Hawaii Income Patterns

BUSINESSES 2002

DEPARTMENT OF TAXATION
STATE OF HAWAII

STATE OF HAWAII

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TABLE OF CONTENTS

		Page
INTRODUCTION		1
SECTION 1: OVERVIEW OF BUSINESS RETURNS		3
Summary		3
Business Returns		3
Data Source and Methodology		4
Industrial Classification		5
Statistical Overview		6
Taxation Districts		6
Business Receipts		6
Net Income		7
Wages and W-2 Forms		8
Table		
1-1	Distribution of Businesses, Business Receipts, and Net Profits	11
1-2	Distribution of Businesses by Type of Return among Major Industry Groups	12
1-3	Distribution of Businesses by Industry and District	13
1-4	Distribution of Businesses, Business Receipts, Net Income, and Wages Paid by Major Industry and Selected Detailed Industry Categories	14
1-5	Distribution of Businesses, Business Receipts, Net Income, and Wages Paid by Size of Hawaii Business Receipts	22
1-6	Distribution of Businesses, Net Income, Business Receipts, and Wages Paid by Size of Net Profit	23
1-7	Distribution of Businesses by Major Industry and by Size of Hawaii Business Receipts	24
1-8	Distribution of Businesses by Size of Net Profit and by Major Industry	25
1-9	Distribution of Businesses by Number of W-2 Forms and by Major Industry	26
1-10	Distribution of Businesses, Business Receipts, Net Income, and Wages Paid by Taxation District	27
SECTION 2: CORPORATIONS		29
Table		
2-1	Distribution of Corporation Returns by Taxation District and by Industry	33
2-2	Distribution of Corporation Returns by Taxation District and Size of Hawaii Business Receipts	34

Table		Page
2-3	Number of Businesses and Hawaii Gross Receipts by Major Industry and Corporate Return Type	35
2-4	Number of Businesses and Net Income by Size of Net Profit and Corporate Return Type	36
2-5	Number of Businesses, Hawaii Business Receipts, Net Profit, Net Loss, and Tax Liability for "C" Corporations by Industry and Size of Business Receipts	37
2-6	Number of Businesses, Hawaii Business Receipts, Net Profit, Net Loss, and Tax Liability for "S" Corporations by Industry and Size of Business Receipts	38
2-7	Additional Sources of Income for Non-Apportioned "C" Corporations by Industry	39
2-8	Additional Sources of Income for Non-Apportioned "S" Corporations by Industry	40
2-9	Wages Paid and Number of W-2 Forms by Industry	41
2-10	Selected Expenses of Non-Apportioned "C" Corporations by Major Industry	42
2-11	Selected Expenses of Non-Apportioned "S" Corporations by Major Industry	45

SECTION 3: FINANCIAL CORPORATIONS 47

Table		
3-1	Number of Businesses, Hawaii Business Receipts, Net Profit, Net Loss, and Tax Liability for Financial Corporations by Size of Business Receipts	51
3-2	Total Deductions, Wages Paid, and W-2 Count for Financial Corporations by Size of Business Receipts	52

SECTION 4: PROPRIETORSHIPS 53

Table		
4-1	Number of Proprietorships by Taxation District and by Major Industry	57
4-2	Number of Proprietorships by Taxation District and by Size of Business Receipts	57
4-3	Business Receipts, Other Income, Net Profit, and Net Loss Data by Size of Business Receipts and by Industry	58
4-4	Selected Business Deductions by Size of Business Receipts and by Industry	59
4-5	Proprietorship Net Income Compared to Other Income Sources on Proprietors' Personal Tax Returns by Size of Adjusted Gross Income	61

Table		Page
4-6	Proprietorship Net Income Compared to Other Income Sources on Proprietors' Personal Tax Returns by Industry	62
4-7	Selected Data for Rentals Reported on Schedule E, by Gross Receipts, Aggregated by Return	63
4-8	Proprietorship Net Income as a Percent of Adjusted Gross Income by Major Industry	64

SECTION 5: PARTNERSHIPS 65

Table		
5-1	Distribution of Partnership Returns by Taxation District and by Industry	69
5-2	Distribution of Partnership Returns by Taxation District and by Size of Hawaii Business Receipts	69
5-3	Distribution of Businesses, Business Receipts, Net Income, and Wages Paid by Industry and by Size of Hawaii Business Receipts	70
5-4	Selected Expenses of Non-Apportioned Partnerships by Major Industry	71
5-5	Hawaii Business Receipts, Net Profit, Net Loss, and Wages Paid by Number of Partners	73

INTRODUCTION

This report covers the activities of C corporations, S corporations, financial corporations, sole proprietorships and partnerships whose accounting period ended in 2002. It also includes real estate rental activities reported on 2002 federal Schedule E by resident individuals. Business entities with no income and no expenses other than those costs to maintain licenses and to file tax returns are excluded from this report.

This report is organized into five sections. Section 1 presents an overview of all business activities encompassed in this report. Section 2 summarizes C corporations filing Form N-30 and S corporations filing Form N-35. Section 3 discusses financial corporations filing Form F-1. Section 4 includes sole proprietorships filing federal Schedules C and/or F, single-member limited liability companies (LLCs) filing federal Schedules C, E, and/or F, and resident individuals filing federal Schedule E. Section 5 contains partnerships filing Form N-20.

SECTION 1

OVERVIEW OF BUSINESS RETURNS

SUMMARY

A total of 128,119 income tax returns were filed by corporations, partnerships and individuals whose accounting periods ended in 2002. Their aggregate Hawaii business receipts totaled $64.9 billion. A total of 71,091 businesses, or 55.5% of all businesses, reported net profits of $4.0 billion. The remaining businesses recorded net losses of $4.2 billion.

The most common business entities were sole proprietors (Schedules C, F and E), representing 75.3% of all Hawaii business filings for the period. However, sole proprietors accounted for only 4.7% of the total business receipts. The largest portion of cumulative receipts was attributable to C corporations, contributing 64.0% of the total. With higher capitalization, C corporations generated larger average business receipts although they made up only 11.6% of all business entities.

BUSINESS RETURNS

The most common forms of business are the sole proprietorship, partnership, C corporation, and S corporation. A sole proprietorship is an unincorporated business that is owned by one individual. It is the simplest form of business organization. Proprietorship's liabilities are the proprietor's personal liabilities. Proprietors report their business activities on Schedule C and/or Schedule F (for farming activities) and attach the schedules to their federal individual income tax returns.

A limited liability company (LLC) is a relatively new business structure allowed by state statute. Owners of an LLC are called members. Members of LLCs have limited personal liability for the debts and actions of the LLCs. A single-member LLC is automatically treated as if it were a sole proprietorship, unless an election is made to be treated as a corporation. Single-member LLCs report their incomes and expenses on Schedules C, E, and/or F and attach the schedules to their federal individual income tax returns.

If a sole proprietor owns more than one business, he or she has to complete a separate schedule for each business. In the case of multiple schedules filed, each schedule is considered a separate entity in this report.

A partnership is an entity in which two or more partners join to form a business venture. Each partner expects to share in the profits and losses of the business. Partnerships file

Form N-20 to report their activities, but they do not directly pay income tax. Instead, they "pass through" any profits, losses, and credits to their partners. Partners include their share of income, loss, and credit on their individual tax returns.

In forming a corporation, prospective shareholders exchange money and/or property for the corporation's capital stock. C corporations with gross income from property owned, trade or business conducted, or any other source in Hawaii file Form N-30 and are subject to the corporate income tax. In addition, every corporation that is incorporated under the laws of Hawaii must file Form N-30 if it has gross income from any source outside of Hawaii. Financial corporations are exempt from the income tax but are subject to the franchise tax. They report their activities on Form F-1.

An eligible domestic corporation that elects to become an S corporation can avoid the corporate income tax. However, the S corporation is liable for the tax on certain capital gains and passive income. To be treated as an S corporation, the corporation has to meet the following requirements: 1) the corporation has no more than 35 shareholders; 2) the corporation has only one class of stock; 3) all of the shareholders are U.S. residents, either citizens or resident aliens; 4) all of the shareholders are individuals (i.e., no corporations or other entities own the stock); and 5) the corporation operates on a calendar year financial basis. S corporations file Form N-35. The S corporation's shareholders include their share of income, loss, deduction, and credit on their individual tax returns.

Individuals who received rental income from real estate and were not in the real estate business file and attach Schedule E to their federal individual income tax returns. In this report, rental activity reported on Schedule E is treated as a business entity and included in the proprietorship count.

DATA SOURCE AND METHODOLOGY

The primary data sources for C corporations, S corporations and partnerships were the Hawaii Department of Taxation's computerized data systems (CNIT and ITIMS).[1] The Internal Revenue Service's Business Return Transaction File (BRTF) was the secondary source, and it provided additional data items not captured by the state systems. Certain data items that are not available from electronic sources were collected manually from paper returns.

Since federal Schedules C, F and E are not required on Hawaii tax returns, the Internal Revenue Service's Individual Return Transaction File (IRTF) was the primary data source for sole proprietorships. Supplemental data items not captured by IRTF were extracted from CNIT and ITIMS.

[1] Comprehensive Net Income Tax (CNIT) system and Integrated Tax Information Management System (ITIMS). ITIMS replaced CNIT in November 2002.

For financial corporations, all data items were recorded manually from Form F-1 because this data is not available in electronic format.

Wage information was obtained from a combination of various sources: the Hawaii Department of Taxation's General Excise and Withholding (GEW) system, CNIT, ITIMS, BRTF, IRTF, and paper returns. The count of W-2 forms was retrieved from the GEW system. As a result, the amount of wages and the count of W-2 forms may not correspond.

In this report, "business receipts" refers to primary payments received for goods and services provided by the trade or business. It does not include passive income such as interest, rent and capital gains, except where passive income is the major business activity of an entity. Business receipts and all other income less business expenses, including the cost of goods sold and returns and allowances, result in either net profits or net losses. For proprietors, any profit or loss from their business activities is included as ordinary income on their individual tax returns.

A business entity that filed allocation and apportionment of income is classified as an “apportioned” entity in this report. Its out-of–state sales and compensation paid are excluded from gross business receipts and wages. Apportioned Hawaii sales and compensation paid are reported as business receipts and wages paid respectively. Business entities not apportioning income are classified as “non-apportioned” entities.

INDUSTRIAL CLASSIFICATION

Each return was assigned an industry code that described its principal business activity. The industry code was provided on the business income tax return by the taxpayer. Where the industry code was not valid or left blank, the code assigned was based on the taxpayer's description of its business activity as reported on the tax return. An entity with multiple business activities was assigned an industry code that most closely reflected its principal activity. For proprietors filing multiple Schedules C and F, each schedule was assigned a separate code because each proprietorship activity was treated as a single entity. The 1997 edition of the North American Industry Classification System (NAICS) was used as a guideline in the assignment of codes.

It should be noted that assigning only one industry code to an entity can impose some limitations on data interpretation. An entity that is classified in a specific industrial category may operate several other business activities more properly included in other categories. For example, an entity that manufactures petroleum products may have wholesale (sales to retail stores) and retail (sales to final consumers) activities. Also, the activities reported for a given industrial category may not be inclusive of all comparable business operations. For instance, the category "liquor stores" would not include the liquor sales by department stores and grocery stores. In general, the activity that generated the largest portion of business receipts for an entity determined its assignment to an industrial category.

STATISTICAL OVERVIEW

TAXATION DISTRICTS

The State of Hawaii is geographically divided into four taxation districts: the First Taxation District includes the island of Oahu; the Second Taxation District, the islands of Maui, Molokai and Lanai; the Third Taxation District, the island of Hawaii; and the Fourth Taxation District, the islands of Kauai and Niihau. Each business entity normally files its tax return in the district where it is located. Entities conducting business in more than one district may consolidate their data and file only in one district, generally the First, the most populous district in the state.

Table 1-3 shows the distribution of businesses by district. As expected, business filings were concentrated in the First District and paralleled the population distribution in each district. Business returns were distributed as follows: 69.0% in the First District, 12.5% in the Second District, 13.0% in the Third District, and 5.4% in the Fourth District. A similar distribution pattern was seen in most industry groups. All industries were concentrated in the First District, except the agriculture and fishing industry. Nearly half of the agriculture and fishing entities were in the Third District, which has more than 60% of the state's agricultural area.

As seen in Table 1-10, businesses that filed in the First District accounted for 86.7% of business receipts, 85.1% of wages paid, and 79.1% of W-2 count. This is due in part to a concentration of the state's largest businesses in the First District. Another reason is that some businesses combined their activities from different districts and filed on a consolidated basis in the First District.

BUSINESS RECEIPTS

Hawaii business receipts amounted to $64.9 billion in 2002. Table 1-5 indicates that only 5,831 business entities, or 4.6% of all business entities, had Hawaii business receipts of at least $1 million. However, these business entities accounted for 88.6% of business receipts, 57.1% of net profits, 82.2% of wages paid, and 75.8% of W-2 count.

Figure 1-1 shows that the retail industry was the main contributor of Hawaii business receipts in 2002. The retail industry generated $11.2 billion in business receipts, representing 17.3% of total receipts. Using average business receipts as an approximate measure of business size, the wholesale industry with $2.6 million in average receipts was the largest in business size. The agriculture and fishing industry with $70,000 in average receipts was the smallest in business size.

NET INCOME

Hawaii net income totaled a negative $245.1 million in 2002. A total of 71,091 businesses had net profits amounting to $4.0 billion, while 50,730 businesses had net losses totaling $4.2 billion. The remaining 6,298 business entities had zero net balances.

The negative net income indicates the adverse effect of the September 11 terrorist attacks on Hawaii's economy. However, the adverse effect had been an uneven one in many respects. In terms of industry sector, the impact of the September 11 terrorist attacks had been centered around tourism. Total visitor arrivals for fiscal year 2002 declined 12.2%. Segments dependent on Japanese visitors had been hurt more than U.S. mainland-oriented businesses. In fiscal year 2002, international visitor arrivals dropped 24.2% while domestic visitor arrivals decreased 5.6%. The falloff in visitors to Hawaii had led to a significant decline in the entertainment and hospitality industry. The entertainment and hospitality industry reported negative net income of $280.1 million.

The unevenness of the adverse effect also had a geographical dimension. As presented in Table 1-10, the First District was the only district with negative net income. A total of $3.0 billion in net profits was offset by $3.5 billion in net losses. Among the three districts with positive net income, the Second District had the highest ratio of profit to loss. The amount of net profits was twice as much as the net losses. The First District had fared worse than the other districts, in part because of its relatively larger dependence on Japanese tourism, but also because of a concentration of the state's largest businesses.

As discussed above, the impact of the September 11, 2001 terrorism is noticeable in tax filings for business activities in 2002. By industrial classifications, entertainment and hospitality, the key economic sector of the state, was the most severely affected industry. In 2002, $323.3 million in net profits were more than offset by $603.4 million in net losses, resulting in negative net income of $280.1 million. The information industry reported negative net income of $275.6 million, while the construction and utilities industry had negative net income of $105.9 million.

In contrast, some industries generated an impressive positive net income. The business services industry was the most profitable sector in 2002, with combined net income of $221.8 million. The real estate and rental industry ($162.0 million) and health and care services industry ($142.5 million) also did well.

Table 1-6 shows that 79.6% of business entities with positive net income had net profits of less than $25,000. On average, their net income was $6,000. Those entities with at least $1 million of net profits had the largest average net income of $5.3 million, and they comprised less than 1% of all entities with positive net income.

WAGES and W-2 FORMS

Hawaii businesses reported $8.1 billion in wages paid. The three industries that paid out the most in wages were business services ($1.4 billion), entertainment and hospitality ($1.2 billion) and retail trade ($1.1 billion).

A total of 351,368 W-2 forms were tallied in this report. The entertainment and hospitality industry accounted for the largest portion of the W-2 count at 23.4%. The business services industry followed with 18.7% and the retail trade industry with 16.7%. The educational services industry accounted for less than 1% of the total. It should be noted that since businesses issue a W-2 form to every employee, regardless of length of service or turnover rate, the W-2 count only approximates the actual job or position count.

