
Hawaii Income Patterns

INDIVIDUALS • 1996

DEPARTMENT OF TAXATION • STATE OF HAWAII

STATE OF HAWAII

Benjamin J. Cayetano, Governor

DEPARTMENT OF TAXATION

Ray K. Kamikawa, Director

Neal Miyahira, Deputy Director

TAX RESEARCH & PLANNING OFFICE

Francis Okano, Tax Research & Planning Officer

PREPARED BY

Gail Sasaki, Research Statistician

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TABLE OF CONTENTS

HAWAII INCOME PATTERNS: INDIVIDUALS - 1996

	Page
INTRODUCTION	1
SUMMARY	3
CONFORMITY TO THE INTERNAL REVENUE CODE	4
LEGISLATION	4
DATA SOURCE AND METHODOLOGY	5
TYPES AND NUMBER OF RETURNS FILED	7
STATISTICS OF INCOME, ADJUSTMENTS, DEDUCTIONS, EXEMPTIONS, AND TAX LIABILITY	9
SOURCES OF INCOME	11
INCOME ADJUSTMENTS AND ADJUSTED GROSS INCOME	13
DEDUCTIONS	16
PERSONAL EXEMPTIONS	18
TAXABLE INCOME	18
TAX LIABILITY	20
ELDERLY RESIDENT TAXPAYERS	20
BLIND, DEAF AND DISABLED RESIDENT TAXPAYERS	22
DEPENDENT RESIDENT TAXPAYERS	22
 <u>STATISTICAL TABLES</u>	
TABLE 1. Percent Distribution of Selected Data on all Resident Returns by Adjusted Gross Income Class	24
TABLE 2. Selected Data on all Returns Filed, by Type of Return Filed and by Adjusted Gross Income Class	25
TABLE 3. Selected Data on Nonresident Returns Filed by Adjusted Gross Income Class	27
TABLE 4. Sources of Income and Statutory Adjustments on all Returns Filed by Adjusted Gross Income Class	28
TABLE 5. Sources of Income Reported in Each District by Number of Returns and Amount	34

Table of Contents (Continued)

	Page
TABLE 6. Types of Deductions, All Returns, by Adjusted Gross Income Class	35
TABLE 7. Types of Deductions Claimed in Each Taxation District by Number of Returns and Dollar Amount Reported and Allowed	38
TABLE 8. Number of Dependents, Number of Exemptions, Tax Withheld, Payments of Declaration, Balance Due, Refunds and Carried Forward Credits by Adjusted Gross Income Class	39
TABLE 9. Number of Returns Filed, by Number of Exemptions Claimed and by Adjusted Gross Income Class	41
TABLE 10. Average Tax Liability and Effective Tax Rates, Before and After Credits, by Adjusted Gross Income Class	42
TABLE 11. Comparison of Number of Resident Returns, Before and After Credits, at Selected Tax Levels, AGI, and by Status	43
TABLE 12. Type of Return Filed by Those with Adjusted Gross Income Under \$100,000, Showing Number of Returns, Adjusted Gross Income, and Tax Liability by Status	44
TABLE 13. Sources of Income, 1987 - 1996	48
TABLE 14. Type and Amount of Deductions, 1987 - 1996	49
TABLE 15. Type and Number of Returns Filed in Each Taxation District, 1987 - 1996 .	50
 APPENDIX: FACSIMILES OF INDIVIDUAL INCOME TAX RETURNS AND INSTRUCTIONS	
Form N-11 and N-12, Resident Individual Income Tax Return with Schedules	52
Instructions for Forms N-11 and N-12	62
Form N-13 (Short Form), Resident Individual Tax Return	90
Instructions for Form N-13	91
Form N-15 - Nonresident Individual Income Tax Return with Schedules	100
Instructions for Form N-15	103

INTRODUCTION

"Hawaii Income Patterns--Individuals 1996" is the thirty-ninth annual edition of a series that summarizes data collected from individual income tax returns filed for tax year 1996 by residents and nonresidents. Additional data were collected from taxpayers' federal income tax returns to supplement this report.

All resident and nonresident taxpayers are included in the total population as presented throughout this report. A brief section is presented for dependent taxpayers, blind, deaf or totally disabled taxpayers, and elderly taxpayers.

HAWAII INCOME PATTERNS - 1996 INDIVIDUALS

SUMMARY

A total of 556,374 returns were filed and processed for tax year 1996, representing a slight 0.1% increase over the previous tax year. Nonresidents filed a total of 32,407 returns, representing nearly 6% of the population.

Figure 1

Comparison of Selected Items for All 1996 and 1995 Returns
(Amounts in Thousands of Dollars)

Item	1996	1995	% Change
Number of Returns	556,374	555,865	0.1%
Salaries and Wages	\$ 12,570,444	\$ 12,946,717	-2.9%
Adjusted Gross Income*	\$ 16,374,624	\$ 15,728,094	4.1%
Itemized Deductions Allowed**	\$ 3,441,368	\$ 3,024,859	13.8%
Personal Exemptions	\$ 1,265,818	\$ 1,241,347	2.0%
Taxable Income	\$ 11,797,941	\$ 11,409,066	3.4%
Tax Liability Before Credits	\$ 937,813	\$ 903,420	3.8%
Tax Liability After Credits	\$ 890,865	\$ 857,553	3.9%

* Excludes losses.

** After limitation of deductions of high income taxpayers.

The primary source of income, salaries and wages, reported in tax year 1996, dropped 2.9% to \$12.6 billion. Despite this drop, adjusted gross income (AGI) and taxable income grew 4.1% and 3.4%, respectively.

Allowable itemized deductions jumped nearly 14% over the previous year, to \$3.4 billion. The number of returns of taxpayers with itemized deductions increased by 4.2%, or 10,719. For those who chose not to itemize, the count for standard deductions claimed dropped by 3.4%, or 10,177 returns. Interest and tax deductions were the most commonly claimed deductions, increasing by 10.1% and 12.8%, respectively.

As deductions and exemptions increased, taxable income increased at a lower rate than AGI. Since tax credits changed little over the previous year, tax liability before and after credits increased by a similar 4% each.

CONFORMITY TO THE INTERNAL REVENUE CODE

The Hawaii legislature has conformed Hawaii's income tax law to most of the changes in the Internal Revenue Code since 1978. Several differences remain between state and federal income tax laws.

Income sources taxed by the federal government include social security benefits, most pension distributions, and interest on U.S. savings bonds; these sources are not taxable under Hawaii tax laws. On the other hand, cost-of-living allowances of federal employees in Hawaii are taxable under Hawaii tax laws and not under federal tax laws. Contributions made to a Hawaii individual housing account and the first \$1,750 in Hawaii national guard duty or military reserve pay are not taxable under Hawaii tax laws.

Unlike the federal government, the state allows an extra personal exemption to taxpayers at least 65 years of age. A taxpayer who is blind, deaf or totally disabled may claim an exemption of \$7,000 (instead of the \$1,040 amount), and an additional \$7,000 for a spouse who is also blind, deaf or totally disabled.

In place of the federal credit for the elderly and disabled, and the earned income tax credit which benefit low income wage earners with dependent children, Hawaii offers the low income renter's tax credits to qualified resident taxpayers with AGI below \$30,000; the credit amounts are doubled for qualified elderly taxpayers. Hawaii residents also enjoy the food tax credit, which, together with other credits, are discussed in a separate report.¹

LEGISLATION

The 1996 Hawaii legislature enacted two income tax-related bills applicable to individual and business taxpayers. Act 187 conforms Hawaii's net income tax law to changes in the provisions of the Internal Revenue Code, effective after December 31, 1995. Some minor changes were made to the conformity of Hawaii's treatment of capital construction funds of shipping companies, the taxation of farmers' cooperatives, and certain tax avoidance schemes. Act 187 also lowered the maximum withholding rate to 8% after it was raised to 10% by Act 73, SLH 1993.

Act 157 permits the voluntary withholding of federal and state income taxes from unemployment compensation payments. The state withholding rate is 5%.

¹ Tokushige, Walter, "Tax Credits Claimed by Hawaii Residents--1996", Hawaii Department of Taxation, Tax Research & Planning Office, December, 1998.

DATA SOURCE AND METHODOLOGY

In tax year 1995, Form N-11 (on a single page) was introduced to offer residents a shorter and simpler form to file their individual income tax returns. Since Form N-11 starts with the taxpayer's federal adjusted gross income, the taxpayer must file a federal income tax return. As seen in the Appendix, Form N-11 does not list detailed sources of income and adjustments. While a copy of the taxpayer's federal return was a required attachment in tax year 1995, it was no longer required for tax year 1996. Also no longer required were schedules A, B, C, D, E and/or F, respectively requesting information on itemized deductions, interest and dividend income, proprietorship activity, capital gains, miscellaneous (rental, partnership, estate) income, and farm income.

The state's computerized Comprehensive Net Income Tax (CNIT) system provided some of the data used for this report; however, the data set was heavily dependent on the Internal Revenue Service's Individual Return Transactions File (IRTF), especially for those filing Form N-11. After a randomly selected sample data set was generated from the CNIT system, it was then merged with the federal IRTF data set for additional information.

Approximately 85% of the returns merged successfully with a federal return. For the remaining 15% of N-11 returns that did not merge with a federal return, the N-11 data were not supplemented with IRS data. Returns that did not merge were mainly the result of federal returns being processed after the IRTF creation date for the tax year.

Edits were conducted on all merged and nonmerged records. Because errors could not be corrected against copies of the federal return and schedules, all nonreconcilable data were reported as "unknown sources of income" and "unknown adjustments" in statistical tables and figures. These amounts represented components of income and adjustments, such as wages, interest, etc., whose sum did not balance with total income or total adjustments. Therefore, some of the data presented in this report may be under reported. For instance, salaries and wages of \$12,204.6 million may be actually a higher amount because the figure excludes amounts that were not identifiable as wages and salaries and hence reported as "unknown sources of income".

