

tax credits

CLAIMED BY HAWAII RESIDENTS • 1995

Food Tax Credit

Renter's Tax Credit

General Tax Credit

Medical Services Excise Tax Credit

Dependent Care Expense Tax Credit

Energy Device Tax Credit

Child Passenger Restraint System Tax Credit

Capital Goods Excise Tax Credit

Lifeline Telephone Service Tax Credit

State of Hawaii
Department of Taxation
October, 1997

STATE OF HAWAII

Benjamin J. Cayetano, Governor

DEPARTMENT OF TAXATION

Ray K. Kamikawa, Director

Susan K. Inouye, Deputy Director

TAX RESEARCH & PLANNING OFFICE

Francis Okano, Tax Research & Planning Officer

PREPARED BY

Gail Sasaki, Research Statistician

TABLE OF CONTENTS

	<u>Page</u>
TAX CREDITS CLAIMED BY HAWAII RESIDENTS - 1995	
INTRODUCTION.....	1
PURPOSE OF THIS REPORT.....	3
DATA SOURCE AND METHODOLOGY.....	3
OUTLINE OF TAX CREDIT HISTORY.....	6
OVERVIEW.....	6
ANALYSIS OF DATA.....	12
Food Tax Credit.....	12
General Income Tax Credit.....	13
Low -Income Household Renter's Tax Credit.....	14
Medical Services Excise Tax Credit.....	15
Dependent Care Tax Credit.....	15
Energy Device Tax Credit.....	16
Child Passenger Restraint System Tax Credit.....	18
Capital Goods Excise Tax Credit.....	18
Lifeline Telephone Service Tax Credit.....	19

APPENDIX I - STATISTICAL TABLES

TABLE

1	Tax Credits Claimed by Residents by Type of Credit and by Taxation District.....	23
2	Number of Resident Returns Claiming Tax Credits by Type of Credit and by Taxation District.....	24
3	Number of Resident Returns Claiming Tax Credits by Size of Credits per Return and by Adjusted Gross Income.....	25
4	Number Claiming Renter's Tax Credit, Number of Exemptions, and Tax Credits Claimed, by Adjusted Gross Income.....	26
5	Total Resident Returns Filed and General Income Tax Credits Claimed by Adjusted Gross Income.....	27
6	Comparative Data on Resident Returns Filed, Showing Number and Percentage Claiming the General Income Tax Credit.....	28
7	Comparative Data on Resident Returns, Showing Amount of General Income Tax Credit and Average Credit Per Return.....	29
8	Total Resident Returns Filed and Food Tax Credits Claimed by Adjusted Gross Income.....	30

Table of Contents (continued)

<u>TABLE</u>	<u>Page</u>
9 Comparative Data on Resident Returns Filed, Showing Number and Percentage Claiming the Food Tax Credit.....	31
10 Total Resident Returns Filed, Qualified Nursing Facility Expenses, and Nursing Facility Tax Credit Claimed by Adjusted Gross Income.....	32
11 Number Claiming Dependent Care Tax Credit, Number of Qualified Dependents, Dependent Care Expenses, Expenses Allowed, and Tax Credit Claimed, by Adjusted Gross Income.....	33
12 Number Claiming Dependent Care Tax Credits by Adjusted Gross Income and by Expenses Allowed.....	34
13 Number Claiming Capital Goods Excise Tax Credit, Amount of Capital Assets Purchased, Business Profit or Loss, and Tax Credit Claimed.....	35

APPENDIX II - FACSIMILES OF N-11, N-12 AND N-13 TAX RETURNS AND TAX CREDIT FORMS

<u>FORM</u>	
N-11 Individual Income Tax Return.....	38
N-12 Individual Income Tax Return.....	39
N-13 Individual Income Tax Return.....	40
Sch. X Tax Credits for Hawaii Residents.....	41
N-157 Credit for Energy Conservation.....	42
N-312 Capital Goods Excise Tax Credit.....	43

INTRODUCTION

This annual report summarizes eight tax credits claimed by Hawaii residents in tax year 1995: food tax credit, low-income household renter's tax credit, general income tax credit, medical services excise tax credit, child and dependent care expenses tax credit, energy conservation tax credit, child passenger restraint system tax credit, and capital goods excise tax credit. Residents meeting certain qualifications may apply for any or all of these credits. Nonresidents may qualify for the child passenger restraint system and the capital goods excise tax credits. Also included are data on the telephone lifeline service credit which is offered to the telephone public utility. This telephone lifeline service benefits low-income elderly and disabled telephone users.

TAX CREDITS CLAIMED BY HAWAII RESIDENTS - 1995

PURPOSE OF THIS REPORT

For thirty years now, various tax credits have provided tax relief to resident taxpayers for a variety of economic and social reasons. Nearly 90% of all taxpayers filing resident returns claim at least one of the credits. This report examines and presents statistics on the various credits and is intended for legislators, individuals and organizations interested in the effectiveness of Hawaii's tax credits.

DATA SOURCE AND METHODOLOGY

Data summarized in this report were extracted from a sample of resident net income tax returns filed for the 1995 tax year in the state's four taxation districts, sometimes referred to by islands.

<u>Taxation District</u>	<u>Islands</u>
First	Oahu
Second	Maui (includes Molokai and Lanai)
Third	Hawaii
Fourth	Kauai (includes Niihau)

Part of the data for this report was retrieved from the Department of Taxation's computerized Comprehensive Net Income Tax system (CNIT) which extracted data from the individual income tax forms. With the new condensed tax form N-11, additional data from Internal Revenue Service files were extracted and merged with the CNIT data. Where possible, certain items were manually imputed: qualifying child and dependent care expenses based on amount of credit, number of qualifying individuals for the dependent care credit based on number of dependents and amount of credit, and medical expenses based on amount of credit. Certain data discussed in earlier reports and not available for this 1995 report include amount of rent paid, type of energy device and energy device expenses.

Besides the individual income tax forms N-12, N-13 and N-15, a new form N-11 was introduced in tax year 1995. Prior to 1995, residents had a choice between forms N-12 or N-13. Form N-13 was restricted to residents with taxable income below \$100,000 and income sources consisting of wages, salaries, tips, interest, ordinary dividends, and/or unemployment compensation (residents with AGI under \$30,000 may qualify to use form N-13EZ). All other resident taxpayers chose form N-12, or were required to use it if they had other sources of income, itemized deductions, or claimed adjustments to income. Form N-15 was reserved for nonresidents.

Designed to replace form N-12, form N-11 was a more condensed form which started off with the federal adjusted gross income (AGI). Adjustments were made to arrive at Hawaii AGI. This meant that income and adjustment items were eliminated from the data set. Several schedules and forms were also deleted. Many of the tax credit forms were replaced with a schedule X which included the food tax credit, low-income household renters credit, child dependent care expenses tax credit, and medical services excise tax credit. Form N-12 was still kept for part-year residents or residents who did not file federal returns.

Chart 1

Outline of Tax Credit History

1965	CONSUMER-TYPE Act 155 \$.45 to \$18/exemp MAGI <\$1,100 >\$6,300	EDUCATION Act 155 K-12 \$2 to \$20/dep. Higher \$2 to \$50/dep. AGI <\$3,000 >\$5,000			
1967	Act 229 \$1 to \$20/exemp MAGI <\$7,000 Residents only	Act 229 K-12 \$2 to \$20/dep Higher \$5 to \$50/dep AGI <\$3,000 <\$7,000 Residents only			
1969	Act 60 \$1 to \$21/exemp MAGI <\$10,000				
1970		DRUG/MEDICAL Act 180 1% to 4% of expense MAGI <\$14,000	RENT Act 180 1% to 2% of rent paid AGI <\$15,000		
1971		Act 59 Double for elderly			
1974	EXCISE Act 221 Combine four credits \$6 to \$30/exemp AGI <\$15,000				
1976	Act 208 \$6 to \$40/exemp AGI <\$20,000 Double for elderly			ENERGY Act 189 10% of expense Expire 12/31/81	
1977			Act 15 \$20/exemp AGI <\$20,000 Rent >\$1,000 Double for elderly		DEPENDENT CARE Act 196 5% of expense Max \$100 one ind. Max \$200 two or more
1978				Act 19 Include insulation material up to \$30	
1980	Act 228 \$8 to \$48/exemp Include DSSH exemp				
1981			Act 230 \$50/exemp	Act 233 Extend to 12/31/85 Include wind energy & home heat pump	Act 234 10% of expense Max \$200 one ind. Max \$400 two or more
					GENERAL Act 231 \$100/exemp

Outline of Tax Credit History (Chart 1 continued)