Section 1

Overview of Business Returns

Statistical Tables

Dollar amounts and percentages are rounded and may not add up to totals.

TABLE 1-1

DISTRIBUTION OF BUSINESSES, BUSINESS RECEIPTS,
AND NET PROFITS - 2002
(Dollar Amounts in Thousands)

	ALL ENTITIES	"C" CORP. (N-30)	"S" CORP. (N-35)	FINANCIAL CORP. (F-1)	PARTNER-SHIPS (N-20)	PROPRIETORS NON-RENTAL (Sch. C&F)	PROPRIETORS RENTAL (Sch. E)
Number of Businesses	128,119	14,863	9,606	129	7,090	58,165	38,266
Percent of Total	100.0%	11.6%	7.5%	0.1%	5.5%	45.4%	29.9%
Number of Businesses by Taxation District							
1st District (Oahu)	88,456	11,828	6,516	114	5,225	36,509	28,264
2nd District (Maui, Molokai, Lanai)	16,019	1,172	1,460	6	816	8,225	4,340
3rd District (Hawaii)	16,715	1,486	1,116	6	702	9,665	3,740
4th District (Kauai, Niihau)	6,929	377	514	3	347	3,766	1,922
Businesses with $1 Million or More in Business Receipts	5,831	3,378	1,471	53	715	184	30
Percent of Total	100.0%	57.9%	25.2%	0.9%	12.3%	3.2%	0.5%
Business Receipts	$64,907,431	$41,526,437	$10,617,805	$2,771,200	$6,979,980	$2,241,123	$770,886
Percent of Total	100.0%	64.0%	16.4%	4.3%	10.8%	3.5%	1.2%
Businesses with Net Profit	71,091	5,296	6,288	64	3,794	38,988	16,661
Percent of Total	100.0%	7.4%	8.8%	0.1%	5.3%	54.8%	23.4%
Ratio of Profitable Businesses to All Businesses	55.5%	35.6%	65.5%	49.6%	53.5%	67.0%	43.5%
Amount of Net Profit	$3,961,638	$860,776	$1,106,285	$331,790	$884,949	$642,830	$135,008
Percent Distribution	100.0%	21.7%	27.9%	8.4%	22.3%	16.2%	3.4%
Amount of Net Loss	$4,206,775	$2,289,065	$661,114	$132,266	$849,494	$105,257	$169,579
Percent Distribution	100.0%	54.4%	15.7%	3.1%	20.2%	2.5%	4.0%

TABLE 1-2

DISTRIBUTION OF BUSINESSES BY TYPE OF RETURN
AMONG MAJOR INDUSTRY GROUPS - 2002

	ALL ENTITIES	"C" CORP. (N-30)	"S" CORP. (N-35)	FINANCIAL CORP. (F-1)	PARTNER-SHIPS (N-20)	PROPRIETORS (Sch. C,E,F)
ALL INDUSTRIES	128,119	14,863	9,606	129	7,090	96,431
Agriculture & Fishing	5,693	265	357	0	223	4,848
Construction & Utilities	5,438	1,133	935	0	298	3,072
Manufacturing	2,310	550	296	0	132	1,332
Wholesale	3,638	1,278	667	0	187	1,506
Retail	9,835	1,519	1,105	0	444	6,767
Transportation	1,847	308	196	0	48	1,295
Information	1,313	367	187	0	126	633
Finance & Insurance	3,213	650	267	129	552	1,615
Real Estate & Rental	50,238	3,569	1,181	0	3,537	41,951
Business Services	15,765	2,510	2,056	0	665	10,534
Education	1,118	103	77	0	20	918
Health & Care Services	5,171	849	575	0	128	3,619
Entertainment & Hospitality	6,771	1,060	1,146	0	495	4,070
Repair Services	2,866	268	229	0	74	2,295
Personal & Other Services	6,545	365	281	0	135	5,764
Unclassified	6,358	69	51	0	26	6,212
PERCENT DISTRIBUTION						
ALL INDUSTRIES	100.0%	11.6%	7.5%	0.1%	5.5%	75.3%
Agriculture & Fishing	100.0%	4.7%	6.3%	0.0%	3.9%	85.2%
Construction & Utilities	100.0%	20.8%	17.2%	0.0%	5.5%	56.5%
Manufacturing	100.0%	23.8%	12.8%	0.0%	5.7%	57.7%
Wholesale	100.0%	35.1%	18.3%	0.0%	5.1%	41.4%
Retail	100.0%	15.4%	11.2%	0.0%	4.5%	68.8%
Transportation	100.0%	16.7%	10.6%	0.0%	2.6%	70.1%
Information	100.0%	28.0%	14.2%	0.0%	9.6%	48.2%
Finance & Insurance	100.0%	20.2%	8.3%	4.0%	17.2%	50.3%
Real Estate & Rental	100.0%	7.1%	2.4%	0.0%	7.0%	83.5%
Business Services	100.0%	15.9%	13.0%	0.0%	4.2%	66.8%
Education	100.0%	9.2%	6.9%	0.0%	1.8%	82.1%
Health & Care Services	100.0%	16.4%	11.1%	0.0%	2.5%	70.0%
Entertainment & Hospitality	100.0%	15.7%	16.9%	0.0%	7.3%	60.1%
Repair Services	100.0%	9.4%	8.0%	0.0%	2.6%	80.1%
Personal & Other Services	100.0%	5.6%	4.3%	0.0%	2.1%	88.1%
Unclassified	100.0%	1.1%	0.8%	0.0%	0.4%	97.7%

TABLE 1-3

DISTRIBUTION OF BUSINESSES BY INDUSTRY AND DISTRICT - 2002

INDUSTRY GROUP	TAXATION DISTRICT				
	ALL	FIRST	SECOND	THIRD	FOURTH
ALL INDUSTRIES	128,119	88,456	16,019	16,715	6,929
Agriculture & Fishing	5,693	1,606	792	2,771	524
Construction & Utilities	5,438	3,159	889	961	429
Manufacturing	2,310	1,500	321	384	105
Wholesale	3,638	2,838	328	340	132
Retail	9,835	7,018	1,113	1,200	504
Transportation	1,847	1,368	204	210	65
Information	1,313	1,021	135	112	45
Finance & Insurance	3,213	2,733	173	207	100
Real Estate & Rental	50,238	37,010	5,785	4,922	2,521
Business Services	15,765	11,358	1,898	1,756	753
Education	1,118	794	132	151	41
Health & Care Services	5,171	3,535	669	708	259
Entertainment & Hospitality	6,771	4,215	1,301	818	437
Repair Services	2,866	1,709	435	509	213
Personal & Other Services	6,545	4,196	976	864	509
Unclassified	6,358	4,396	868	802	292
PERCENT DISTRIBUTION BY INDUSTRY	100.0%	100.0%	100.0%	100.0%	100.0%
Agriculture & Fishing	4.4%	1.8%	4.9%	16.6%	7.6%
Construction & Utilities	4.2%	3.6%	5.5%	5.7%	6.2%
Manufacturing	1.8%	1.7%	2.0%	2.3%	1.5%
Wholesale	2.8%	3.2%	2.0%	2.0%	1.9%
Retail	7.7%	7.9%	6.9%	7.2%	7.3%
Transportation	1.4%	1.5%	1.3%	1.3%	0.9%
Information	1.0%	1.2%	0.8%	0.7%	0.6%
Finance & Insurance	2.5%	3.1%	1.1%	1.2%	1.4%
Real Estate & Rental	39.2%	41.8%	36.1%	29.4%	36.4%
Business Services	12.3%	12.8%	11.8%	10.5%	10.9%
Education	0.9%	0.9%	0.8%	0.9%	0.6%
Health & Care Services	4.0%	4.0%	4.2%	4.2%	3.7%
Entertainment & Hospitality	5.3%	4.8%	8.1%	4.9%	6.3%
Repair Services	2.2%	1.9%	2.7%	3.0%	3.1%
Personal & Other Services	5.1%	4.7%	6.1%	5.2%	7.3%
Unclassified	5.0%	5.0%	5.4%	4.8%	4.2%

TABLE 1-4

DISTRIBUTION OF BUSINESSES, BUSINESS RECEIPTS, NET INCOME, AND WAGES PAID
BY MAJOR INDUSTRY AND SELECTED DETAILED INDUSTRY CATEGORIES - 2002
(Dollar Amounts in Thousands)

INDUSTRY	NO. OF ENTITIES	BUSINESS RECEIPTS		NET PROFIT		NET LOSS		WAGES PAID		W-2 COUNT
		Number	Amount	Number	Amount	Number	Amount	Number	Amount	
ALL INDUSTRIES	128,119	118,563	$64,907,431	71,091	$3,961,638	50,730	$4,206,775	17,895	$8,073,022	351,368
AGRICULTURE & FISHING	5,693	4,920	$398,652	2,451	$33,259	3,114	$71,583	577	$84,395	6,179
Crops & Ornamentals	3,411	2,962	225,666	1,599	21,760	1,739	27,098	414	52,041	3,991
Livestock	473	390	62,829	118	2,193	350	15,427	58	11,981	808
Aquaculture	37	30	9,660	12	373	22	6,725	8	1,269	62
Other Animal Specialties	225	163	4,870	47	624	175	3,901	13	812	119
Forestry	88	58	9,272	29	392	57	3,943	13	1,742	67
Commercial Fishing	1,141	1,021	49,156	450	5,548	662	7,322	40	2,929	128
Agricultural Services	318	296	37,199	196	2,370	109	7,167	31	13,620	1,004
CONSTRUCTION & UTILITIES	5,438	5,093	$6,444,609	3,702	$259,686	1,334	$365,621	1,921	$627,387	32,527
Mining	82	60	81,158	39	6,416	32	944	12	3,595	397
Utilities	71	59	394,791	21	4,102	41	204,976	20	32,448	98
General Building Contractors	849	752	2,023,411	503	59,468	260	80,958	395	161,907	7,020
Road & Heavy Construction	94	87	905,476	48	32,674	31	35,525	57	75,694	2,317
Plumbing	228	225	178,880	155	6,934	51	2,359	143	29,042	1,478
Painting	170	163	77,492	131	5,321	30	2,487	63	18,842	1,172
Electrical Work	227	222	242,546	153	12,678	42	954	137	37,699	1,773
Masonry & Drywall	167	161	123,503	123	6,768	27	2,073	89	34,881	1,765
Carpentry & Flooring	261	257	97,013	211	4,850	39	551	66	10,691	645
Roofing & Siding	88	85	95,032	52	3,375	21	1,047	59	9,341	857
Concrete	29	29	40,883	17	1,821	8	467	18	7,969	350
Specialty Contractors	3,157	2,978	2,175,652	2,239	114,981	748	33,249	857	202,783	14,591

NOTE: Detail may not add to totals because some detailed categories are not shown. A business with several lines of sales and services is classified under the primary line only.

TABLE 1-4 (Continued)

DISTRIBUTION OF BUSINESSES, BUSINESS RECEIPTS, NET INCOME, AND WAGES PAID
BY MAJOR INDUSTRY AND SELECTED DETAILED INDUSTRY CATEGORIES - 2002
(Dollar Amounts in Thousands)

INDUSTRY	NO. OF ENTITIES	BUSINESS RECEIPTS		NET PROFIT		NET LOSS		WAGES PAID		W-2 COUNT
		Number	Amount	Number	Amount	Number	Amount	Number	Amount	
MANUFACTURING	2,310	2,180	$2,968,619	1,332	$122,431	816	$195,074	583	$329,225	10,688
Food & Beverages	354	327	1,032,289	178	29,311	138	24,157	158	147,876	5,430
Apparel & Textiles	400	384	180,332	270	10,735	110	28,912	74	19,577	904
Wood Products	182	170	83,349	106	3,002	71	924	20	7,728	347
Commercial Printing	153	145	131,710	77	3,504	52	1,847	52	21,005	932
Chemicals	55	51	193,303	28	6,820	15	4,787	24	19,638	392
Rubber & Plastics	32	31	81,586	20	3,249	10	6,042	14	6,689	245
Concrete	22	18	110,552	12	16,237	9	104	9	14,008	311
Metals & Metal Products	93	90	192,471	51	8,868	36	2,433	35	8,721	196
Electronic & Electrical Products	99	87	125,025	34	11,449	54	114,564	31	31,307	219
Ship Building & Repair	13	13	25,512	8	266	4	229	8	3,661	143
Furniture	103	97	48,555	72	2,415	28	666	22	7,301	437
WHOLESALE TRADE	3,638	3,409	$9,497,843	1,989	$183,899	1,260	$228,625	1,232	$547,842	17,562
Motor Vehicles & Parts	72	71	1,755,556	48	14,374	16	45,270	33	25,482	651
Furniture & Housewares	47	44	168,139	24	4,134	18	418	20	10,415	394
Construction Materials	107	102	421,205	65	22,989	28	4,370	54	40,985	837
Office Equipment	20	20	120,994	6	1,214	11	5,352	13	19,854	435
Computer Equipment	22	22	95,067	6	103	11	2,027	13	13,576	173
Industrial Equipment	141	132	250,191	72	3,237	44	31,955	63	32,540	427
Medical Equipment	34	33	68,970	16	1,466	12	1,486	21	4,536	77
Home Electronics & Appliances	90	89	521,493	44	9,024	27	3,698	55	27,458	708
Hardware	47	47	181,192	35	5,430	10	492	31	13,219	275
Sporting Goods	72	67	75,277	40	6,501	25	905	21	6,747	245
Toys & Hobby Goods	43	34	12,647	8	498	31	211	9	1,154	54
Jewelry	123	116	79,690	69	3,483	38	1,480	48	4,940	355
Paper Products	42	41	185,087	28	4,869	9	383	27	14,505	632
Drugs & Cosmetics	70	69	860,691	41	8,997	16	6,575	35	20,462	305
Apparel & Dry Goods	220	206	176,376	118	8,251	72	2,920	86	17,533	891
Food & Farm Products	323	304	1,676,764	168	24,908	99	101,140	196	117,588	4,664
Chemicals	47	46	122,947	25	1,654	15	3,104	27	19,577	410
Petroleum Products	40	36	1,021,637	18	7,761	10	1,274	19	30,611	475
Alcoholic Beverages	33	32	296,665	16	8,197	12	1,364	22	20,876	713
Books & Periodicals	34	32	41,734	17	719	15	769	10	4,784	223
Flowers & Florist Supplies	89	86	30,801	59	1,097	26	740	17	4,033	396
Tobacco Products	10	9	121,075	7	7,545	3	15	5	2,058	47

NOTE: Detail may not add to totals because some detailed categories are not shown. A business with several lines of sales and services is classified under the primary line only.