The CNIT system records data for the sum of all schedule E activities. As a result, data on component schedule E activities, such as partnerships, estates, and rentals are not available for nonresidents. Income or loss for these activities are classified as "other income" in the statistical tables. Proprietorship income or loss (schedule C & F), state refund, alimony, and unemployment compensation data for all returns are also included in "other income" sources. For nonresidents filing a form N-15 return, the entire population was used for this report. Since the federal data set consisted of taxpayers with Hawaii addresses and most nonresidents may have an address outside of Hawaii, these returns were not merged with the federal data set. For this reason, certain details are not available for nonresident returns.

Figure 2

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

Taxation District	Returns with Schedules C, D, E and/or F			Returns without Schedules C, D, E and/or F			
	N-11	N-12	N-15	N-11	N-12	N-13	N-15
Population:							
First	73,136	6,147	9,562	214,406	27,487	68,293	20,271
Second	10,350	753	629	29,490	3,425	8,092	592
Third	11,263	1,290	476	29,276	3,809	12,228	452
Fourth	4,488	378	245	13,828	1,549	4,279	180
STATE	99,237	8,568	10,912	287,000	36,270	92,892	21,495
Sample:							
First	5.7%	5.1%	100.0%	1.5%	0.8%	2.5%	100.0%
Second	9.0%	9.0%	100.0%	2.9%	2.5%	4.8%	100.0%
Third	9.5%	8.8%	100.0%	2.9%	2.3%	5.3%	100.0%
Fourth	9.2%	7.9%	100.0%	2.9%	2.1%	5.0%	100.0%
STATE	6.7%	6.1%	100.0%	1.9%	1.2%	3.2%	100.0%

A total of 15,863 N-11, N-12 and N-13 resident returns were randomly selected, representing a 3.0% sample of the total population of 523,967 resident returns filed for tax year 1996. Resident returns with Schedules C, D, E and/or F were sampled at a higher rate of 6.6% while returns without these schedules were sampled at a 2.1% rate. N-13 returns do not include these schedules.

Some statistics in this report are shown by the four taxation districts of the state of Hawaii. The first district includes the island of Oahu; the second district, the islands of Maui, Molokai and Lanai; the third district, the island of Hawaii; and the fourth district, the islands of Kauai and Niihau. Oahu, or the first district, is represented by 75.4% of the state's total number of returns filed, followed by Hawaii with 10.6%, Maui with 9.6%, and Kauai with 4.5%.

TYPES AND NUMBER OF RETURNS FILED

An individual with gross income subject to Hawaii's income tax law must file an income tax return, except for those whose income is less than the standard deduction and personal exemption amounts. Regardless of net income amount, any person doing business in Hawaii must file a return. Many individuals without taxable income chose to file a return to claim the tax credits offered.

Dependent taxpayers whose unearned income is \$500 or more, or whose gross income is greater than the applicable standard deduction amount must also file a return. If the dependent's income is derived solely from interest and dividends and is between \$500 and \$5,000, then the parent may file Form N-814, Parent's Election to Report Child's Interest and Dividends, for the dependent.

Income may be reported on one of four income tax forms available:

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

Individual Income - 1996

Figure 3

Comparison of Type of Return Filed
in Each Taxation District in 1996 and 1995

Type of Return	TAXATION DISTRICT				
	State	First	Second	Third	Fourth
All Returns					
1996	556,374	419,302	53,331	58,794	24,947
1995	555,845	420,754	51,413	58,493	25,185
% Change	0.1%	-0.4%	3.7%	0.5%	-0.9%
Form N-11					
1996	386,237	287,542	39,840	40,539	18,316
1995	364,535	271,885	36,334	38,767	17,549
% Change	6.0%	5.8%	9.6%	4.6%	4.4%
Form N-12					
1996	44,838	33,634	4,178	5,099	1,927
1995	56,137	42,075	5,104	6,344	2,614
% Change	-20.1%	-20.1%	-18.1%	-19.6%	-26.3%
Form N-13					
1996	92,892	68,293	8,092	12,228	4,279
1995	100,522	74,764	8,717	12,457	4,584
% Change	-7.6%	-8.7%	-7.2%	-1.8%	-6.7%
Form N-15					
1996	32,407	29,833	1,221	928	425
1995	34,651	32,030	1,258	925	438
% Change	-6.5%	-6.9%	-2.9%	0.3%	-3.0%

Almost three-fourths, or 73.7%, of the 523,967 resident returns filed were on Form N-11; this was followed by nearly 17.7% on Form N-13, and 8.6% on Form N-12. As revealed in Figure 3, the total number of N-11 returns filed grew 6.0%, while the number of N-12 and N-13 returns filed dropped by 20.1% and 7.6%, respectively. The number of N-15 returns filed by nonresidents decreased by 6.5%. Statewide, the number of returns filed increased by a slight 529 returns, from 555,845 in 1995 to 556,374 returns in tax year 1996.

Individual Income - 1996

Resident Returns

Hawaii resident returns filed increased by 0.5% to 523,967 returns in tax year 1996. Slightly more than half of the total returns processed were filed by taxpayers claiming single status, followed by joints, heads of household, married filing separate and qualified widows or widowers.

Figure 4

Number of Returns by Status of Taxpayer

Status	Residents		Nonresidents		All Returns	
	No. of Returns	% of Total	No. of Returns	% of Total	No. of Returns	% of Total
Joint	201,573	38.5%	18,188	56.1%	219,761	39.5%
Single	267,091	51.0%	9,693	29.9%	276,784	49.7%
Married Filing Separate	10,537	2.0%	3,802	11.7%	14,339	2.6%
Head of Household	44,521	8.5%	713	2.2%	45,234	8.1%
Qualified Widow(er)	245	0.0%	11	0.0%	256	0.0%
TOTAL	523,967	100.0%	32,407	100.0%	556,374	100.0%

Nonresident Returns

Nonresident returns filed numbered 32,407, down 6.5%, or 2,244 returns over the prior year. Approximately 92% of these taxpayers filed their returns in the first taxation district. In contrast to resident taxpayers, more than half of the nonresidents claimed joint filing status, followed by single, married filing separate, head of household and qualified widow(er) taxpayers.

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

Chart 1 illustrates the major components of a resident return as filed for the 1994 tax year.

SOURCES OF INCOME

All sources of income must be reported for income tax purposes, unless specifically exempt by law. Under Hawaii's tax laws, sources exempt from taxation include most pension distributions, social security benefits, public assistance benefits, and interest from federal, Hawaii state and Hawaii local government municipal bonds.

Resident Returns

Form N-11 starts with the federal adjusted gross income (AGI) and certain items taxed by Hawaii are added on: cost of living allowances (COLA) and employee retirement contributions reported as part of wages, and interest on out-of-state bonds. Items not taxed by Hawaii but by the federal government are deducted from the federal AGI: certain pensions, taxable social security benefits, the first \$1,750 of military reserve or Hawaii national guard duty pay, and payments to an individual housing account (IHA). These items are identified as "items taxed by Hawaii but not by federal" and "items taxed by federal but not by Hawaii", in Table 4 in the Statistical Tables section.

Total income reported by resident taxpayers jumped 5.0% from \$16.5 billion in 1995 to \$17.3 billion in tax year 1996. Many sources of income reflect a drop over the past year as shown in figure 5. Some of the decreases, however, are the result of data uncertainties and are included in the \$1.6 billion reported in unknown income sources. Salaries and wages made up over 70% of the total reported income. Other sources of income, \$1.8 billion, include state income tax refunds, alimony received, business or farm income, taxable IRA, pensions, and other reported income. Unknown sources, \$1.6 billion, includes all of the sources that were not identified (total income less identified sources).

Income from rent and royalties plummeted over 65%. Part of this loss may be placed in unknown sources while another part may be reflective of a drop in rental activity and prices. This was reflected by a 2% increase each in the number of new mortgages recorded in 1996² and the number of owner-occupied homes.³

² Construction in Hawaii 1997, Bank of Hawaii, page 18.

³ The State of Hawaii Data Book 1997, Department of Business, Economic Development and Development, Table 21.17, page 552.

Individual Income - 1996

Figure 5

Comparison of Sources of Income Reported by
Resident Taxpayers in 1996 and 1995
(In Thousands of Dollars)

Source of Income	1996	1995	Percent Change
TOTAL	\$ 17,335,202	\$ 16,514,397	5.0%
Salaries and Wages	\$ 12,339,349	\$ 12,689,379	-2.8%
Interest	536,873	559,732	-4.1%
Ordinary Dividends	292,164	289,713	0.8%
Capital Assets/Other Property	444,107	309,943	43.3%
Rents and Royalties	10,772	31,247	-65.5%
Partnerships*	193,057	183,055	5.5%
Estates and Trusts	65,586	72,149	-9.1%
All Other Sources	1,835,476	2,379,179	-22.9%
Unknown Sources	1,617,818	--	--

* Includes small business corporations (SBC).

Nonresident Returns

Total income as reported by nonresidents declined 10.6%, to \$275.6 million. While most sources of income showed a drop as shown in Figure 6, income from rents, royalties, partnerships, S corporations, estates and trusts had a sizable \$13.9 million increase, as did all other sources of income at \$17.1 million.

