5,393,082
Miscellaneous.....	5,461	38,467,660
Unallowed Itemized Deductions.....	4,725	\$ 94,351,294
Allowable Itemized Deductions.....	17,728	\$ 596,097,220
Standard Deductions.....	30,390	\$ 45,418,462

Individual Income - 1997

amounts. These worldwide amounts were understandably much higher than the Hawaii-only amounts reported in previous editions of this report. Figure 8 shows 1997 standard and itemized deductions of nonresidents.

Nonresidents reported \$100.2 million in personal exemptions, up 28% from \$78.3 million the previous year.

Nonresident Taxable Income and Tax Liability

After subtracting worldwide deductions and personal exemptions from worldwide AGI, nonresidents were left with \$8.9 billion in worldwide taxable income. Computation of taxes on this amount yielded \$639.9 million in worldwide tax liability. After computing the ratio of Hawaii AGI to worldwide AGI, nonresidents applied this ratio to their worldwide taxable income to determine Hawaii tax liability, which was \$49.2 million for 1997. This amount was more than double 1996 Hawaii liability of \$20.7 million. One major reason for this increase was that the new method of tax liability calculation allowed nonresidents to effectively use only a portion of the standard deduction and personal exemption. For example, if Hawaii AGI was 5% of worldwide AGI, a nonresident taxpayer could effectively use only 5% of the personal exemption and 5% of the standard deduction. A second reason for higher 1997 tax liability was that calculating preliminary liability based on worldwide taxable income boosted some taxpayers into higher tax brackets.

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 93,029, or 18% of total resident returns. Elderly resident returns had total income reportable for state income tax purposes of \$1,844.0 million. Their total income reportable for federal income tax purposes was \$3,192.9 million. The difference between federal and state total income of \$1,348.9 million represented a 42% 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 \$410.4 million between federal total income of \$15,389.9 million and state total income of \$14,979.5 million. This difference represented only 2.7% 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

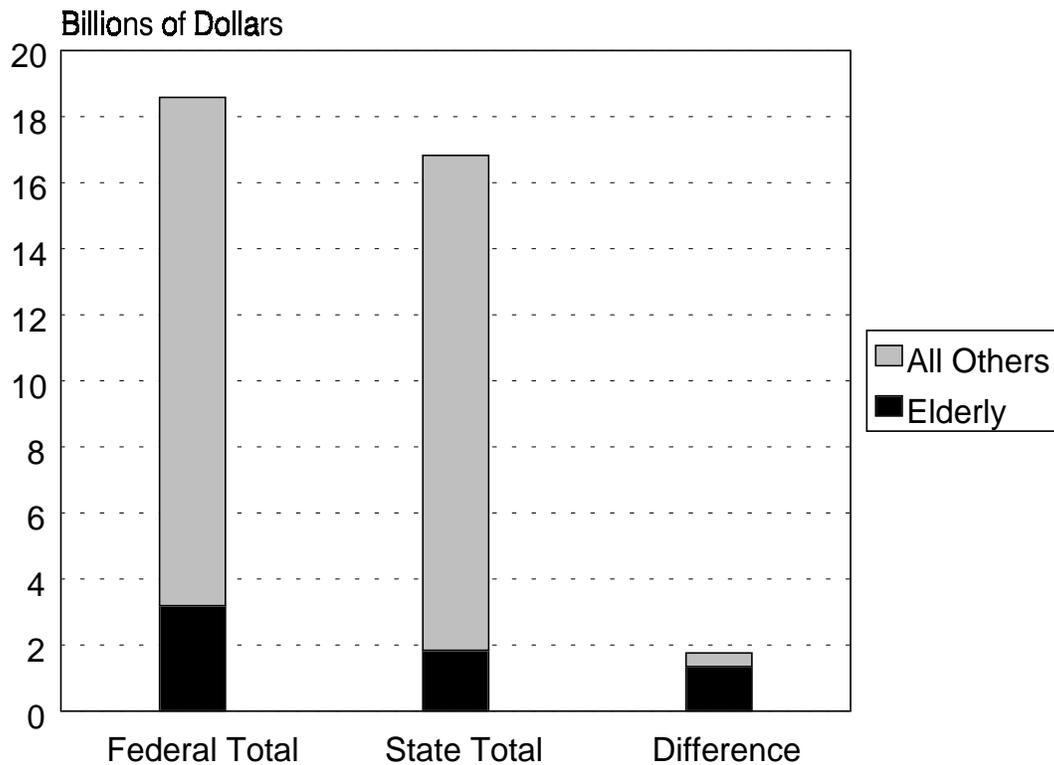


Figure 9 compares the distribution of federally-reportable income for the elderly and the non-elderly. The largest income source of the elderly was pensions and annuities, which represented 34% of federally-reportable income. As might be expected because of their age, the elderly had considerably more pension and annuity distributions, IRA distributions, and social security income than the non-elderly. However, the elderly also reported more dividends and interest income than the non-elderly, despite being outnumbered by more than four to one in terms of numbers of returns. Elderly returns showed positive income from rents and royalties, while non-elderly returns showed losses.

Individual Income - 1997

Figure 9
Sources of Income Reported by the Elderly and
All Other Residents - 1997
(In Thousands of Dollars)

Sources of Income	Elderly		All Others	
	Amount	% of Total	Amount	% of Total
FEDERAL TOTAL INCOME	\$ 3,192,912	100.0%	\$ 15,389,903	100.0%
Salaries and Wages.....	\$ 615,781	19.3%	\$ 12,717,060	82.6%
Taxable Dividends.....	193,398	6.1%	177,112	1.2%
Interest.....	335,637	10.5%	289,071	1.9%
Sole Proprietorships.....	66,897	2.1%	585,787	3.8%
Capital Assets and Other Property.....	299,926	9.4%	396,190	2.6%
Rents and Royalties.....	90,747	2.8%	(100,995)	-0.7%
Partnerships.....	30,213	0.9%	301,039	2.0%
Estates and Trusts.....	44,108	1.4%	45,791	0.3%
Pensions and Annuities.....	1,086,937	34.0%	555,237	3.6%
Taxable IRA Payouts.....	144,001	4.5%	74,693	0.5%
Taxable Social Security.....	280,538	8.8%	34,734	0.2%
All Other Sources.....	4,729	0.1%	314,184	2.0%

From Hawaii total income of \$1,844.0 million, elderly residents subtracted \$18.6 million in adjustments, resulting in Hawaii adjusted gross income of \$1,825.4 million. Forty-nine percent of returns reported standard deductions amounting to \$79.2 million. The other 59% showed itemized deductions totaling \$502.1 million. Exemptions on elderly returns amounted to \$302.2 million.

Among elderly returns, 52% reported taxable income. This compares with 89% on resident returns with no age exemptions. Total taxable income on elderly returns amounted to \$1,237 million, resulting in tax liability of \$95.5 million. Tax liability after credits amounted to \$85.7 million.

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.

Individual Income - 1997

BDD exemptions were claimed on 5,687 resident returns. These returns reported total income of \$242 million for federal tax purposes and \$174 million for state tax purposes. The difference of \$68 million represented 28% 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 \$54.8 million, or 23% of federal total income. This was second only to salaries and wages, which totaled \$65.8 million and represented 27% of federal total income. Other major income sources of BDD taxpayers were \$25.6 million in interest, \$15.9 million in dividends, \$28.1 million in capital gains, and \$20.2 million in federally-taxable social security benefits.

BDD taxpayers reported taxable income of \$88.9 million and tax liability of \$6.6 million before credits. Tax liability after credits totaled \$5.9 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.

For 1997, resident dependents filed 36,728 returns. They had total reportable income of \$157 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 \$160 million. Wages was the major source of income at \$128 million, followed as a distant second by capital gains of \$11.4 million. Interest and dividends each contributed \$7.8 million. Taxable income amounted to \$113 million, resulting in tax liability of \$5.9 million.