TABLE 1-4 (Continued)

DISTRIBUTION OF BUSINESSES, BUSINESS RECEIPTS, NET INCOME, AND WAGES PAID
BY MAJOR INDUSTRY AND SELECTED DETAILED INDUSTRY CATEGORIES - 2002
(Dollar Amounts in Thousands)

INDUSTRY	NO. OF ENTITIES	BUSINESS RECEIPTS		NET PROFIT		NET LOSS		WAGES PAID		W-2 COUNT
		Number	Amount	Number	Amount	Number	Amount	Number	Amount	
RETAIL TRADE	9,835	9,088	$11,223,712	4,832	$317,461	4,415	$239,489	2,348	$1,106,822	58,742
Motor Vehicle & Boat Dealers	169	157	2,357,348	99	54,293	58	6,273	82	153,848	4,970
Auto Parts Dealers	150	142	109,548	80	4,707	50	808	69	11,653	751
Furniture & Home Furnishings	169	164	153,066	88	6,814	65	2,248	79	19,501	948
Electronics & Appliances	166	163	347,313	79	5,740	65	2,999	70	25,795	1,065
Building Materials	155	152	450,760	98	14,176	45	4,481	75	46,692	3,077
Garden Supply	36	33	24,508	21	475	11	223	13	2,595	158
Grocery Stores	389	378	1,549,993	216	64,150	131	7,244	229	190,743	9,271
Bakeries	142	135	144,760	71	1,651	56	612	45	16,070	2,064
Other Specialty Food Stores	138	135	190,788	64	5,941	55	13,473	82	49,333	4,905
Liquor Stores	80	80	32,695	43	907	20	405	52	1,740	177
Drug Stores	54	51	141,146	33	4,031	14	1,017	41	15,762	524
Cosmetics Stores	165	146	19,991	77	1,334	82	742	17	2,057	119
Eyeglasses & Medical Goods	299	259	78,519	114	3,185	164	6,662	60	13,641	676
Gasoline Service Stations	138	137	479,170	57	3,098	58	3,590	116	23,158	3,041
Apparel & Shoes	705	682	544,353	387	16,269	255	37,176	277	65,576	4,930
Jewelry	323	312	282,453	212	16,463	83	4,162	140	40,707	2,213
Leather Goods	18	15	19,494	9	166	9	2,914	7	2,624	125
Sporting Goods	171	158	85,365	93	3,240	63	2,364	62	10,592	944
Hobby & Toy Stores	87	81	31,014	36	472	42	308	14	2,692	538
Yard Goods & Sewing Supply	201	198	77,951	147	6,723	51	155	14	12,633	889
Bookstores & News Stands	76	75	41,162	53	1,802	20	289	17	1,569	172
Records & Videotapes	30	27	21,485	14	221	14	6,201	9	1,851	211
General Stores	108	97	6,683	44	608	63	501	12	329	18
Department & Super Stores	71	68	2,287,634	24	44,853	33	51,170	51	200,457	7,759
Florists	170	161	35,494	101	1,634	64	733	55	5,199	502
Stationery Stores	54	50	116,902	34	1,516	17	407	27	11,671	742
Gift & Souvenir Shops	564	546	293,393	313	7,353	217	6,418	153	28,228	1,375
Used Merchandise	62	61	5,221	37	649	23	193	8	349	39
Pet Stores	40	39	27,117	15	337	23	544	19	3,257	366
Art Dealers	141	125	62,164	62	2,958	74	2,738	45	10,007	426
Mail Order & Internet Shopping	264	199	19,663	80	1,189	181	819	9	563	28
Vending Machines	110	102	10,569	44	314	54	624	16	1,335	87
Direct Selling	3,599	3,209	346,141	1,579	18,407	1,953	10,983	78	39,166	545

NOTE: Detail may not add to totals because some detailed categories are not shown. A business with several lines of sales and services is classified under the primary line only.

TABLE 1-4 (Continued)

DISTRIBUTION OF BUSINESSES, BUSINESS RECEIPTS, NET INCOME, AND WAGES PAID
BY MAJOR INDUSTRY AND SELECTED DETAILED INDUSTRY CATEGORIES - 2002
(Dollar Amounts in Thousands)

INDUSTRY	NO. OF ENTITIES	BUSINESS RECEIPTS		NET PROFIT		NET LOSS		WAGES PAID		W-2 COUNT
		Number	Amount	Number	Amount	Number	Amount	Number	Amount	
TRANSPORTATION……	1,847	1,773	$2,723,185	1,342	$78,629	398	$115,032	373	$655,787	15,886
Air Transportation……	86	79	1,547,275	45	4,258	33	91,828	28	366,269	5,824
Water Transportation……	52	48	378,151	32	24,049	16	1,901	16	84,239	1,111
Trucking & Moving……..	233	223	251,130	148	8,589	58	1,799	104	52,462	2,791
Bus Transportation……..……	90	82	47,061	53	1,639	23	903	37	14,328	1,534
Taxi and Limousine Services…..…..	870	860	36,289	735	5,667	121	1,412	35	4,358	515
Tour Transportation……..	119	108	64,460	60	4,071	44	2,289	34	11,812	780
Aviation Services……..……..	130	122	132,483	83	4,129	40	11,385	27	55,634	1,319
Marine Cargo & Salvage…….	25	22	67,600	15	15,610	10	228	13	24,317	443
Freight Forwarding……..……	30	28	36,696	18	642	9	475	20	3,048	115
Courier & Delivery Services……..	132	130	66,888	105	8,741	24	2,089	26	26,453	902
Warehousing & Storage…….	30	26	10,084	18	635	10	516	11	2,349	259
INFORMATION……	1,313	1,143	$2,809,864	618	$135,115	597	$410,671	288	$424,543	7,767
Publishing……..……	307	276	310,056	152	25,532	134	10,719	81	93,599	1,370
Movie & TV Production & Distr…	245	218	406,325	126	40,988	110	3,591	42	49,779	1,343
Sound Recording……..	80	72	7,126	45	1,209	33	338	9	384	17
Broadcasting……	68	63	375,962	36	17,278	28	25,286	28	65,459	692
Telecommunications……	147	129	1,071,345	43	31,272	84	280,415	49	149,276	3,204
News Reporting Services……	105	88	33,714	51	1,408	37	17,143	29	4,069	100
Data Processing Services…….	40	38	49,169	28	5,356	6	65	11	8,975	122

NOTE: Detail may not add to totals because some detailed categories are not shown. A business with several lines of sales and services is classified under the primary line only.

TABLE 1-4 (Continued)

DISTRIBUTION OF BUSINESSES, BUSINESS RECEIPTS, NET INCOME, AND WAGES PAID
BY MAJOR INDUSTRY AND SELECTED DETAILED INDUSTRY CATEGORIES - 2002
(Dollar Amounts in Thousands)

INDUSTRY	NO. OF ENTITIES	BUSINESS RECEIPTS		NET PROFIT		NET LOSS		WAGES PAID		W-2 COUNT
		Number	Amount	Number	Amount	Number	Amount	Number	Amount	
FINANCE AND INSURANCE…….	3,213	2,501	$7,310,036	1,879	$480,460	983	$537,008	495	$579,662	5,446
Banking & Finance……..	399	354	2,993,223	231	339,878	122	152,482	117	387,265	2,159
Investment Brokers……..	122	103	3,292,968	63	5,201	49	79,356	42	48,702	579
Investors & Investor Groups……	1,152	611	487,982	450	82,044	486	108,177	113	68,046	497
Insurance Services…….……..	1,526	1,422	528,214	1,128	52,234	321	196,474	215	73,895	2,182
REAL ESTATE AND RENTAL...….	50,238	46,726	$6,678,561	23,071	$834,829	25,246	$672,866	1,835	$423,660	13,996
Real Estate Operators……..…	42,200	40,608	1,939,605	18,891	465,331	22,622	328,960	425	61,783	1,896
Real Estate Brokers…….	2,566	2,171	311,462	1,752	77,562	734	5,881	206	28,298	1,609
Real Estate Managers……...…	726	643	393,192	477	31,280	194	12,382	168	76,883	2,139
Real Estate Appraisers……...	117	108	25,888	88	3,897	16	66	36	4,648	149
Real Estate Investors……...…	2,999	2,022	1,754,495	1,368	214,025	1,206	259,278	347	130,765	2,905
Property Owner Associations……...…	973	588	240,311	151	2,939	234	5,276	522	48,894	2,779
Motor Vehicle Rental……...…	102	100	1,713,305	59	15,171	31	28,072	28	42,534	904
Videotape Rental……...…	38	36	37,961	18	954	15	178	14	4,680	150
Other Consumer Goods Rental……	100	91	22,369	51	1,144	43	2,622	17	4,945	350
Equipment Rental…….	359	308	220,838	178	19,031	136	29,553	65	18,934	1,049

NOTE: Detail may not add to totals because some detailed categories are not shown. A business with several lines of sales and services is classified under the primary line only.

TABLE 1-4 (Continued)

DISTRIBUTION OF BUSINESSES, BUSINESS RECEIPTS, NET INCOME, AND WAGES PAID
BY MAJOR INDUSTRY AND SELECTED DETAILED INDUSTRY CATEGORIES - 2002
(Dollar Amounts in Thousands)

INDUSTRY	NO. OF ENTITIES	BUSINESS RECEIPTS		NET PROFIT		NET LOSS		WAGES PAID		W-2 COUNT
		Number	Amount	Number	Amount	Number	Amount	Number	Amount	
BUSINESS SERVICES…….	15,765	14,600	$6,699,954	10,777	$861,760	4,100	$639,971	3,312	$1,352,108	65,589
Legal Services……	1,175	1,101	507,819	831	133,693	238	3,414	463	119,972	3,943
Accounting & Bookkeeping……	1,500	1,446	208,676	1,169	37,904	283	3,486	307	63,887	3,774
Architects……	405	378	192,650	278	15,984	95	1,146	142	37,443	1,113
Landscape Architects…..……..	97	94	27,156	72	3,013	20	234	32	3,778	250
Engineering & Drafting…..……	624	582	521,246	434	26,845	143	4,438	226	95,429	2,382
Surveying & Mapping……..……	73	68	22,460	53	2,869	13	217	27	7,730	299
Testing Labs……	16	15	6,716	8	250	7	224	7	2,005	72
Interior, Graphic & Other Design……	521	486	58,887	337	5,673	175	1,063	62	6,530	301
Computer Programming…….	1,133	1,015	337,967	656	22,477	397	309,181	215	91,704	1,721
Management & Consulting……..	1,291	1,134	309,422	881	35,646	354	10,511	160	75,987	1,977
Research & Development……	113	91	135,169	58	6,345	50	5,376	23	34,333	895
Advertising & Public Relations……	439	412	195,299	285	14,066	129	2,796	95	31,101	1,657
Market Research & Polling……..	57	54	6,743	36	447	18	228	12	2,532	635
Photographers……	416	392	37,264	244	4,252	158	2,068	58	5,180	403
Translation Services……	159	151	3,874	115	1,717	38	108	5	387	10
Veterinary Services……..	67	66	37,457	52	3,028	9	130	13	9,296	494
Other Professional Services……..	2,863	2,623	679,282	1,888	62,128	817	67,222	418	130,396	5,863
Holding Companies……..…	385	267	1,589,778	134	402,496	168	198,236	167	222,691	1,830
Administrative Services……...	543	515	108,431	449	6,154	72	3,665	50	39,373	686
Employment Services……...……	116	107	294,972	66	3,299	39	3,258	83	69,526	15,579
Secretarial Services……..……	86	81	16,737	66	1,225	19	116	10	3,605	73
Mailing & Photocopy……...……	59	57	10,028	40	795	17	129	13	1,890	109
Collection Agencies…….....	31	28	30,891	15	1,377	11	1,336	12	3,139	139
Travel & Tour Agencies……..……	661	600	647,317	365	25,959	228	7,783	182	89,885	4,853
Protective & Security Services…...….	158	154	135,332	119	4,994	34	885	46	67,857	6,006
Pest Control……...……	45	44	46,788	31	2,947	6	215	32	14,290	856
Janitorial & Maintenance……...……	979	959	108,539	825	10,156	143	2,117	118	28,024	4,318
Yard Care & Tree Trimming……...	611	603	73,324	477	7,421	125	755	95	19,627	1,658
Carpet Cleaning……..……	80	75	9,573	65	1,281	15	145	14	530	52
Waste Management……..……	89	81	158,061	48	4,994	31	6,305	38	36,352	880

NOTE: Detail may not add to totals because some detailed categories are not shown. A business with several lines of sales and services is classified under the primary line only.

TABLE 1-4 (Continued)

DISTRIBUTION OF BUSINESSES, BUSINESS RECEIPTS, NET INCOME, AND WAGES PAID
BY MAJOR INDUSTRY AND SELECTED DETAILED INDUSTRY CATEGORIES - 2002
(Dollar Amounts in Thousands)

INDUSTRY	NO. OF ENTITIES	BUSINESS RECEIPTS		NET PROFIT		NET LOSS		WAGES PAID		W-2 COUNT
		Number	Amount	Number	Amount	Number	Amount	Number	Amount	
EDUCATIONAL SERVICES	1,118	1,024	$131,593	766	$18,437	309	$52,016	139	$42,657	2,042
HEALTH & CARE SERVICES	5,171	4,963	$1,996,492	3,657	$175,974	1,115	$33,486	1,625	$502,327	18,751
Physicians	1,272	1,221	672,883	818	72,883	256	7,410	742	208,667	5,179
Dentists	520	510	253,666	335	33,761	91	1,530	414	61,349	3,142
Chiropractors	142	139	17,626	98	2,883	37	270	50	2,415	170
Optometrists	85	83	24,541	65	3,267	13	175	62	5,056	340
Psychologists	240	224	15,650	163	5,536	71	244	33	1,583	52
Physical Therapists	226	218	44,440	169	6,951	51	761	54	13,924	631
Medical & Dental Labs	67	63	170,368	47	8,585	11	404	24	76,974	1,168
Home Nursing Care	483	461	67,527	364	5,898	104	863	45	22,091	1,716
Nursing & Care Homes	339	322	448,416	249	10,401	85	9,625	38	43,615	2,909
Counseling	332	307	25,608	225	3,646	102	938	21	10,631	714
Child Care Services	554	544	7,571	465	2,551	75	439	15	822	72
ENTERTAINMENT AND HOSPITALITY	6,771	6,323	$4,860,661	3,645	$323,286	2,647	$603,424	1,981	$1,224,461	82,389
Entertainers	3,177	2,928	180,508	1,867	36,530	1,247	196,198	125	19,846	1,562
Amusement Parks & Centers	62	57	74,408	27	3,839	26	5,553	27	10,450	974
Other Recreational Activities	821	763	530,188	419	32,298	338	134,959	251	128,457	6,382
Transient Accommodations	485	429	2,209,467	223	172,046	214	229,230	137	631,130	17,623
Restaurants	879	838	1,079,964	426	46,543	314	24,490	711	280,457	36,270
Fast Food	717	697	517,278	394	23,813	258	7,219	465	101,201	15,075
Catering	372	360	184,978	213	6,382	138	2,179	83	39,472	2,236
Drinking Places	237	232	78,436	65	1,671	103	3,276	176	12,761	2,207

NOTE: Detail may not add to totals because some detailed categories are not shown. A business with several lines of sales and services is classified under the primary line only.

TABLE 1-4 (Continued)

DISTRIBUTION OF BUSINESSES, BUSINESS RECEIPTS, NET INCOME, AND WAGES PAID
BY MAJOR INDUSTRY AND SELECTED DETAILED INDUSTRY CATEGORIES - 2002
(Dollar Amounts in Thousands)

INDUSTRY	NO. OF ENTITIES	BUSINESS RECEIPTS		NET PROFIT		NET LOSS		WAGES PAID		W-2 COUNT
		Number	Amount	Number	Amount	Number	Amount	Number	Amount	
REPAIR SERVICES	2,866	2,768	$463,044	2,006	$37,710	743	$7,377	477	$64,828	3,591
Auto Care & Repair	1,012	979	225,482	652	16,384	296	3,530	285	32,459	2,025
Computer & Electronic Repair	188	183	32,203	133	2,033	45	767	24	8,457	250
Industrial Repair	285	274	107,237	188	6,079	80	1,496	79	12,820	631
Home Appliance Repair	250	242	12,028	180	2,100	65	333	23	1,227	64
Furniture Repair	63	59	7,468	40	759	18	263	13	722	52
PERSONAL SERVICES	6,545	6,227	$540,900	4,734	$58,545	1,645	$23,842	521	$99,485	9,772
Hair & Nail Care	1,239	1,227	93,111	1,016	13,806	199	1,795	162	21,986	1,508
Funeral Services	32	30	31,017	18	1,647	11	2,144	14	4,898	351
Laundromats	54	51	12,573	37	957	13	87	16	1,140	119
Laundry & Dry Cleaning	57	55	41,320	35	5,832	18	1,506	25	11,716	1,094
Animal Care Services	76	72	3,295	43	482	30	2,075	7	644	43
Photo Processing	69	61	10,848	34	639	31	372	21	2,533	201
Parking Lots	18	18	35,008	12	983	6	2,307	10	4,636	1,646
Organized Groups & Clubs	420	370	17,878	322	2,571	78	536	14	3,805	43
UNCLASSIFIED	6,358	5,825	$159,705	4,290	$40,156	2,008	$10,690	188	$7,834	441

NOTE: Detail may not add to totals because some detailed categories are not shown. A business with several lines of sales and services is classified under the primary line only.