Figure 6

Sources of Income Reported
by Nonresident Taxpayers in 1996 and 1995
(In Thousands of Dollars)

Source of Income	1996	1995	Increase (Decrease)
TOTAL	\$ 275,583	\$ 308,431	\$ (32,848)
Salaries and Wages	\$ 231,095	\$ 257,338	(26,243)
Interest	8,617	11,230	(2,613)
Ordinary Dividends	955	1,044	(89)
Capital Assets/Other Property Rents, Royalties, Partnerships, S Corp., Estates and Trusts	77,251	81,103	(3,852)
	25,248	11,238	13,920
All Other Sources	(41,076)	(58,159)	17,083
Unknown Other Sources	(26,507)	--	--

INCOME ADJUSTMENTS AND ADJUSTED GROSS INCOME

A taxpayer may claim certain adjustments to be deducted from total income to obtain adjusted gross income (AGI). Allowable adjustments include contributions made to an Individual Retirement Arrangement (IRA), 50% of self-employment tax, 25% of self-employed health insurance, contributions to a KEOGH retirement plan or self employed plan (SEP), interest penalty on early withdrawal of savings, alimony paid, payments made to an Individual Housing Account (IHA), and the first \$1,750 received for military reserve or Hawaii national guard duty pay.

Resident Returns

Form N-11 filers claim adjustments on their federal returns. Additional claims may be made for the military reserve or Hawaii national guard duty pay and contributions made to an IHA account, as these are not available to federal filers. Once again, sources of adjustments were dependent on federal data.

Statewide, 70,705 taxpayers claimed adjustments totaling \$140.8 million, compared to 71,593 taxpayers claiming \$149.9 million a year earlier. Nearly \$51 million of adjustments claimed were from unknown sources, which may include moving expenses, deductions for self-employment tax, and other miscellaneous items. Other major adjustments claimed

Individual Income - 1996

include \$41 million in IRA contributions, \$22 million for KEOGH and SEP retirement plans, \$9 million each for alimony and military pay, and \$8 million for self-employment health insurance.

Figure 7

Adjustments to Income
(Resident Returns)

Type of Adjustment	Number of Returns	Amount
Individual Retirement Account Contributions	20,335	\$ 40,925,730
Self-Employment Health Insurance Deduction	10,762	7,958,830
KEOGH and SEP Retirement Plans	3,679	22,399,909
Alimony Paid	1,221	9,432,130
Penalty	264	331,452
Individual Housing Account Contributions	60	111,624
Hawaii National Guard/Military Reserve Pay	5,268	8,925,979
Unknown Adjustments	49,099	50,739,947
Total Adjustments	70,705	\$ 140,825,601

After deducting adjustments of \$140.8 million from the reported state total income of \$15,945.7 million, total AGI including losses for all resident returns amounted to \$15,804.9 million, 4.1% higher than the 1995 total of \$15,180.9 million.

Individual Income - 1996

Figure 8

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

Taxation District	All Returns		Joint		All Others**	
	1996	1995	1996	1995	1996	1995
All Resident Returns*						
Oahu	\$20,822	\$20,342	\$41,634	\$42,092	\$13,768	\$13,745
Maui	19,876	21,025	39,062	36,962	14,966	14,749
Hawaii	14,834	15,417	27,953	31,212	10,296	10,015
Kauai	17,753	16,643	30,914	32,256	11,180	12,154
STATE	\$19,834	\$19,602	\$39,079	\$39,147	\$13,217	\$13,401
Taxable Resident Returns						
Oahu	\$26,078	\$25,898	\$50,023	\$49,310	\$18,595	\$18,807
Maui	24,788	25,697	45,507	42,599	18,375	19,192
Hawaii	20,891	22,058	38,567	40,051	14,848	16,249
Kauai	23,877	22,180	40,297	38,476	18,033	16,969
STATE	\$25,393	\$25,277	\$47,505	\$46,714	\$18,294	\$18,439

*Includes returns with AGI losses.

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

While total AGI for all resident taxpayers rose 4.1%, the median AGI rose 1.2% from \$19,602 to \$19,834. The median AGI for all resident taxpayers increased 2.4% for Oahu residents and 6.7% for Kauai residents. For Maui and Hawaii county residents, the median AGI fell 5.5% and 3.8%, respectively. The median AGI for joint taxpayers fell 0.2%, and 1.4% for single taxpayers.

Nonresident Returns

Adjustments claimed by nonresident taxpayers, totaled \$7.3 million which was \$2.1 million more than the \$5.2 million claimed in 1995. After deducting adjustments from the Hawaii total income of \$275.6 million, the resulting AGI total was \$268.3 million, \$35 million less than the 1995 total.

DEDUCTIONS

Certain itemized deductions may be subtracted from AGI to determine the taxable income amount. Itemized deductions consist of medical expenses above 7.5% of taxpayer's AGI, taxes, interest expenses, contributions, casualty losses, and other miscellaneous deductions above 2% of AGI. The taxpayer may choose instead to deduct the standard deduction amount allowed by filing status, as follows:

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

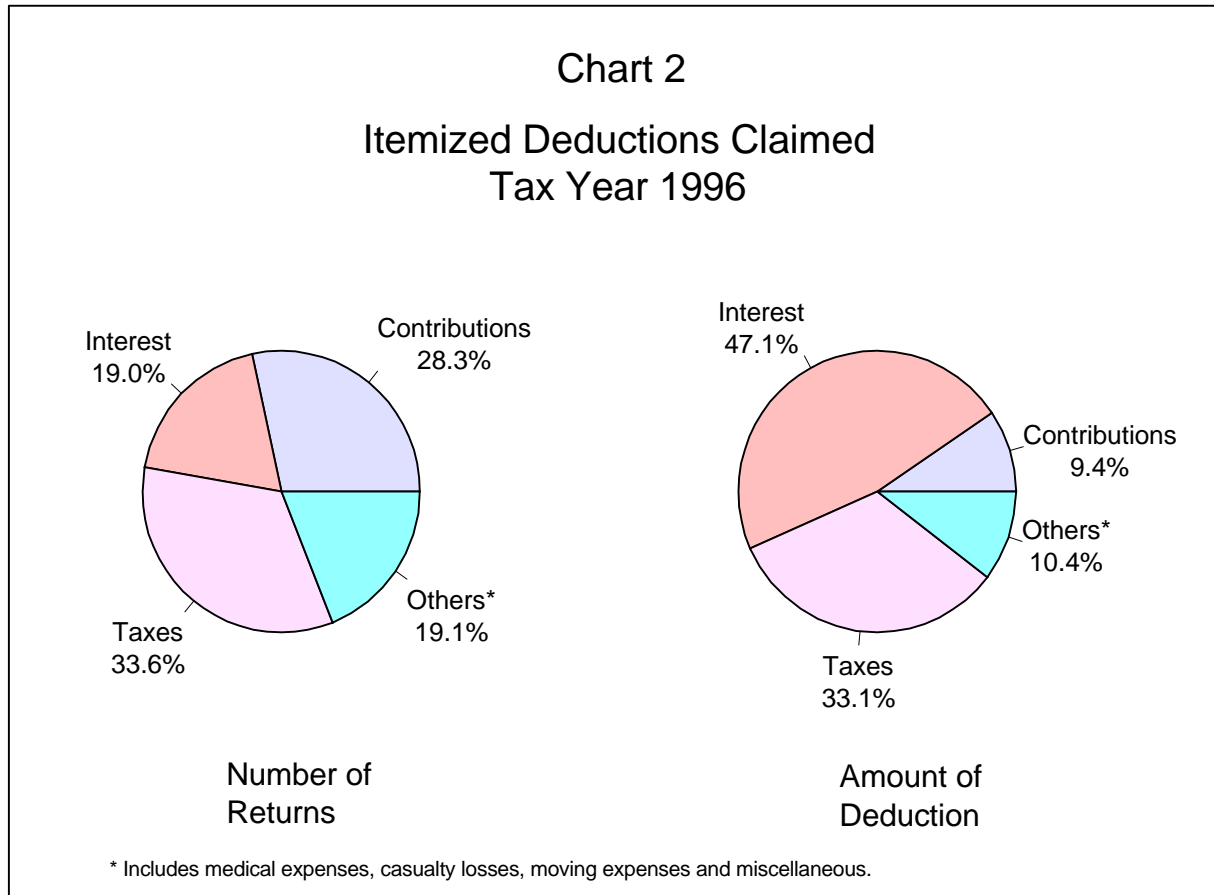
If the dependent's earned income is over \$500 then the deduction amount is equal to the earned income amount, up to the allowable amount by filing status. Generally, the maximum amount for a dependent with earned income is \$1,500, equivalent to the single taxpayer's amount. It would be to the taxpayer's benefit to claim the itemized deduction amount if that amount is greater than the corresponding standard deduction amount.

Taxpayers whose AGI exceed \$100,000, or \$50,000 if married filing separately, are required to reduce their itemized deductions by 3% of the excess. This amount is the unallowed portion of itemized deductions. Medical expenses, investment interest, casualty losses and gambling losses are not subject to this reduction.

Resident Returns

Resident taxpayers were evenly split on the use of standard deduction (49.9%) or itemized deductions (50.1%). Over 90% of standard deduction users had AGI under \$30,000, while two-thirds of the itemizers had AGI of \$30,000 or more. Standard deduction amount totaled \$405.5 million, and total itemized deductions amounted to \$3,277.7 million.

Allowable deductions totaled \$3,233.4 million leaving an unallowed itemized deductions amount of \$44.4 million. Altogether, the total allowable gross deductions of \$3,638.9 million represent a 7.0% growth over the previous year's total of \$3,400.8 million.



Of the 262,310 itemizers, 56% claimed interest deductions making up 42% of total itemized deductions claimed, most of which was due to mortgage loans with large interest amounts. Over 98% of itemizers claimed a deduction for taxes paid which totaled \$1,085.5 million, 30% of total deductions. The second most commonly claimed deduction was contributions, which was claimed by 83% of those itemizing deductions. Contributions amounted to \$308.0 million, 8% of total deductions. Because medical expenses and certain miscellaneous deductions were limited to amounts over 7.5% and 2% of AGI, respectively, many taxpayers were not able to claim these deductions.