STATISTICAL

TABLES

TABLE 1
PERCENT DISTRIBUTION OF SELECTED DATA ON ALL RESIDENT RETURNS BY ADJUSTED GROSS INCOME CLASS - 1997

ADJUSTED GROSS INCOME CLASS	Number of Returns		Adjusted Gross Income		Taxable Income		Tax Liability	
	Number	%	Amount	%	Amount	%	Amount	%
TAXABLE RESIDENT RETURNS								
Under \$ 5,000	32,719	7.7%	\$ 100,487,814	0.6%	\$ 42,648,410	0.3%	\$ 1,182,609	0.1%
\$ 5,000 " 10,000	46,902	11.1%	348,987,254	2.1%	197,393,453	1.6%	8,928,902	0.9%
10,000 " 20,000	81,337	19.2%	1,212,191,328	7.3%	844,426,063	6.9%	51,938,104	5.3%
20,000 " 30,000	74,386	17.6%	1,842,478,641	11.1%	1,377,064,415	11.2%	98,982,076	10.1%
30,000 " 40,000	48,051	11.4%	1,669,068,866	10.1%	1,238,796,739	10.1%	94,769,164	9.6%
40,000 " 50,000	36,303	8.6%	1,627,054,004	9.8%	1,187,889,589	9.7%	93,006,480	9.5%
50,000 " 75,000	55,766	13.2%	3,398,296,172	20.5%	2,443,660,657	20.0%	198,449,289	20.2%
75,000 " 100,000	25,199	6.0%	2,165,114,562	13.1%	1,572,113,624	12.8%	134,071,642	13.6%
100,000 " 150,000	14,675	3.5%	1,727,291,933	10.4%	1,303,259,450	10.6%	115,617,506	11.8%
150,000 " 200,000	3,474	0.8%	590,570,829	3.6%	464,617,228	3.8%	42,200,263	4.3%
200,000 and over	4,295	1.0%	1,892,124,989	11.4%	1,573,850,791	12.9%	144,531,228	14.7%
TOTAL - TAXABLE RETURNS	423,107	100.0%	\$ 16,573,666,392	100.0%	\$ 12,245,720,419	100.0%	\$ 983,677,263	100.0%
NONTAXABLE RESIDENT RETURNS								
Loss	6,021	6.6%	\$ (189,655,264)					
\$ 0 under \$ 5,000	71,500	78.2%	81,480,085		NOT APPLICABLE			
5,000 " 10,000	7,738	8.5%	54,497,204					
10,000 and over	6,197	6.8%	131,193,726					
TOTAL - NONTAXABLE RETURNS	91,456	100.0%	\$ 77,515,751¹					
ALL RESIDENT RETURNS	514,563		\$ 16,651,182,143¹		\$ 12,245,720,419		\$ 983,677,263	

¹ Includes returns with negative AGI. Previous editions of this report excluded negative AGI.

TABLE 2
SELECTED DATA ON ALL RETURNS FILED, BY TYPE OF RETURN FILED AND BY ADJUSTED GROSS INCOME CLASS - 1997

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	31,603	248	868	\$ 95,704,331	\$ 1,091,183	\$ 3,692,300
\$ 5,000 " 10,000	35,616	6,784	4,502	261,128,416	53,058,854	34,799,984
10,000 " 20,000	50,294	19,219	11,824	742,656,688	290,482,729	179,051,911
20,000 " 30,000	41,511	20,882	11,993	1,024,651,702	521,491,237	296,335,702
30,000 " 40,000	22,818	19,511	5,722	785,920,738	683,473,029	199,675,099
40,000 " 50,000	12,325	20,730	3,248	548,220,623	933,008,809	145,824,572
50,000 " 75,000	11,269	41,528	2,969	669,144,590	2,553,564,741	175,586,841
75,000 " 100,000	2,505	22,254	440	212,469,886	1,915,830,037	36,814,639
100,000 " 150,000	1,507	12,935	233	179,293,063	1,520,089,154	27,909,716
150,000 " 200,000	381	3,002	91	64,202,724	510,791,259	15,576,846
200,000 and over	569	3,590	136	278,257,790	1,563,367,550	50,499,649
TOTAL - TAXABLE RETURNS	210,398	170,683	42,026	\$ 4,861,650,551	\$ 10,546,248,582	\$ 1,165,767,259
NONTAXABLE RESIDENT RETURNS						
Loss	3,238	2,425	358	\$ (60,686,822)	\$ (120,164,342)	\$ (8,804,100)
\$ 0 under \$ 5,000	47,914	17,969	5,617	40,952,571	31,721,665	8,805,849
5,000 " 10,000	1,693	5,421	624	11,930,601	38,189,668	4,376,935
10,000 and over	1,324	4,350	523	35,762,367	85,894,550	9,536,809
TOTAL - NONTAXABLE RETURNS	54,169	30,165	7,122	\$ 27,958,717³	\$ 35,641,541³	\$ 13,915,493³
ALL RESIDENT RETURNS	264,567	200,848	49,148	\$ 4,889,609,268³	\$ 10,581,890,123³	\$ 1,179,682,752³
ALL NONRESIDENT RETURNS	26,240	19,859	2,084	\$ 212,181,462³	\$ 283,663,003³	\$ 30,762,883³
TOTAL - ALL RETURNS	290,807	220,707	51,232	\$ 5,101,790,730³	\$ 10,865,553,126³	\$ 1,210,445,635³

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 - 1997

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	\$ 41,757,776	\$ 184,543	\$ 706,091	\$ 1,164,525	\$ 4,222	\$ 13,862
\$ 5,000 " 10,000	167,553,009	14,813,225	15,027,219	8,072,076	344,001	512,825
10,000 " 20,000	575,713,350	148,940,991	119,771,722	38,535,535	6,618,740	6,783,829
20,000 " 30,000	835,997,526	324,824,990	216,241,899	64,786,042	19,366,272	14,829,762
30,000 " 40,000	644,530,463	447,649,698	146,616,578	53,727,909	29,985,171	11,056,084
40,000 " 50,000	436,185,190	644,215,368	107,489,031	37,670,286	46,767,123	8,569,071
50,000 " 75,000	518,437,635	1,797,228,099	127,994,923	46,143,491	141,611,085	10,694,713
75,000 " 100,000	168,586,551	1,376,399,881	27,127,192	15,334,812	116,367,035	2,369,795
100,000 " 150,000	141,197,960	1,140,566,850	21,494,640	12,868,788	100,841,514	1,907,204
150,000 " 200,000	52,429,033	399,032,429	12,855,766	4,734,402	36,292,558	1,173,303
200,000 and over	235,407,231	1,296,229,936	42,213,624	21,448,108	119,101,343	3,981,777
TOTAL - TAXABLE RETURNS	\$ 3,817,795,724	\$ 7,590,086,010	\$ 837,538,685	\$ 304,485,974	\$ 617,299,064	\$ 61,892,225
NONTAXABLE RESIDENT RETURNS						
Loss						
\$ 0 under \$ 5,000	NOT APPLICABLE			NOT APPLICABLE		
5,000 " 10,000	NOT APPLICABLE			NOT APPLICABLE		
10,000 and over	NOT APPLICABLE			NOT APPLICABLE		
TOTAL - NONTAXABLE RETURNS						
ALL RESIDENT RETURNS	\$ 3,817,795,724	\$ 7,590,086,010	\$ 837,538,685	\$ 304,485,974	\$ 617,299,064	\$ 61,892,225
ALL NONRESIDENT RETURNS	HAWAII TAXABLE INCOME NOT ON N-15 RETURN			\$ 19,423,762	\$ 28,164,058	\$ 1,578,389
TOTAL - ALL RETURNS	NOT MEANINGFUL			\$ 323,909,736	\$ 645,463,122	\$ 63,470,614

¹ Includes married filing separately.

² Includes heads of household and qualifying surviving spouses.

³ Includes returns with negative AGI. Previous editions of this report excluded returns with negative AGI.

TABLE 3
SELECTED DATA ON NONRESIDENT RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1997

ADJUSTED GROSS INCOME CLASS	Number of Returns	Hawaii Adjusted Gross Income	Worldwide Adjusted Gross Income	No. of Exemptions		Worldwide Taxable Income	Hawaii Tax Liability
				Regular	Age		
TAXABLE NONRESIDENT RETURNS							
Under \$ 5,000	10,170	\$ 25,399,343	\$ 574,195,913	15,492	980	\$ 498,940,023	\$ 1,455,873
\$ 5,000 " 10,000	7,902	57,480,478	318,631,385	13,831	541	263,364,057	2,726,619
10,000 " 20,000	7,866	112,927,229	565,530,560	14,849	506	492,962,196	6,574,876
20,000 " 30,000	3,904	95,628,147	381,954,886	9,016	227	308,281,862	6,120,744
30,000 " 40,000	1,781	61,138,429	162,258,655	4,153	225	139,793,326	4,116,303
40,000 " 50,000	956	42,653,138	119,468,122	2,340	54	100,529,153	2,956,333
50,000 " 75,000	1,364	81,979,419	240,679,438	3,446	234	204,872,176	5,745,530
75,000 " 100,000	487	41,957,557	242,804,237	1,287	81	205,607,362	2,983,921
100,000 " 150,000	382	46,225,980	179,466,999	900	80	164,416,436	3,582,479
150,000 " 200,000	144	24,411,543	183,353,907	356	46	169,590,490	1,951,446
200,000 and over	220	133,795,238	3,106,791,762	477	91	2,998,169,644	10,952,085
TOTAL - TAXABLE RETURNS	35,176	\$ 723,596,501	\$ 6,075,135,864	66,147	3,065	\$ 5,546,526,725	\$ 49,166,209
NONTAXABLE NONRESIDENT RETURNS							
Loss	5,738	\$ (221,325,481)	884,228,796	11,736	1,603	764,607,489	
\$ 0 under \$ 5,000	6,704	4,423,337	1,262,145,621	10,290	1,256	1,180,661,182	NOT
5,000 " 10,000	155	1,065,254	136,467,923	344	43	123,998,446	APPLICABLE
10,000 and over	410	18,847,737	1,342,945,128	986	167	1,261,885,869	
TOTAL - NONTAXABLE RETURNS	13,007	\$ (196,989,153)¹	\$ 3,625,787,468	23,356	3,069	\$ 3,331,152,986	
ALL NONRESIDENT RETURNS	48,183	\$ 526,607,348¹	\$ 9,700,923,332	89,503	6,134	\$ 8,877,679,711	\$ 49,166,209

¹ Includes returns with negative AGI. Previous editions of this report excluded negative AGI.