TABLE 1-5

DISTRIBUTION OF BUSINESSES, BUSINESS RECEIPTS, NET INCOME, AND WAGES PAID
BY SIZE OF HAWAII BUSINESS RECEIPTS - 2002
(Dollar Amounts in Thousands)

HAWAII BUSINESS RECEIPTS CLASS	NO. OF ENTITIES	BUSINESS RECEIPTS	NET PROFIT		NET LOSS		WAGES PAID		W-2 COUNT
			Number	Amount	Number	Amount	Number	Amount	
TOTAL.....	128,119	$64,907,431	71,091	$3,961,638	50,730	$4,206,775	17,895	$8,073,022	351,368
Under $ 1,000	18,831	3,659	5,663	530,748	11,765	1,059,934	744	119,936	6,501
$ 1,000 " 10,000	39,480	197,688	21,609	58,588	17,305	163,576	427	62,020	606
10,000 " 50,000	38,493	848,381	23,563	245,852	14,026	193,283	1,185	296,385	2,730
50,000 " 100,000	8,412	595,006	5,832	167,219	2,111	72,313	1,356	46,925	4,637
100,000 " 500,000	13,290	3,107,335	8,600	482,377	3,152	493,678	6,532	442,938	34,913
500,000 " 1 million	3,782	2,669,550	2,250	215,868	903	156,636	2,854	465,716	35,691
1 million " 5 million	4,176	8,987,440	2,569	534,322	1,040	679,410	3,423	1,553,424	97,177
5 million " 10 million	766	5,286,196	483	204,815	175	161,228	643	801,222	42,574
10 million and over	889	43,212,174	522	1,521,849	253	1,226,717	731	4,284,456	126,539

TABLE 1-6

DISTRIBUTION OF BUSINESSES, NET INCOME, BUSINESS RECEIPTS, AND WAGES PAID
BY SIZE OF NET PROFIT - 2002
(Dollar Amounts in Thousands)

SIZE OF NET PROFIT	NO. OF ENTITIES	NET INCOME	BUSINESS RECEIPTS		WAGES PAID		W-2 COUNT
			Number	Amount	Number	Amount	
TOTAL.....	128,119	($245,137)	118,563	$64,907,431	17,895	$8,073,022	351,368
No Net Profit	57,028	(4,206,775)	48,904	26,336,158	7,953	3,558,198	150,150
Under $ 25,000	56,575	338,557	55,504	3,483,514	4,038	416,322	29,734
$ 25,000 " 100,000	10,381	504,276	10,163	5,098,173	3,465	688,563	47,009
100,000 " 500,000	3,312	660,908	3,215	7,734,170	1,898	968,338	58,936
500,000 " 1 million	417	292,787	402	3,758,466	286	479,457	18,837
1 million and over	406	2,165,110	375	18,496,950	255	1,962,143	46,702

TABLE 1-7

DISTRIBUTION OF BUSINESSES BY MAJOR INDUSTRY AND
BY SIZE OF HAWAII BUSINESS RECEIPTS - 2002

INDUSTRY GROUP	All	No Business Receipts	SIZE OF HAWAII BUSINESS RECEIPTS [1] Under $10k	$10k< $100k	$100k< $500k	$500k< $1 mill.	$1 mill.< $5 mill.	$5 mill. & over
ALL INDUSTRIES	128,119	9,558	48,753	46,905	13,290	3,782	4,176	1,655
Agriculture & Fishing	5,693	773	2,954	1,485	341	68	62	10
Construction & Utilities	5,438	345	1,000	1,690	1,185	406	590	222
Manufacturing	2,310	130	749	675	353	136	169	98
Wholesale	3,638	229	876	827	624	314	483	285
Retail	9,835	748	4,060	2,066	1,522	532	671	236
Transportation	1,847	74	394	949	188	71	117	54
Information	1,313	170	451	303	174	60	91	64
Finance & Insurance	3,213	712	936	834	442	87	122	80
Real Estate & Rental	50,238	3,512	18,945	23,896	2,829	468	454	134
Business Services	15,765	1,165	5,855	5,113	2,161	573	648	250
Education	1,118	94	645	267	76	17	13	6
Health & Care Services	5,171	208	1,369	1,763	1,169	424	192	46
Entertainment & Hospitality	6,771	449	2,402	1,679	1,234	428	437	142
Repair Services	2,866	98	1,096	1,049	438	105	72	8
Personal & Other Services	6,545	318	3,164	2,581	347	73	44	18
Unclassified	6,358	533	3,857	1,728	207	20	11	2
PERCENT BY INDUSTRY	100.0%	7.5%	38.1%	36.6%	10.4%	3.0%	3.3%	1.3%
Agriculture & Fishing	100.0%	13.6%	51.9%	26.1%	6.0%	1.2%	1.1%	0.2%
Construction & Utilities	100.0%	6.3%	18.4%	31.1%	21.8%	7.5%	10.8%	4.1%
Manufacturing	100.0%	5.6%	32.4%	29.2%	15.3%	5.9%	7.3%	4.2%
Wholesale	100.0%	6.3%	24.1%	22.7%	17.2%	8.6%	13.3%	7.8%
Retail	100.0%	7.6%	41.3%	21.0%	15.5%	5.4%	6.8%	2.4%
Transportation	100.0%	4.0%	21.3%	51.4%	10.2%	3.8%	6.3%	2.9%
Information	100.0%	12.9%	34.3%	23.1%	13.3%	4.6%	6.9%	4.9%
Finance & Insurance	100.0%	22.2%	29.1%	26.0%	13.8%	2.7%	3.8%	2.5%
Real Estate & Rental	100.0%	7.0%	37.7%	47.6%	5.6%	0.9%	0.9%	0.3%
Business Services	100.0%	7.4%	37.1%	32.4%	13.7%	3.6%	4.1%	1.6%
Education	100.0%	8.4%	57.7%	23.9%	6.8%	1.5%	1.2%	0.5%
Health & Care Services	100.0%	4.0%	26.5%	34.1%	22.6%	8.2%	3.7%	0.9%
Entertainment & Hospitality	100.0%	6.6%	35.5%	24.8%	18.2%	6.3%	6.5%	2.1%
Repair Services	100.0%	3.4%	38.2%	36.6%	15.3%	3.7%	2.5%	0.3%
Personal & Other Services	100.0%	4.9%	48.3%	39.4%	5.3%	1.1%	0.7%	0.3%
Unclassified	100.0%	8.4%	60.7%	27.2%	3.3%	0.3%	0.2%	0.0%

[1]The letter "k" represents $1,000; thus $10k means $10,000.

TABLE 1-8

DISTRIBUTION OF BUSINESSES BY SIZE OF
NET PROFIT AND BY MAJOR INDUSTRY - 2002

INDUSTRY GROUP	All	No Net Profit	SIZE OF NET PROFIT [1] Under $25k	$25k< $100k	$100k< $500k	$500k & over
ALL INDUSTRIES.....	128,119	57,028	56,575	10,381	3,312	823
Agriculture & Fishing.....	5,693	3,242	2,185	220	44	2
Construction & Utilities.....	5,438	1,736	2,326	964	331	81
Manufacturing.....	2,310	978	998	224	75	35
Wholesale.....	3,638	1,649	1,228	482	210	69
Retail.....	9,835	5,003	3,705	837	215	75
Transportation.....	1,847	505	1,125	144	54	19
Information.....	1,313	695	454	103	41	20
Finance & Insurance.....	3,213	1,334	1,198	438	189	54
Real Estate & Rental.....	50,238	27,167	19,385	2,709	786	191
Business Services.....	15,765	4,988	8,081	1,942	611	143
Education.....	1,118	352	693	61	8	4
Health & Care Services.....	5,171	1,514	2,463	736	419	39
Entertainment & Hospitality.....	6,771	3,126	2,791	568	205	81
Repair Services.....	2,866	860	1,661	293	49	3
Personal & Other Services.....	6,545	1,811	4,275	407	49	3
Unclassified.....	6,358	2,068	4,007	253	26	4
PERCENT BY INDUSTRY	100.0%	44.5%	44.2%	8.1%	2.6%	0.6%
Agriculture & Fishing.....	100.0%	56.9%	38.4%	3.9%	0.8%	0.0%
Construction & Utilities.....	100.0%	31.9%	42.8%	17.7%	6.1%	1.5%
Manufacturing.....	100.0%	42.3%	43.2%	9.7%	3.2%	1.5%
Wholesale.....	100.0%	45.3%	33.8%	13.2%	5.8%	1.9%
Retail.....	100.0%	50.9%	37.7%	8.5%	2.2%	0.8%
Transportation.....	100.0%	27.3%	60.9%	7.8%	2.9%	1.0%
Information.....	100.0%	52.9%	34.6%	7.8%	3.1%	1.5%
Finance & Insurance.....	100.0%	41.5%	37.3%	13.6%	5.9%	1.7%
Real Estate & Rental.....	100.0%	54.1%	38.6%	5.4%	1.6%	0.4%
Business Services.....	100.0%	31.6%	51.3%	12.3%	3.9%	0.9%
Education.....	100.0%	31.5%	62.0%	5.5%	0.7%	0.4%
Health & Care Services.....	100.0%	29.3%	47.6%	14.2%	8.1%	0.8%
Entertainment & Hospitality.....	100.0%	46.2%	41.2%	8.4%	3.0%	1.2%
Repair Services.....	100.0%	30.0%	58.0%	10.2%	1.7%	0.1%
Personal & Other Services.....	100.0%	27.7%	65.3%	6.2%	0.7%	0.0%
Unclassified.....	100.0%	32.5%	63.0%	4.0%	0.4%	0.1%

[1] The letter "k" represents $1,000; thus $25k means $25,000.

TABLE 1-9

DISTRIBUTION OF BUSINESSES BY NUMBER OF
W-2 FORMS AND BY MAJOR INDUSTRY - 2002

	NUMBER OF W-2 FORMS								
INDUSTRY GROUP	1-4	5-9	10-19	20-49	50-99	100 or more	Total with W-2	No W-2	Grand Total
ALL INDUSTRIES	6,057	2,795	2,337	1,820	707	581	14,297	113,822	128,119
Agriculture & Fishing	95	56	52	56	9	10	278	5,415	5,693
Construction & Utilities	592	321	325	277	99	50	1,664	3,774	5,438
Manufacturing	162	79	80	77	31	22	451	1,859	2,310
Wholesale	401	203	185	153	50	28	1,020	2,618	3,638
Retail	673	393	393	289	92	79	1,919	7,916	9,835
Transportation	91	60	56	60	27	32	326	1,521	1,847
Information	110	27	23	28	9	13	210	1,103	1,313
Finance & Insurance	193	55	39	20	9	14	330	2,883	3,213
Real Estate & Rental	934	260	134	81	26	19	1,454	48,784	50,238
Business Services	1,330	472	369	236	104	98	2,609	13,156	15,765
Education	41	13	18	14	3	4	93	1,025	1,118
Health & Care Services	603	414	236	65	30	27	1,375	3,796	5,171
Entertainment & Hospitality	360	263	296	390	208	161	1,678	5,093	6,771
Repair Services	216	100	58	30	3	4	411	2,455	2,866
Personal & Other Services	204	60	65	40	7	20	396	6,149	6,545
Unclassified	52	19	8	4	0	0	83	6,275	6,358
PERCENT BY INDUSTRY	4.7%	2.2%	1.8%	1.4%	0.6%	0.5%	11.2%	88.8%	100.0%
Agriculture & Fishing	1.7%	1.0%	0.9%	1.0%	0.2%	0.2%	4.9%	95.1%	100.0%
Construction & Utilities	10.9%	5.9%	6.0%	5.1%	1.8%	0.9%	30.6%	69.4%	100.0%
Manufacturing	7.0%	3.4%	3.5%	3.3%	1.3%	1.0%	19.5%	80.5%	100.0%
Wholesale	11.0%	5.6%	5.1%	4.2%	1.4%	0.8%	28.0%	72.0%	100.0%
Retail	6.8%	4.0%	4.0%	2.9%	0.9%	0.8%	19.5%	80.5%	100.0%
Transportation	4.9%	3.2%	3.0%	3.2%	1.5%	1.7%	17.7%	82.3%	100.0%
Information	8.4%	2.1%	1.8%	2.1%	0.7%	1.0%	16.0%	84.0%	100.0%
Finance & Insurance	6.0%	1.7%	1.2%	0.6%	0.3%	0.4%	10.3%	89.7%	100.0%
Real Estate & Rental	1.9%	0.5%	0.3%	0.2%	0.1%	0.0%	2.9%	97.1%	100.0%
Business Services	8.4%	3.0%	2.3%	1.5%	0.7%	0.6%	16.5%	83.5%	100.0%
Education	3.7%	1.2%	1.6%	1.3%	0.3%	0.4%	8.3%	91.7%	100.0%
Health & Care Services	11.7%	8.0%	4.6%	1.3%	0.6%	0.5%	26.6%	73.4%	100.0%
Entertainment & Hospitality	5.3%	3.9%	4.4%	5.8%	3.1%	2.4%	24.8%	75.2%	100.0%
Repair Services	7.5%	3.5%	2.0%	1.0%	0.1%	0.1%	14.3%	85.7%	100.0%
Personal & Other Services	3.1%	0.9%	1.0%	0.6%	0.1%	0.3%	6.1%	93.9%	100.0%
Unclassified	0.8%	0.3%	0.1%	0.1%	0.0%	0.0%	1.3%	98.7%	100.0%

TABLE 1-10

DISTRIBUTION OF BUSINESSES, BUSINESS RECEIPTS, NET INCOME, AND WAGES PAID
BY TAXATION DISTRICT - 2002
(Dollar Amounts in Thousands)

TAXATION DISTRICT	NO. OF ENTITIES	BUSINESS RECEIPTS	NET PROFIT		NET LOSS		WAGES PAID		W-2 COUNT
			Number	Amount	Number	Amount	Number	Amount	
ALL DISTRICTS.....	128,119	$64,907,431	71,091	$3,961,638	50,730	$4,206,775	17,895	$8,073,022	351,368
First.....	88,456	56,288,768	48,416	2,963,450	35,149	3,505,201	12,817	6,870,648	277,783
Second.....	16,019	3,470,196	9,016	273,541	6,407	139,084	2,065	590,104	30,066
Third.....	16,715	3,977,424	9,740	618,745	6,365	483,318	2,183	448,691	31,909
Fourth.....	6,929	1,171,043	3,919	105,902	2,809	79,172	830	163,578	11,610
PERCENT BY DISTRICT.....	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
First.....	69.0%	86.7%	68.1%	74.8%	69.3%	83.3%	71.6%	85.1%	79.1%
Second.....	12.5%	5.3%	12.7%	6.9%	12.6%	3.3%	11.5%	7.3%	8.6%
Third.....	13.0%	6.1%	13.7%	15.6%	12.5%	11.5%	12.2%	5.6%	9.1%
Fourth.....	5.4%	1.8%	5.5%	2.7%	5.5%	1.9%	4.6%	2.0%	3.3%

SECTION 2

CORPORATIONS

This section discusses corporations that are taxable under Chapter 235 of the Hawaii Revised Status (HRS). Form N-30 must be filed by C corporations if they have gross income from property owned, trade or business carried on, or any other source in Hawaii, or are incorporated under the laws of Hawaii. C corporations are subject to the following rates on Form N-30: 4.4% on taxable income up to $25,000, 5.4% on the excess over $25,000 but not over $100,000, and 6.4% on the excess over $100,000. Net capital gains are taxed at 4%. Form N-35 must be used to report the income, deduction, gains and losses of S corporations having income from activities within and without Hawaii.

Corporations numbered 24,469 in tax year 2002, of which 14,863 were C corporations and 9,606 were S corporations. This represents a 5.2% decrease from tax year 2000 of 25,805. Business receipts for all corporations totaled $52.1 billion and reflect a 2.8% decline from $53.6 billion in tax year 2000.