Nonresident Returns

Of the 32,407 nonresident returns filed, only 18.2% itemized deductions. Total allowable and standard deductions claimed by nonresidents reached \$252.0 million. Standard deductions totaled \$44.0 million, while itemized allowable deductions totaled \$208.0 million, and unallowable itemized deductions totaled \$1.4 million.

PERSONAL EXEMPTIONS

Along with itemized or standard deductions, taxpayers are allowed to subtract a personal exemption amount of \$1,040 for each taxpayer, the taxpayer's spouse, and qualified dependents, to determine taxable income. Each taxpayer and/or a spouse who is 65 years of age or older may claim an additional personal exemption. Dependents who file their own return and are claimed as a dependent by another taxpayer may not claim a personal exemption.

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

Resident Returns

Residents claimed \$1,187.5 million in personal exemptions, 2.6% above the \$1,157.6 million claimed in 1995. The number of dependents rose 4.9% to 294,722, while age exemptions increased by 190 exemptions to 127,267. Total exemptions of 1,113,395 represent a 2.1% increase over the last year.

Nonresident Returns

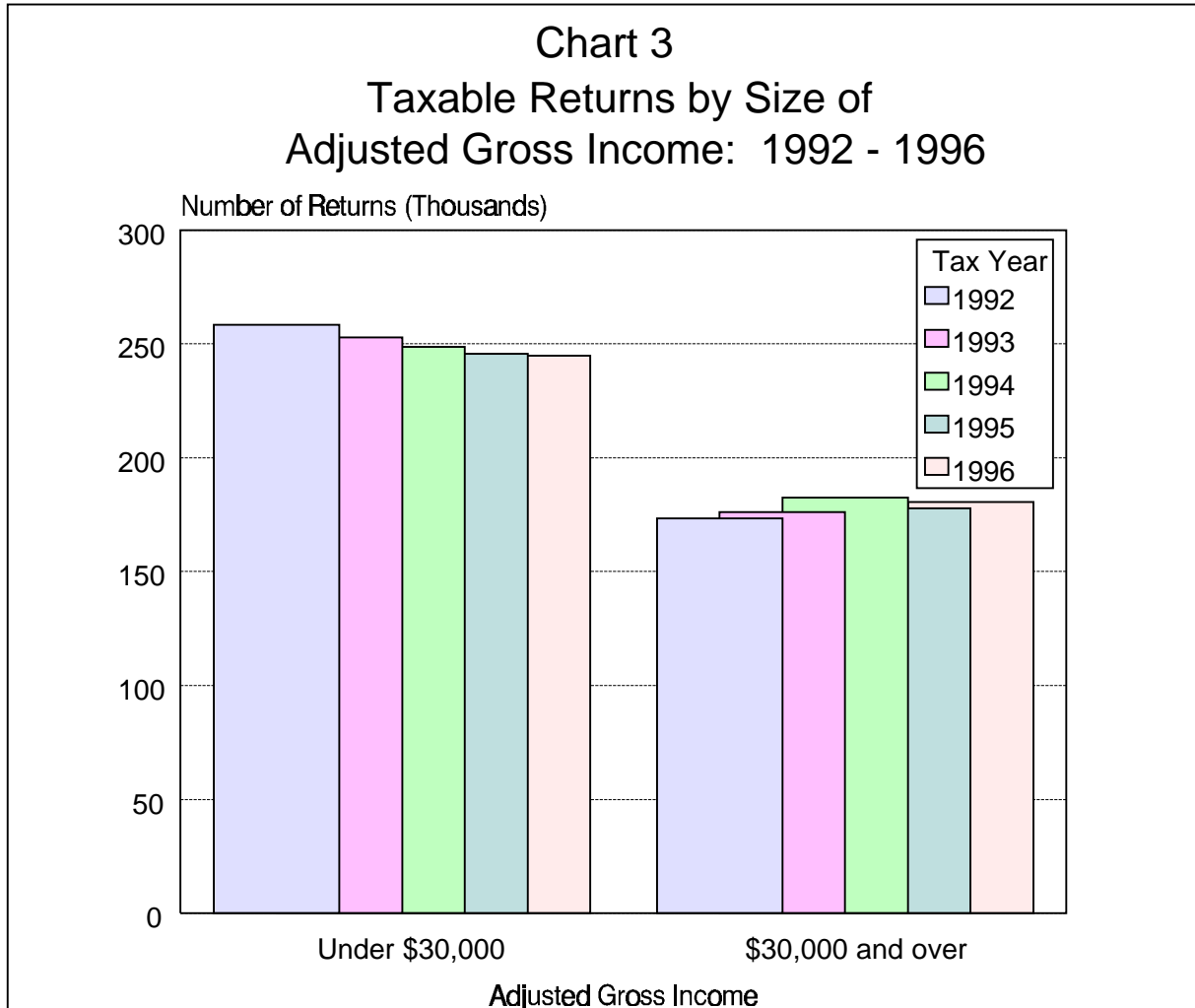
Nonresident exemptions totaled 75,026 for a total claim of \$78.3 million, both representing a drop of more than 6% each over 1995. Dependent exemptions dropped by 1,984 exemptions, while age exemptions were up 237 exemptions.

TAXABLE INCOME

Taxable income is obtained by subtracting itemized or standard deductions and personal exemptions from AGI. The taxable income determines the taxpayer's tax liability.

Resident Returns

Eighty-one percent of all resident returns had taxable income totaling \$11.5 billion, advancing 3.6% from \$11.1 billion in 1995. The average taxable income per return rose 3.1% from \$26,247 to \$27,058.



As seen in Chart 3 the number of taxable returns in the under \$30,000 AGI group continued to drop each year over the past five years. The \$30,000 and higher AGI group showed a growth in number of returns, except for tax year 1995.

Nonresident Returns

Nonresident taxpayers experienced a 2.2% decrease in taxable income from \$293.6 million in 1995 to \$287.1 million in 1996. While taxable returns dropped 11.1%, the average taxable income per return jumped 10.0% from \$14,986 to \$16,486. Nearly 54% of nonresidents had taxable income, compared to 57% in 1995. Taxpayers with AGI of \$100,000 or more accounted for slightly more than one-third of total nonresident taxable income.

TAX LIABILITY

Tax liability is determined by the amount of taxable income and the taxpayer's filing status. Tax rate schedules are divided into three categories by filing status: single and married filing separate; married filing jointly; and head of household. Some taxpayers may be subject to other additional miscellaneous taxes. Qualified taxpayers are entitled to several tax credits which may reduce the tax liability.

Resident Returns

As taxable income increased 3.6%, tax liability rose 3.8%, from \$884.0 million to \$917.1 million in 1996. The average tax liability per taxable return before credits was \$2,156, and \$2,066 after credits. These compared with \$2,085 and \$1,996 in 1995, a 3.4% and 3.5% increase, respectively.

Based on taxable income, the effective tax rate rose slightly from 7.95% in 1995 to 7.97% in 1996. After tax credits were applied, the resulting effective tax rate of 7.63% rose slightly from 7.60% the previous year. Based on AGI, the effective tax rate dropped by 0.01% each to 5.85% before credits and 5.60% after credits.

Nonresident Returns

Nonresident taxpayers were responsible for \$20.7 million in total tax liability, nearly 2% more than the \$20.3 million reported in 1995. The average tax rate was 7.2% based on taxable income and 5.4% based on AGI; rising from 6.9% and 5.1% in 1995, respectively. Tax credits to nonresidents are limited, as they may qualify for the capital goods and child passenger safety seat credits only.

ELDERLY RESIDENT TAXPAYERS

Of the 523,967 resident returns filed, 94,736, or 18.1% of the returns had claims of one or two age exemptions. This represents a 1.0% increase over the 93,842 returns filed in 1995. Almost two-thirds of the returns filed by the elderly had claims of one age exemption, while the other one-third had claims of two age exemptions.

Total income of \$2,677.8 million represents an 11.1% increase from the \$2,409.3 reported in 1995. The total income as reported by elderly taxpayers represent 15.4% of the total income reported by all resident taxpayers. The biggest source of income is pensions and annuities, which makes up 30.2% of the total income for elderly taxpayers. The second largest source of income is salaries and wages. In contrast, nonelderly taxpayers reported salaries and wages as the largest source at 80.6% followed by pensions and annuities

Individual Income - 1996

2.6%. This does not include the unknown sources of income which made up 10.0% of total income for the nonelderly group and 5.9% for the elderly group. Most elderly taxpayers receive pension and social security benefits which are, for the most part, not subject to taxation.

Figure 9

Sources of Income Reported by the Elderly and
All Other Residents - 1994
(In Thousands of Dollars)

Sources of Income	Elderly		Nonelderly	
	Amount	% of Total	Amount	% of Total
TOTAL	\$2,677,755	100.0%	\$ 14,657,447	100.0%
Salaries and Wages	\$ 521,171	19.5%	\$ 11,818,178	80.6%
Taxable Dividends	158,641	5.9%	133,523	0.9%
Interest	297,268	11.1%	239,606	1.6%
Capital Assets and Other Property	222,198	8.3%	221,909	1.5%
Rents and Royalties	87,207	3.3%	(76,435)	-0.5%
Partnerships	33,607	1.3%	159,450	1.1%
Estates and Trusts	36,503	1.4%	29,083	0.2%
Pensions and Annuities	808,477	30.2%	385,588	2.6%
Taxable IRA Payouts	123,264	4.6%	73,038	0.5%
Taxable Social Security	220,092	8.2%	25,769	0.2%
All Other Sources	12,318	0.5%	186,931	1.3%
Unknown Sources	157,009	5.9%	1,460,807	10.0%

Total adjustments of \$17.4 million resulted in total AGI of \$1,572.8 million before losses.

Approximately 44% of the elderly taxpayers itemized deductions totaling a gross \$425.6 million. Standard deductions claimed by the remaining 56% of elderly taxpayers, amounted to \$87.8 million. Personal exemptions amounted to \$305.2 million.