1982					Act 25 10% - 15% of expense Max \$360 one ind. Max \$720 two or more	Act 265 \$25/exemp	CAR SEAT Act 134 \$25/return		
1983				Act 67 Include commercial heat pump		Act 97 \$1/exemp			
1984						Act 55 \$1/exemp			
1985				Act 232 Extend to 12/31/92		Act 81 \$1/exemp			
1986				Act 66,70 15% of expense Include ice storage		Act 49 \$1/exemp			
1987						Act 41 \$1/exemp	FOOD Act 239 \$45/exemp	CAPITAL GOODS Act 239 1988: 3% of expense 1989: 4% of expense	
1988	Act 11 \$10 to \$55/exemp AGI <\$30,000					Act 185 \$1/exemp			
1989		MEDICAL SERVICE Act 321 4% of medical expenses Max \$200 sgl \$400 senior \$600 sr couple	Act 321 AGI <\$30,000	Act 307 20% of expense	Act 321/322 AGI ceiling raised Rate inc. 15% to 25%	Act 323 \$125/exemp			
1990	Act 187 Repeal excise Combine food/excise Food--\$55/exemp		Act 98 <\$1 AGI qualifies	Act 319 Extend to 12/31/98 Solar--35%/cost up to \$1,750 Heat pump--20%/cost up to \$400 Wind en.--20%/cost Ice stor.--50%/cost		Act 186 \$60/exemp	Act 187 \$55/exemp		
1991		Act 217 Extend to 12/31/96				Act 179 \$1/exemp			JOB CREDIT Act 137 20%/wage up to \$1,200/voc.reh.emp.
1992						Act 128 \$1/exemp			
1993		Act 315 6% of nursing facility exp.				Act 184 \$1/exemp			
1994						Act 85 \$1/exemp			
1995	Act 134 Repealed	Act 134 Repealed Act 23 (amend Act 134) Retain 6% nursing facility				Act 93 \$1/exemp	Act 134 \$27/exemp		

Figure 1
Number of Returns Processed and Sampled by Taxation District

Taxation District	Returns Processed			Number in Sample		
	N-11	N-12	N-13	N-11	N-12	N-13
First	271,885	42,075	74,764	12,507	630	1,831
Second	36,334	5,104	8,717	1,641	193	401
Third	38,767	6,344	12,457	1,890	183	642
Fourth	17,549	2,614	4,584	758	87	207
STATE	364,535	56,137	100,522	16,796	1,093	3,081

Nearly 70% of all returns processed were Form N-11's. The sample data set consisted of 20,970 returns, or 4.0% of the 521,194 returns which were processed for the 1995 tax year.

The number of returns processed dropped 4.4% from 545,415 returns in 1994, to 521,194 returns in 1995. One reason for the drop may be due to the cutoff date for return sampling. A later cutoff date was used for the 1994 tax year for processing reasons. Also, elimination of the excise tax credit may have led some taxpayers to disregard filing a return just for the credit.

OUTLINE OF TAX CREDIT HISTORY

Chart 1 (on pages 4-5) presents a brief history of tax credits discussed in this report. It covers tax credits introduced since 1965 and the changes made over the years. The tax year represents the year it became effective, unless noted otherwise. Each block contains the act number and briefly notes some requirements and the credit amount.

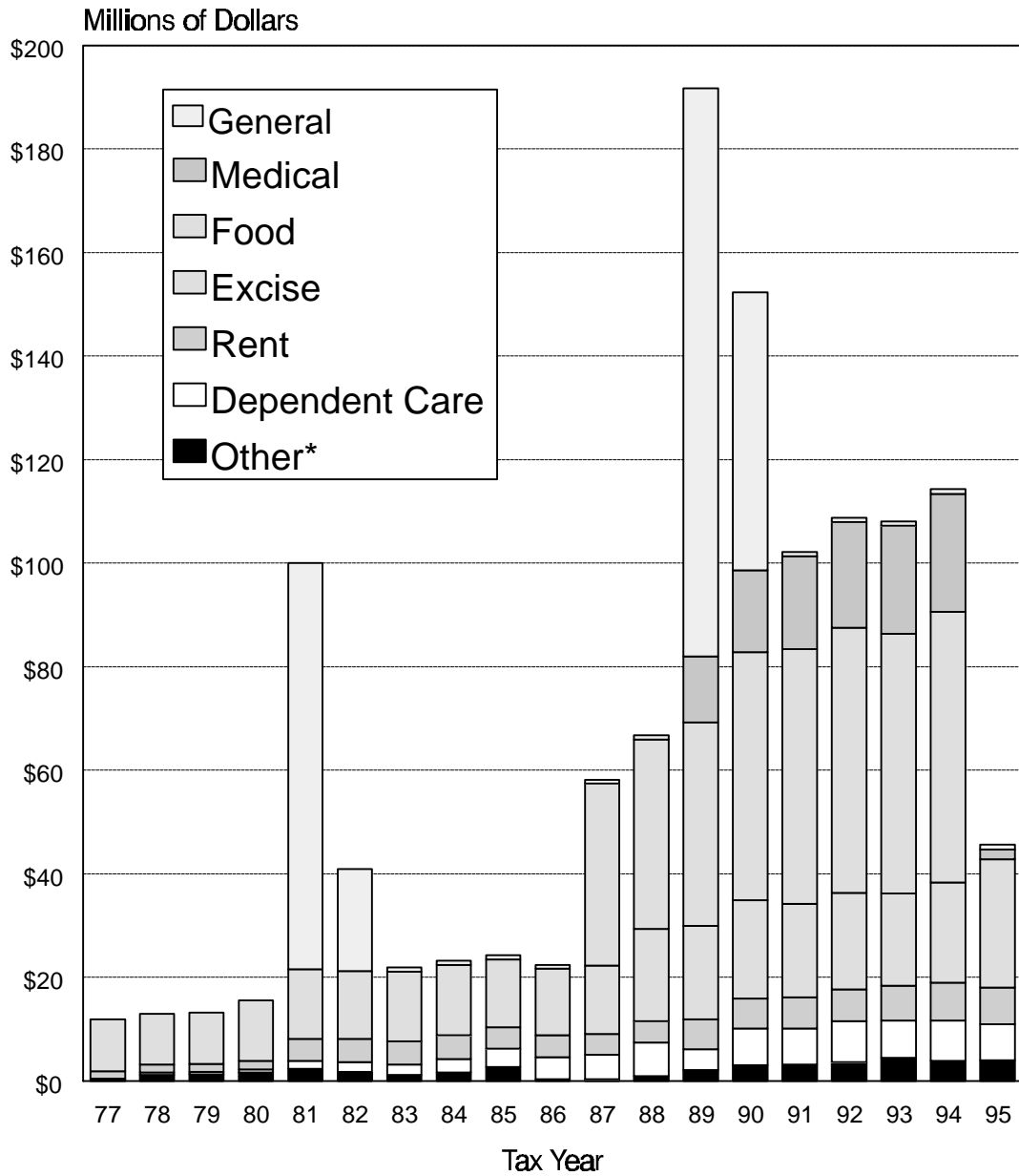
OVERVIEW

The state legislature made several changes to the tax credits for the 1995 tax year. The excise tax credit which was available to residents with AGI under \$30,000 was repealed, while the food tax credit was reduced from \$55 to \$27 per qualifying exemption. The 4% portion of the medical services excise tax credit was also repealed, keeping only the credit for nursing facility expenses.

As a result of these changes, the total amount of credits claimed in 1995 dropped 60.1%, from \$114.3 million in 1994, to \$45.6 million. Chart 2 illustrates how the different legislative changes affected the amount of credit claimed from 1977 to 1995. The general income tax credit shows the most obvious changes. The amount of credit for all years since its inception in 1981 was \$1 per qualifying exemption, except for tax years 1981 (\$100), 1982 (\$25), 1989 (\$125), and 1990 (\$60). In tax year 1995, we see how total claims plummeted by almost \$69 million from the previous year. Food credit claims were cut to almost half of the previous year, the excise credit disappeared, and the medical services credit dropped by nearly \$21 million.

Chart 2

Tax Credits Claimed by Residents 1977-1995



*Includes Energy, Car Seat, and Capital Goods Credits

Tax Credits - 1995

As seen in Figure 2, the general income tax credit and the food credit were the most frequently claimed credits. Nearly 90% of all resident taxpayers claimed these two credits. The low-income renter's credit was next with 15% claims, followed by the dependent care credit. Each of the other credits was claimed by fewer than 1% of all taxpayers.