TABLE 4
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1997

ADJUSTED GROSS INCOME CLASS	SALARIES AND WAGES		DIVIDENDS		INTEREST	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	24,833	\$ 76,453,829	7,150	\$ 4,740,600	17,447	\$ 9,777,173
\$ 5,000 " 10,000	35,376	244,592,201	8,047	11,317,005	24,155	40,475,610
10,000 " 20,000	69,718	985,069,391	12,906	26,015,593	45,539	77,398,439
20,000 " 30,000	68,836	1,621,476,260	13,764	26,835,094	50,028	63,709,859
30,000 " 40,000	45,379	1,468,826,046	11,703	24,170,596	37,226	52,489,015
40,000 " 50,000	34,634	1,428,085,635	9,988	19,929,327	30,679	37,082,835
50,000 " 75,000	53,491	2,972,560,611	19,834	48,759,032	50,269	73,962,036
75,000 " 100,000	24,135	1,859,632,084	11,949	32,700,893	23,918	44,059,517
100,000 " 150,000	13,519	1,335,200,138	9,515	42,680,745	14,252	40,029,556
150,000 " 200,000	3,036	378,223,024	2,609	18,423,823	3,405	19,242,748
200,000 and over	3,548	795,476,169	3,500	88,269,073	4,207	84,919,829
TOTAL - TAXABLE RETURNS	376,505	\$ 13,165,595,388	110,965	\$ 343,841,781	301,125	\$ 543,146,617
<u>NONTAXABLE RESIDENT RETURNS</u>						
Loss	1,712	\$ 29,434,780	2,115	\$ 4,630,223	4,975	\$ 13,839,417
\$ 0 under \$ 5,000	19,438	41,444,434	8,304	6,733,660	35,699	35,070,929
5,000 " 10,000	2,934	19,444,003	2,920	5,271,191	6,840	16,449,795
10,000 and over	3,632	76,922,113	2,334	10,032,827	5,522	16,200,935
TOTAL - NONTAXABLE RETURNS	27,716	\$ 167,245,330	15,673	\$ 26,667,901	53,036	\$ 81,561,076
ALL RESIDENT RETURNS	404,221	\$ 13,332,840,718	126,638	\$ 370,509,682	354,161	\$ 624,707,693
ALL NONRESIDENT RETURNS	30,035	\$ 481,026,856	3,392	\$ 6,595,019	12,655	\$ 18,318,462
TOTAL - ALL RETURNS	434,256	\$ 13,813,867,574	130,030	\$ 377,104,701	366,816	\$ 643,026,155

TABLE 4 (continued)
 SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1997

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	
TAXABLE RESIDENT RETURNS									
Under \$ 5,000	1,286	\$ 4,306,765	126	\$ 385,950	4,990	\$ 6,313,112	254	\$ 376,088	
\$ 5,000 "	4,491	26,342,476	503	1,983,700	4,825	9,453,474	946	1,739,830	
10,000 "	6,688	58,285,036	2,187	16,007,087	8,420	25,777,185	1,533	3,120,877	
20,000 "	6,219	61,347,951	3,000	9,943,635	8,665	35,490,046	1,491	4,282,528	
30,000 "	5,146	45,949,052	2,373	10,826,691	7,384	31,337,868	1,537	2,962,501	
40,000 "	3,898	53,901,864	2,333	8,005,671	6,341	32,681,800	1,456	2,830,055	
50,000 "	7,454	105,256,493	3,977	13,939,291	12,759	69,754,111	2,554	5,507,311	
75,000 "	3,625	77,428,537	1,937	7,648,600	8,053	54,350,027	1,553	5,714,507	
100,000 "	2,606	80,872,726	1,051	4,377,667	6,685	92,647,892	1,309	4,478,204	
150,000 "	872	50,517,618	231	1,682,699	1,890	52,800,843	441	1,637,546	
200,000 and over	1,142	158,605,064	339	4,920,521	2,667	329,547,552	659	5,310,938	
TOTAL - TAXABLE RETURNS	43,427	\$ 722,813,582	18,057	\$ 79,721,512	72,679	\$ 740,153,910	13,733	\$ 37,960,385	
NONTAXABLE RESIDENT RETURNS									
Loss	866	\$ 8,288,346	2,057	\$ 24,294,655	888	\$ 10,510,770	1,717	\$ 24,547,624	
\$ 0 under \$ 5,000	3,951	9,155,813	835	3,000,928	3,628	3,327,728	1,496	2,851,087	
5,000 "	1,364	6,850,640	357	3,922,817	1,645	3,617,102	548	1,184,748	
10,000 and over	1,509	18,757,273	509	2,241,511	1,538	11,004,376	546	5,954,019	
TOTAL - NONTAXABLE RETURNS	7,690	\$ 43,052,072	3,758	\$ 33,459,911	7,699	\$ 28,459,976	4,307	\$ 34,537,478	
ALL RESIDENT RETURNS	51,117	\$ 765,865,654	21,815	\$ 113,181,423	80,378	\$ 768,613,886	18,040	\$ 72,497,863	
ALL NONRESIDENT RETURNS	1,558	\$ 15,137,380	1,159	\$ 8,866,325	3,888	\$ 135,167,975	1,192	\$ 2,888,108	
TOTAL - ALL RETURNS	52,675	\$ 781,003,034	22,974	\$ 122,047,748	84,266	\$ 903,781,861	19,232	\$ 75,385,971	

TABLE 4 (continued)
 SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1997

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	311	\$ 721,152	86	\$ 609,183	192	\$ 176,555	85	\$ 111,724	
\$ 5,000 " 10,000	1,499	5,668,104	523	2,736,707	378	1,464,637	317	779,278	
10,000 " 20,000	3,182	17,123,897	2,122	12,844,194	1,204	6,497,794	650	1,939,776	
20,000 " 30,000	3,134	20,991,897	3,288	21,483,827	1,142	8,879,061	760	3,400,123	
30,000 " 40,000	2,209	14,102,835	3,371	25,662,653	1,287	9,506,945	716	2,233,181	
40,000 " 50,000	1,942	15,866,783	3,012	23,605,963	886	10,928,561	551	2,291,296	
50,000 " 75,000	4,279	34,710,084	6,209	49,501,968	2,141	24,657,384	1,227	5,435,927	
75,000 " 100,000	2,141	18,866,499	3,821	26,614,696	1,369	22,345,482	1,047	5,361,814	
100,000 " 150,000	2,278	28,093,280	2,738	18,214,411	1,868	54,682,134	952	4,719,503	
150,000 " 200,000	626	14,558,307	430	4,343,918	866	42,877,462	277	2,151,641	
200,000 and over	1,113	48,041,655	581	11,296,409	1,456	242,100,822	611	27,282,776	
TOTAL - TAXABLE RETURNS	22,714	\$ 218,744,493	26,181	\$ 196,913,929	12,789	\$ 424,116,837	7,193	\$ 55,707,039	
NONTAXABLE RESIDENT RETURNS									
Loss	380	\$ 3,606,425	2,225	\$ 30,213,465	293	\$ 2,506,342	757	\$ 40,766,206	
\$ 0 under \$ 5,000	1,492	3,352,994	1,308	8,749,821	378	371,473	422	1,882,264	
5,000 " 10,000	1,135	4,871,757	507	3,412,781	253	522,005	234	1,016,380	
10,000 and over	963	10,116,456	963	11,650,525	297	6,584,330	326	3,476,896	
TOTAL - NONTAXABLE RETURNS	3,970	\$ 21,947,632	5,003	\$ 54,026,592	1,221	\$ 9,984,150	1,739	\$ 47,141,746	
ALL RESIDENT RETURNS	26,684	\$ 240,692,125	31,184	\$ 250,940,521	14,010	\$ 434,100,987	8,932	\$ 102,848,785	
ALL NONRESIDENT RETURNS	--	--¹	--	--¹	--	--¹	--	--¹	
TOTAL - ALL RETURNS	26,684	\$ 240,692,125	31,184	\$ 250,940,521	14,010	\$ 434,100,987	8,932	\$ 102,848,785	

See end of table for footnotes.