C corporations contributed business receipts of $41.5 billion and made up the largest portion, at 64.0%, of statewide receipts. About 22.7% of C corporations reported at least $1.0 million in business receipts. S corporations had business receipts amounting to $10.6 billion. Approximately 15.3% of S corporations recorded business receipts of $1.0 million or more.

In tax year 2002, net income for all corporations totaled a negative $983.1 million. S corporations contributed $445.2 million in positive net income, which was more than offset by C corporation negative net income of $1.4 billion. This is likely the result of the disruption of normal economic activity following the terrorist attacks of September 11.

As presented in Table 2-5, C corporations reported $860.8 million in net profits, $2.3 billion in net losses and $51.7 million in Hawaii tax liability. A total of 5,296 business entities showed profits, contrasted with 4,324 entities with losses. On average, net losses per entity were more than triple the net profits per entity. Because of the $481.3 million in net losses, business services recorded negative net income of $381.4 million. The construction and utilities industry and information industry followed with negative net income of $229.5 million and $193.0 million, respectively. Among C corporation industries, retailing, health and care services, and repair services were the only profitable businesses in 2002. They generated net income of $23.0 million.

Table 2-6 shows S corporation net profits of $1.1 billion, net losses amounting to $661.1 million and tax liability totaling $141,000. Since S corporations pass through any profits or losses to their shareholders and pay taxes only on excess net passive income and certain capital gains, less than 1% of S corporations was liable for taxes.

Section 2

Corporations

Statistical Tables

Dollar amounts and percentages are rounded and may not add up to totals.

TABLE 2-1

DISTRIBUTION OF CORPORATION RETURNS
BY TAXATION DISTRICT AND BY INDUSTRY - 2002

INDUSTRY	TAXATION DISTRICT				
	All	First	Second	Third	Fourth
"C" CORPORATIONS.....	14,863	11,828	1,172	1,486	377
Agriculture & Fishing.....	265	125	19	109	12
Construction & Utilities.....	1,133	855	108	131	39
Manufacturing.....	550	448	40	52	10
Wholesale.....	1,278	1,128	44	87	19
Retail.....	1,519	1,135	150	189	45
Transportation.....	308	236	24	38	10
Information.....	367	324	17	21	5
Finance & Insurance.....	650	585	19	37	9
Real Estate & Rental.....	3,569	2,829	337	293	110
Business Services.....	2,510	2,112	151	205	42
Education.....	103	84	11	8	0
Health & Care Services.....	849	680	54	97	18
Entertainment & Hospitality.....	1,060	746	143	133	38
Repair Services.....	268	213	20	29	6
Personal & Other Services.....	365	285	28	41	11
Unclassified.....	69	43	7	16	3
"S" CORPORATIONS.....	9,606	6,516	1,460	1,116	514
Agriculture & Fishing.....	357	141	58	142	16
Construction & Utilities.....	935	555	173	126	81
Manufacturing.....	296	193	54	41	8
Wholesale.....	667	549	61	43	14
Retail.....	1,105	718	203	120	64
Transportation.....	196	117	34	34	11
Information.....	187	143	23	15	6
Finance & Insurance.....	267	231	16	14	6
Real Estate & Rental.....	1,181	879	141	95	66
Business Services.....	2,056	1,491	278	195	92
Education.....	77	66	6	2	3
Health & Care Services.....	575	368	83	82	42
Entertainment & Hospitality.....	1,146	723	213	130	80
Repair Services.....	229	164	31	28	6
Personal & Other Services.....	281	166	62	39	14
Unclassified.....	51	12	24	10	5

TABLE 2-2

DISTRIBUTION OF CORPORATION RETURNS BY TAXATION DISTRICT
AND SIZE OF HAWAII BUSINESS RECEIPTS - 2002

SIZE OF HAWAII BUSINESS RECEIPTS	TAXATION DISTRICT				
	All	First	Second	Third	Fourth
"C" CORPORATIONS.....	14,863	11,828	1,172	1,486	377
Under $ 1,000	2,180	1,774	137	214	55
$ 1,000 " 10,000	854	668	65	102	19
10,000 " 50,000	1,636	1,310	124	160	42
50,000 " 100,000	1,123	896	82	114	31
100,000 " 500,000	3,894	3,021	363	410	100
500,000 " 1 million	1,798	1,388	171	192	47
1 million " 5 million	2,355	1,883	171	238	63
5 million " 10 million	482	411	30	29	12
10 million and over	541	477	29	27	8
"S" CORPORATIONS.....	9,606	6,516	1,460	1,116	514
Under $ 1,000	966	709	123	89	45
$ 1,000 " 10,000	575	409	79	53	34
10,000 " 50,000	1,260	851	176	183	50
50,000 " 100,000	977	642	160	120	55
100,000 " 500,000	3,222	2,095	534	387	206
500,000 " 1 million	1,135	737	197	143	58
1 million " 5 million	1,099	785	153	103	58
5 million " 10 million	181	137	20	19	5
10 million and over	191	151	18	19	3

TABLE 2-3

NUMBER OF BUSINESSES AND HAWAII GROSS RECEIPTS
BY MAJOR INDUSTRY AND CORPORATE RETURN TYPE - 2002
(Dollar Amounts in Thousands)

	All Corporations		Non-Apportioned "C"		Apportioned "C"		Non-Apportioned "S"		Apportioned "S"	
INDUSTRY GROUP	No. of Entities	Business Receipts	No. of Entities	Business Receipts	No. of Entities	Business Receipts	No. of Entities	Business Receipts	No. of Entities	Business Receipts
ALL INDUSTRIES	24,469	$52,144,242	11,760	$15,892,538	3,103	$25,633,898	9,108	$8,865,201	498	$1,752,605
Agriculture & Fishing	622	274,996	248	174,340	17	17,455	356	78,085	1	5,115
Construction & Utilities	2,068	5,678,867	985	2,274,809	148	1,157,921	875	1,723,266	60	522,871
Manufacturing	846	2,437,037	288	454,047	262	1,432,238	280	461,326	16	89,427
Wholesale	1,945	9,051,228	715	2,061,099	563	5,684,443	603	1,070,756	64	234,931
Retail	2,624	10,134,503	1,328	3,327,963	191	4,662,992	1,068	1,837,664	37	305,884
Transportation	504	2,654,145	231	902,672	77	1,412,812	182	237,378	14	101,282
Information	554	2,227,456	129	601,290	238	1,486,813	163	115,955	24	23,397
Finance & Insurance	917	4,369,555	365	416,903	285	3,827,355	239	121,181	28	4,116
Real Estate & Rental	4,750	3,787,371	3,250	1,101,437	319	2,160,501	1,158	484,360	23	41,073
Business Services	4,566	5,626,574	1,732	1,913,354	778	2,134,082	1,883	1,247,376	173	331,763
Education	180	93,349	74	27,560	29	18,714	69	27,182	8	19,892
Health & Care Services	1,424	1,510,604	807	1,005,958	42	183,785	567	308,331	8	12,529
Entertainment & Hospitality	2,206	3,500,496	975	1,237,470	85	1,270,133	1,112	941,261	34	51,632
Repair Services	497	359,131	243	163,264	25	65,091	226	127,739	3	3,037
Personal & Other Services	646	408,334	327	213,803	38	118,545	276	70,332	5	5,654
Unclassified	120	30,596	63	16,569	6	1,016	51	13,010	0	0

TABLE 2-4

NUMBER OF BUSINESSES AND NET INCOME
BY SIZE OF NET PROFIT AND CORPORATE RETURN TYPE - 2002
(Dollar Amounts in Thousands)

SIZE OF NET PROFIT	All Corporations		Non-Apportioned "C"		Apportioned "C"		Non-Apportioned "S"		Apportioned "S"	
	No. of Entities	Net Income	No. of Entities	Net Income	No. of Entities	Net Income	No. of Entities	Net Income	No. of Entities	Net Income
TOTAL.....	24,469	($983,119)	11,760	($104,227)	3,103	($1,324,062)	9,108	$380,814	498	$64,356
No Net Profit	12,885	(2,950,179)	7,789	(495,543)	1,778	(1,793,522)	3,194	(643,307)	124	(17,808)
Under $25,000	6,003	50,525	2,224	17,089	763	4,399	2,784	27,623	232	1,414
$25,000 " 100,000	3,514	181,688	1,136	57,719	263	13,550	2,056	107,312	59	3,107
100,000 " 500,000	1,587	329,659	488	106,919	177	38,245	865	171,294	57	13,201
500,000 " 1,000,000	257	178,850	63	45,768	57	39,829	126	86,604	11	6,650
1 million & over	223	1,226,339	60	163,822	65	373,438	83	631,288	15	57,791

TABLE 2-5

NUMBER OF BUSINESSES, HAWAII BUSINESS RECEIPTS, NET PROFIT, NET LOSS,
AND TAX LIABILITY FOR "C" CORPORATIONS BY INDUSTRY AND SIZE OF BUSINESS RECEIPTS - 2002
(Dollar Amounts in Thousands)

	NO. OF ENTITIES	BUSINESS RECEIPTS	NET PROFIT		NET LOSS		TAX LIABILITY	
			Number	Amount	Number	Amount	Number	Amount
TOTAL	14,863	$41,526,437	5,296	$860,776	4,324	$2,289,065	5,255	$51,731
INDUSTRY								
Agriculture & Fishing	265	191,796	83	6,431	90	25,269	82	366
Construction & Utilities	1,133	3,432,730	453	67,588	309	297,089	450	3,993
Manufacturing	550	1,886,284	223	22,001	181	178,313	221	1,283
Wholesale	1,278	7,745,542	556	96,742	358	211,473	555	7,163
Retail	1,519	7,990,955	543	164,148	456	148,965	540	10,080
Transportation	308	2,315,484	114	33,854	88	105,681	112	2,095
Information	367	2,088,103	111	69,047	173	262,076	110	4,203
Finance & Insurance	650	4,244,258	266	33,777	190	45,763	262	2,030
Real Estate & Rental	3,569	3,261,938	1,062	102,262	991	205,638	1,058	5,508
Business Services	2,510	4,047,435	995	99,886	749	481,297	983	5,784
Education	103	46,275	42	3,166	30	50,594	41	191
Health & Care Services	849	1,189,744	293	11,193	204	8,575	291	625
Entertainment & Hospitality	1,060	2,507,603	302	131,428	329	252,572	301	7,292
Repair Services	268	228,356	101	6,928	64	1,743	101	392
Personal & Other Services	365	332,348	130	11,866	101	12,162	126	703
Unclassified	69	17,585	22	459	11	1,856	22	23
SIZE OF HAWAII BUSINESS RECEIPTS								
Under $ 1,000	2,180	111	416	29,045	813	62,646	403	1,405
$ 1,000 " 10,000	854	4,033	229	1,938	316	21,962	217	96
10,000 " 50,000	1,636	43,557	510	8,687	482	63,362	501	419
50,000 " 100,000	1,123	82,502	370	9,526	318	25,228	364	434
100,000 " 500,000	3,894	1,005,944	1,309	41,712	1,078	408,690	1,307	2,080
500,000 " 1 million	1,798	1,280,579	742	37,961	434	101,314	742	2,022
1 million " 5 million	2,355	5,184,696	1,192	133,975	602	517,159	1,191	7,560
5 million " 10 million	482	3,359,353	267	72,078	109	104,051	267	4,313
10 million and over	541	30,565,662	261	525,855	172	984,653	263	33,402

TABLE 2-6

NUMBER OF BUSINESSES, HAWAII BUSINESS RECEIPTS, NET PROFIT, NET LOSS,
AND TAX LIABILITY FOR "S" CORPORATIONS BY INDUSTRY AND SIZE OF BUSINESS RECEIPTS - 2002
(Dollar Amounts in Thousands)

INDUSTRY	NO. OF ENTITIES	BUSINESS RECEIPTS	NET PROFIT		NET LOSS		TAX LIABILITY	
			Number	Amount	Number	Amount	Number	Amount
TOTAL	9,606	$10,617,805	6,288	$1,106,285	3,291	$661,114	39	$141
INDUSTRY								
Agriculture & Fishing	357	83,200	145	5,913	212	10,688	0	0
Construction & Utilities	935	2,246,137	682	100,168	250	25,794	3	1
Manufacturing	296	550,752	191	47,546	104	6,971	2	0
Wholesale	667	1,305,687	438	63,374	228	10,281	5	9
Retail	1,105	2,143,548	688	102,053	415	23,966	2	22
Transportation	196	338,660	131	25,816	65	5,630	3	3
Information	187	139,352	118	10,723	66	15,477	0	0
Finance & Insurance	267	125,297	173	27,761	94	202,312	3	4
Real Estate & Rental	1,181	525,433	731	131,563	446	53,561	3	2
Business Services	2,056	1,579,139	1,428	465,405	618	83,738	12	88
Education	77	47,074	55	4,950	22	435	1	1
Health & Care Services	575	320,860	447	34,424	127	2,855	1	0
Entertainment & Hospitality	1,146	992,893	689	68,919	456	212,523	3	11
Repair Services	229	130,776	159	8,097	69	2,543	0	0
Personal & Other Services	281	75,986	187	6,919	94	4,105	1	0
Unclassified	51	13,010	26	2,654	25	234	0	0
SIZE OF HAWAII BUSINESS RECEIPTS								
Under $ 1,000	966	(560)	283	379,076	680	470,927	3	4
$ 1,000 " 10,000	575	2,695	223	1,726	349	6,281	2	0
10,000 " 50,000	1,260	35,497	727	9,299	530	14,146	0	0
50,000 " 100,000	977	72,155	682	13,964	290	12,643	4	2
100,000 " 500,000	3,222	808,423	2,344	94,340	872	27,983	10	4
500,000 " 1 million	1,135	804,697	855	68,020	277	28,879	4	6
1 million " 5 million	1,099	2,319,973	864	145,461	233	50,540	6	13
5 million " 10 million	181	1,225,532	149	70,003	32	11,122	3	22
10 million and over	191	5,349,393	161	324,396	28	38,593	7	91

TABLE 2-7

ADDITIONAL SOURCES OF INCOME FOR NON-APPORTIONED "C" CORPORATIONS
BY INDUSTRY - 2002
(Dollar Amounts in Thousands)

INDUSTRY	INTEREST		GROSS RENTS		CAPITAL GAIN/LOSS		D-1 GAIN/LOSS		DIVIDENDS [1]	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
TOTAL	6,732	$543,855	1,561	$621,583	742	$159,559	2,060	($1,112)	1,356	$23,354
Agriculture & Fishing	124	1,057	34	3,508	20	637	44	(881)	30	219
Construction & Utilities	612	5,857	132	15,391	67	4,364	239	8,972	134	2,279
Manufacturing	146	893	37	2,302	15	229	68	1,899	34	235
Wholesale	388	4,527	67	5,020	37	6,958	133	12,420	82	834
Retail	663	5,833	133	14,518	79	2,840	256	(2,234)	168	3,456
Transportation	109	2,258	22	1,719	12	309	60	(5,474)	18	26
Information	48	2,395	6	5,235	6	297	22	(7,640)	9	35
Finance & Insurance	230	441,995	38	22,634	46	44,626	84	33,595	88	3,129
Real Estate & Rental	2,298	35,092	710	122,568	270	79,444	442	(18,384)	322	3,222
Business Services	1,011	27,277	156	389,206	101	17,023	341	76,501	242	6,840
Education	24	31	4	204	0	0	9	(51)	3	5
Health & Care Services	450	2,583	68	2,422	29	934	136	(203)	114	469
Entertainment & Hospitality	340	10,917	96	28,943	27	1,642	129	(99,813)	55	2,020
Repair Services	120	280	26	1,173	15	493	49	200	24	57
Personal & Other Services	156	2,809	27	6,509	15	1,724	44	(92)	31	527
Unclassified	13	53	5	231	3	(1,960)	4	73	2	1

[1] Data on dividends not available on 10% of returns due to lack of federal return information.