Figure 2
Percent of Resident Returns Claiming Tax Credits
for the 1995 Tax Year

	Number of Returns	Percent of Total Returns	Percent of Total w/Credits
All Resident Returns	521,194	100.0%	
Returns with Tax Credits	461,737	88.6%	100.0%
General Income Tax Credit	448,477	86.0%	97.1%
Food Credit	452,620	86.8%	98.0%
Medical Services Excise Credit	2,287	0.4%	0.5%
Renter's Credit	77,190	14.8%	16.7%
Dependent Care Credit	23,855	4.6%	5.2%
Capital Goods Excise Credit	2,210	0.4%	0.5%
Child Car Seat Credit (passenger restraint)	3,196	0.6%	0.7%
Energy Device Credit	2,668	0.5%	0.6%

Figures 3 and 4 show a detailed comparison of the numbers and amounts of claims made for the various credits for tax years 1995 and 1994.

Tax Credits - 1995

Figure 3
 Comparison of Amount of Tax Credits Claimed in Each District
 by Type of Credit, 1995 over 1994
 (Thousands of Dollars)

Type of Credit	State	TAXATION DISTRICT			
		First	Second	Third	Fourth
Renter's Credit					
1995	\$ 7,098	\$ 5,394	\$ 708	\$ 738	\$ 257
1994	7,283	5,588	694	681	320
% Change	-2.5%	-3.5%	2.1%	8.3%	-19.6%
Dependent Care					
1995	\$ 7,017	\$ 5,255	\$ 631	\$ 891	\$ 240
1994	7,757	6,012	548	883	314
% Change	-9.5%	-12.6%	15.2%	0.9%	-23.5%
General					
1995	\$ 895	\$ 656	\$ 87	\$ 108	\$ 45
1994	920	671	91	110	48
% Change	-2.7%	-2.2%	-5.2%	-1.9%	-6.6%
Food					
1995	\$24,663	\$18,050	\$ 2,426	\$ 2,968	\$ 1,219
1994	52,231	38,055	5,212	6,279	2,684
% Change	-52.8%	-52.6%	-53.5%	-52.7%	-54.6%
Energy Conservation					
1995	\$ 2,429	\$ 1,328	\$ 273	\$ 413	\$ 416
1994	2,093	794	570	201	528
% Change	16.0%	67.2%	-52.1%	105.1%	-21.3%
Capital Goods					
1995	\$ 1,463	\$ 828	\$ 542	\$ 39	\$ 53
1994	1,732	1,089	309	229	105
% Change	-15.5%	-24.0%	75.4%	-82.8%	-48.9%
Medical Services					
1995	\$ 1,948	\$ 1,460	\$ 37	\$ 327	\$ 124
1994	22,835	17,552	1,725	2,552	1,007
% Change	-91.5%	-91.7%	-97.8%	-87.2%	-87.7%

*Includes energy credit carried forward to 1995 for devices installed before 1995.
 Note: Totals may not add up due to rounding.

The reduced food tax credit resulted in a 52.8% drop in the amount of claims from \$52.2 million to \$24.7 million, while the number of claimants declined 4.2%. The repeal of the 4% credit for medical services resulted in fewer residents qualifying for this credit. Since only nursing facility expenses were eligible, claims plummeted by 99.1%, from 251,732 to 2,287 claims, and the amount from \$22.8 million to \$1.9 million.

Tax Credits - 1995

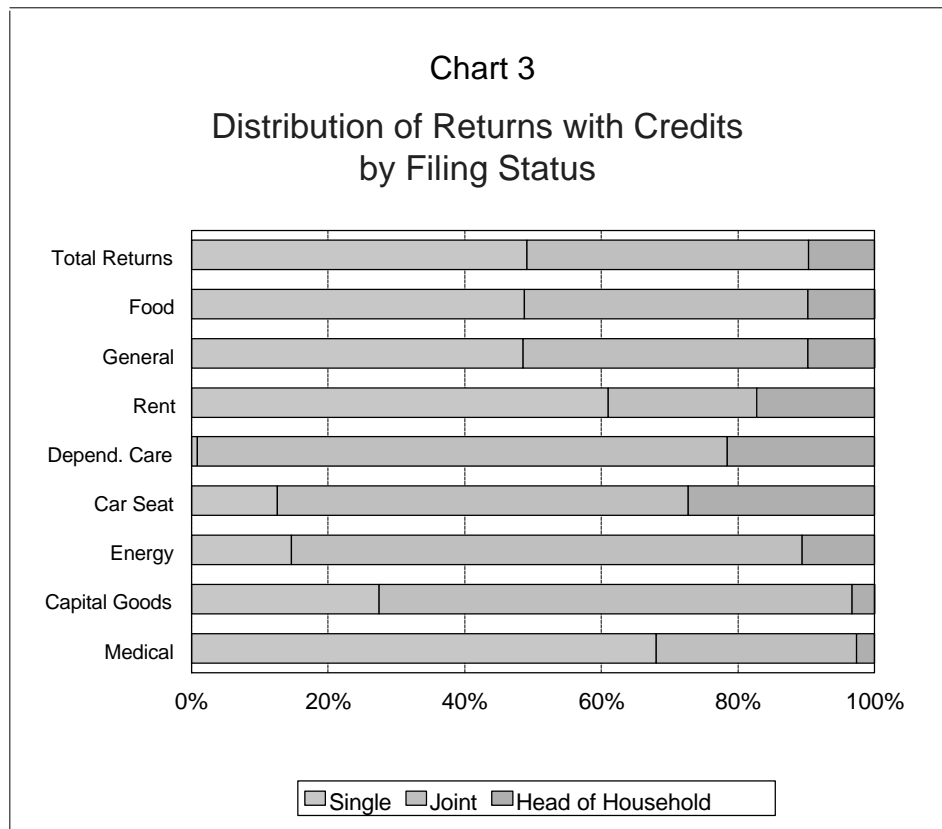
Figure 4
Comparison of Number of Returns Claiming Tax Credits
in Each District by Type of Credit, 1995 over 1994

Type of Credit	State	TAXATION DISTRICT			
		First	Second	Third	Fourth
Renter's Credit					
1995	77,190	59,139	7,600	7,818	2,633
1994	75,837	57,606	7,639	7,475	3,117
% Change	1.8%	2.7%	-0.5%	4.6%	-15.5%
Dependent Care					
1995	23,855	17,712	2,273	2,799	1,071
1994	26,471	20,225	2,330	2,783	1,133
% Change	-9.9%	-12.4%	-2.4%	0.6%	-5.5%
General					
1995	448,477	333,186	42,569	51,066	21,656
1994	456,201	336,824	44,415	52,764	22,198
% Change	-1.7%	-1.1%	-4.2%	-3.2%	-2.4%
Food					
1995	452,620	336,138	43,214	51,521	21,747
1994	472,544	349,590	45,887	54,215	22,852
% Change	-4.2%	-3.8%	-5.8%	-5.0%	-4.8%
Energy Conservation					
1995	2,668	1,542	218	522	386
1994	2,127	858	500	252	517
% Change	25.4%	79.7%	-56.4%	107.1%	-25.3%
Capital Goods					
1995	2,210	1,485	333	193	199
1994	3,418	2,206	336	552	324
% Change	-35.3%	-32.7%	-0.9%	-65.0%	-38.6%
Medical Services					
1995	2,287	1,882	142	229	34
1994	251,732	188,668	22,619	27,411	13,034
% Change	-99.1%	-99.0%	-99.4%	-99.2%	-99.7%

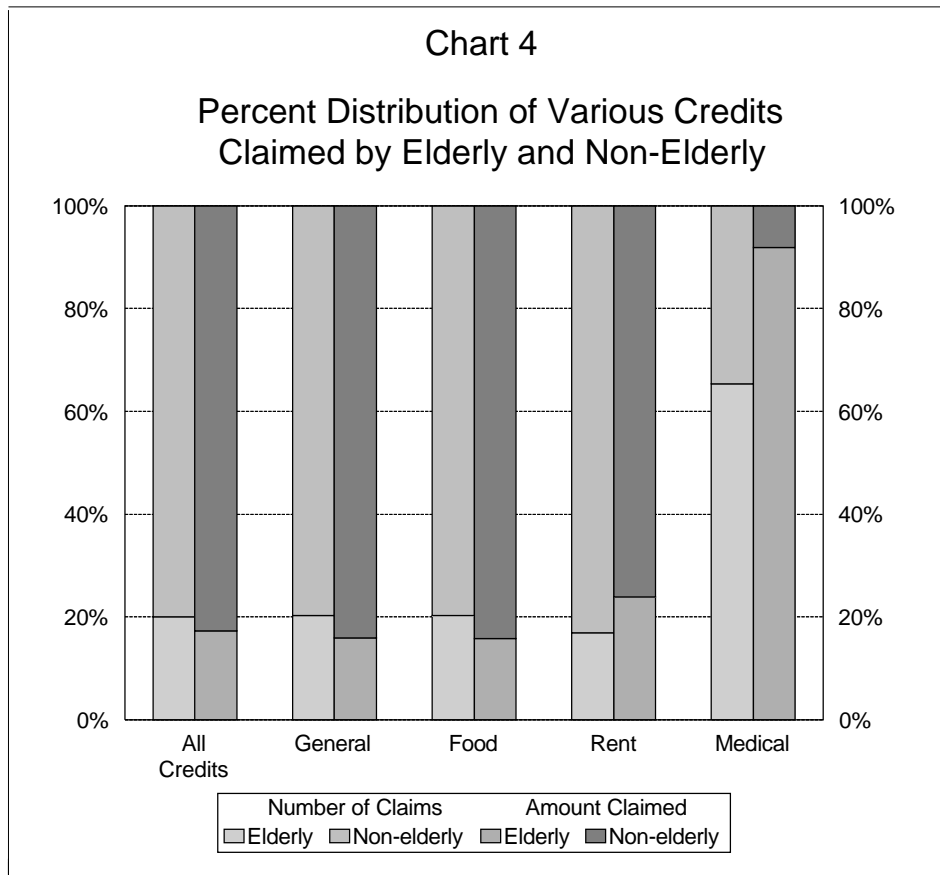
*Includes energy credit carried forward to 1995 for devices installed before 1995.