TABLE 4 (continued)
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1997

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
TAXABLE RESIDENT RETURNS								
Under \$ 5,000	105	\$ 113,400	896	\$ 1,748,555	1,446	\$ 12,601,117	267	\$ 585,414
\$ 5,000 "	190	385,283	3,108	8,122,558	8,070	114,718,989	2,968	10,132,721
10,000 "	233	707,940	7,662	24,411,055	13,982	226,789,380	5,344	26,989,910
20,000 "	253	438,999	5,743	21,890,582	11,527	172,387,287	4,277	29,069,990
30,000 "	189	399,804	4,077	17,243,930	7,381	113,963,572	2,732	19,108,854
40,000 "	254	1,108,705	3,980	15,057,315	5,603	80,373,602	2,144	18,661,273
50,000 "	616	5,087,220	5,530	19,633,941	9,412	146,829,187	2,877	28,619,267
75,000 "	340	3,722,560	1,650	5,559,793	3,858	59,725,531	1,294	17,059,565
100,000 "	439	6,353,018	492	1,997,762	2,714	56,940,142	850	13,646,534
150,000 "	146	2,099,187	39	172,566	739	18,359,008	232	4,436,375
200,000 and over	354	68,571,372	37	152,444	891	29,298,272	319	8,532,107
TOTAL - TAXABLE RETURNS	3,119	\$ 88,987,488	33,214	\$ 115,990,501	65,623	\$ 1,031,986,087	23,304	\$ 176,842,010
NONTAXABLE RESIDENT RETURNS								
Loss	76	\$ 88,933	143	\$ 536,711	2,364	\$ 54,507,866	550	\$ 6,703,877
\$ 0 under \$ 5,000	126	114,408	816	1,371,285	21,749	364,468,820	3,299	14,655,903
5,000 "	42	97,062	334	976,101	4,980	100,375,478	1,767	7,455,364
10,000 and over	108	611,013	294	837,108	3,256	90,835,950	1,052	13,036,614
TOTAL - NONTAXABLE RETURNS	352	\$ 911,416	1,587	\$ 3,721,205	32,349	\$ 610,188,114	6,668	\$ 41,851,758
ALL RESIDENT RETURNS	3,471	\$ 89,898,904	34,801	\$ 119,711,706	97,972	\$ 1,642,174,201	29,972	\$ 218,693,768
ALL NONRESIDENT RETURNS	--	-- ¹	2,310	\$ 9,561,654	713	\$ 4,073,521	--	-- ¹
TOTAL - ALL RETURNS	3,471	\$ 89,898,904	37,111	\$ 129,273,360	98,685	\$ 1,646,247,722	29,972	\$ 218,693,768

See end of table for footnotes.

TABLE 4 (continued)
 SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1997

ADJUSTED GROSS INCOME CLASS	STATE TAX REFUND INCOME		FEDERALLY-TAXABLE SOCIAL SECURITY		MISCELLANEOUS SOURCES ³				
	Number of Returns	Amount	Number of Returns	Amount	Gain		Loss		
					Number of Returns	Amount	Number of Returns	Amount	
TAXABLE RESIDENT RETURNS									
Under \$ 5,000	820	\$ 84,948	169	\$ 325,601	462	\$ 687,029	653	\$ 329,643	
\$ 5,000 " 10,000	2,738	771,752	2,808	12,485,691	1,843	4,493,178	1,582	657,700	
10,000 " 20,000	8,114	4,242,836	6,785	42,668,671	2,761	8,403,091	3,363	4,340,997	
20,000 " 30,000	15,243	11,595,795	7,717	49,833,904	3,011	7,430,390	2,853	2,938,433	
30,000 " 40,000	17,217	15,201,474	4,919	38,081,682	2,683	10,037,003	2,339	3,076,535	
40,000 " 50,000	18,899	18,913,211	3,023	29,558,972	2,684	7,906,823	1,354	746,235	
50,000 " 75,000	36,762	42,407,011	3,634	37,697,210	4,851	14,796,946	2,410	4,033,085	
75,000 " 100,000	19,786	25,873,581	1,423	17,178,950	3,018	10,912,833	1,302	2,329,334	
100,000 " 150,000	11,134	18,597,762	1,106	13,778,425	2,030	12,224,756	937	1,713,342	
150,000 " 200,000	2,428	5,192,167	432	5,877,208	722	7,819,974	277	1,920,449	
200,000 and over	2,939	15,115,876	639	9,087,444	1,045	42,142,759	356	9,808,606	
TOTAL - TAXABLE RETURNS	136,080	\$ 157,996,413	32,655	\$ 256,573,758	25,110	\$ 126,854,782	17,426	\$ 31,894,359	
<u>NONTAXABLE RESIDENT RETURNS</u>									
Loss	1,886	\$ 2,235,218	583	\$ 3,979,273	339	\$ 1,345,714	2,013	\$ 129,455,128	
\$ 0 under \$ 5,000	6,080	1,372,621	5,309	24,693,058	1,911	1,952,022	2,919	1,027,947	
5,000 " 10,000	2,779	1,034,662	2,295	13,361,543	803	2,563,569	1,089	1,627,801	
10,000 and over	3,721	4,494,909	2,187	16,664,714	771	3,029,420	862	952,490	
TOTAL - NONTAXABLE RETURNS	14,466	\$ 9,137,410	10,374	\$ 58,698,588	3,824	\$ 8,890,725	6,883	\$ 133,063,366	
ALL RESIDENT RETURNS	150,546	\$ 167,133,823	43,029	\$ 315,272,346	28,934	\$ 135,745,507	24,309	\$ 164,957,725	
ALL NONRESIDENT RETURNS	--	-- ¹	--	-- ¹	9,395	\$ 134,748,913	7,061	\$ 250,500,821	
TOTAL - ALL RETURNS	150,546	\$ 167,133,823	43,029	\$ 315,272,346	38,329	\$ 270,494,420	31,370	\$ 415,458,546	

See end of table for footnotes.

TABLE 4 (continued)
 SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1997

ADJUSTED GROSS INCOME CLASS	UNKNOWN SOURCES ⁴				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	2,116	\$ 363,997	737	\$ 1,726,308	32,719	\$ 115,460,351
\$ 5,000 " 10,000	4,636	1,720,850	1,014	2,627,873	46,902	481,619,441
10,000 " 20,000	8,498	14,230,677	2,550	7,435,313	81,337	1,498,922,651
20,000 " 30,000	9,634	6,663,353	2,703	8,888,145	74,386	2,087,103,777
30,000 " 40,000	6,664	7,316,403	1,540	4,977,488	48,051	1,817,996,030
40,000 " 50,000	4,906	5,946,713	1,501	8,343,626	36,303	1,730,180,573
50,000 " 75,000	7,941	15,892,949	2,116	15,950,279	55,766	3,546,255,621
75,000 " 100,000	3,510	15,222,983	1,148	8,431,171	25,199	2,208,538,713
100,000 " 150,000	2,373	20,531,881	639	12,489,496	14,675	1,772,284,128
150,000 " 200,000	667	11,582,569	191	3,750,480	3,474	616,696,146
200,000 and over	940	136,164,610	285	69,696,235	4,295	1,927,709,563
TOTAL - TAXABLE RETURNS	51,885	\$ 235,636,985	14,424	\$ 144,316,414	423,107	\$ 17,802,766,994
NONTAXABLE RESIDENT RETURNS						
Loss	623	\$ 5,973,997	707	\$ 24,369,129	6,021	\$ (125,458,315)
\$ 0 under \$ 5,000	4,929	3,071,776	1,518	9,606,537	71,500	484,038,340
5,000 " 10,000	1,409	1,068,640	403	1,841,550	7,738	170,952,835
10,000 and over	1,643	5,160,804	312	9,497,829	6,197	250,515,572
TOTAL - NONTAXABLE RETURNS	8,604	\$ 15,275,217	2,940	\$ 45,315,045	91,456	\$ 780,048,432
ALL RESIDENT RETURNS	60,489	\$ 250,912,202	17,364	\$ 189,631,459	514,563	\$ 18,582,815,426
ALL NONRESIDENT RETURNS	not applicable		not applicable		48,183	\$ 542,374,526
TOTAL - ALL RETURNS	60,489	\$ 250,912,202	17,364	\$ 189,631,459	562,746	\$ 19,125,189,952

See end of table for footnotes.

TABLE 4 (continued)
 SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1997

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	Number of Returns	Amount	Number of Returns	Amount
TAXABLE RESIDENT RETURNS								
Under \$ 5,000	695	\$ 593,562	3,130	\$ 13,873,418	32,719	\$ 102,180,495	2,143	\$ 1,692,681
\$ 5,000 " 10,000	2,403	1,223,887	8,576	128,234,751	46,902	354,608,577	5,734	5,621,323
10,000 " 20,000	7,592	7,101,373	16,617	278,253,484	81,337	1,227,770,540	10,632	15,579,212
20,000 " 30,000	13,260	14,570,986	20,509	239,367,774	74,386	1,862,306,989	11,760	19,828,348
30,000 " 40,000	11,740	18,238,298	17,422	151,625,545	48,051	1,684,608,783	9,237	15,539,917
40,000 " 50,000	8,663	24,487,734	17,227	113,504,068	36,303	1,641,164,239	6,822	14,110,235
50,000 " 75,000	13,867	63,133,012	32,871	186,569,737	55,766	3,422,818,896	10,627	24,522,724
75,000 " 100,000	7,577	53,596,751	17,139	80,207,484	25,199	2,181,927,980	5,239	16,813,418
100,000 " 150,000	4,868	47,625,522	10,501	76,549,895	14,675	1,743,359,755	3,676	16,067,822
150,000 " 200,000	1,005	10,841,666	2,464	27,585,473	3,474	599,952,339	1,354	9,381,510
200,000 and over	1,409	51,425,799	3,336	63,955,298	4,295	1,915,180,064	1,943	23,055,075
TOTAL - TAXABLE RETURNS	73,079	\$ 292,838,590	149,792	\$ 1,359,726,927	423,107	\$ 16,735,878,657	69,167	\$ 162,212,265
<u>NONTAXABLE RESIDENT RETURNS</u>								
Loss	910	\$ 19,152,905	3,130	\$ 80,470,143	6,021	\$ (186,775,553)	1,284	\$ 2,879,711
\$ 0 under \$ 5,000	2,320	1,408,609	22,039	401,220,488	71,500	84,226,461	4,078	2,746,376
5,000 " 10,000	1,346	1,077,887	5,324	116,143,095	7,738	55,887,627	1,513	1,390,423
10,000 and over	1,158	4,825,146	4,508	121,046,486	6,197	134,294,232	1,595	3,100,506
TOTAL - NONTAXABLE RETURNS	5,734	\$ 26,464,547	35,001	\$ 718,880,212	91,456	\$ 87,632,767	8,470	\$ 10,117,016
ALL RESIDENT RETURNS	78,813	\$ 319,303,137	184,793	\$ 2,078,607,139	514,563	\$ 16,823,511,424	77,637	\$ 172,329,281
ALL NONRESIDENT RETURNS	not meaningful		not meaningful		48,183	\$ 542,374,526	5,578	\$ 15,767,178
TOTAL - ALL RETURNS	78,813	\$ 319,303,137	184,793	\$ 2,078,607,139	562,746	\$ 17,365,885,950	83,215	\$ 188,096,459