Taxable income totaled \$753.5 million and tax liability before tax credits reached \$79.1 million, and \$70.8 million after credits. Effective tax rates based on taxable income are 7.7% before credits and 6.6% after credits.

BLIND, DEAF AND DISABLED RESIDENT TAXPAYERS

Blind, deaf or totally disabled (BDD) taxpayers may claim a special personal exemption of \$7,000 in place of the \$1,040 personal exemption for the taxpayer, age and any dependents. The spouse may claim the \$1,040 exemption and an additional \$1,040 for the age exemption, if applicable. If the spouse is also blind, deaf or totally disabled, the couple may claim a maximum of \$14,000 in personal exemptions.

BDD taxpayers filed a total of 5,638 returns, with a reported total income of \$136.3 million. The largest source of income for BDD taxpayers was wages and salaries of \$53.7 million, making up 39.4% of the total income reported. Pension income of \$34.0 million or 25.0% of the total was the second highest reported income source. While taxable income amounted to \$50.9 million, tax liability before credits totaled \$5.4 million.

DEPENDENT RESIDENT TAXPAYERS

Individuals who file their own returns, but are claimed as a dependent on another taxpayer's return are classified as dependent taxpayers. They may not claim the personal exemption of \$1,040, and the allowable standard deduction amount is the greater of \$500 or the amount of earned income up to the allowable amount per filing status.

A total of 34,013 returns were filed by dependent taxpayers reporting total income of \$150.6 million. The major source of income for dependent taxpayers was salaries and wages of \$122.3 million, making up 81.2% of total income. Interest income of \$6.7 million was the second highest source of income for dependents. The reported taxable income of \$107.3 million resulted in a total tax liability of \$5.7 million.

STATISTICAL

TABLES

TABLE 1
PERCENT DISTRIBUTION OF SELECTED DATA ON ALL RESIDENT RETURNS BY ADJUSTED GROSS INCOME CLASS - 1996

ADJUSTED GROSS INCOME CLASS	Number of Returns		Adjusted Gross Income		Taxable Income		Tax Liability	
	Number	%	Amount	%	Amount	%	Amount	%
TAXABLE RESIDENT RETURNS								
Under \$ 5,000	32,217	7.6%	\$ 99,827,631	0.6%	\$ 40,218,450	0.3%	\$ 1,012,354	0.1%
\$ 5,000 "	49,110	11.5%	367,832,624	2.3%	209,945,575	1.8%	9,464,352	1.0%
10,000 "	85,681	20.1%	1,270,426,559	8.1%	888,646,977	7.7%	54,624,095	6.0%
20,000 "	77,872	18.3%	1,923,156,331	12.3%	1,454,565,833	12.6%	105,000,896	11.4%
30,000 "	47,829	11.2%	1,665,337,355	10.6%	1,216,466,359	10.6%	92,925,047	10.1%
40,000 "	34,587	8.1%	1,550,312,925	9.9%	1,126,005,573	9.8%	88,461,674	9.6%
50,000 "	27,729	6.5%	1,511,943,774	9.6%	1,108,453,618	9.6%	89,162,870	9.7%
60,000 "	26,669	6.3%	1,785,751,189	11.4%	1,295,386,411	11.3%	106,802,533	11.6%
75,000 "	24,619	5.8%	2,108,741,925	13.4%	1,500,988,242	13.0%	127,669,911	13.9%
100,000 "	12,720	3.0%	1,503,704,081	9.6%	1,120,944,058	9.7%	99,501,374	10.8%
150,000 "	3,007	0.7%	512,593,953	3.3%	396,937,464	3.4%	36,245,876	4.0%
200,000 and over	3,379	0.8%	1,390,064,955	8.9%	1,152,320,431	10.0%	106,246,348	11.6%
TOTAL - TAXABLE RETURNS	425,419	100.0%	\$ 15,689,693,302	100.0%	\$ 11,510,878,991	100.0%	\$ 917,117,330	100.0%
NONTAXABLE RESIDENT RETURNS								
Loss	5,824	5.9%	\$ (161,542,426)					
\$ 0 under \$ 5,000	77,660	78.8%	91,170,439	32.9%	NOT APPLICABLE			
5,000 " 10,000	9,001	9.1%	62,692,528	22.7%				
10,000 and over	6,063	6.2%	122,894,545	44.4%				
TOTAL - NONTAXABLE RETURNS	98,548	100.0%	\$ 276,757,512	100.0%				
ALL RESIDENT RETURNS	523,967		\$ 15,966,450,814		\$ 11,510,878,991		\$ 917,117,330	

1 Exclusive of losses.

TABLE 2
SELECTED DATA ON ALL RETURNS FILED, BY TYPE OF RETURN FILED AND BY ADJUSTED GROSS INCOME CLASS - 1996

ADJUSTED GROSS INCOME CLASS	Number of Returns			Adjusted Gross Income		
	Single ¹	Joint	H/H ²	Single ¹	Joint	H/H ²
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	31,311	422	484	\$ 95,883,527	\$ 1,886,706	\$ 2,057,398
\$ 5,000 " 10,000	38,327	7,144	3,639	283,887,662	56,761,842	27,183,120
10,000 " 20,000	53,635	21,155	10,891	785,887,808	316,715,687	167,823,064
20,000 " 30,000	45,131	21,956	10,785	1,107,628,281	549,434,946	266,093,104
30,000 " 40,000	23,312	19,013	5,504	808,854,671	665,788,151	190,694,533
40,000 " 50,000	12,334	19,105	3,148	549,970,394	859,490,548	140,851,983
50,000 " 60,000	7,190	18,734	1,805	390,273,394	1,025,548,861	96,121,519
60,000 " 75,000	3,839	21,539	1,291	252,573,380	1,448,022,932	85,154,877
75,000 " 100,000	2,045	22,240	334	174,898,689	1,905,618,632	28,224,604
100,000 " 150,000	633	11,910	177	79,190,234	1,402,204,865	22,308,982
150,000 " 200,000	353	2,573	81	60,692,616	437,837,134	14,064,203
200,000 and over	416	2,869	94	188,657,519	1,166,234,055	35,173,381
TOTAL - TAXABLE RETURNS	218,526	168,660	38,233	\$ 4,778,398,175	\$ 9,835,544,359	\$ 1,075,750,768
NONTAXABLE RESIDENT RETURNS						
Loss	3,111	2,395	318	\$ (42,322,061)	\$ (113,942,375)	\$ (5,277,990)
\$ 0 under \$ 5,000	52,861	19,372	5,427	49,037,677	34,220,620	7,912,142
5,000 " 10,000	1,832	6,604	565	11,983,917	46,271,535	4,437,076
10,000 and over	1,298	4,542	223	27,109,501	90,446,920	5,338,124
TOTAL - NONTAXABLE RETURNS	59,102	32,913	6,533	\$ 88,131,095³	\$ 170,939,075³	\$ 17,687,342³
ALL RESIDENT RETURNS	277,628	201,573	44,766	\$ 4,866,529,270³	\$ 10,006,483,434³	\$ 1,093,438,110³
ALL NONRESIDENT RETURNS	13,495	18,188	724	\$ 127,160,973³	\$ 272,176,054³	\$ 8,835,678³
TOTAL - ALL RETURNS	291,123	219,761	45,490	\$ 4,993,690,243³	\$ 10,278,659,488³	\$ 1,102,273,788³

See end of table for footnotes.

TABLE 2 (continued)
 SELECTED DATA ON ALL RETURNS FILED, BY TYPE OF RETURN FILED AND BY ADJUSTED GROSS INCOME CLASS - 1996

ADJUSTED GROSS INCOME CLASS	Taxable Income			Tax Liability		
	Single ¹	Joint	H/H ²	Single ¹	Joint	H/H ²
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	\$ 39,782,106	\$ 207,146	\$ 229,198	\$ 1,003,505	\$ 4,063	\$ 4,786
\$ 5,000 "	181,286,163	17,125,551	11,533,861	8,689,798	402,209	372,345
10,000 "	608,401,393	164,915,241	115,330,343	40,648,299	7,348,626	6,627,170
20,000 "	907,238,183	350,104,191	197,223,459	70,332,389	21,117,442	13,551,065
30,000 "	639,629,345	439,359,247	137,477,767	53,186,939	29,442,305	10,295,803
40,000 "	434,782,640	589,482,546	101,740,387	37,662,256	42,728,794	8,070,624
50,000 "	305,572,232	728,313,713	74,567,673	27,067,094	55,905,755	6,190,021
60,000 "	196,967,865	1,034,143,234	64,275,312	17,680,715	83,601,503	5,520,315
75,000 "	140,207,012	1,339,894,887	20,886,343	12,904,481	112,951,926	1,813,504
100,000 "	62,381,951	1,041,218,126	17,343,981	5,679,043	92,247,166	1,575,165
150,000 "	48,308,154	337,863,701	10,765,609	4,430,691	30,815,589	999,596
200,000 and over	158,157,344	965,695,053	28,468,034	14,480,410	89,139,933	2,626,005
TOTAL - TAXABLE RETURNS	\$ 3,722,714,388	\$ 7,008,322,636	\$ 779,841,967	\$ 293,765,620	\$ 565,705,311	\$ 57,646,399
NONTAXABLE RESIDENT RETURNS						
Loss						
\$ 0 under \$ 5,000						
5,000 " 10,000						
10,000 and over						
		NOT APPLICABLE			NOT APPLICABLE	
TOTAL - NONTAXABLE RETURNS						
ALL RESIDENT RETURNS	\$ 3,722,714,388	\$ 7,008,322,636	\$ 779,841,967	\$ 293,765,620	\$ 565,705,311	\$ 57,646,399
ALL NONRESIDENT RETURNS	\$ 93,803,219	\$ 186,920,958	\$ 6,338,272	\$ 7,194,597	\$ 13,042,682	\$ 457,925
TOTAL - ALL RETURNS	\$ 3,816,517,607	\$ 7,195,243,594	\$ 786,180,239	\$ 300,960,217	\$ 578,747,993	\$ 58,104,324

¹ Includes married filing separately.