Almost one-half of taxpayers claimed single filing status, while 41% claimed joint filing status, and 10%

claimed head of household status. In Chart 3, the top bar shows the filing status composition of all returns, while subsequent bars present a breakdown for each type of credit claimed. The distribution of the food and general credits is similar to that of total returns. Over 60% of single taxpayers claimed the rent credit and medical services credits, while the dependent care and car seat credits were common among the joint and heads of household filers.



Elderly taxpayers (age 65 and over) made up 20% of all returns with tax credits. For the many elderly taxpayers who were on a fixed income, the legislature eased the tax burden by allowing an extra exemption for the renter's credit. As reflected in Chart 4, this resulted in a higher proportion of dollar claims for the renter's credit among the elderly relative to number of claims. The number and amounts claimed by the elderly were also higher for the medical services credit for nursing facility expenses.



ANALYSIS OF DATA

Food Tax Credit

Introduced in 1987, the food tax credit was intended to compensate for the 4% general excise tax on food purchased for home consumption. This credit was offered to all qualifying individuals who met the following requirements: 1) physically resided in the state for more than nine months of the taxable year; 2) not claimed as a dependent of another taxpayer for Hawaii or federal individual income tax purposes; and 3) not confined to prison, a youth correctional center, or a jail for the entire taxable year.

Based on the annual per capita amount of general excise taxes paid for food purchased for home consumption by low-income persons, the amount of credit initially was \$45 per qualified exemption. In tax year 1990, the credit was raised to \$55 per qualified exemption and combined with the excise tax credit, known as the food/excise tax credit. A sluggish economic situation caused the legislature to abolish the excise tax credit and lower the food credit to \$27 per qualified exemption in tax year 1995.

Tax Credits - 1995

Number of Returns Claiming Food Tax Credit
Tax Years 1987 to 1995

Tax Year	Returns with Credit	Percent Increase (Decrease)	Number of Exemptions	Percent Increase (Decrease)
1987*	365,619		779,906	
1988	391,379	7.0%	814,241	4.4%
1989	426,144	8.9%	872,657	7.2%
1990	430,074	0.9%	870,950	-0.2%
1991	440,929	2.5%	894,672	2.7%
1992	458,033	3.9%	931,208	4.1%
1993	450,250	-1.7%	924,526	-0.7%
1994	472,544	5.0%	963,910	4.3%
1995	452,620	-4.2%	913,462	-5.2%

*Year credit became effective.

Consequently, the 50% credit reduction resulted in a 52.8% drop in food tax credit claims, from \$52.2 million to \$24.7 million. In 1994, the food credit made up 45.7% of the total amount of credits claimed. Even with the repeal of the excise tax credit, claims for the food tax credit still made up 54.1% of total credits claimed and this credit remains one of the most widely claimed credits for all taxpayers. Since the inception of this credit, over 90% of all taxpayers with credits have claimed the food tax credit.

General Income Tax Credit

The Hawaii state constitution mandates a tax refund or tax credit to resident taxpayers whenever the state general fund surplus exceeds 5% of general fund revenues for each of two successive fiscal years. This credit has been offered each year since 1981, and the amount has fluctuated between \$1 and \$125 per qualified exemption. For tax year 1995, the credit amount was \$1 per qualified exemption.

To qualify for this credit, each claimant must be a resident for at least nine months of the taxable year, even if the resident was not physically present in Hawaii. Dependents filing their own returns may not claim the credit. Children receiving welfare and/or social security benefits are eligible for the credit and elderly taxpayers may not claim the extra exemption for age.

Figure 6
 Number of Returns Claiming General Income Tax Credit
 and Amount of Credit Claimed by Filing Status
 (Excludes dependents filing own returns)

Filing Status	Number of Returns	Returns with Credit	% with Credit	Total Credit Claimed
Single*	278,785	217,692	78.1%	\$ 236,206
Joint**	196,183	186,798	95.2%	560,535
Head of Household	46,226	43,987	95.2%	98,552
TOTAL	521,194	448,477	86.0%	\$ 895,293

*Includes married filing separately.

**Includes qualifying surviving spouse.

Overall, 86% of all taxpayers claimed the general income tax credit. While 78% of single taxpayers claimed the general income tax credit, 95% of joint filers and head of household filers claimed this credit. Those not claiming the credit may not have met all of the requirements, chose not to claim this minimal amount, or were not aware of the credit.

Low-Income Household Renters Tax Credit

Resident taxpayers who occupy and pay rent for residential real property within the state may claim the low-income household renters tax credit, if the following requirements are met: 1) physically reside in the state for more than nine months of the taxable year; 2) not be claimed as a dependent of another taxpayer; 3) have adjusted gross income under \$30,000; and 4) pay more than \$1,000 in rent for real property that is not partially or wholly exempt from the real property tax. Taxpayers sharing a rental unit must qualify on the basis of their share of the total rent paid.

The amount of credit is equal to \$50 per qualified exemption and taxpayers age 65 and over may claim an extra exemption for age. Married couples filing separately must combine their adjusted gross incomes to determine eligibility.

Figure 7
 Number Claiming Renter's Tax Credit by Adjusted Gross Income Class

Adjusted Gross Income	Number of Returns*	Number with Credit	% with Credit
Under \$1,000	56,961	12,882	22.6%
\$ 1000 " 5,000	62,359	7,517	12.1%
5,000 " 10,000	55,088	9,294	16.9%
10,000 " 15,000	45,908	11,456	25.0%
15,000 " 20,000	43,517	12,907	29.7%
20,000 " 30,000	78,972	23,134	29.3%
TOTAL	342,805	77,190	22.5%

*Excludes returns filed by dependents.

Tax Credits - 1995

Nearly 23% of the 342,805 taxpayers who reported adjusted gross income below \$30,000 claimed \$7.1 million in renter's tax credits. This represents a 2.5% decrease over the \$7.3 million claimed by 75,837 taxpayers in tax year 1994. The average claim per return dropped from \$96 to \$92 dollars from the previous year.

In the 1994 tax year, the average annual rent paid by claimants was \$5,163. This information was not extracted in tax year 1995.

Medical Services Excise Tax Credit

In 1989, the medical services excise tax credit was created to rebate the general excise taxes paid for medical services. The credit is equal to 4% of qualified medical care expenses paid which was subject to Hawaii's general excise tax and was limited as follows: \$200 per individual income tax return, \$400 for a taxpayer who is 65 years of age or older, and \$600 per couple where both are 65 years of age or older. Married couples filing separately were required to combine their credits to determine the maximum amount allowed.

Act 315, effective July 1, 1993, established a hospital and nursing facility tax of 4% on hospital income and 6% on nursing facility income, where hospital income was subject to the general excise tax. The taxes paid were deemed allowable and reimbursable costs for federal Medicaid reimbursement purposes. To offset this additional expense that was passed on to nursing facility clients, the medical services excise tax credit was expanded to include a 6% tax credit for nursing facilities expenses.

During the 1995 legislative session, Act 134 repealed the 4% medical services excise tax credit and the nursing facilities tax credit. In a special session, Act 23 amended this credit by repealing the 4% portion of the credit only and retaining the 6% nursing facility tax credit portion.

In previous years, almost all taxpayers with medical care service expenses qualified for this credit. Limiting the credit to nursing facility expenses slashed claims by 91% from 251,732 to 2,287 claims. The credit amount dropped from \$22.8 million to \$1.9 million and the average claim per return jumped from \$91 to \$852 per return. Claims for 1995 are for nursing facility expenses which are considerably higher than general medical care service expenses. Of the \$1.9 million tax credits claimed, elderly taxpayers accounted for \$1.8 million, or 92% of the total.