TABLE 2-8

ADDITIONAL SOURCES OF INCOME FOR NON-APPORTIONED "S" CORPORATIONS
BY INDUSTRY - 2002
(Dollar Amounts in Thousands)

INDUSTRY	INTEREST [1]		D-1 GAIN/LOSS		MISC. INCOME/LOSS	
	Number	Amount	Number	Amount	Number	Amount
TOTAL	2,553	$1,713,372	504	$16,952	2,761	$494,380
Agriculture & Fishing	69	14,341	24	905	152	7,789
Construction & Utilities	278	179,909	79	1,782	248	12,823
Manufacturing	69	25,152	19	17	91	2,766
Wholesale	175	41,340	34	207	190	10,866
Retail	237	20,363	63	(171)	311	28,564
Transportation	54	21,605	32	823	58	719
Information	42	15,789	11	(33)	51	(1,718)
Finance & Insurance	84	85,926	7	321	115	6,647
Real Estate & Rental	505	654,571	46	(4,478)	393	31,594
Business Services	499	515,342	87	17,311	544	545,246
Education	16	6,570	0	0	14	194
Health & Care Services	168	28,150	19	(411)	177	4,000
Entertainment & Hospitality	256	93,408	58	532	300	(158,147)
Repair Services	47	9,179	10	57	48	765
Personal & Other Services	45	1,654	13	85	54	970
Unclassified	9	75	2	4	15	1,300

[1] Data on interest income not available on 11% of returns due to lack of federal return information.

TABLE 2-9

WAGES PAID AND NUMBER OF W-2 FORMS
BY INDUSTRY - 2002
(Dollar Amounts in Thousands)

INDUSTRY	ALL CORPORATIONS			"C" CORPORATIONS			"S" CORPORATIONS		
	WAGES PAID		W-2	WAGES PAID		W-2	WAGES PAID		W-2
	Number	Amount	COUNT	Number	Amount	COUNT	Number	Amount	COUNT
TOTAL	13,589	$6,681,362	296,224	8,866	$5,141,245	206,712	4,723	$1,540,117	89,512
Agriculture & Fishing	249	74,496	5,440	149	56,944	4,002	100	17,551	1,438
Construction & Utilities	1,485	572,086	29,390	889	296,460	19,100	596	275,626	10,290
Manufacturing	491	263,482	9,041	363	220,791	7,088	128	42,691	1,953
Wholesale	1,121	513,638	16,547	798	414,467	12,028	323	99,171	4,519
Retail	1,855	1,028,832	54,010	1,195	803,665	38,739	660	225,167	15,271
Transportation	325	647,137	15,274	216	570,383	12,741	109	76,754	2,533
Information	244	362,585	6,059	173	344,288	5,489	71	18,296	570
Finance & Insurance	294	200,088	3,839	232	177,201	3,074	62	22,887	765
Real Estate & Rental	1,512	347,058	11,412	1,216	270,848	8,263	296	76,210	3,149
Business Services	2,603	1,196,909	59,080	1,613	933,640	44,522	990	263,269	14,558
Education	102	27,482	1,704	60	13,505	815	42	13,977	889
Health & Care Services	1,109	396,178	13,885	737	296,108	9,084	372	100,070	4,801
Entertainment & Hospitality	1,509	901,078	58,392	806	628,766	32,028	703	272,312	26,364
Repair Services	335	57,827	3,121	203	36,644	1,971	132	21,183	1,150
Personal & Other Services	326	89,851	8,872	204	77,240	7,741	122	12,611	1,131
Unclassified	29	2,635	158	12	292	27	17	2,343	131

TABLE 2-10

SELECTED EXPENSES OF NON-APPORTIONED "C" CORPORATIONS [1]
BY MAJOR INDUSTRY - 2002
(Dollar Amounts in Thousands)

INDUSTRY	NO. OF ENTITIES	RETURNS AND ALLOWANCES		COST OF GOODS SOLD		OFFICERS' COMPENSATION [2]		REPAIRS [2]	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
TOTAL	11,756	705	$50,643	5,093	$8,386,474	5,360	$763,077	6,412	$165,382
Agriculture & Fishing	248	14	899	113	63,867	107	10,073	164	3,779
Construction & Utilities	984	28	153	825	1,721,842	630	94,676	579	9,171
Manufacturing	288	48	2,458	252	286,122	168	17,131	206	3,065
Wholesale	715	99	16,827	630	1,549,782	431	60,971	412	7,870
Retail	1,328	185	16,565	1,223	2,276,935	829	84,099	907	20,875
Transportation	231	12	349	83	674,387	119	13,298	138	5,700
Information	129	13	224	65	235,095	43	3,317	50	290
Finance & Insurance	365	6	207	30	28,707	102	23,065	103	4,469
Real Estate & Rental	3,185	23	2,831	153	284,937	431	46,853	1,389	63,912
Business Services	1,732	52	4,356	480	730,075	963	184,422	845	21,119
Education	74	8	155	23	1,671	24	2,049	35	157
Health & Care Services	807	118	556	92	29,540	662	157,073	540	4,463
Entertainment & Hospitality	975	47	2,533	774	348,852	539	40,960	725	17,146
Repair Services	242	26	129	203	80,218	162	13,163	151	909
Personal & Other Services	390	24	2,400	133	72,940	143	11,806	156	2,424
Unclassified	63	2	1	14	1,504	7	121	12	34

See end of tables for footnotes.

TABLE 2-10 (Continued)

SELECTED EXPENSES OF NON-APPORTIONED "C" CORPORATIONS [1]
BY MAJOR INDUSTRY - 2002
(Dollar Amounts in Thousands)

INDUSTRY	BAD DEBTS [2]		TAXES PAID [2]		INTEREST EXPENSE [2]		CONTRIBUTIONS [2]		DEPRECIATION [2]	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
TOTAL	970	$48,667	9,173	$516,983	5,451	$1,219,630	1,809	$5,345	7,441	$337,919
Agriculture & Fishing	13	197	198	7,454	127	5,021	32	38	187	13,581
Construction & Utilities	130	5,358	858	46,190	666	18,854	253	1,194	782	32,157
Manufacturing	49	1,226	246	10,028	171	4,904	71	178	227	9,428
Wholesale	149	3,452	607	32,805	439	13,391	171	403	536	16,479
Retail	195	3,386	1,151	116,235	779	26,065	264	961	1,046	36,981
Transportation	23	981	184	14,541	135	9,065	30	35	161	24,897
Information	15	358	84	2,232	52	489	18	28	73	1,455
Finance & Insurance	17	11,478	232	10,503	110	36,065	51	88	147	9,775
Real Estate & Rental	141	14,405	2,096	60,230	923	51,035	214	928	1,243	73,109
Business Services	115	3,673	1,422	94,697	828	32,164	321	874	1,148	52,940
Education	6	34	52	1,708	31	990,418	14	10	45	308
Health & Care Services	12	83	741	44,711	474	5,286	129	128	694	12,479
Entertainment & Hospitality	67	1,094	808	57,661	445	21,531	145	281	756	44,430
Repair Services	17	149	212	8,167	137	1,657	44	23	188	3,409
Personal & Other Services	20	1,588	258	9,735	126	3,406	48	175	198	6,251
Unclassified	1	1,204	24	87	8	278	4	1	10	240

See end of tables for footnotes.

TABLE 2-10 (Continued)

SELECTED EXPENSES OF NON-APPORTIONED "C" CORPORATIONS [1]
BY MAJOR INDUSTRY - 2002
(Dollar Amounts in Thousands)

INDUSTRY	PENSIONS [2]		EMPLOYEE BENEFITS [2]		RENTAL EXPENSE [2]		ADVERTISING [2]	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
TOTAL	1,881	$106,422	4,502	$166,095	6,151	$453,755	4,834	$122,056
Agriculture & Fishing	33	1,876	97	4,110	130	5,967	84	982
Construction & Utilities	235	10,689	514	17,555	634	28,986	520	4,187
Manufacturing	53	2,137	167	7,581	206	11,846	170	4,889
Wholesale	156	5,895	360	12,669	479	36,273	381	6,284
Retail	204	9,430	679	31,824	1,015	126,412	849	35,104
Transportation	29	1,208	106	7,356	127	13,115	100	8,643
Information	7	114	35	747	67	2,319	47	2,324
Finance & Insurance	38	1,892	89	4,205	118	14,289	91	2,971
Real Estate & Rental	114	4,506	454	15,315	663	33,811	554	9,981
Business Services	457	21,814	769	30,325	969	60,931	731	20,682
Education	6	243	17	427	49	2,389	37	355
Health & Care Services	414	42,836	523	13,674	623	28,569	403	3,104
Entertainment & Hospitality	69	2,198	457	14,288	720	72,078	582	19,908
Repair Services	46	959	123	2,592	181	9,024	140	1,195
Personal & Other Services	20	625	109	3,414	164	7,465	138	1,438
Unclassified	0	0	3	14	6	281	7	8

[1] Excludes returns using separate accounting and returns using apportionment formulas.

[2] Data in these categories excludes approximately 10% of returns due to lack of matching federal information.

TABLE 2-11

SELECTED EXPENSES OF NON-APPORTIONED "S" CORPORATIONS [1]
BY MAJOR INDUSTRY - 2002
(Dollar Amounts in Thousands)

INDUSTRY	RETURNS & ALLOWANCES		COST OF GOODS SOLD		BAD DEBTS [2]		INTEREST EXPENSE [2]		COMPENSATION OF OFFICERS [2]	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
TOTAL	689	$30,917	4,836	$4,833,225	536	$9,677	3,933	$83,374	4,382	$308,710
Agriculture & Fishing	8	76	135	25,967	7	22	126	1,275	86	3,534
Construction & Utilities	47	580	714	1,326,591	57	960	496	6,325	533	48,574
Manufacturing	42	3,011	235	262,023	34	472	130	2,554	141	9,659
Wholesale	72	2,678	512	800,662	84	1,927	308	7,354	282	20,151
Retail	144	2,969	988	1,228,737	123	1,526	563	8,883	585	37,011
Transportation	12	75	69	73,475	13	519	94	3,526	92	7,549
Information	17	54	87	76,390	14	390	64	706	74	4,538
Finance & Insurance	3	245	19	5,572	10	866	67	10,278	62	8,749
Real Estate & Rental	19	2,357	117	111,472	21	914	265	10,630	262	18,847
Business Services	81	5,659	616	497,507	78	951	778	9,318	955	61,704
Education	5	103	23	8,946	5	12	29	113	38	2,341
Health & Care Services	107	11,274	145	26,054	11	343	293	3,589	385	36,795
Entertainment & Hospitality	62	1,510	822	299,726	53	307	480	17,264	612	36,832
Repair Services	41	186	185	66,302	14	73	124	1,124	134	6,609
Personal & Other Services	24	82	142	19,995	9	380	103	365	129	5,262
Unclassified	5	57	27	3,806	3	16	13	69	12	556

[1] Excludes returns using apportionment formulas to allocate Hawaii income.

[2] Data in these categories excludes approximately 11% of returns due to lack of matching federal information.

SECTION 3

FINANCIAL CORPORATIONS

Banks and other financial institutions taxable under Chapter 241 of the Hawaii Revised Statutes must file Form F-1. In lieu of an income tax, these corporations pay a franchise tax, based on their Hawaii adjusted income.

For tax year 2002, 129 financial corporations filed Form F-1, reporting business receipts of $2.8 billion and net income of $199.5 million. Profits of $331.8 million were realized by 64 entities, while 54 corporations incurred losses totaling $132.3 million. A franchise tax liability of $16.8 million resulted from the profitable organizations.

Section 3

Financial Corporations

Statistical Tables

Dollar amounts and percentages are rounded and may not add up to totals.

TABLE 3-1

NUMBER OF BUSINESSES, HAWAII BUSINESS RECEIPTS, NET PROFIT, NET LOSS,
AND TAX LIABILITY FOR FINANCIAL CORPORATIONS BY SIZE OF BUSINESS RECEIPTS - 2002
(Dollar Amounts in Thousands)

SIZE OF HAWAII BUSINESS RECEIPTS	NO. OF ENTITIES	BUSINESS RECEIPTS	NET PROFIT		NET LOSS		TAX LIABILITY	
			Number	Amount	Number	Amount	Number	Amount
TOTAL.....	129	$2,771,200	64	$331,790	54	$132,266	64	$16,845
Under $ 50,000	20	354	3	29	17	80,700	3	2
$50,000 " 100,000	4	303	3	31	1	868	3	2
100,000 " 500,000	36	8,837	21	1,167	13	1,440	21	89
500,000 " 1 million	16	11,319	10	1,035	4	3,288	10	81
1 million " 5 million	27	51,929	16	6,472	9	5,017	16	512
5 million and over	26	2,698,458	11	323,056	10	40,953	11	16,158

TABLE 3-2

TOTAL DEDUCTIONS, WAGES PAID, AND W-2 COUNT
FOR FINANCIAL CORPORATIONS BY SIZE OF BUSINESS RECEIPTS - 2002
(Dollar Amounts in Thousands)

SIZE OF HAWAII BUSINESS RECEIPTS	TOTAL DEDUCTIONS		WAGES PAID		W-2 COUNT
	Number	Amount	Number	Amount	
TOTAL.....	128	$2,425,696	70	$364,629	1,150
Under $ 50,000	19	43,060	3	329	5
$50,000 " 100,000	4	262	1	2	3
100,000 " 500,000	36	9,046	13	821	129
500,000 " 1 million	16	13,571	12	1,894	56
1 million " 5 million	27	50,354	22	18,149	316
5 million and over	26	2,309,402	19	343,434	641

SECTION 4

PROPRIETORSHIPS

Sole proprietors are required to file Schedule C and/or Schedule F with their federal individual income tax returns. Schedule F is used to record farm activities, while Schedule C is used for all other businesses. Since single-member limited liability companies (LLCs) are classified as if they were a sole proprietorship, they have to file Schedules C, E and/or F with their individual income tax returns. Their schedules are included in the proprietorship count. Proprietors operating several businesses will often file multiple schedules. For this report, each schedule is treated as a separate entity.

Although not technically recognized as proprietors, some individuals receive rental income from real estate holdings. Federal Schedule E, Part 1, is used to report any revenue or loss derived from such activities. For the purpose of this study, any real estate rental recorded on Schedule E is considered a proprietorship entry, and included herein.

Sole proprietorships accounted for 75.3% of all Hawaii business entities in 2002. Of the 96,431 registered proprietorships, 58,165 included Schedules C and F with their federal returns, while 38,266 attached Schedule E. Business receipts from proprietors totaled $3.0 billion, which comprised 4.7% of all business revenues in the state. Approximately 72.3% of proprietors had revenues under $25,000, and 5.8%, or 5,633, recorded zero receipts.

Table 4-1 reveals the dominance of the real estate and rental industry among proprietorships, with 43.5% of all such returns engaged in these activities. This pattern held in all districts, ranging from 31.6% on the island of Hawaii to 47.2% on Oahu. Business services represented the next highest category of filings at 10.9%, followed by retailing with 7.0%.

Not surprisingly, real estate and rental proprietors contributed 31.1%, or $936.3 million, of total business receipts. The retail sector and business services each accounted for approximately 11.2% of revenues. The construction and utilities grouping ranked highest in terms of revenues per entity at $105,000, and was responsible for 10.7% of total business receipts.

Statewide net income for sole proprietors reached $503.0 million, with 57.7% of all entities reporting profits of $777.8 million, and 41.5% recording losses of $274.8 million. The largest source of net income was the business services industry, adding $132.2 million, or 26.3%, followed by the health and care services sector at $101.4 million, or 20.2%. Only the agriculture and fishing industry experienced a negative net income, at $4.9 million.

The difference between business receipts and net income consists of expenses and deductions. Among the proprietorship population, over $2.5 billion in expenses was claimed, 24.7% of which was $627.9 million in cost of goods sold. The retail industry accounted for $201.1 million of this figure, with the cost of goods sold representing 62.6% of its total expenses of $321.2 million. As a sector, the real estate and rental industry recorded the greatest amount of overall expenses, $897.1 million, or 35.4% of the total. Mortgage interest made up 24.4%, or the largest portion, of these expenses.

In Table 4-5, individual tax returns are examined to compare the contribution of proprietorship revenue to other income sources. On average, 12.8% of individual taxpayers' adjusted gross income (AGI) can be attributed to proprietorship activities. Only for the AGI class between $5,000 and $10,000 does proprietorship income represent a major (44.5%) source of funds.