32

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 Residents: federally-taxable sources, including alimony received. Nonresidents: Hawaii-taxable sources, including Schedule E.
 4 Items not on Hawaii return and federal return not available in IRS data set.
 5 Total income for nonresidents includes only amounts taxable by Hawaii.
 6 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 - 1997
(Resident Returns)

SOURCES OF INCOME	TAXATION DISTRICT							
	FIRST		SECOND		THIRD		FOURTH	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Salaries and Wages	298,259	\$ 10,323,361,860	42,846	\$ 1,299,901,574	43,927	\$ 1,169,887,715	19,189	\$ 539,689,569
Taxable Dividends	98,778	292,856,588	11,008	33,007,715	11,749	31,471,521	5,103	13,173,858
Interest	264,720	489,016,927	34,587	47,427,926	37,336	62,033,188	17,518	26,229,652
Business and Professions								
Net Profit	34,145	554,070,824	5,976	84,807,091	8,072	92,358,239	2,924	34,629,500
Net Loss	13,889	(64,040,033)	3,196	(25,349,606)	3,192	(15,794,458)	1,538	(7,997,326)
Sale of Capital Assets								
Net Gain	63,361	594,192,391	6,976	85,968,050	7,091	68,448,381	2,950	20,005,064
Net Loss	13,115	(53,415,633)	1,811	(7,875,368)	2,122	(7,791,890)	992	(3,414,972)
Rents and Royalties								
Net Profit	20,046	185,087,860	2,649	22,799,562	2,539	20,217,652	1,450	12,587,051
Net Loss	23,548	(192,144,602)	3,575	(29,689,346)	2,772	(19,465,115)	1,289	(9,641,458)
Partnerships and S-Corporations								
Net Profit	10,870	350,574,893	1,408	40,330,151	1,355	34,050,422	377	9,145,521
Net Loss	6,811	(81,412,234)	828	(8,891,573)	897	(8,862,269)	396	(3,682,709)
Estates and Trusts	2,731	59,494,187	309	11,140,971	289	6,012,091	142	13,251,655
Unemployment Compensation	21,477	77,146,369	4,769	14,085,672	5,630	18,002,331	2,925	10,477,334
Pensions and Annuities	76,608	1,365,368,185	7,855	86,550,824	9,271	140,317,058	4,238	49,938,134
Taxable IRA Distributions	23,138	168,163,612	2,572	22,013,422	2,817	18,431,723	1,445	10,085,011
State Tax Refund Income	115,477	131,888,629	14,157	15,484,749	14,423	13,641,103	6,489	6,119,342
Federally-Taxed Social Security	34,798	258,629,314	3,025	20,763,947	3,696	26,260,333	1,510	9,618,752
All Other Sources	90,572	52,883,346	10,815	(6,770,022)	12,246	(20,328)	5,533	(14,024,471)
Federal Total Income	379,854	\$ 14,511,722,483	52,036	\$ 1,705,705,739	58,179	\$ 1,649,197,697	24,494	\$ 716,189,507
Hawaii Additions	60,001	249,462,245	6,551	32,615,296	8,046	23,124,148	4,215	14,101,448
Hawaii Subtractions	142,828	1,719,764,973	15,872	112,283,975	18,066	176,626,338	8,027	69,931,853
Hawaii Total Income	379,854	\$ 13,041,419,755	52,036	\$ 1,626,037,060	58,179	\$ 1,495,695,507	24,494	\$ 660,359,102
Less Adjustments to Income	54,929	127,391,120	8,383	16,621,558	10,342	19,775,133	3,983	8,541,470
Adjusted Gross Income	379,854	\$ 12,914,028,635	52,036	\$ 1,609,415,502	58,179	\$ 1,475,920,374	24,494	\$ 651,817,632

1 Includes alimony received, other income, and unknown sources (detail unavailable on both state and federal returns).

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 BY ADJUSTED GROSS INCOME CLASS - 1997
 (Resident Returns)

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	314	\$ 66,390	--	\$ --	337	\$ 428,560	20	\$ 32,060
\$ 5,000 " 10,000	3,777	3,067,613	1,173	2,979,068	3,164	4,723,387	--	--
10,000 " 20,000	18,225	18,738,398	7,524	31,524,747	10,533	20,374,870	85	261,900
20,000 " 30,000	33,835	33,175,201	15,076	98,706,658	9,713	17,626,067	147	206,493
30,000 " 40,000	30,435	33,927,759	15,869	132,218,768	6,098	11,508,905	187	194,905
40,000 " 50,000	26,982	31,230,851	17,654	160,475,766	3,863	9,057,985	127	758,952
50,000 " 75,000	47,461	66,758,350	37,016	408,147,442	3,555	9,408,150	220	918,600
75,000 " 100,000	23,427	39,376,856	20,675	275,288,355	745	3,078,913	62	399,885
100,000 " 150,000	13,793	32,267,875	12,522	197,670,975	327	2,736,014	20	168,375
150,000 " 200,000	3,216	11,413,635	2,901	57,434,683	40	647,132	6	2,430
200,000 and over	3,990	61,264,307	3,563	108,841,244	49	1,719,775	--	--
TOTAL - TAXABLE RETURNS	205,455	\$ 331,287,235	133,973	\$ 1,473,287,706	38,424	\$ 81,309,758	874	\$ 2,943,600
<u>NONTAXABLE RESIDENT RETURNS</u>								
Loss	770	\$ 1,323,259	2,017	\$ 24,614,202	1,797	\$ 6,181,526	241	\$ 311,570
\$ 0 under \$ 5,000	7,392	7,903,503	5,467	32,552,758	7,175	20,269,066	42	223,524
5,000 " 10,000	4,801	5,467,079	3,754	26,158,480	3,977	14,409,905	21	76,650
10,000 and over	4,783	10,327,683	5,097	83,214,033	3,217	34,064,531	61	2,124,896
TOTAL - NONTAXABLE RETURNS	17,746	\$ 25,021,524	16,335	\$ 166,539,473	16,166	\$ 74,925,028	365	\$ 2,736,640
ALL RESIDENT RETURNS	223,201	\$ 356,308,759	150,308	\$ 1,639,827,179	54,590	\$ 156,234,786	1,239	\$ 5,680,240

TABLE 6 (continued)
 TYPES OF DEDUCTIONS BY ADJUSTED GROSS INCOME CLASS - 1997
 (Resident Returns)

ADJUSTED GROSS INCOME CLASS	TAXES		MISCELLANEOUS DEDUCTIONS		TOTAL ALLOWABLE ITEMIZED DEDUCTIONS	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	378	\$ 149,718	166	\$ 74,935	545	\$ 751,663
\$ 5,000 " 10,000	4,340	3,213,449	1,889	1,456,604	4,734	15,440,121
10,000 " 20,000	20,705	24,567,176	8,498	11,492,305	21,441	106,959,396
20,000 " 30,000	43,258	82,050,562	14,583	25,157,543	43,511	256,922,524
30,000 " 40,000	38,423	99,310,307	13,145	24,927,573	38,680	302,088,217
40,000 " 50,000	32,145	107,817,352	11,017	25,860,889	32,230	335,201,795
50,000 " 75,000	53,216	246,296,010	18,200	48,850,865	53,356	780,259,275
75,000 " 100,000	24,895	165,917,482	7,843	25,216,646	24,905	509,122,408
100,000 " 150,000	14,550	134,669,139	4,059	16,376,745	14,562	376,191,393
150,000 " 200,000	3,441	46,998,891	890	5,420,928	3,446	114,647,241
200,000 and over	4,269	161,678,615	1,197	13,415,247	4,269	304,221,158
TOTAL - TAXABLE RETURNS	239,620	\$ 1,072,668,701	81,487	\$ 198,250,280	241,679	\$ 3,101,805,191
NONTAXABLE RESIDENT RETURNS						
Loss	2,546	\$ 5,154,847	1,869	\$ 2,058,952	2,963	\$ 39,644,356
\$ 0 under \$ 5,000	7,755	6,285,269	5,256	2,404,882	9,573	69,639,002
5,000 " 10,000	5,323	5,688,971	2,842	2,028,709	5,767	53,829,794
10,000 and over	5,887	19,270,542	2,216	5,450,149	6,197	154,283,741
TOTAL - NONTAXABLE RETURNS	21,511	\$ 36,399,629	12,183	\$ 11,942,692	24,500	\$ 317,396,893
ALL RESIDENT RETURNS	261,131	\$ 1,109,068,330	93,670	\$ 210,192,972	266,179	\$ 3,419,202,084