Dependent Care Tax Credit

Resident taxpayers may claim the dependent care tax credit if they pay for the care of a child under age 13 or a spouse or dependent incapable of self care in order that the taxpayer may be gainfully employed.

The credit amount ranges from 15% to 25% of care expenses and is inversely graduated to adjusted gross income, allowing the higher amount of credit to lower-income taxpayers. Taxpayers with adjusted gross income under \$22,000 receive the maximum credit of 25% of expenses while the rate drops one percentage point for each \$2,000 increase in adjusted gross income, as follows:

Tax Credits - 1995

<u>Adjusted Gross Income</u>	<u>Percentage</u>
Up to \$22,000	25%
\$22,001 - 24,000	24%
24,001 - 26,000	23%
26,001 - 28,000	22%
28,001 - 30,000	21%
30,001 - 32,000	20%
32,001 - 34,000	19%
34,001 - 36,000	18%
36,001 - 38,000	17%
38,001 - 40,000	16%
40,001 and over	15%

Care expenses eligible for the credit are limited to \$2,400 for one dependent and \$4,800 for two or more dependents. The allowable expenses may not exceed the taxpayer's earned income; for joint taxpayers, allowable expenses may not exceed the earned income of the lesser-earning spouse. For example, if a couple with two dependents (both with care expenses) has adjusted gross income of \$75,000, wife's part-time earnings of \$1,000, and child care costs of \$5,000; the amount of allowable expenses would be the lesser of \$4,800 or the wife's earnings of \$1,000. The credit amount would be \$150, or 15% of \$1,000.

Figure 8
Selected Data on Returns Claiming the
Dependent Care Tax Credit

Taxation District	Returns with Credit	Qualified Dependents	Average per Return		
			Actual Expenses	Expense Allowed	Credit Amount
Oahu	17,712	22,755	\$1,818	\$ 1,737	\$ 297
Maui	2,273	2,704	1,658	1,539	278
Hawaii	2,799	3,546	1,846	1,794	318
Kauai	1,071	1,256	1,334	1,334	224
STATE	23,855	30,261	\$1,784	\$ 1,706	\$ 294

Dependent care tax credit claims totaled \$7.1 million, down 9.5% from \$7.8 million in 1994. The average claim per return remained almost unchanged at \$294. Statewide, the mean care expenses per claim was \$1,784. Average expenses were highest on Hawaii at \$1,846, followed by \$1,818 on Oahu, \$1,658 on Maui, and \$1,334 on Kauai. Approximately three-fourths of the credit was claimed in the first taxation district.

Energy Device Tax Credit

To encourage the conservation of energy, the Hawaii legislature introduced the energy device tax credit in the 1976 tax year. Along with the state credit of 10% of the cost of purchasing and installing the energy device, the federal government also offered a credit equal to 40% of the cost. After the federal credit expired in 1985, the legislature increased the credit to 15%, and then to 20%. The last increase in 1990 resulted in a 35% credit for solar systems, 20% credit for heat pumps and wind energy devices, and 50% for ice storage systems. On solar systems for single-family dwellings, the amount of credit was limited to \$1,750, and \$350 for multi-family dwellings. For heat pumps in single-family dwellings, the amount of credit was limited to \$400, and \$200 for multi-family dwellings. For hotels, commercial or industrial taxpayers, the amount of credit was unlimited.

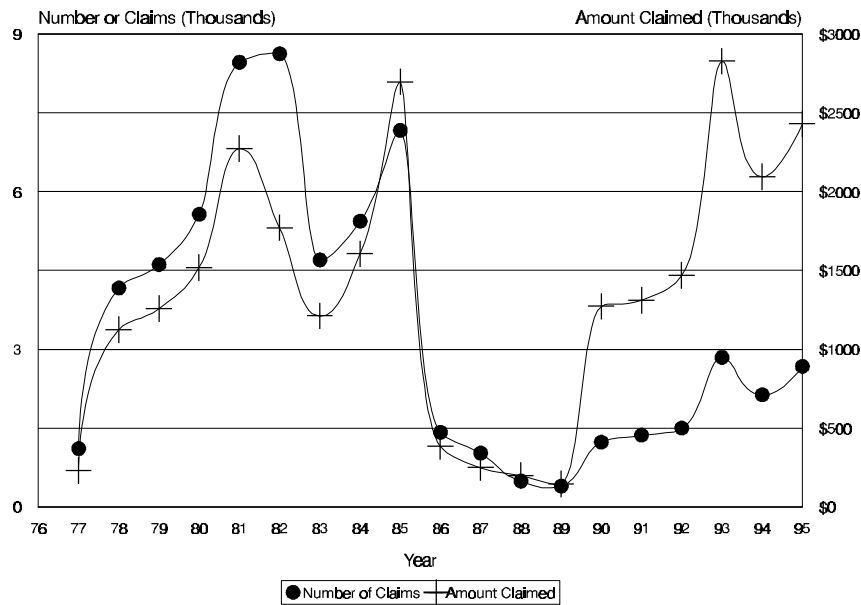
Tax Credits - 1995

A total of 2,668 claims were made for the energy device tax credit amounting to \$2.4 million. The average claim was \$910 per return, down 7.5% from the average \$984 in 1994. Among the four taxation districts, 54% of the claims were filed in the first district, 11% in the second district, and 17% each in the third and fourth districts.

Chart 5 illustrates the number of claims and the amount of credit claimed for all energy devices since the inception of the credit. From the late 1970's to the early 1980's energy-conscious taxpayers installed these energy savers and took advantage of the credit. Prior to 1986, claims were high until the expiration of the federal energy credit. Number of claims remained relatively low after 1985, with a slow increase after 1990, when the credit amount was raised.

Details on types of energy devices and costs were not collected for this tax year. In past years, claims for this credit were mostly for solar energy devices.

Chart 5
Energy Device Tax Credit
1976 to 1995



NOTE: Data not available prior to 1977.

Child Passenger Restraint System Tax Credit

Resident and nonresident taxpayers may claim a \$25 credit for the purchase of a new child passenger restraint system (car seat) meeting the federal motor vehicle safety standards. Introduced in 1982, the purpose of this credit was to promote the safety of children riding motor vehicles on public highways. Effective July 31, 1983, children under three years of age were required to be restrained in a car seat while riding a vehicle, resulting in a higher number of claims in that year.

Figure 9
Residents and Nonresidents Claiming Car Seat Credit

Tax Year	RESIDENTS		NONRESIDENTS	
	Number Claimed	Amount Claimed	Number Claimed	Amount Claimed
1982	1,859	\$ 46,475	48	\$ 1,200
1983	4,507	112,675	101	2,525
1984	2,964	74,100	192	4,800
1985	1,087	27,175	337	8,425
1986	2,245	56,125	291	7,275
1987	1,974	49,350	210	5,250
1988	3,212	80,300	182	4,550
1989	2,375	59,375	143	3,575
1990	1,657	41,425	189	4,725
1991	468	11,700	183	4,575
1992	2,912	72,800	236	5,900
1993	428	10,700	185	4,625
1994	3,295	82,375	175	4,375
1995	3,196	79,900	176	4,400