Table 4-6 extends the comparison to industry sectors. As a percentage of AGI, proprietorship contributions range from 1.8% in the rental group to 42.8% in health and care services. In general, proprietorship income is not a primary contributor of AGI.

From Table 4-8, it appears that for 46.9% of all sole proprietors, business earnings represented less than 1% of total adjusted gross income (AGI). Only 23.4% reported proprietorship income of at least 51.5% of AGI. By industry, business revenues comprised at least half of AGI for 52% of transportation providers and 43.0% of construction and utility operators, compared to only 15.7% of education proprietors.

Section 4

Proprietorships

Statistical Tables

Dollar amounts and percentages are rounded and may not add up to totals.

TABLE 4-1

NUMBER OF PROPRIETORSHIPS BY TAXATION DISTRICT
AND BY MAJOR INDUSTRY - 2002

INDUSTRY	TAXATION DISTRICT				
	All	First	Second	Third	Fourth
TOTAL	96,431	64,773	12,565	13,405	5,688
Agriculture & Fishing	4,848	1,251	680	2,437	480
Construction & Utilities	3,072	1,577	564	650	281
Manufacturing	1,332	764	214	278	76
Wholesale	1,506	1,029	197	190	90
Retail	6,767	4,874	691	836	366
Transportation	1,295	985	137	132	41
Information	633	456	84	68	25
Finance & Insurance	1,615	1,300	109	130	76
Real Estate & Rental	41,951	30,587	4,921	4,239	2,204
Business Services	10,534	7,239	1,405	1,298	592
Education	918	630	111	139	38
Health & Care Services	3,619	2,381	523	519	196
Entertainment & Hospitality	4,070	2,438	852	508	272
Repair Services	2,295	1,285	375	441	194
Personal & Other Services	5,764	3,655	868	767	474
Unclassified	6,212	4,322	834	773	283

TABLE 4-2

NUMBER OF PROPRIETORSHIPS BY TAXATION DISTRICT
AND BY SIZE OF BUSINESS RECEIPTS - 2002

INDUSTRY	TAXATION DISTRICT				
	All	First	Second	Third	Fourth
TOTAL	96,431	64,773	12,565	13,405	5,688
No Business Receipts	5,633	3,876	603	831	323
Under $ 1,000	8,422	5,405	1,082	1,403	532
$ 1,000 " 5,000	19,327	12,286	2,607	3,128	1,306
5,000 " 10,000	18,013	12,111	2,392	2,409	1,101
10,000 " 25,000	23,937	16,903	3,024	2,789	1,221
25,000 " 50,000	10,241	6,945	1,407	1,324	565
50,000 " 100,000	5,500	3,729	746	722	303
100,000 " 250,000	3,476	2,270	471	515	220
250,000 " 500,000	1,195	808	153	172	62
500,000 " 1,000,000	473	294	55	80	44
1,000,000 and over	214	146	25	32	11

TABLE 4-3

BUSINESS RECEIPTS, OTHER INCOME, NET PROFIT, AND NET LOSS DATA
BY SIZE OF BUSINESS RECEIPTS AND BY INDUSTRY - 2002
(Dollar Amounts in Thousands)

SIZE OF BUSINESS RECEIPTS AND INDUSTRY	NO. OF ENTITIES	BUSINESS RECEIPTS	OTHER INCOME		NET PROFIT		NET LOSS	
			Number	Amount	Number	Amount	Number	Amount
TOTAL	96,431	$3,012,009	2,835	$36,499	55,649	$777,838	40,022	$274,837
SIZE OF BUSINESS RECEIPTS								
No Business Receipts	5,633	0	749	19,883	722	11,425	4,735	26,033
Under $ 1,000	8,422	4,011	175	448	3,998	1,485	4,373	13,294
$ 1,000 " 5,000	19,327	53,126	347	1,120	10,627	17,051	8,578	38,598
5,000 " 10,000	18,013	134,174	205	568	10,200	36,711	7,691	43,728
10,000 " 25,000	23,937	374,954	334	1,677	14,400	103,616	9,348	68,129
25,000 " 50,000	10,241	356,521	294	1,898	7,075	110,123	3,107	31,618
50,000 " 100,000	5,500	381,828	250	3,226	4,203	123,979	1,269	19,972
100,000 " 250,000	3,476	533,505	219	1,635	2,857	152,916	609	14,781
250,000 " 500,000	1,195	410,830	132	1,255	1,008	99,102	185	6,743
500,000 " 1,000,000	473	319,380	85	1,459	397	59,549	75	4,097
1,000,000 and over	214	443,679	45	3,330	162	61,882	52	7,844
INDUSTRY								
Agriculture & Fishing	4,848	87,539	124	295	2,153	16,486	2,667	21,342
Construction & Utilities	3,072	321,456	134	4,066	2,427	55,397	629	6,675
Manufacturing	1,332	46,022	56	(502)	851	8,977	467	2,645
Wholesale	1,506	98,772	102	1,568	896	14,326	588	2,903
Retail	6,767	337,255	565	3,724	3,370	33,768	3,334	15,603
Transportation	1,295	35,778	50	972	1,070	11,157	224	1,786
Information	633	21,324	33	78	339	5,636	287	2,043
Finance & Insurance	1,615	89,997	109	4,450	1,203	36,859	402	3,358
Real Estate & Rental	41,951	936,263	216	5,973	19,238	220,852	22,362	176,000
Business Services	10,534	324,438	423	5,012	7,927	144,036	2,520	11,866
Education	918	10,823	25	449	655	4,664	251	894
Health & Care Services	3,619	253,660	221	3,758	2,833	105,696	740	4,313
Entertainment & Hospitality	4,070	124,186	191	1,772	2,417	25,980	1,613	8,500
Repair Services	2,295	87,196	73	698	1,694	20,002	588	2,727
Personal & Other Services	5,764	108,902	269	2,162	4,342	37,037	1,392	5,865
Unclassified	6,212	128,399	244	2,023	4,234	36,965	1,958	8,315

TABLE 4-4

SELECTED BUSINESS DEDUCTIONS BY SIZE OF BUSINESS RECEIPTS AND BY INDUSTRY - 2002
(Dollar Amounts in Thousands)

SIZE OF BUSINESS RECEIPTS AND INDUSTRY	TOTAL DEDUCTIONS [1]		RETURNS AND ALLOWANCES		COST OF GOODS SOLD	
	Number	Amount	Number	Amount	Number	Amount
TOTAL	92,427	$2,537,543	1,385	$7,964	13,023	$627,926
SIZE OF BUSINESS RECEIPTS						
No Business Receipts	5,412	34,381	15	109	260	1,242
Under $ 1,000	7,039	16,242	101	26	1,242	886
$ 1,000 " 5,000	17,844	75,676	179	118	2,188	3,997
5,000 " 10,000	17,504	141,641	109	119	1,296	4,669
10,000 " 25,000	23,642	340,874	160	270	1,992	12,776
25,000 " 50,000	10,166	279,606	147	308	1,830	23,976
50,000 " 100,000	5,475	280,237	211	810	1,610	46,493
100,000 " 250,000	3,464	395,691	232	1,314	1,527	112,857
250,000 " 500,000	1,194	317,979	149	1,748	654	113,982
500,000 " 1,000,000	473	262,755	62	2,632	280	104,950
1,000,000 and over	214	392,461	20	510	144	202,098
INDUSTRY						
Agriculture & Fishing	4,748	92,659	14	31	152	3,308
Construction & Utilities	2,951	276,359	47	442	1,439	156,601
Manufacturing	1,296	39,073	66	114	716	18,088
Wholesale	1,456	88,604	96	313	846	61,783
Retail	6,538	321,185	326	1,630	4,064	201,136
Transportation	1,243	27,070	19	309	67	1,750
Information	594	17,715	14	94	106	6,603
Finance & Insurance	1,482	60,495	35	452	37	18,410
Real Estate & Rental	40,880	897,061	72	323	140	7,169
Business Services	9,889	195,843	167	1,437	1,198	36,531
Education	805	7,480	17	23	52	422
Health & Care Services	3,434	154,704	164	1,330	317	9,018
Entertainment & Hospitality	3,873	108,151	68	328	934	31,609
Repair Services	2,184	70,109	68	510	854	28,407
Personal & Other Services	5,397	79,519	98	372	959	11,824
Unclassified	5,657	101,515	114	258	1,142	35,268

[1] Includes cost of goods sold.

TABLE 4-4 (Continued)

SELECTED BUSINESS DEDUCTIONS BY SIZE OF BUSINESS RECEIPTS AND BY INDUSTRY - 2002
(Dollar Amounts in Thousands)

SIZE OF BUSINESS RECEIPTS AND INDUSTRY	SALARIES AND WAGES		W-2 JOB COUNT	BUSINESS USE OF HOME		MORTGAGE INTEREST	
	Number	Amount		Number	Amount	Number	Amount
TOTAL	3,156	$136,546	9,135	5,843	$19,346	23,556	$229,757
SIZE OF BUSINESS RECEIPTS							
No Business Receipts	62	1,125	40	187	328	366	2,150
Under $ 1,000	40	44	0	165	240	228	594
$ 1,000 " 5,000	121	204	9	582	807	2,472	8,599
5,000 " 10,000	109	275	35	562	1,023	6,012	32,027
10,000 " 25,000	247	1,264	152	1,353	3,530	8,958	74,508
25,000 " 50,000	244	2,149	182	1,267	4,538	3,048	39,549
50,000 " 100,000	433	5,799	522	920	4,396	1,305	24,553
100,000 " 250,000	837	22,662	2,004	568	3,044	729	18,436
250,000 " 500,000	620	36,056	2,553	165	984	252	7,318
500,000 " 1,000,000	304	35,021	2,170	58	375	123	8,260
1,000,000 and over	139	31,948	1,468	16	80	63	13,762
INDUSTRY							
Agriculture & Fishing	293	1,026	93	50	161	364	2,100
Construction & Utilities	369	25,036	1,479	476	1,803	137	792
Manufacturing	51	1,955	135	171	540	46	146
Wholesale	71	2,734	202	208	738	48	241
Retail	362	15,384	1,242	446	1,207	141	851
Transportation	36	1,572	135	41	134	34	146
Information	16	1,863	5	76	229	15	90
Finance & Insurance	110	4,468	207	112	398	36	287
Real Estate & Rental	175	6,089	431	458	1,576	21,783	218,455
Business Services	486	19,162	1,210	1,552	4,632	225	1,003
Education	33	612	45	92	239	9	156
Health & Care Services	449	29,255	1,566	618	2,925	285	2,366
Entertainment & Hospitality	257	11,835	1,393	436	1,506	107	1,515
Repair Services	128	5,151	382	227	677	70	335
Personal & Other Services	163	5,212	333	492	1,402	103	395
Unclassified	157	5,190	277	388	1,180	153	879

TABLE 4-5

PROPRIETORSHIP NET INCOME COMPARED TO OTHER INCOME SOURCES ON PROPRIETORS' PERSONAL TAX RETURNS BY SIZE OF ADJUSTED GROSS INCOME - 2002
(Dollar Amounts in Thousands)

SIZE OF ADJUSTED GROSS INCOME (AGI)	RETURN COUNT	ADJUSTED GROSS INCOME [1]	PROPRIETORSHIP NET INCOME		PROPRIETORS' WAGES EARNED [1]		OTHER INCOME SOURCES [1]	
			Amount	% of AGI	Amount	% of AGI	Amount	% of AGI
TOTAL.....	80,102	$3,891,491	$499,722	12.8%	$2,648,048	68.0%	$743,721	19.1%
Under $ 5,000	11,210	(141,209)	(25,963)	n.m.	25,281	n.m.	(140,526)	n.m.
$ 5,000 " 10,000	7,386	55,049	24,504	44.5%	19,382	35.2%	11,163	20.3%
10,000 " 25,000	16,254	275,730	77,656	28.2%	147,313	53.4%	50,762	18.4%
25,000 " 50,000	18,705	683,432	77,469	11.3%	518,116	75.8%	87,847	12.9%
50,000 " 75,000	11,558	709,969	62,292	8.8%	567,404	79.9%	80,273	11.3%
75,000 " 100,000	6,538	563,963	45,489	8.1%	454,569	80.6%	63,905	11.3%
100,000 " 150,000	5,075	607,506	62,347	10.3%	448,025	73.7%	97,134	16.0%
150,000 " 200,000	1,477	252,995	47,407	18.7%	143,039	56.5%	62,548	24.7%
200,000 and over	1,899	884,056	128,521	14.5%	324,920	36.8%	430,615	48.7%

[1] This table evaluates relationships of income items by taxpayer return. Therefore, AGI, wages earned, and "other income" are counted only once.
n.m. = not meaningful.

TABLE 4-6

PROPRIETORSHIP NET INCOME COMPARED TO OTHER INCOME SOURCES ON PROPRIETORS' PERSONAL TAX RETURNS BY INDUSTRY - 2002
(Dollar Amounts in Thousands)

INDUSTRY	ENTITY COUNT	ADJUSTED GROSS INCOME (AGI) [1]	PROPRIETORSHIP NET INCOME		PROPRIETORS' WAGES EARNED [1]		OTHER INCOME SOURCES [1]	
			Amount	% of AGI	Amount	% of AGI	Amount	% of AGI
TOTAL	96,431	$5,011,971	$503,001	10.0%	$3,248,475	64.8%	$1,260,495	25.1%
Agriculture & Fishing	4,848	221,404	(4,857)	n.m.	129,757	58.6%	96,503	43.6%
Construction & Utilities	3,072	137,836	48,721	35.3%	70,599	51.2%	18,516	13.4%
Manufacturing	1,332	46,871	6,333	13.5%	33,190	70.8%	7,349	15.7%
Wholesale	1,506	64,836	11,423	17.6%	45,316	69.9%	8,097	12.5%
Retail	6,767	282,936	18,165	6.4%	230,046	81.3%	34,724	12.3%
Transportation	1,295	29,654	9,370	31.6%	18,341	61.9%	1,942	6.6%
Information	633	32,192	3,592	11.2%	22,407	69.6%	6,193	19.2%
Finance & Insurance	1,615	87,910	33,501	38.1%	56,608	64.4%	(2,199)	n.m.
Real Estate & Rental	41,951	2,556,807	44,852	1.8%	1,638,223	64.1%	873,732	34.2%
Business Services	10,534	605,415	132,170	21.8%	373,701	61.7%	99,544	16.4%
Education	918	49,434	3,770	7.6%	37,792	76.4%	7,872	15.9%
Health & Care Services	3,619	237,118	101,383	42.8%	122,750	51.8%	12,985	5.5%
Entertainment & Hospitality	4,070	162,567	17,479	10.8%	113,586	69.9%	31,501	19.4%
Repair Services	2,295	75,562	17,275	22.9%	53,542	70.9%	4,745	6.3%
Personal & Other Services	5,764	188,798	31,172	16.5%	130,873	69.3%	26,753	14.2%
Unclassified	6,212	232,634	28,650	12.3%	171,744	73.8%	32,240	13.9%

[1] Each proprietorship entity was evaluated separately. For returns with more than one proprietorship entity, AGI, wages earned, and "other income sources" are included for each proprietorship entity and thus counted more than once.
n.m. = not meaningful.