TABLE 6 (continued)
 TYPES OF DEDUCTIONS BY ADJUSTED GROSS INCOME CLASS - 1997
 (Resident Returns)

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
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	31,908	\$ 41,392,061	32,453	\$ 42,143,724	--	\$ --
\$ 5,000 "	42,106	64,678,320	46,840	80,118,441	--	--
10,000 "	59,856	94,773,709	81,297	201,733,105	--	--
20,000 "	30,875	49,894,622	74,386	306,817,146	--	--
30,000 "	9,371	15,384,350	48,051	317,472,567	--	--
40,000 "	4,073	6,860,700	36,303	342,062,495	--	--
50,000 "	2,410	4,286,400	55,766	784,545,675	442	120,142
75,000 "	294	534,450	25,199	509,656,858	144	155,729
100,000 "	113	200,050	14,675	376,391,443	13,672	7,697,730
150,000 "	28	48,400	3,474	114,695,641	3,445	7,270,458
200,000 and over	26	47,400	4,295	304,268,558	4,267	42,698,030
TOTAL - TAXABLE RETURNS	181,060	\$ 278,100,462	422,739	\$ 3,379,905,653	21,970	\$ 57,942,089
NONTAXABLE RESIDENT RETURNS						
Loss	3,057	\$ 4,705,600	6,020	\$ 44,349,956	--	\$ --
\$ 0 under \$ 5,000	61,729	95,742,843	71,302	165,381,845	--	--
5,000 "	1,971	3,596,500	7,738	57,426,294	--	--
10,000 and over	--	--	6,197	154,283,741	38	168,093
TOTAL - NONTAXABLE RETURNS	66,757	\$ 104,044,943	91,257	\$ 421,441,836	38	\$ 168,093
ALL RESIDENT RETURNS	247,817	\$ 382,145,405	513,996	\$ 3,801,347,489	22,008	\$ 58,110,182

TABLE 7
 TYPES OF DEDUCTIONS CLAIMED IN EACH TAXATION DISTRICT BY NUMBER OF RETURNS AND DOLLAR AMOUNT REPORTED AND ALLOWED - 1997
 (Resident Returns)

TYPE OF DEDUCTION	TAXATION DISTRICT							
	FIRST		SECOND		THIRD		FOURTH	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Itemized Contributions	170,096	\$ 282,807,327	23,303	\$ 33,794,833	19,408	\$ 27,040,885	10,394	\$ 12,665,714
Interest	112,890	1,296,526,005	14,692	154,495,320	15,952	130,014,575	6,774	58,791,279
Medical and Dental	40,878	116,475,273	5,324	14,402,974	5,578	17,819,371	2,810	7,537,168
Casualty Loss	991	4,372,496	100	739,430	125	468,731	23	99,583
Taxes	196,940	874,519,339	27,335	101,143,807	24,783	92,725,972	12,073	40,679,212
Other Itemized Deductions	69,366	158,448,658	11,298	28,061,201	7,895	13,957,378	5,111	9,725,735
Total Itemized Deductions	200,781	\$ 2,733,149,098	27,775	\$ 332,637,565	25,400	\$ 282,026,912	12,223	\$ 129,498,691
Less: Unallowed Itemized Deductions	18,512	48,350,401	1,515	4,688,567	1,427	3,868,864	554	1,202,350
Net Allowed Itemized Deductions	200,781	\$ 2,684,798,697	27,775	\$ 327,948,998	25,400	\$ 278,158,048	12,223	\$ 128,296,341
Standard Deduction	178,589	274,152,127	24,237	37,727,605	32,720	51,195,265	12,271	19,070,408
Total Allowed Deductions	379,370	\$ 2,958,950,824	52,012	\$ 365,676,603	58,120	\$ 329,353,313	24,494	\$ 147,366,749

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 - 1997

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	826	889	12,437	15,072	\$ 15,695,680	23,772	\$ 3,451,306
\$ 5,000 " 10,000	6,547	11,059	38,511	68,433	71,475,360	34,652	12,490,307
10,000 " 20,000	20,928	36,272	78,838	154,126	166,032,160	68,979	58,651,749
20,000 " 30,000	22,713	41,500	74,137	148,259	158,597,080	68,499	105,731,872
30,000 " 40,000	17,525	32,818	47,988	106,397	112,799,560	45,274	98,756,266
40,000 " 50,000	16,171	30,784	36,303	91,519	97,101,920	34,508	97,260,339
50,000 " 75,000	30,563	59,377	55,766	161,569	170,089,840	53,282	204,321,945
75,000 " 100,000	15,637	29,670	25,189	79,349	83,344,080	24,043	131,360,042
100,000 " 150,000	8,603	15,895	14,669	45,324	47,641,040	13,436	97,350,775
150,000 " 200,000	1,974	3,716	3,469	10,895	11,557,960	3,025	28,193,272
200,000 and over	2,168	4,132	4,295	13,149	14,005,640	3,488	65,374,143
TOTAL - TAXABLE RETURNS	143,655	266,112	391,602	894,092	\$ 948,340,320	372,958	\$ 902,942,016
NONTAXABLE RESIDENT RETURNS							
Loss	1,008	1,647	5,802	12,953	\$ 13,930,360	1,453	\$ 1,497,173
\$ 0 under \$ 5,000	10,194	19,032	66,687	149,268	158,556,520	17,501	1,528,997
5,000 " 10,000	1,843	4,008	7,716	25,411	30,483,920	2,682	870,244
10,000 and over	2,024	3,859	6,197	18,406	22,499,800	3,536	3,859,643
TOTAL - NONTAXABLE RETURNS	15,069	28,546	86,402	206,038	\$ 225,470,600	25,172	\$ 7,756,057
ALL RESIDENT RETURNS	158,724	294,658	478,004	1,100,130	\$ 1,173,810,920	398,130	\$ 910,698,073
ALL NONRESIDENT RETURNS	13,143	23,171	46,483	95,727	\$ 100,209,440	30,346	\$ 32,599,651
TOTAL - ALL RETURNS	171,867	317,829	524,487	1,195,857	\$ 1,274,020,360	428,476	\$ 943,297,724

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 - 1997

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
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	760	\$ 109,645	6,844	\$ 280,479	25,581	\$ 3,168,923
\$ 5,000 " 10,000	1,923	631,538	9,359	1,156,768	37,224	7,940,376
10,000 " 20,000	5,203	3,316,792	16,491	4,107,131	64,720	20,476,700
20,000 " 30,000	5,571	5,449,758	19,212	5,475,419	55,028	24,887,861
30,000 " 40,000	4,087	5,033,582	17,705	6,608,620	30,284	19,338,934
40,000 " 50,000	3,654	5,914,598	11,785	5,735,249	24,476	19,647,571
50,000 " 75,000	5,660	13,267,009	16,087	10,774,599	39,576	37,689,616
75,000 " 100,000	3,168	9,636,529	7,861	7,326,362	17,307	18,736,950
100,000 " 150,000	3,664	16,141,336	6,309	9,489,801	8,308	10,700,480
150,000 " 200,000	1,605	11,327,535	1,905	4,636,481	1,569	3,293,789
200,000 and over	2,622	70,286,546	2,019	15,673,560	2,270	15,109,416
TOTAL - TAXABLE RETURNS	37,917	141,114,868	115,577	\$ 71,264,469	306,343	\$ 180,990,616
NONTAXABLE RESIDENT RETURNS						
Loss	424	672,535	--	\$ --	5,637	\$ 2,677,106
\$ 0 under \$ 5,000	585	252,614	--	--	68,851	6,542,061
5,000 " 10,000	274	234,760	--	--	7,696	1,770,553
10,000 and over	608	2,794,530	--	--	6,018	7,451,562
TOTAL - NONTAXABLE RETURNS	1,891	\$ 3,954,439	--	\$ --	88,202	\$ 18,441,282
ALL RESIDENT RETURNS	39,808	\$ 145,069,307	115,577	\$ 71,264,469	394,545	\$ 199,431,898
ALL NONRESIDENT RETURNS	4,392	\$ 25,297,597	14,693	\$ 6,905,400	23,708	\$ 16,848,936
TOTAL - ALL RETURNS	44,200	\$ 170,366,904	130,270	\$ 78,169,869	418,253	\$ 216,280,834

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 - 1997

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	55,907	21,332	4,229	1,922	974	519	27,224	11,489
\$ 5,000 "	28,484	12,268	3,016	1,300	787	351	8,416	5,986
10,000 "	46,892	22,086	7,653	3,459	1,812	1,038	8,251	7,309
20,000 "	41,481	17,798	7,827	5,018	1,870	1,497	6,403	2,974
30,000 "	22,776	11,276	6,285	4,823	2,070	1,137	2,952	1,638
40,000 "	12,522	9,758	5,740	4,928	2,245	1,257	1,787	968
50,000 "	11,079	16,196	10,574	11,492	4,663	1,887	2,140	1,426
75,000 "	2,445	7,485	5,640	6,678	2,196	797	923	672
100,000 "	1,498	4,756	3,173	3,714	1,253	296	640	603
150,000 "	355	1,232	671	879	245	98	232	243
200,000 and over	555	1,665	738	919	312	112	367	386
TOTAL - RESIDENT RETURNS	223,994	125,852	55,546	45,132	18,427	8,989	59,335	33,694
TOTAL - NONRESIDENT RETURNS	22,984	12,683	4,883	4,015	1,252	666	2,526	1,804
TOTAL - ALL RETURNS	246,978	138,535	60,429	49,147	19,679	9,655	61,861	35,498