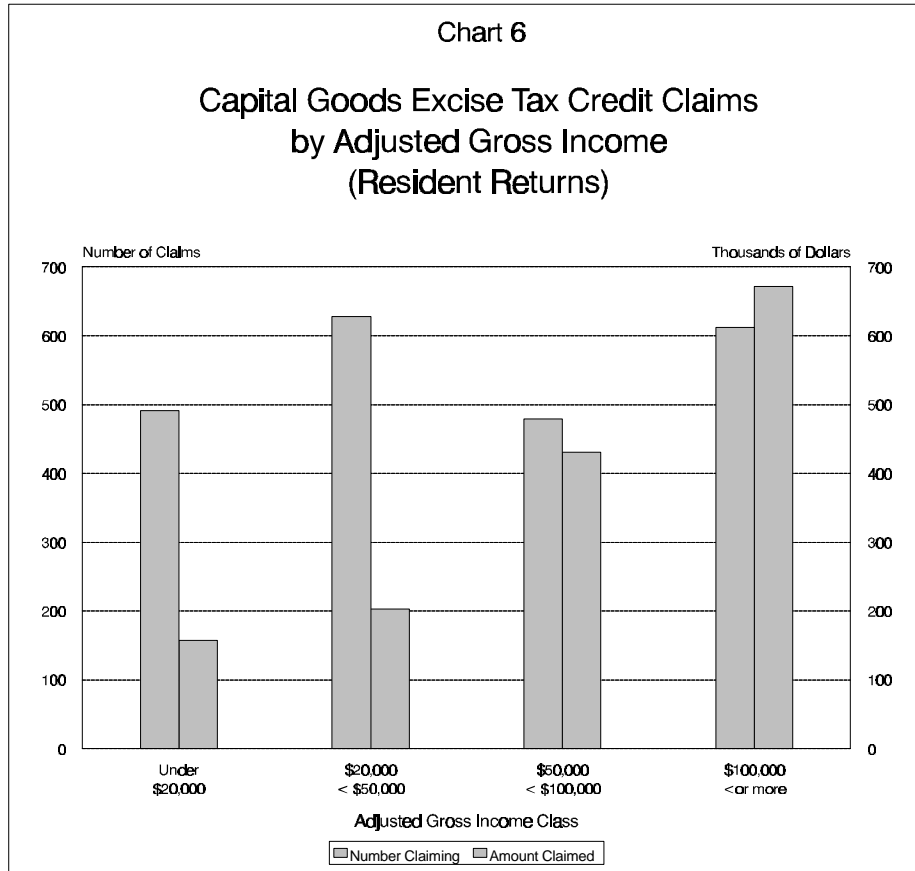
Claims for the car seat credit have fluctuated throughout the years. Residents claiming the credit in 1995 numbered 3,196, for a total \$79,900. A total of 176 nonresident claims amounted to \$4,400.

Capital Goods Excise Tax Credit

The purpose of the capital goods excise tax credit is to reimburse taxpayers for the 4% general excise tax paid on purchases of depreciable personal property used for a trade or business in the state. Eligible resident and nonresident taxpayers may claim this credit on their individual or business net income tax returns.

The number of claims dropped 35.3% from the previous year to 2,210 claims. The amount of credit claimed fell 15.5%, to \$1.5 million. As seen in Chart 6, taxpayers in the higher AGI groups claimed higher amounts of credits. Average claims for taxpayers in the under-\$20,000 and \$20,000-to-\$50,000 AGI groups were \$319 and \$323 per claim, respectively. The \$50,000-to-\$100,000 group averaged \$900, while the \$100,000-or-more group averaged \$1,097. The overall average claim was \$662, increasing 30.6% from the 1994 mean of \$507.

Nonresidents made a total of 252 claims for \$148,832. This represents a decrease over the 314 claims for \$431,033 made in 1994. The mean claim dropped from \$1,373 to \$591.



Lifeline Telephone Service Tax Credit

Lifeline telephone service is available to elderly and disabled residential telephone subscribers with an annual income of less than \$10,000. The Public Utilities Commission determines and certifies the lifeline service costs. The telephone public utility is entitled to claim this lifeline telephone service tax credit which is equal to the sum of foregone revenues and administrative costs of providing subsidized telephone rates to these eligible individuals.

At the end of tax year 1995, a total of 6,952 subscribers were registered for this service, and the total amount of tax credit claimed by the public utility was \$266.7 thousand.

Figure 10
 Lifeline Credit and Number of Subscribers
 1986-1993

Year	No. Subscribers at Year End	Amount of Credit
1986*	4,520	\$ 98,108
1987	5,561	191,332
1988	6,013	210,932
1989	6,473	225,392
1990	6,166	247,064
1991	5,982	219,464
1992	7,677	232,166
1993	6,500	257,062
1994	6,666	247,579
1995	6,952	266,713

* In effect seven months.

APPENDIX I

STATISTICAL TABLES

TABLE 1

TAX CREDITS CLAIMED BY RESIDENTS BY TYPE OF CREDIT AND BY TAXATION DISTRICT - 1995

Type of Credit	STATE	TAXATION DISTRICT			
		First	Second	Third	Fourth
Renter's Credit	\$ 7,097,900	\$ 5,394,450	\$ 708,450	\$ 737,650	\$ 257,350
General Tax Credit	895,293	655,663	86,765	108,153	44,712
Food Tax Credit	24,663,474	18,050,256	2,425,599	2,968,299	1,219,320
Nursing Facility Tax Credit	1,948,073	1,460,092	37,459	326,962	123,560
Dependent Care Credit	7,017,200	5,254,701	631,189	891,190	240,120
Energy Device Credit*	2,428,887	1,327,801	272,893	412,576	415,617
Car Seat Credit	79,900	57,400	5,875	12,575	4,050
Capital Goods Excise Tax Credit	1,462,518	827,524	542,159	39,368	53,467
TOTAL	\$ 45,593,245	\$ 33,027,887	\$ 4,710,389	\$ 5,496,773	\$ 2,358,196

*Includes energy credit carried forward to 1995 for devices installed before 1995.

TABLE 2

NUMBER OF RESIDENT RETURNS CLAIMING TAX CREDITS BY TYPE OF CREDIT
AND BY TAXATION DISTRICT - 1995

Type of Credit	STATE	TAXATION DISTRICT			
		First	Second	Third	Fourth
Renter's Credit	77,190	59,139	7,600	7,818	2,633
General Tax Credit	448,477	333,186	42,569	51,066	21,656
Food Tax Credit	452,620	336,138	43,214	51,521	21,747
Nursing Facility Tax Credit	2,287	1,882	142	229	34
Dependent Care Credit	23,855	17,712	2,273	2,799	1,071
Energy Device Credit*	2,668	1,542	218	522	386
Car Seat Credit	3,196	2,296	235	503	162
Capital Goods Excise Tax Credit	2,210	1,485	333	193	199

*Includes returns claiming credit in 1995 for devices installed before 1995.

TABLE 3

NUMBER OF RESIDENT RETURNS CLAIMING TAX CREDITS
BY SIZE OF CREDITS PER RETURN* AND BY ADJUSTED GROSS INCOME - 1995

ADJUSTED GROSS INCOME CLASS			Total Number of Returns with Credits	SIZE OF TAX CREDIT									
				Under \$25	\$25 under \$50	\$50 under \$75	\$75 under \$100	\$100 under \$150	\$150 under \$200	\$200 under \$300	\$300 under \$400	\$400 and over	
Under \$	5,000		87,775	1,595	40,651	17,659	9,059	9,590	3,189	3,306	1,545	1,181	
\$	5,000	"	10,000	42,931	1,256	20,343	8,420	6,895	1,383	1,494	1,915	523	702
	10,000	"	15,000	40,237	1,208	16,297	7,533	8,275	1,477	2,229	1,581	808	829
	15,000	"	20,000	40,925	625	16,789	6,138	9,790	2,107	1,924	1,530	775	1,247
	20,000	"	25,000	40,378	731	15,977	6,029	9,198	2,581	1,952	1,354	1,517	1,039
	25,000	"	30,000	35,645	611	14,103	5,039	8,052	2,142	1,510	2,235	742	1,211
	30,000	"	35,000	27,383	631	13,487	5,208	3,118	3,415	305	374	259	586
	35,000	"	40,000	22,237	324	10,363	4,570	2,333	3,180	626	250	240	351
	40,000	"	45,000	18,576	116	7,271	3,683	2,718	2,911	580	527	84	686
	45,000	"	50,000	15,865	16	4,194	3,837	2,081	3,733	883	96	108	917
	50,000	"	75,000	51,784	590	8,968	14,149	6,849	12,060	2,947	1,480	999	3,742
	75,000	"	100,000	21,039	193	1,523	6,597	2,761	5,774	1,042	746	360	2,043
	100,000	"	150,000	11,548	153	883	3,696	1,737	3,008	403	463	125	1,080
	150,000	"	200,000	2,466	43	322	783	394	537	81	47	24	235
	200,000	and over		2,948	53	302	1,022	387	696	73	50	27	338
TOTAL				461,737	8,145	171,473	94,363	73,647	54,594	19,238	15,954	8,136	16,187
Percent of Total**				100.0%	1.8%	37.1%	20.4%	15.9%	11.8%	4.2%	3.5%	1.8%	3.5%

* Includes: General credit, food credit, rent credit, dependent care credit, energy device credits for devices installed before 1995 and in 1995, car seat credit, capital goods excise credit, and medical services excise credit.