TABLE 4-7

SELECTED DATA FOR RENTALS REPORTED ON SCHEDULE E
BY GROSS RECEIPTS, AGGREGATED BY RETURN - 2002
(Dollar Amounts in Thousands)

SIZE OF GROSS RECEIPTS	RETURNS WITH RENTALS	GROSS RENTS		GROSS ROYALTIES		DEPRECIATION		MORTGAGE INTEREST		TOTAL EXPENSES	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
TOTAL.....	38,266	36,131	$761,260	1,504	$9,626	31,372	$153,643	21,668	$216,391	37,287	$805,458
No Business Receipts	1,159	0	0	0	0	473	1,204	290	1,252	1,159	5,120
Under $ 1,000	1,238	621	352	622	147	348	373	176	479	696	1,866
$ 1,000 " 5,000	5,208	5,023	15,955	229	487	3,714	6,974	2,351	8,232	4,979	28,851
5,000 " 10,000	10,368	10,296	78,686	165	624	8,574	22,258	5,858	31,415	10,274	96,305
10,000 " 25,000	13,780	13,718	208,553	264	1,531	12,210	50,934	8,711	73,475	13,702	225,434
25,000 " 50,000	4,189	4,167	141,043	111	1,385	3,869	29,156	2,722	37,766	4,170	140,294
50,000 " 100,000	1,549	1,537	102,720	69	1,636	1,449	18,110	1,012	22,539	1,537	96,086
100,000 " 250,000	575	570	81,179	29	1,243	542	11,292	397	16,261	570	75,566
250,000 " 500,000	121	120	39,492	8	774	117	4,376	89	5,798	121	38,293
500,000 " 1,000,000	49	49	32,357	4	60	47	3,566	35	6,193	49	31,129
1,000,000 and over	30	30	60,924	3	1,739	29	5,402	27	12,981	30	66,514

TABLE 4-8

PROPRIETORSHIP NET INCOME AS A PERCENT OF
ADJUSTED GROSS INCOME BY MAJOR INDUSTRY - 2002

INDUSTRY	Total	Under 1%	1%< 10%	10%< 25%	25%< 50%	50%< 100%	100%
ALL INDUSTRIES.....	96,431	45,238	12,605	8,676	7,327	9,978	12,607
Agriculture & Fishing.....	4,848	2,691	450	358	304	357	688
Construction & Utilities.....	3,072	769	330	294	358	514	807
Manufacturing.....	1,332	567	135	130	104	117	279
Wholesale.....	1,506	714	162	118	94	153	265
Retail.....	6,767	3,999	721	358	321	410	958
Transportation.....	1,295	244	103	131	150	205	462
Information.....	633	336	91	55	38	47	66
Finance & Insurance.....	1,615	566	227	183	160	261	218
Real Estate & Rental.....	41,951	23,387	5,144	3,502	2,977	4,372	2,569
Business Services.....	10,534	3,581	1,868	1,240	987	1,105	1,753
Education.....	918	397	214	101	62	65	79
Health & Care Services.....	3,619	976	461	414	332	537	899
Entertainment & Hospitality.....	4,070	1,885	541	359	255	347	683
Repair Services.....	2,295	723	325	224	205	295	523
Personal & Other Services.....	5,764	1,770	848	646	522	637	1,341
Unclassified.....	6,212	2,633	985	563	458	556	1,017
PERCENT.....	100.0%	46.9%	13.1%	9.0%	7.6%	10.3%	13.1%
Agriculture & Fishing.....	100.0%	55.5%	9.3%	7.4%	6.3%	7.4%	14.2%
Construction & Utilities.....	100.0%	25.0%	10.7%	9.6%	11.7%	16.7%	26.3%
Manufacturing.....	100.0%	42.6%	10.1%	9.8%	7.8%	8.8%	20.9%
Wholesale.....	100.0%	47.4%	10.8%	7.8%	6.2%	10.2%	17.6%
Retail.....	100.0%	59.1%	10.7%	5.3%	4.7%	6.1%	14.2%
Transportation.....	100.0%	18.8%	8.0%	10.1%	11.6%	15.8%	35.7%
Information.....	100.0%	53.1%	14.4%	8.7%	6.0%	7.4%	10.4%
Finance & Insurance.....	100.0%	35.0%	14.1%	11.3%	9.9%	16.2%	13.5%
Real Estate & Rental.....	100.0%	55.7%	12.3%	8.3%	7.1%	10.4%	6.1%
Business Services.....	100.0%	34.0%	17.7%	11.8%	9.4%	10.5%	16.6%
Education.....	100.0%	43.2%	23.3%	11.0%	6.8%	7.1%	8.6%
Health & Care Services.....	100.0%	27.0%	12.7%	11.4%	9.2%	14.8%	24.8%
Entertainment & Hospitality.....	100.0%	46.3%	13.3%	8.8%	6.3%	8.5%	16.8%
Repair Services.....	100.0%	31.5%	14.2%	9.8%	8.9%	12.9%	22.8%
Personal & Other Services.....	100.0%	30.7%	14.7%	11.2%	9.1%	11.1%	23.3%
Unclassified.....	100.0%	42.4%	15.9%	9.1%	7.4%	9.0%	16.4%

SECTION 5

PARTNERSHIPS

If any partnership engages in business or trade in Hawaii, has income attributable to Hawaii, or has at least one Hawaii resident as a partner, then that partnership must file tax Form N-20. Although partnerships do not directly pay income tax, all income, deductions, credits, gains, and losses from operations must be reported on Form N-20. Partnership income is passed on to the individual partners, who must declare their share of the business income or loss on their tax returns. Any taxable entity such as an individual or corporation becomes liable for taxes due on these passed on profits.

For tax year 2002, some 7,090 partnerships filed Form N-20, a 7.8% increase over the 6,574 recorded in tax year 2000. Hawaii business receipts for 2002 were $7.0 billion, a drop of 9.1% from 2000. Partnerships with business receipts under $10,000 accounted for 14.1% of all N-20 filings, while 18.8% showed zero business income.

From the distribution summary presented in Table 5-3, almost 50% of registered partnerships were engaged in the real estate and rental industry, contributing 28.0% of total business revenues. Average partnership receipts for this group were $553,000. In contrast, average partnership receipts for the entertainment and hospitality classification were $2.5 million each, with this sector accounting for only 7.0% of total Hawaii partnerships, but contributing 17.7% of total partnership revenues.

In 2002, apportioned partnerships numbered 297 and made up 4.2% of all partnerships. These apportioned partnerships accounted for 37.1% of total partnership receipts, or $2.6 billion. For this segment, net profits were $193.2 million, and net losses were $98.8 million. All other partnerships declared gross receipts of $4.4 billion, recording $691.7 million in net profits, and $750.7 million in net losses. Overall, more than half, or 53.5%, of all partnerships reported net profits in 2002. All partnerships generated net income of $35.5 million, representing an 89.3% decline from 2000.

Section 5

Partnerships

Statistical Tables

Dollar amounts and percentages are rounded and may not add up to totals.

TABLE 5-1

DISTRIBUTION OF PARTNERSHIP RETURNS
BY TAXATION DISTRICT AND BY INDUSTRY - 2002

INDUSTRY	TAXATION DISTRICT				
	All	First	Second	Third	Fourth
TOTAL	7,090	5,225	816	702	347
Agriculture & Fishing	223	89	35	83	16
Construction & Utilities	298	172	44	54	28
Manufacturing	132	95	13	13	11
Wholesale	187	132	26	20	9
Retail	444	291	69	55	29
Transportation	48	30	9	6	3
Information	126	98	11	8	9
Finance & Insurance	552	503	23	20	6
Real Estate & Rental	3,537	2,715	386	295	141
Business Services	665	516	64	58	27
Education	20	14	4	2	0
Health & Care Services	128	106	9	10	3
Entertainment & Hospitality	495	308	93	47	47
Repair Services	74	47	9	11	7
Personal & Other Services	135	90	18	17	10
Unclassified	26	19	3	3	1

TABLE 5-2

DISTRIBUTION OF PARTNERSHIP RETURNS BY TAXATION DISTRICT
AND SIZE OF HAWAII BUSINESS RECEIPTS - 2002

SIZE OF HAWAII BUSINESS RECEIPTS	TAXATION DISTRICT				
	All	First	Second	Third	Fourth
TOTAL	7,090	5,225	816	702	347
No Business Receipts	1,335	1,008	152	125	50
Under $ 10,000	998	766	101	95	36
$10,000 " 25,000	701	498	90	73	40
25,000 " 50,000	706	515	89	64	38
50,000 " 100,000	808	570	101	83	54
100,000 " 250,000	932	681	103	98	50
250,000 " 500,000	535	371	66	71	27
500,000 " 1 million	360	266	37	41	16
1 million and over	715	550	77	52	36

TABLE 5-3

DISTRIBUTION OF BUSINESSES, BUSINESS RECEIPTS, NET INCOME, AND WAGES PAID
BY INDUSTRY AND BY SIZE OF HAWAII BUSINESS RECEIPTS - 2002
(Dollar Amounts in Thousands)

SIZE OF BUSINESS RECEIPTS & INDUSTRY	NO. OF ENTITIES	BUSINESS RECEIPTS	NET PROFIT		NET LOSS		WAGES PAID		W-2 COUNT
			Number	Amount	Number	Amount	Number	Amount	
TOTAL.....	7,090	$6,979,980	3,794	$884,949	3,039	$849,494	1,080	$890,486	44,859
SIZE OF BUSINESS RECEIPTS									
No Business Receipts	1,335	0	130	109,578	984	438,884	46	18,091	2,744
Under $ 10,000	998	3,751	443	1,301	544	20,783	12	502	38
$ 10,000 " 25,000	701	11,807	393	3,587	306	9,563	17	635	55
25,000 " 50,000	706	25,697	456	10,514	243	6,141	28	3,766	271
50,000 " 100,000	808	58,217	574	19,720	233	13,602	58	2,698	378
100,000 " 250,000	932	148,949	675	46,423	248	19,732	162	6,911	1,253
250,000 " 500,000	535	190,848	386	46,717	147	14,308	184	16,475	1,997
500,000 " 1 million	360	253,576	246	49,303	113	19,058	161	30,968	2,799
1 million and over	715	6,287,136	491	597,808	221	307,423	412	810,439	35,324
INDUSTRY									
Agriculture & Fishing.....	223	36,117	70	4,429	145	14,284	35	8,872	646
Construction & Utilities.....	298	444,285	140	36,534	146	36,062	67	30,265	1,658
Manufacturing.....	132	485,560	67	43,907	64	7,146	41	63,787	1,512
Wholesale.....	187	347,843	99	9,458	86	3,968	40	31,469	813
Retail.....	444	751,954	231	17,492	210	50,955	131	62,605	3,490
Transportation.....	48	33,263	27	7,802	21	1,936	12	7,078	477
Information.....	126	561,085	50	49,710	71	131,073	28	60,095	1,703
Finance & Insurance.....	552	79,285	173	50,273	243	153,309	21	10,477	250
Real Estate & Rental.....	3,537	1,954,927	2,040	380,151	1,447	237,666	148	70,513	2,153
Business Services.....	665	748,942	427	152,433	213	63,070	223	136,037	5,299
Education.....	20	27,421	14	5,657	6	93	4	14,563	293
Health & Care Services.....	128	232,228	84	24,662	44	17,743	67	76,894	3,300
Entertainment & Hospitality...	495	1,235,979	237	96,960	249	129,829	215	311,548	22,604
Repair Services.....	74	16,717	52	2,684	22	364	14	1,850	88
Personal & Other Services.....	135	23,664	75	2,723	58	1,709	32	4,421	567
Unclassified.....	26	710	8	77	14	286	2	10	6

TABLE 5-4

SELECTED EXPENSES OF NON-APPORTIONED PARTNERSHIPS [1]
BY MAJOR INDUSTRY - 2002
(Dollar Amounts in Thousands)

INDUSTRY	NUMBER OF ENTITIES	TOTAL EXPENSES [2]	RETURNS & ALLOWANCES		COST OF GOODS SOLD		PAYMENTS TO PARTNERS [3]	
			Number	Amount	Number	Amount	Number	Amount
TOTAL	6,793	$4,517,173	220	$46,138	1,552	$1,513,646	546	$37,420
Agriculture & Fishing	222	44,065	5	6	39	15,839	17	702
Construction & Utilities	289	421,505	12	374	157	279,725	38	2,595
Manufacturing	101	132,823	11	50	88	86,258	14	325
Wholesale	174	160,410	23	795	149	111,968	27	1,303
Retail	434	282,082	56	2,854	397	164,022	75	1,393
Transportation	45	34,093	4	9	8	2,406	8	469
Information	95	69,886	9	989	35	33,040	6	270
Finance & Insurance	522	137,039	3	17	5	26,682	17	2,546
Real Estate & Rental [4]	3,482	1,546,892	12	291	102	474,289	73	3,129
Business Services	590	389,396	24	3,239	127	51,534	135	18,455
Education	19	21,856	2	5	6	18,913	3	31
Health & Care Services	120	195,544	18	25,317	18	8,090	25	1,385
Entertainment & Hospitality	470	1,041,238	22	12,148	303	229,947	63	3,697
Repair Services	71	14,349	9	17	56	6,973	19	327
Personal & Other Services	133	25,040	10	25	56	3,708	26	793
Unclassified	26	955	0	0	6	253	0	0

See end of table for footnotes.

TABLE 5-4 (Continued)

SELECTED EXPENSES OF NON-APPORTIONED PARTNERSHIPS [1]
BY MAJOR INDUSTRY - 2002
(Dollar Amounts in Thousands)

INDUSTRY	INTEREST EXPENSE [3]		DEPRECIATION [3]		RENTAL EXPENSE [3]		REPAIRS [3]	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
TOTAL	1,085	$124,254	1,629	$142,171	1,393	$102,419	1,246	$30,471
Agriculture & Fishing	31	1,294	62	4,457	27	409	41	226
Construction & Utilities	82	17,264	102	11,390	63	2,854	87	1,191
Manufacturing	44	1,293	66	7,648	56	2,560	46	1,437
Wholesale	61	1,115	80	962	71	3,637	55	300
Retail	168	1,691	278	5,669	299	17,053	229	1,633
Transportation	21	663	25	4,379	19	1,347	21	1,372
Information	18	1,098	34	2,718	28	1,183	18	61
Finance & Insurance	17	374	24	773	24	1,689	12	25
Real Estate & Rental [4]	145	35,971	181	22,297	83	5,808	98	5,232
Business Services	202	6,368	280	3,077	258	22,798	214	1,361
Education	3	10	6	65	12	186	4	12
Health & Care Services	52	3,436	73	4,799	78	4,673	67	1,137
Entertainment & Hospitality	182	51,639	299	72,262	266	34,251	266	16,207
Repair Services	19	161	43	208	43	1,163	24	66
Personal & Other Services	38	1,875	68	1,404	61	2,765	59	199
Unclassified	2	3	8	64	5	42	5	11

[1] Excludes returns using apportionment formulas to allocate Hawaii income.

[2] Includes cost of goods sold and returns and allowances.

[3] Data in these categories excludes approximately 17% of returns due to lack of matching federal information.

[4] Expense detail for most rental businesses is not available due to lack of matching federal information.

TABLE 5-5

HAWAII BUSINESS RECEIPTS, NET PROFIT, NET LOSS, AND WAGES PAID
BY NUMBER OF PARTNERS - 2002
(Dollar Amounts in Thousands)

NUMBER OF PARTNERS	NUMBER OF		BUSINESS RECEIPTS		NET PROFIT		NET LOSS		WAGES PAID	
	Entities	Partners	Number	Amount	Number	Amount	Number	Amount	Number	Amount
TOTAL.....	7,090	117,785	5,755	$6,979,980	3,794	$884,949	3,039	$849,494	1,080	$890,486
Unknown.....	1,367	n/a	907	2,779,714	524	226,415	698	468,628	168	295,407
Two.....	2,477	4,954	2,164	1,892,053	1,392	267,042	1,049	118,836	484	248,264
Three.....	965	2,895	813	741,562	535	76,904	413	92,397	167	75,009
Four.....	611	2,444	523	342,604	375	85,226	228	96,853	83	37,557
Five.....	391	1,955	314	192,516	219	15,973	153	12,493	31	27,377
Six.....	311	1,866	267	106,979	195	25,202	110	11,675	30	14,606
7 to 9.....	435	3,348	364	249,405	272	61,179	155	14,705	37	41,289
10 to 19.....	320	4,194	243	160,784	172	36,883	137	12,123	30	22,620
20 to 49.....	150	4,181	113	292,213	73	46,925	73	7,878	28	78,673
50 to 99.....	32	2,103	24	121,334	21	29,763	10	8,046	13	26,085
100 or more.....	31	89,845	23	100,816	16	13,436	13	5,860	9	23,599

n/a = not available.