² Includes heads of household and qualifying surviving spouses.

³ Exclusive of losses.

TABLE 3
SELECTED DATA ON NONRESIDENT RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1996

ADJUSTED GROSS INCOME CLASS	Number of Returns	Hawaii Adjusted Gross Income	No. of Exemptions		Itemized Deductions	Taxable Income	Tax Liability
			Regular	Age			
TAXABLE NONRESIDENT RETURNS							
Under \$ 5,000	2,734	\$ 9,406,045	2,529	77	\$ 194,279	\$ 3,249,225	\$ 84,012
\$ 5,000 "	4,870	35,949,168	10,087	423	1,147,353	16,805,715	635,437
10,000 "	5,097	73,001,130	13,342	366	3,066,450	47,982,590	2,509,811
20,000 "	2,203	53,347,565	6,171	150	4,103,448	39,962,627	2,596,857
30,000 "	928	31,958,842	2,495	115	3,764,892	24,842,920	1,797,721
40,000 "	457	20,451,172	1,190	71	3,033,040	15,879,232	1,214,222
50,000 "	311	16,972,897	811	67	2,552,325	13,384,252	1,057,674
60,000 "	225	15,039,576	540	47	2,421,220	11,942,756	978,632
75,000 "	186	15,817,589	429	65	2,118,323	13,121,236	1,095,859
100,000 "	181	21,940,574	401	92	2,315,660	19,024,334	1,581,136
150,000 "	72	12,327,104	166	29	1,291,489	10,812,545	932,574
200,000 and over	148	77,812,286	329	73	4,519,495	70,055,017	6,211,269
TOTAL - TAXABLE RETURNS	17,412	\$ 384,023,948	38,490	1,575	\$ 30,527,974	\$ 287,062,449	\$ 20,695,204
NONTAXABLE NONRESIDENT RETURNS							
Loss	4,308	\$ (139,859,555)	8,689	904	3,749,401		
\$ 0 under \$ 5,000	9,869	13,296,301	20,239	1,052	3,649,352		
5,000 " 10,000	606	3,765,607	2,421	82	1,991,653		
10,000 and over	212	7,086,849	666	25	8,293,362		
TOTAL - NONTAXABLE RETURNS	14,995	\$ 24,148,757¹	32,015	2,063	\$ 17,683,768		
ALL NONRESIDENT RETURNS	32,407	\$ 408,172,705¹	70,505	3,638	\$ 48,211,742	\$ 287,062,449	\$ 20,695,204

¹ Exclusive of losses.

TABLE 4
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1996

ADJUSTED GROSS INCOME CLASS	SALARIES AND WAGES		DIVIDENDS		INTEREST	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
<u>TAXABLE RESIDENT RETURNS</u>						
Under \$ 5,000	24,040	\$ 75,216,130	6,536	\$ 4,472,021	16,436	\$ 11,090,913
\$ 5,000 "	38,676	274,714,545	7,476	10,966,514	24,222	33,315,234
10,000 "	69,529	976,197,913	13,735	28,038,504	45,836	75,493,125
20,000 "	70,393	1,646,798,736	11,522	27,432,980	52,392	66,022,351
30,000 "	42,931	1,399,313,615	11,244	19,308,284	35,979	44,963,314
40,000 "	31,599	1,314,289,660	9,095	17,263,445	27,104	30,093,301
50,000 "	25,146	1,264,879,919	8,012	16,697,222	23,005	30,147,438
60,000 "	24,259	1,496,441,322	9,593	21,888,970	22,883	35,458,268
75,000 "	22,798	1,766,184,781	11,208	26,240,246	22,790	41,532,636
100,000 "	10,988	1,118,150,933	7,329	23,410,978	11,460	29,682,764
150,000 "	2,415	315,180,958	2,031	14,541,664	2,585	10,526,001
200,000 and over	2,391	557,277,773	2,244	59,661,225	2,766	54,238,453
TOTAL - TAXABLE RETURNS	365,165	\$ 12,204,646,285	100,025	\$ 269,922,053	287,458	\$ 462,563,798
<u>NONTAXABLE RESIDENT RETURNS</u>						
Loss	1,257	\$ 17,882,600	1,774	\$ 2,934,821	4,092	\$ 8,302,792
\$ 0 under \$ 5,000	20,033	38,856,069	9,594	5,267,774	35,055	35,198,969
5,000 "	3,093	22,775,518	2,735	3,905,462	7,602	16,584,583
10,000 and over	3,066	55,188,836	2,080	10,133,988	4,686	14,223,161
TOTAL - NONTAXABLE RETURNS	27,449	\$ 134,703,023	16,183	\$ 22,242,045	51,435	\$ 74,309,505
ALL RESIDENT RETURNS	392,614	\$ 12,339,349,308	116,208	\$ 292,164,098	338,893	\$ 536,873,303
ALL NONRESIDENT RETURNS	18,917	\$ 231,095,190	973	\$ 955,184	6,092	\$ 8,616,651
TOTAL - ALL RETURNS	411,531	\$ 12,570,444,498	117,181	\$ 293,119,282	344,985	\$ 545,489,954

TABLE 4 (continued)
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1996

ADJUSTED GROSS INCOME CLASS	SALE OF CAPITAL ASSETS & OTHER PROPERTY				RENTS AND ROYALTIES			
	Profit		Loss		Profit		Loss	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
TAXABLE RESIDENT RETURNS								
Under \$ 5,000	1,831	\$ 2,076,997	475	\$ 630,906	227	\$ 1,266,045	276	\$ 2,148,030
\$ 5,000 "	2,116	4,570,423	626	1,421,367	1,225	5,038,285	599	3,322,656
10,000 "	4,504	15,872,616	1,976	3,847,746	3,902	21,042,289	2,069	12,086,872
20,000 "	3,515	14,955,962	1,384	3,030,547	3,192	24,425,762	3,535	22,659,247
30,000 "	4,016	19,749,428	1,148	2,179,433	2,828	20,444,093	3,274	23,183,140
40,000 "	2,836	29,219,645	1,428	2,583,426	2,081	19,766,658	3,467	24,250,522
50,000 "	3,136	18,454,161	962	1,769,843	1,805	14,553,176	2,933	18,354,921
60,000 "	3,285	26,415,982	1,056	2,107,130	2,008	17,544,339	3,072	22,398,116
75,000 "	3,711	42,869,649	1,517	3,287,176	2,872	21,723,739	4,280	30,686,137
100,000 "	3,146	50,380,345	885	1,540,129	2,183	24,032,280	2,551	18,094,310
150,000 "	1,072	32,470,657	315	760,993	693	13,658,326	569	4,675,805
200,000 and over	1,401	201,232,248	400	931,402	993	40,899,534	776	10,409,687
TOTAL - TAXABLE RETURNS	34,569	\$ 458,268,113	12,172	\$ 24,090,098	24,009	\$ 224,394,526	27,401	\$ 192,269,443
NONTAXABLE RESIDENT RETURNS								
Loss	484	\$ 3,711,476	1,134	\$ 3,319,168	605	\$ 4,248,085	1,867	\$ 22,195,245
\$ 0 under \$ 5,000	2,749	2,612,316	1,150	1,964,376	1,484	2,404,994	1,116	6,131,549
5,000 " 10,000	966	2,055,712	503	931,853	1,063	4,605,410	740	3,960,309
10,000 and over	1,148	8,776,532	383	1,011,863	911	9,174,062	985	9,498,533
TOTAL - NONTAXABLE RETURNS	5,347	\$ 17,156,036	3,170	\$ 7,227,260	4,063	\$ 20,432,551	4,708	\$ 41,785,636
ALL RESIDENT RETURNS	39,916	\$ 475,424,149	15,342	\$ 31,317,358	28,072	\$ 244,827,077	32,109	\$ 234,055,079
ALL NONRESIDENT RETURNS	1,991	\$ 80,213,247	607	\$ 2,961,566	--	\$ --	--	\$ --
TOTAL - ALL RETURNS	41,907	\$ 555,637,396	15,949	\$ 34,278,924	28,072	\$ 244,827,077	32,109	\$ 234,055,079

See end of table for footnotes.

TABLE 4 (continued)
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1996

ADJUSTED GROSS INCOME CLASS	PARTNERSHIPS AND S-CORPORATIONS				ESTATES AND TRUSTS	
	Profit		Loss		Number of Returns	Amount
	Number of Returns	Amount	Number of Returns	Amount		
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	135	\$ 504,160	171	\$ 644,970	202	\$ (122,834)
\$ 5,000 " 10,000	448	1,435,406	403	947,090	154	246,780
10,000 " 20,000	1,489	6,030,981	968	2,028,828	338	396,718
20,000 " 30,000	976	7,622,412	912	2,855,271	423	2,521,439
30,000 " 40,000	1,122	11,049,191	1,051	1,699,361	281	1,288,746
40,000 " 50,000	903	4,143,105	709	4,359,911	224	2,319,365
50,000 " 60,000	1,117	11,898,598	758	1,966,887	266	3,221,874
60,000 " 75,000	1,186	15,674,686	987	4,875,928	298	1,969,514
75,000 " 100,000	1,893	24,859,313	1,362	15,519,250	342	4,666,062
100,000 " 150,000	1,342	32,038,406	1,332	7,238,586	169	1,287,782
150,000 " 200,000	689	28,998,582	607	3,325,940	119	2,255,719
200,000 and over	1,064	132,392,516	883	14,741,358	189	46,363,357
TOTAL - TAXABLE RETURNS	12,364	\$ 276,647,356	10,143	\$ 60,203,380	3,005	\$ 66,414,522
NONTAXABLE RESIDENT RETURNS						
Loss	331	\$ 4,710,297	638	\$ 21,834,393	56	\$ (40,964)
\$ 0 under \$ 5,000	449	761,031	620	3,042,255	119	51,748
5,000 " 10,000	421	1,168,883	351	2,673,990	35	(1,028,773)
10,000 and over	435	2,615,070	263	5,091,982	117	189,437
TOTAL - NONTAXABLE RETURNS	1,636	\$ 9,255,281	1,872	\$ 32,642,620	327	\$ (828,552)
ALL RESIDENT RETURNS	14,000	\$ 285,902,637	12,015	\$ 92,846,000	3,332	\$ 65,585,970
ALL NONRESIDENT RETURNS	--	--¹	--	--¹	--	\$ --¹
TOTAL - ALL RETURNS	14,000	\$ 285,902,637	12,015	\$ 92,846,000	3,332	\$ 65,585,970

See end of table for footnotes.