** Details may not add up to total due to rounding.

TABLE 4

NUMBER CLAIMING RENTER'S TAX CREDIT, NUMBER OF EXEMPTIONS, AND TAX CREDITS CLAIMED, BY ADJUSTED GROSS INCOME - 1995

ADJUSTED GROSS INCOME CLASS			Number Claiming	Number of Exemptions*			Tax Credits Claimed
				Total	Regular*	Age*	
	Under \$	1,000	12,882	27,573	20,750	6,823	\$ 1,302,350
\$	1,000	" 3,000	3,871	8,188	6,823	1,365	361,800
	3,000	" 5,000	3,646	6,662	5,584	1,078	318,050
	5,000	" 7,000	4,016	7,037	6,395	642	319,300
	7,000	" 9,000	3,874	8,392	7,105	1,287	395,450
	9,000	" 11,000	3,613	6,334	5,881	453	311,600
	11,000	" 13,000	4,932	9,542	8,874	668	465,000
	13,000	" 15,000	4,315	8,269	7,063	1,206	395,900
	15,000	" 17,000	4,046	7,705	6,870	835	366,900
	17,000	" 20,000	8,861	15,252	14,742	510	702,200
	20,000	" 25,000	11,573	22,388	22,013	375	1,088,550
	25,000	" 30,000	11,561	22,094	21,451	643	1,070,800
TOTAL			77,190	149,436	133,551	15,885	\$ 7,097,900

* Reflects the number of personal exemptions for net income tax purpose only.

TABLE 5

TOTAL RESIDENT RETURNS FILED AND GENERAL INCOME TAX CREDITS CLAIMED BY ADJUSTED GROSS INCOME - 1995 STATEWIDE

ADJUSTED GROSS INCOME CLASS		Total No. of Returns Filed	RETURNS WITH CREDIT				RETURNS WITHOUT CREDIT	
			No. of Returns	No. of Exemptions*	Exemptions per Return	Amount of Tax Credits	No. of Returns	Percent of Total
	Under \$ 5,000	119,320	84,966	162,908	1.92	\$ 134,670	34,354	28.79%
\$	5,000 "	55,088	41,366	76,023	1.84	64,138	13,722	24.91%
	10,000 "	45,908	38,555	73,542	1.91	61,192	7,353	16.02%
	15,000 "	43,517	39,774	74,684	1.88	63,556	3,743	8.60%
	20,000 "	41,887	39,290	81,840	2.08	69,153	2,597	6.20%
	25,000 "	37,085	34,240	66,236	1.93	59,257	2,845	7.67%
	30,000 "	28,053	26,852	58,611	2.18	52,842	1,201	4.28%
	35,000 "	23,028	21,371	51,576	2.41	45,756	1,657	7.20%
	40,000 "	18,980	18,182	49,452	2.72	41,800	798	4.20%
	45,000 "	16,401	15,459	50,037	3.24	41,344	942	5.74%
	50,000 "	53,343	50,965	162,911	3.20	147,877	2,378	4.46%
	75,000 "	21,297	20,695	70,618	3.41	64,065	602	2.83%
	100,000 "	11,777	11,407	39,345	3.45	34,582	370	3.14%
	150,000 "	2,502	2,450	8,116	3.31	6,908	52	2.08%
	200,000 and over	3,008	2,905	9,490	3.27	8,153	103	3.42%
TOTAL		521,194	448,477	1,035,389	2.31	895,293	72,717	13.95%

* Reflects the number of personal exemptions for net income tax purpose only.

TABLE 6

COMPARATIVE DATA ON RESIDENT RETURNS FILED,
SHOWING NUMBER AND PERCENTAGE CLAIMING THE GENERAL INCOME TAX CREDIT - 1995
STATEWIDE

ADJUSTED GROSS INCOME CLASS		Number of Returns Filed			Returns with Credit			% of Returns with Credit			
		Single*	Joint**	H/H***	Single*	Joint**	H/H***	Single*	Joint**	H/H***	
	Under \$	5,000	90,252	21,787	7,281	58,121	20,411	6,434	64.4%	93.7%	88.4%
\$	5,000	" 10,000	37,750	13,430	3,908	25,521	12,115	3,730	67.6%	90.2%	95.4%
	10,000	" 15,000	28,193	11,645	6,070	21,956	10,758	5,841	77.9%	92.4%	96.2%
	15,000	" 20,000	26,864	10,773	5,880	23,912	10,151	5,711	89.0%	94.2%	97.1%
	20,000	" 25,000	24,271	11,117	6,499	22,364	10,830	6,096	92.1%	97.4%	93.8%
	25,000	" 30,000	21,822	10,202	5,061	19,793	9,493	4,954	90.7%	93.1%	97.9%
	30,000	" 35,000	13,494	10,967	3,592	12,738	10,546	3,568	94.4%	96.2%	99.3%
	35,000	" 40,000	11,091	9,879	2,058	10,007	9,451	1,913	90.2%	95.7%	93.0%
	40,000	" 45,000	7,486	9,771	1,723	7,167	9,302	1,713	95.7%	95.2%	99.4%
	45,000	" 50,000	4,392	10,824	1,185	4,086	10,301	1,072	93.0%	95.2%	90.5%
	50,000	" 75,000	9,694	41,334	2,315	8,791	39,859	2,315	90.7%	96.4%	100.0%
	75,000	" 100,000	1,807	19,088	402	1,658	18,635	402	91.8%	97.6%	100.0%
	100,000	" 150,000	972	10,674	131	907	10,372	128	93.3%	97.2%	97.7%
	150,000	" 200,000	326	2,111	65	317	2,073	60	97.2%	98.2%	92.3%
	200,000 and over		371	2,581	56	354	2,501	50	95.4%	96.9%	89.3%
TOTAL			278,785	196,183	46,226	217,692	186,798	43,987	78.1%	95.2%	95.2%

* Includes married filing separately.

** Includes qualified surviving spouse.

*** Head of Household

TABLE 7

COMPARATIVE DATA ON RESIDENT RETURNS, SHOWING AMOUNT OF GENERAL INCOME TAX CREDIT AND AVERAGE CREDIT PER RETURN - 1995 STATEWIDE

ADJUSTED GROSS INCOME CLASS		Amount of General Income Tax Credit Claimed			Average Credit per Return	
		Single*	Joint**	H/H***	Single*	Joint**
	Under \$ 5,000	\$ 69,701	\$ 50,038	\$ 14,931	\$1.20	\$2.45
\$	5,000 "	26,644	28,976	8,518	1.04	2.39
	10,000 "	22,424	26,100	12,668	1.02	2.43
	15,000 "	24,479	26,602	12,475	1.02	2.62
	20,000 "	22,879	31,515	14,759	1.02	2.91
	25,000 "	20,622	27,904	10,731	1.04	2.94
	30,000 "	13,104	32,143	7,595	1.03	3.05
	35,000 "	10,981	30,320	4,455	1.10	3.21
	40,000 "	7,634	30,330	3,836	1.07	3.26
	45,000 "	4,122	34,892	2,330	1.01	3.39
	50,000 "	9,954	132,904	5,019	1.13	3.33
	75,000 "	1,950	61,428	687	1.18	3.30
	100,000 "	972	33,314	296	1.07	3.21
	150,000 "	347	6,430	131	1.09	3.10
	200,000 and over	393	7,639	121	1.11	3.05
TOTAL		\$ 236,206	\$ 560,535	\$ 98,552	\$1.09	\$3.00

* Includes married filing separately.

** Includes qualified surviving spouse.

*** Head of Household

TABLE 8

TOTAL RESIDENT RETURNS FILED AND FOOD TAX CREDITS CLAIMED BY ADJUSTED GROSS INCOME - 1995

ADJUSTED GROSS INCOME CLASS			Total No. of Returns Filed	RETURNS WITH CREDIT				RETURNS WITHOUT CREDIT	
				No. of Returns	No. of Exemptions*	Exemptions per Return	Amount of Tax Credits	No. of Returns	Percent of Total
	Under \$	5,000	119,320	85,945	166,187	1.93	\$ 3,776,625	33,375	28.0%
\$	5,000	" 10,000	55,088	41,655	76,470	1.84	1,751,247	13,433	24.4%
	10,000	" 15,000	45,908	38,909	74,257	1.91	1,723,302	6,999	15.2%
	15,000	" 20,000	43,517	40,141	75,583	1.88	1,763,181	3,376	7.8%
	20,000	" 25,000	41,887	39,621	82,823	2.09	1,922,211	2,266	5.4%
	25,000	" 30,000	37,085	34,942	67,220	1.92	1,645,272	2,143	5.8%
	30,000	" 35,000	28,053	26,742	59,389	2.22	1,439,289	1,311	4.7%
	35,000	" 40,000	23,028	21,814	52,150	2.39	1,250,910	1,214	5.3%
	40,000	" 45,000	18,980	18,450	50,183	2.72	1,169,046	530	2.8%
	45,000	" 50,000	16,401	15,849	50,992	3.22	1,152,063	552	3.4%
	50,000	" 75,000	53,343	51,043	165,199	3.24	4,021,164	2,300	4.3%
	75,000	" 100,000	21,297	20,826	71,048	3.41	1,724,193	471	2.2%
	100,000	" 150,000	11,777	11,381	39,335	3.46	925,020	396	3.4%
	150,000	" 200,000	2,502	2,418	8,056	3.33	182,655	84	3.4%
	200,000	and over	3,008	2,884	9,484	3.29	217,296	124	4.1%
TOTAL			521,194	452,620	1,048,376	2.32	\$ 24,663,474	68,574	13.2%

* Reflects the number of personal exemptions for net income tax purpose only.