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 - 1997
 (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	\$ 1,182,609	\$ 36	\$ 626,611	\$ 19	2.77%	1.47%	1.18%	0.62%	
\$ 5,000 " 10,000	8,928,902	190	6,247,146	133	4.52%	3.16%	2.56%	1.79%	
10,000 " 20,000	51,938,104	639	45,546,229	560	6.15%	5.39%	4.28%	3.76%	
20,000 " 30,000	98,982,076	1,331	91,707,978	1,233	7.19%	6.66%	5.37%	4.98%	
30,000 " 40,000	94,769,164	1,972	90,901,826	1,892	7.65%	7.34%	5.68%	5.45%	
40,000 " 50,000	93,006,480	2,562	89,140,648	2,455	7.83%	7.50%	5.72%	5.48%	
50,000 " 75,000	198,449,289	3,559	190,683,446	3,419	8.12%	7.80%	5.84%	5.61%	
75,000 " 100,000	134,071,642	5,321	129,568,684	5,142	8.53%	8.24%	6.19%	5.98%	
100,000 " 150,000	115,617,506	7,879	112,359,716	7,657	8.87%	8.62%	6.69%	6.50%	
150,000 " 200,000	42,200,263	12,147	40,862,665	11,762	9.09%	8.80%	7.15%	6.92%	
200,000 and over	144,531,228	33,651	136,193,968	31,710	9.18%	8.65%	7.64%	7.20%	
TOTAL - TAXABLE RETURNS	\$ 983,677,263	\$ 2,325	\$ 933,838,917	\$ 2,207	8.03%	7.63%	5.94%	5.63%	
NONTAXABLE RESIDENT RETURNS									
Loss	--	--	(553,631)	(92)					
\$ 0 under \$ 5,000	--	--	(4,984,893)	(70)					
5,000 " 10,000	--	--	(717,892)	(93)					
10,000 and over	--	--	(943,673)	(152)					
TOTAL - NONTAXABLE RETURNS	\$ --	\$ --	\$ (7,200,089)	\$ (79)					
TOTAL RESIDENT RETURNS	\$ 983,677,263	\$ 1,912	\$ 926,638,828	\$ 1,801					

TABLE 11
COMPARISON OF NUMBER OF RESIDENT RETURNS, BEFORE AND AFTER CREDITS, AT SELECTED TAX LEVELS, AGI, AND BY STATUS - 1997

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	3,238	3,238	--	--	--	--	--	--	--	--
\$ 0 under \$ 5,000	47,914	55,000	29,096	22,010	2,507	2,507	--	--	--	--
5,000 " 20,000	2,397	4,744	6,761	8,002	37,087	36,158	29,569	29,011	12,493	10,392
20,000 and over	620	831	110	89	851	945	2,859	3,208	89,065	88,432
TOTAL	54,169	63,813	35,967	30,101	40,445	39,610	32,428	32,219	101,558	98,824
JOINT RETURNS										
Loss	2,425	2,425	--	--	--	--	--	--	--	--
\$ 0 under \$ 5,000	17,969	18,135	248	82	--	--	--	--	--	--
5,000 " 20,000	8,422	17,217	9,071	4,686	11,762	9,567	5,170	2,955	--	--
20,000 and over	1,349	3,267	1,362	1,134	4,074	5,161	10,605	13,070	128,391	123,149
TOTAL	30,165	41,044	10,681	5,902	15,836	14,728	15,775	16,025	128,391	123,149
HEAD OF HOUSEHOLD RETURNS¹										
Loss	358	358	--	--	--	--	--	--	--	--
\$ 0 under \$ 5,000	5,617	6,421	868	64	--	--	--	--	--	--
5,000 " 20,000	1,021	4,274	2,595	2,045	6,822	6,357	6,362	4,480	547	191
20,000 and over	126	420	191	200	581	1,097	2,394	3,919	21,666	19,322
TOTAL	7,122	11,473	3,654	2,309	7,403	7,454	8,756	8,399	22,213	19,513
ALL RETURNS										
Loss	6,021	6,021	--	--	--	--	--	--	--	--
\$ 0 under \$ 5,000	71,500	79,556	30,212	22,156	2,507	2,507	--	--	--	--
5,000 " 20,000	11,840	26,235	18,427	14,733	55,671	52,082	41,101	36,446	13,040	10,583
20,000 and over	2,095	4,518	1,663	1,423	5,506	7,203	15,858	20,197	239,122	230,903
TOTAL	91,456	116,330	50,302	38,312	63,684	61,792	56,959	56,643	252,162	241,486

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 - 1997
 (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	5,801	\$ (188,337,584)	\$ 0	220	\$ (1,317,680)	\$ 0	0	\$ 0	\$ 0	
Zero	2,263	0	0	2,994	0	0	14,786	0	0	
\$1 under \$1,000	12,666	5,906,430	10,225	2,513	923,616	546	8,115	3,188,009	2,444	
1,000 "	40,919	116,946,689	816,235	4,571	12,639,864	36,859	15,392	42,363,291	316,300	
5,000 "	39,985	296,125,832	5,890,094	2,567	18,756,448	386,535	12,088	88,602,178	2,652,273	
10,000 "	34,878	436,224,054	14,327,494	1,537	19,224,375	678,498	8,379	104,524,986	4,806,708	
15,000 "	31,955	557,867,358	23,904,609	1,336	23,781,719	1,085,019	7,354	127,966,675	7,135,776	
20,000 "	63,074	1,566,475,844	79,437,430	3,170	77,887,662	4,299,579	9,496	231,228,295	15,245,067	
30,000 "	43,395	1,508,488,618	82,826,691	1,594	54,914,047	3,199,489	3,441	118,282,406	8,742,984	
40,000 "	34,023	1,524,187,494	85,695,205	1,303	59,157,726	3,418,918	1,124	50,344,028	3,892,357	
50,000 "	26,293	1,437,969,969	81,808,343	784	42,791,552	2,491,251	467	25,470,336	2,000,322	
60,000 "	27,546	1,847,006,925	108,716,990	640	42,631,906	2,603,714	161	10,236,822	828,669	
75,000 "	24,700	2,123,531,150	131,110,798	505	42,321,167	2,632,104	46	3,829,032	328,740	
		1			1					
TOTAL	387,498	\$ 11,232,392,779	\$ 614,544,114	23,734	\$ 393,712,402	\$ 20,832,512	80,849	\$ 806,036,058	\$ 45,951,640	

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 - 1997
 (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
²									
<u>SINGLE RETURNS</u>									
Loss	3,123	\$ (59,932,561)	\$ 0	115	\$ (754,261)	\$ 0	0	\$ 0	\$ 0
Zero	1,481	0	0	2,207	0	0	11,911	0	0
\$1 under \$1,000	9,075	4,401,551	10,225	1,890	705,558	546	6,554	2,588,914	2,444
1,000 "	30,165	84,850,323	804,165	3,145	8,389,118	36,101	13,089	35,721,438	311,044
5,000 "	25,473	186,229,328	5,206,255	1,693	12,461,814	359,524	10,143	74,367,875	2,506,297
10,000 "	19,599	243,226,715	10,758,709	909	11,147,510	502,431	6,643	82,437,421	4,170,718
15,000 "	17,598	306,780,926	16,565,368	819	14,325,506	772,253	5,430	94,873,381	5,766,056
20,000 "	33,066	818,491,454	49,928,247	1,760	42,893,679	2,732,041	7,024	171,503,253	12,125,754
30,000 "	19,801	682,527,219	45,505,185	765	26,139,141	1,790,994	2,379	81,422,325	6,431,730
40,000 "	11,337	504,458,891	34,031,560	412	18,653,193	1,290,096	639	28,097,868	2,348,630
50,000 "	6,428	350,138,348	23,870,281	106	5,797,913	390,013	163	8,837,232	767,450
60,000 "	4,457	296,986,845	20,306,546	109	7,082,114	489,496	58	3,612,452	319,705
75,000 "	2,473	209,910,450	14,994,943	42	3,441,275	255,059	11	926,662	84,810
¹									
TOTAL	184,076	\$ 3,628,069,489	\$ 221,981,484	13,972	\$ 150,282,560	\$ 8,618,554	64,044	\$ 584,388,821	\$ 34,834,638