TABLE 4 (continued)
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1996

ADJUSTED GROSS INCOME CLASS	² PENSIONS AND ANNUITIES		TAXABLE IRA DISTRIBUTIONS		³ ALL OTHER SOURCES	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
<u>TAXABLE RESIDENT RETURNS</u>						
Under \$ 5,000	1,625	\$ 16,553,624	112	\$ 257,049	2,677	\$ 1,308,826
\$ 5,000 " 10,000	6,407	84,952,862	1,291	3,816,075	7,910	15,310,839
10,000 " 20,000	12,981	201,632,218	5,612	36,734,646	17,948	63,686,973
20,000 " 30,000	8,578	106,639,806	2,763	16,241,796	24,845	54,358,010
30,000 " 40,000	6,784	96,017,843	2,566	22,845,600	21,429	55,034,717
40,000 " 50,000	4,055	63,688,213	1,158	10,663,549	19,655	43,810,617
50,000 " 60,000	3,975	44,383,046	949	14,493,613	17,106	37,079,505
60,000 " 75,000	3,376	47,747,979	862	11,762,407	18,741	41,745,336
75,000 " 100,000	3,030	43,076,285	965	15,419,995	19,820	45,888,350
100,000 " 150,000	1,835	31,404,617	433	7,944,424	9,910	34,317,896
150,000 " 200,000	542	10,434,175	195	4,097,834	2,193	13,371,946
200,000 and over	629	20,816,174	231	7,085,237	2,385	32,316,464
TOTAL - TAXABLE RETURNS	53,817	\$ 767,346,842	17,137	\$ 151,362,225	164,619	\$ 438,229,479
<u>NONTAXABLE RESIDENT RETURNS</u>						
Loss	2,034	\$ 44,519,497	432	\$ 4,873,116	2,552	\$ (47,723,852)
\$ 0 under \$ 5,000	18,092	259,427,112	2,224	14,028,129	8,768	20,724,410
5,000 " 10,000	4,411	78,316,077	1,589	8,685,339	4,078	11,890,384
10,000 and over	2,358	44,455,227	962	17,352,824	3,777	21,988,836
TOTAL - NONTAXABLE RETURNS	26,895	\$ 426,717,913	5,207	\$ 44,939,408	19,175	\$ 6,879,778
ALL RESIDENT RETURNS	80,712	\$ 1,194,064,755	22,344	\$ 196,301,633	183,794	\$ 445,109,257
ALL NONRESIDENT RETURNS	189	\$ 1,033,421	--	\$ --¹	11,434	\$ (42,109,727)
TOTAL - ALL RETURNS	80,901	\$ 1,195,098,176	22,344	\$ 196,301,633	195,228	\$ 402,999,530

See end of table for footnotes.

TABLE 4 (continued)
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1996

ADJUSTED GROSS INCOME CLASS	UNKNOWN SOURCES OF INCOME		FEDERAL TOTAL INCOME FROM ALL SOURCES		ITEMS TAXED BY HAWAII BUT NOT BY FEDERAL	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	5,642	\$ 23,819,633	32,217	\$ 117,772,131	376	\$ 117,821
\$ 5,000 "	12,197	105,626,930	49,110	471,451,269	1,691	469,238
10,000 "	22,741	341,537,641	85,681	1,547,171,610	6,893	3,998,877
20,000 "	23,136	328,779,704	77,872	2,084,924,704	12,956	11,688,710
30,000 "	19,939	318,909,006	47,829	1,809,230,430	10,269	19,158,505
40,000 "	15,958	264,346,769	34,587	1,624,315,565	8,520	32,420,481
50,000 "	12,951	268,729,383	27,729	1,568,313,978	7,254	27,143,023
60,000 "	12,474	310,694,394	26,669	1,836,258,123	6,530	31,794,661
75,000 "	13,672	339,431,356	24,619	2,120,206,388	8,004	63,370,871
100,000 "	7,276	426,692,865	12,720	1,510,681,501	4,455	48,357,394
150,000 "	1,879	253,755,937	3,007	527,969,936	860	9,394,361
200,000 and over	2,288	1,151,541,126	3,379	1,437,529,997	1,127	23,927,974
TOTAL - TAXABLE RETURNS	150,153	\$ 4,133,864,744	425,419	\$ 16,655,825,632	68,935	\$ 271,841,916
NONTAXABLE RESIDENT RETURNS						
Loss	3,982	\$ (192,852,720)	5,778	\$ (110,158,983)	888	\$ 21,753,598
\$ 0 under \$ 5,000	14,679	98,063,784	57,308	414,896,158	3,114	1,176,780
5,000 " 10,000	4,466	42,485,530	9,001	151,993,764	1,332	2,047,707
10,000 and over	4,217	109,976,399	6,063	222,645,455	926	1,826,643
TOTAL - NONTAXABLE RETURNS	27,344	\$ 57,672,993	78,150	\$ 679,376,394	6,260	\$ 26,804,728
ALL RESIDENT RETURNS	177,497	\$ 4,191,537,737	503,569	\$ 17,335,202,026	75,195	\$ 298,646,644
ALL NONRESIDENT RETURNS	3,533	\$ (1,258,971)	29,886	\$ 275,583,429⁵	not meaningful	
TOTAL - ALL RETURNS	181,030	\$ 4,190,278,766	533,455	\$ 17,610,785,455	75,195	\$ 298,646,644

See end of table for footnotes.

TABLE 4 (continued)
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1996

ADJUSTED GROSS INCOME CLASS	ITEMS TAXED BY FEDERAL BUT NOT BY HAWAII		HAWAII TOTAL INCOME		STATUTORY ADJUSTMENTS	
	Number of Returns	Amount ⁶	Number of Returns	Amount	Number of Returns	Amount
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	3,246	\$ 17,240,052	32,217	\$ 100,649,900	1,098	\$ 822,269
\$ 5,000 "	7,971	96,493,428	49,110	375,427,079	5,917	7,594,455
10,000 "	16,579	262,463,081	85,681	1,288,707,406	12,156	18,280,847
20,000 "	17,437	148,146,389	77,872	1,948,467,025	11,782	25,310,694
30,000 "	18,734	150,986,730	47,829	1,677,402,205	7,516	12,064,850
40,000 "	15,552	97,407,334	34,587	1,559,328,712	5,691	9,015,787
50,000 "	14,090	74,183,573	27,729	1,521,273,428	5,051	9,329,654
60,000 "	14,652	73,137,613	26,669	1,794,915,171	4,519	9,163,982
75,000 "	15,179	64,006,786	24,619	2,119,570,473	4,222	10,828,548
100,000 "	8,322	43,308,028	12,720	1,515,730,867	2,869	12,026,786
150,000 "	2,077	18,418,561	3,007	518,945,736	894	6,351,783
200,000 and over	2,633	60,719,209	3,379	1,400,738,762	1,183	10,673,807
TOTAL - TAXABLE RETURNS	136,472	\$ 1,106,510,784	425,419	\$ 15,821,156,764	62,898	\$ 131,463,462
NONTAXABLE RESIDENT RETURNS						
Loss	3,080	\$ 70,604,739	5,823	(159,010,124)	1,021	\$ 2,532,302
\$ 0 under \$ 5,000	21,343	321,871,377	55,911	94,201,561	3,540	3,031,122
5,000 "	4,969	89,641,193	9,001	64,400,278	1,794	1,707,750
10,000 and over	4,261	99,486,588	6,063	124,985,510	1,452	2,090,965
TOTAL - NONTAXABLE RETURNS	33,653	\$ 581,603,897	76,798	\$ 124,577,225	7,807	\$ 9,362,139
ALL RESIDENT RETURNS	170,125	\$ 1,688,114,681	502,217	\$ 15,945,733,989	70,705	\$ 140,825,601
ALL NONRESIDENT RETURNS	not meaningful		29,886	\$ 275,583,429	2,462	\$ 7,270,279
TOTAL - ALL RETURNS	170,125	\$ 1,688,114,681	532,103	\$ 16,221,317,418	73,167	\$ 148,095,880

¹ Included in "all other sources".

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

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

⁴ Unknown sources includes schedules C and F income and other sources which were not available due to a nonmerger with federal return for N-11's.

⁵ Total income for nonresidents includes only amounts taxable by Hawaii.

⁶ Does not include individual housing accounts and military reserve/Hawaii national guard duty pay, which are included as statutory adjustments in the last column.