TABLE 9

COMPARATIVE DATA ON RESIDENT RETURNS FILED, SHOWING NUMBER AND PERCENTAGE CLAIMING THE FOOD TAX CREDIT - 1995 STATEWIDE

ADJUSTED GROSS INCOME CLASS		Number of Returns Filed			Returns with Credit			% of Returns with Credit			
		Single*	Joint**	H/H***	Single*	Joint**	H/H***	Single*	Joint**	H/H***	
	Under \$	5,000	90,252	21,787	7,281	58,589	20,579	6,777	64.9%	94.5%	93.1%
\$	5,000	" 10,000	37,750	13,430	3,908	25,633	12,215	3,807	67.9%	91.0%	97.4%
	10,000	" 15,000	28,193	11,645	6,070	22,383	10,877	5,649	79.4%	93.4%	93.1%
	15,000	" 20,000	26,864	10,773	5,880	24,273	10,151	5,717	90.4%	94.2%	97.2%
	20,000	" 25,000	24,271	11,117	6,499	22,711	10,895	6,015	93.6%	98.0%	92.6%
	25,000	" 30,000	21,822	10,202	5,061	20,385	9,513	5,044	93.4%	93.2%	99.7%
	30,000	" 35,000	13,494	10,967	3,592	12,633	10,687	3,422	93.6%	97.4%	95.3%
	35,000	" 40,000	11,091	9,879	2,058	10,432	9,450	1,932	94.1%	95.7%	93.9%
	40,000	" 45,000	7,486	9,771	1,723	7,299	9,428	1,723	97.5%	96.5%	100.0%
	45,000	" 50,000	4,392	10,824	1,185	4,138	10,526	1,185	94.2%	97.2%	100.0%
	50,000	" 75,000	9,694	41,334	2,315	8,828	39,916	2,299	91.1%	96.6%	99.3%
	75,000	" 100,000	1,807	19,088	402	1,678	18,746	402	92.9%	98.2%	100.0%
	100,000	" 150,000	972	10,674	131	903	10,350	128	92.9%	97.0%	97.7%
	150,000	" 200,000	326	2,111	65	302	2,056	60	92.6%	97.4%	92.3%
	200,000	and over	371	2,581	56	340	2,494	50	91.6%	96.6%	89.3%
TOTAL			278,785	196,183	46,226	220,527	187,883	44,210	79.1%	95.8%	95.6%

* Includes married filing separately.

** Includes qualified surviving spouse.

*** Head of Household

TABLE 10

TOTAL RESIDENT RETURNS FILED, QUALIFIED NURSING FACILITY EXPENSES,
AND NURSING FACILITY TAX CREDIT CLAIMED BY ADJUSTED GROSS INCOME - 1995
STATEWIDE

ADJUSTED GROSS INCOME CLASS		Number of Returns Filed	Returns Claiming Credit	Percent with Credit	Qualified Nursing Fac. Expenses	Tax Credit Claimed	Average Credit per Return
Under	\$ 1,000	56,961	529	0.9%	\$ 6,919,849	\$ 415,202	\$ 784.88
\$ 1,000	" 5,000	62,359	547	0.9%	10,860,647	651,643	1,191.30
5,000	" 10,000	55,088	185	0.3%	4,169,952	250,201	1,352.44
10,000	" 20,000	89,425	318	0.4%	1,678,096	100,689	316.63
20,000	" 30,000	78,972	139	0.2%	835,202	50,114	
30,000	" 50,000	86,462	276	0.3%	1,224,440	73,467	266.18
50,000	and over	91,927	293	0.3%	6,779,171	406,757	1,388.25
TOTAL*		521,194	2,287	0.4%	\$ 32,467,357	\$ 1,948,073	\$ 851.80

*Details may not add up due to rounding.

TABLE 11

NUMBER CLAIMING DEPENDENT CARE TAX CREDIT, NUMBER OF QUALIFIED DEPENDENTS,
DEPENDENT CARE EXPENSES, EXPENSES ALLOWED, AND TAX CREDIT CLAIMED, BY ADJUSTED GROSS INCOME - 1995
STATEWIDE

ADJUSTED GROSS INCOME CLASS		Number Claiming	Number of Qualified Dependents	Dependent Care Expenses	Expenses Allowed	Tax Credit Claimed
	Under \$ 5,000	59	84	\$ 78,081	\$ 78,081	\$ 19,531
\$	5,000 "	633	633	707,393	707,393	176,960
	10,000 "	689	980	1,227,574	1,227,574	306,901
	15,000 "	1,204	1,468	2,337,529	2,308,377	577,195
	20,000 "	1,657	2,024	2,694,761	2,694,761	648,683
	25,000 "	965	1,015	1,704,905	1,704,905	378,050
	30,000 "	1,119	1,444	1,949,441	1,923,701	368,487
	35,000 "	1,130	1,338	1,523,414	1,487,407	253,469
	40,000 "	1,105	1,377	1,816,024	1,816,024	272,490
	45,000 "	1,363	1,564	2,272,325	2,191,765	328,874
	50,000 "	8,011	10,654	14,492,528	13,743,732	2,062,423
	75,000 "	3,577	4,455	6,188,945	5,883,821	883,038
	100,000 "	1,840	2,540	4,374,187	3,764,698	564,892
	150,000 "	251	350	609,542	605,542	90,866
	200,000 and over	252	335	591,420	568,820	85,341
TOTAL		23,855	30,261	\$ 42,568,069	\$ 40,706,601	\$ 7,017,200

TABLE 12

NUMBER CLAIMING DEPENDENT CARE TAX CREDITS BY ADJUSTED GROSS INCOME AND BY EXPENSES ALLOWED - 1995
STATEWIDE

ALLOWABLE DEPENDENT CARE EXPENSES			TOTAL	ADJUSTED GROSS INCOME				
				Under \$15,000	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 and over
Under	\$	500	5,497	122	745	1,070	3,094	466
\$ 500	"	1,000	3,338	408	190	1,022	1,390	328
1,000	"	1,500	2,658	301	530	336	1,290	201
1,500	"	2,000	2,645	142	767	527	1,079	130
2,000	"	2,500	5,653	352	954	1,239	2,516	592
2,500	"	3,000	753	--	213	67	425	48
3,000	"	3,500	1,079	29	223	63	716	48
3,500	"	4,000	344	--	--	128	181	35
4,000	"	4,500	337	22	82	55	144	34
4,500	and over		1,551	5	122	210	753	461
TOTAL			23,855	1,381	3,826	4,717	11,588	2,343
				1,381	3,826	4,717	11,588	2,343

TABLE 13

NUMBER CLAIMING CAPITAL GOODS EXCISE TAX CREDIT, AMOUNT OF CAPITAL ASSETS PURCHASED, BUSINESS PROFIT OR LOSS, AND TAX CREDIT CLAIMED - 1995 STATEWIDE

ADJUSTED GROSS INCOME CLASS		Number Claiming	Amount of Qualified Purchases	Business Profit or (Loss)	Tax Credit Claimed
	Under \$ 10,000	332	\$ 2,649,325	\$ (7,164,093)	\$ 105,973
\$	10,000 "	159	1,273,450	381,410	50,938
	20,000 "	245	3,095,850	1,073,596	123,834
	30,000 "	113	884,100	162,560	35,364
	40,000 "	270	1,095,975	1,421,825	43,839
	50,000 "	228	9,730,750	2,764,359	389,230
	75,000 "	251	1,041,875	2,057,533	41,675
	100,000 "	242	3,948,000	12,604,308	157,920
	150,000 "	136	1,500,525	11,599,392	60,021
	200,000 and over	234	11,343,100	88,556,280	453,724
TOTAL		2,210	\$ 36,562,950	\$ 113,457,170	\$ 1,462,518

APPENDIX II

FACSIMILES OF N-12 AND N-13 TAX RETURNS AND TAX CREDIT FORMS

The following are links to the forms on our website:

FORM N-11

FORM N-12

FORM N-13

SCHEDULE X
TAX CREDITS FOR HAWAII RESIDENTS

FORM N-157
CREDIT FOR ENERGY CONSERVATION

FORM N-312
CAPITAL GOODS EXCISE TAX CREDIT

FORM N-312/N-312A
INSTRUCTIONS FOR FORM N-312/N-312A
CAPITAL GOODS EXCISE TAX CREDIT