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 - 1997
 (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	2,350	\$ (119,737,853)	\$ 0	75	\$ (426,489)	\$ 0	0	\$ 0	\$ 0	
Zero	655	0	0	445	0	0	1,937	0	0	
\$1 under \$1,000	2,959	1,272,543	0	507	177,778	0	1,181	433,695	0	
1,000 "	8,004	23,753,586	1,862	1,160	3,464,231	0	1,369	3,711,015	2,360	
5,000 "	10,516	78,925,855	281,292	674	4,969,816	15,064	1,015	7,352,851	47,645	
10,000 "	10,454	132,657,711	1,792,813	332	4,155,497	53,317	788	9,842,791	209,521	
15,000 "	9,380	163,739,353	3,807,913	380	6,996,314	236,439	886	14,982,946	518,737	
20,000 "	19,667	491,827,787	17,028,460	859	21,388,327	868,602	1,287	31,206,957	1,469,210	
30,000 "	18,413	644,862,222	27,503,226	608	21,452,414	985,087	721	24,975,265	1,496,858	
40,000 "	19,557	879,208,561	43,419,749	832	37,830,943	1,998,687	425	19,615,220	1,348,687	
50,000 "	18,158	995,020,639	52,400,278	614	33,391,906	1,899,829	254	13,777,264	1,000,872	
60,000 "	21,951	1,474,417,211	83,778,344	511	34,104,495	2,022,798	103	6,624,370	508,964	
75,000 "	21,776	1,875,946,345	113,746,060	463	38,879,892	2,377,045	35	2,902,370	243,930	
		1			1					
TOTAL	163,840	\$ 6,641,893,960	\$ 343,759,997	7,460	\$ 206,385,124	\$ 10,456,868	10,001	\$ 135,424,744	\$ 6,846,784	

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 - 1997
 (All Resident Returns)

ADJUSTED GROSS INCOME CLASS	FORM N-11 RETURNS			FORM N-12 RETURNS			FORM N-13 RETURNS		
	Number of Returns ³	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	328	\$ (8,667,170)	\$ 0	30	\$ (136,930)	\$ 0	0	\$ 0	\$ 0
Zero	127	0	0	342	0	0	938	0	0
\$1 under \$1,000	632	232,336	0	116	40,280	0	380	165,400	0
1,000 "	2,750	8,342,780	10,208	266	786,515	758	934	2,930,838	2,896
5,000 "	3,996	30,970,649	402,547	200	1,324,818	11,947	930	6,881,452	98,331
10,000 "	4,825	60,339,628	1,775,972	296	3,921,368	122,750	948	12,244,774	426,469
15,000 "	4,977	87,347,079	3,531,328	137	2,459,899	76,327	1,038	18,110,348	850,983
20,000 "	10,341	256,156,603	12,480,723	551	13,605,656	698,936	1,185	28,518,085	1,650,103
30,000 "	5,181	181,099,177	9,818,280	221	7,322,492	423,408	341	11,884,816	814,396
40,000 "	3,129	140,520,042	8,243,896	59	2,673,590	130,135	60	2,630,940	195,040
50,000 "	1,707	92,810,982	5,537,784	64	3,601,733	201,409	50	2,855,840	232,000
60,000 "	1,138	75,602,869	4,632,100	20	1,445,297	91,420	0	0	0
75,000 "	451	37,674,355	2,369,795	0	0	0	0	0	0
		¹			¹				
TOTAL	39,582	\$ 962,429,330	\$ 48,802,633	2,302	\$ 37,044,718	\$ 1,757,090	6,804	\$ 86,222,493	\$ 4,270,218

1 Includes losses.

2 Includes married filing separately.

3 Includes qualifying surviving spouse.

TABLE 13
 SELECTED SOURCES OF INCOME 1988 - 1997
 All Returns
 (In Millions of Dollars)

SOURCES OF INCOME	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Salaries and Wages	\$ 9,207	\$ 10,372	\$ 11,106	\$ 12,056	\$ 12,757	\$ 12,938	\$ 13,454	\$ 12,947	\$ 12,570	\$ 13,814
Taxable Dividends	240	273	289	278	282	273	307	291	293	377
Interest	674	790	840	824	720	526	529	571	545	643
Business and Professions										
Net Profit	568	637	698	709	694	752	780	620	--	781
Net Loss	61	56	72	82	83	105	111	87	--	122
Sale of Capital Assets										
Net Gain	839	966	1,139	681	567	611	577	452	556	904
Net Loss	39	30	38	34	32	54	42	61	34	75
Rents and Royalties										
Net Profit	156	185	205	244	263	254	273	222	245	241
Net Loss	133	127	136	176	156	180	187	191	234	251
Partnerships										
Net Profit	208	244	252	322	341	292	340	247	286	434
Net Loss	64	60	73	102	78	85	100	64	93	103
Estates and Trusts (Income Less Loss)	34	44	59	55	68	71	88	72	66	90
Total Hawaii Income	\$ 11,858	\$ 13,475	\$ 14,649	\$ 15,161	\$ 15,739	\$ 15,735	\$ 16,727	\$ 15,639	\$ 16,221	\$ 17,366

¹ Complete data not available.

² Data available for residents only.

³ Income before statutory adjustments.

TABLE 14
 TYPE AND AMOUNT OF DEDUCTIONS 1988 - 1997
 All Returns to 1996; Resident Returns Only For 1997
 (In Millions of Dollars)

TYPE OF DEDUCTIONS	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Itemized Deductions:										
Contributions	\$ 190	\$ 223	\$ 222	\$ 253	\$ 278	\$ 289	\$ 287	\$ 271	\$ 313	\$ 356
Interest	936	1,053	1,131	1,260	1,354	1,335	1,408	1,415	1,557	1,640
Taxes	736	813	846	906	990	999	1,141	1,045	1,179	1,109
Medical and Dental	73	84	109	106	133	135	150	136	151	156
Casualty Losses ¹	11	5	5	9	38	5	11	5	3	6
Moving Expenses	18	25	25	25	22	20	n/a	n/a	n/a	n/a
Other Deductions	78	103	120	139	166	183	206	192	283	210
Total Reported	\$ 2,043	\$ 2,306	\$ 2,458	\$ 2,699	\$ 2,981	\$ 2,967	\$ 3,203	\$ 3,064	\$ 3,487	\$ 3,477
Unallowed Deductions ²	--	--	--	43	45	42	47	39	46	58
Total Allowed	\$ 2,043	\$ 2,306	\$ 2,458	\$ 2,656	\$ 2,936	\$ 2,924	\$ 3,155	\$ 3,025	\$ 3,441	\$ 3,419

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, 1988 - 1997

TYPE OF RETURN	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
<u>First Taxation District</u>										
Form N-11	--	--	--	--	--	--	--	271,885	287,542	303,095
Form N-12	272,550	282,669	290,628	298,253	304,892	308,171	317,440	42,075	33,634	17,460
Form N-13	95,266	103,702	99,533	95,086	90,378	87,591	87,426	74,764	68,293	59,299
Form N-15	26,069	26,261	31,368	34,301	34,956	34,611	35,849	32,030	29,833	42,454
TOTAL - FIRST DISTRICT	393,885	412,632	421,529	427,640	430,226	430,373	440,715	420,754	419,302	422,308
<u>Second Taxation District</u>										
Form N-11	--	--	--	--	--	--	--	36,334	39,840	42,688
Form N-12	32,615	35,077	37,428	39,188	40,255	41,179	42,863	5,104	4,178	2,278
Form N-13	10,185	10,723	10,656	10,833	10,732	10,114	10,408	8,717	8,092	7,070
Form N-15	918	1,001	1,961	1,494	1,662	1,414	1,478	1,258	1,221	2,561
TOTAL - SECOND DISTRICT	43,718	46,801	50,045	51,515	52,649	52,707	54,749	51,413	53,331	54,597
<u>Third Taxation District</u>										
Form N-11	--	--	--	--	--	--	--	38,767	40,539	44,471
Form N-12	36,640	38,910	41,503	43,525	45,029	45,492	46,202	6,344	5,099	2,936
Form N-13	14,326	15,382	16,002	15,518	15,137	14,724	15,228	12,457	12,228	10,772
Form N-15	622	705	981	941	1,078	969	1,066	925	928	2,267
TOTAL - THIRD DISTRICT	51,588	54,997	58,486	59,984	61,244	61,185	62,496	58,493	58,794	60,446
<u>Fourth Taxation District</u>										
Form N-11	--	--	--	--	--	--	--	17,549	18,316	19,541
Form N-12	16,538	17,774	18,675	19,521	20,045	19,977	20,947	2,614	1,927	1,244
Form N-13	5,833	6,275	6,360	6,069	5,290	5,285	5,201	4,584	4,279	3,709
Form N-15	333	368	532	456	613	663	593	438	425	901
TOTAL - FOURTH DISTRICT	22,704	24,417	25,567	26,046	25,948	25,925	26,741	25,185	24,947	25,395
<u>All Taxation Districts</u>										
Form N-11	--	--	--	--	--	--	--	364,535	386,237	409,795
Form N-12	358,343	374,430	388,234	400,487	410,221	414,819	427,452	56,137	44,838	23,918
Form N-13	125,610	136,082	132,551	127,506	121,537	117,714	118,263	100,522	92,892	80,850
Form N-15	27,942	28,335	34,842	37,192	38,309	37,657	38,986	34,651	32,407	48,183
TOTAL - ALL RETURNS	511,895	538,847	555,627	565,185	570,067	570,190	584,701	555,845	556,374	562,746

APPENDIX

FACSIMILES OF INDIVIDUAL INCOME
TAX RETURNS AND INSTRUCTIONS

The following are links to the 1997 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