TABLE 5
SOURCES OF INCOME REPORTED IN EACH DISTRICT BY NUMBER OF RETURNS AND AMOUNT - 1996
(Resident Returns)

SOURCES OF INCOME	TAXATION DISTRICT								STATE	
	FIRST		SECOND		THIRD		FOURTH		Number	Amount
	Number	Amount	Number	Amount	Number	Amount	Number	Amount		
Salaries and Wages	292,552	\$ 9,692,339,686	40,766	\$ 1,137,080,279	41,716	\$ 1,059,717,411	17,580	\$ 450,211,932	392,614	12,339,349,308
Taxable Dividends	90,137	232,943,179	10,479	23,545,600	11,084	24,908,233	4,508	10,767,086	116,208	292,164,098
Interest	253,955	409,695,715	32,802	43,881,281	35,908	60,798,459	16,228	22,497,848	338,893	536,873,303
Sale of Capital Assets									0	0
Net Gain	30,703	360,162,090	3,680	36,036,819	4,044	65,086,339	1,489	14,138,901	39,916	475,424,149
Net Loss	11,839	24,245,093	1,472	2,792,653	1,392	2,757,178	639	1,522,434	15,342	31,317,358
Rents and Royalties									0	0
Net Profit	21,065	191,665,964	2,748	19,969,004	3,017	20,596,284	1,242	12,595,825	28,072	244,827,077
Net Loss	24,638	182,423,830	3,303	25,178,388	2,677	17,643,822	1,491	8,809,039	32,109	234,055,079
Partnerships and S-Corporations									0	0
Net Profit	10,621	223,785,438	1,424	34,652,662	1,489	19,564,573	466	7,899,964	14,000	285,902,637
Net Loss	9,045	73,050,890	1,155	6,905,122	1,225	9,188,198	590	3,701,790	12,015	92,846,000
Estates and Trusts									0	0
(Income Less Loss)	2,593	51,203,300	307	1,208,502	320	8,639,518	112	4,534,650	3,332	65,585,970
Pensions and Annuities	62,015	969,947,216	6,428	73,212,436	8,227	105,368,273	4,042	45,536,830	80,712	1,194,064,755
Taxable IRA Distributions	16,902	152,691,199	2,299	16,550,962	2,161	17,753,206	982	9,306,266	22,344	196,301,633
All Other Sources									0	0
(Income Less Loss)	140,552	361,902,970	17,336	34,321,173	17,950	35,238,337	7,956	13,646,777	183,794	445,109,257
Unknown Sources									0	0
(Income Less Loss)	128,513	ERR	19,148	ERR	20,113	ERR	9,723	ERR	177,497	ERR
Federal Total Income	374,567	\$ 13,622,262,843	50,886	\$ 1,536,774,279	54,377	\$ 1,524,072,090	23,739	\$ 652,092,814	503,569	17,335,202,026
Hawaii Additions	57,098	253,854,246	6,207	13,138,617	7,849	19,079,069	4,041	12,574,712	75,195	298,646,644
Hawaii Subtractions	129,992	1,371,982,261	14,697	101,633,465	17,006	148,724,865	8,430	65,774,090	170,125	1,688,114,681
Hawaii Total Income	373,560	\$ 12,504,134,828	50,790	\$ 1,448,279,431	54,281	\$ 1,394,426,294	23,586	\$ 598,893,436	502,217	15,945,733,989
Less Adjustments to Income	49,696	104,859,198	7,629	13,403,246	9,035	15,229,920	4,345	7,333,237	70,705	140,825,601
Adjusted Gross Income	373,561	\$ 12,399,275,630	50,742	\$ 1,434,876,185	54,281	\$ 1,379,196,374	23,586	\$ 591,560,199	502,170	15,804,908,388

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

2 Unknown sources includes schedules C and F income and other sources which were not available due to a nonmerger with federal return for N-11's.

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

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

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

6 Includes losses.

TABLE 6
 TYPES OF DEDUCTIONS, ALL RETURNS, BY ADJUSTED GROSS INCOME CLASS - 1996

ADJUSTED GROSS INCOME CLASS	CONTRIBUTIONS		INTEREST		MEDICAL & DENTAL		CASUALTY LOSS	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
<u>TAXABLE RESIDENT RETURNS</u>								
Under \$ 5,000	493	\$ 350,389	16	\$ 31,856	386	\$ 452,051	--	\$ --
\$ 5,000 " 10,000	4,284	3,789,499	1,127	3,624,119	3,153	4,974,866	34	2,448
10,000 " 20,000	17,272	19,056,193	8,504	33,859,865	10,072	16,855,900	68	68,290
20,000 " 30,000	34,829	29,047,919	14,077	92,468,097	10,292	18,913,294	115	73,334
30,000 " 40,000	31,169	30,024,125	18,480	151,163,825	5,694	11,661,202	94	378,540
40,000 " 50,000	25,239	30,441,526	17,036	155,448,912	3,538	6,846,982	463	365,290
50,000 " 60,000	22,746	28,910,068	15,967	153,707,395	2,448	5,783,343	88	292,036
60,000 " 75,000	23,412	30,354,446	18,489	207,710,832	1,601	6,241,007	97	65,475
75,000 " 100,000	22,829	36,022,811	20,686	282,780,932	832	4,979,157	73	392,616
100,000 " 150,000	12,022	27,548,808	11,230	176,485,933	428	3,341,197	33	79,390
150,000 " 200,000	2,757	9,809,663	2,521	52,034,841	34	607,545	--	--
200,000 and over	3,073	41,878,173	2,723	83,213,358	34	1,442,794	1	320,285
TOTAL - TAXABLE RETURNS	200,125	\$ 287,233,620	130,856	\$ 1,392,529,965	38,512	\$ 82,099,338	1,066	\$ 2,037,704
<u>NONTAXABLE RESIDENT RETURNS</u>								
Loss	616	\$ 1,034,003	1,836	\$ 23,425,781	1,709	\$ 6,583,071	297	\$ 650,428
\$ 0 under \$ 5,000	6,431	5,081,254	3,912	17,554,092	6,412	18,857,501	175	117,600
5,000 " 10,000	4,867	6,514,781	4,032	28,265,696	4,209	11,539,773	--	--
10,000 and over	4,689	8,167,505	5,049	82,088,063	3,504	30,921,218	65	204,689
TOTAL - NONTAXABLE RETURNS	16,603	\$ 20,797,543	14,829	\$ 151,333,632	15,834	\$ 67,901,563	537	\$ 972,717
ALL RESIDENT RETURNS	216,728	\$ 308,031,163	145,685	\$ 1,543,863,597	54,346	\$ 150,000,901	1,603	\$ 3,010,421
ALL NONRESIDENT RETURNS	3,402	\$ 4,598,959	1,190	\$ 13,477,987	589	\$ 1,437,956	73	\$ 176,748
TOTAL - ALL RETURNS	220,130	\$ 312,630,122	146,875	\$ 1,557,341,584	54,935	\$ 151,438,857	1,676	\$ 3,187,169

TABLE 6 (continued)
 TYPES OF DEDUCTIONS, ALL RETURNS, BY ADJUSTED GROSS INCOME CLASS - 1996

ADJUSTED GROSS INCOME CLASS	TAXES		MISCELLANEOUS DEDUCTIONS		TOTAL ALLOWABLE ITEMIZED DEDUCTIONS	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
<u>TAXABLE RESIDENT RETURNS</u>						
Under \$ 5,000	527	\$ 307,278	462	\$ 130,259	690	\$ 1,271,833
\$ 5,000 " 10,000	4,761	4,180,612	2,331	2,474,859	5,192	19,046,403
10,000 " 20,000	20,861	26,195,264	8,469	11,237,740	21,528	107,273,252
20,000 " 30,000	46,229	89,369,486	15,114	24,482,688	46,459	254,354,818
30,000 " 40,000	39,356	109,025,625	11,986	22,263,079	39,422	324,516,396
40,000 " 50,000	30,396	109,057,875	9,675	21,975,577	30,424	324,136,162
50,000 " 60,000	25,855	113,927,114	8,718	18,910,617	25,899	321,380,286
60,000 " 75,000	25,767	139,115,726	7,607	20,386,422	25,846	403,806,008
75,000 " 100,000	24,388	173,259,284	7,371	23,672,550	24,388	521,018,983
100,000 " 150,000	12,644	125,887,534	4,449	14,329,032	12,676	340,790,663
150,000 " 200,000	2,985	44,548,738	887	5,226,235	2,985	105,911,649
200,000 and over	3,346	121,547,725	981	9,191,587	3,347	226,731,004
TOTAL - TAXABLE RETURNS	237,115	\$ 1,056,422,261	78,050	\$ 174,280,645	238,856	\$ 2,950,237,457
<u>NONTAXABLE RESIDENT RETURNS</u>						
Loss	2,364	\$ 5,691,127	1,756	\$ 2,915,444	2,706	\$ 40,299,854
\$ 0 under \$ 5,000	6,775	4,458,889	4,904	1,925,469	8,633	47,994,805
5,000 " 10,000	5,381	5,882,612	2,995	2,761,347	6,052	54,964,209
10,000 and over	5,918	13,094,231	2,441	5,404,340	6,063	139,866,216
TOTAL - NONTAXABLE RETURNS	20,438	\$ 29,126,859	12,096	\$ 13,006,600	23,454	\$ 283,125,084
ALL RESIDENT RETURNS	257,553	\$ 1,085,549,120	90,146	\$ 187,287,245	262,310	\$ 3,233,362,541
ALL NONRESIDENT RETURNS	5,344	\$ 93,668,626	1,744	\$ 96,078,756	5,883	\$ 208,005,926
TOTAL - ALL RETURNS	262,897	\$ 1,179,217,746	91,890	\$ 283,366,001	268,193	\$ 3,441,368,467

TABLE 6 (continued)
 TYPES OF DEDUCTIONS, ALL RETURNS, BY ADJUSTED GROSS INCOME CLASS - 1996

ADJUSTED GROSS INCOME CLASS	STANDARD DEDUCTIONS		TOTAL ALLOWABLE & STANDARD DEDUCTIONS		UNALLOWED ITEMIZED DEDUCTIONS	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
<u>TAXABLE RESIDENT RETURNS</u>						
Under \$ 5,000	31,527	\$ 41,355,230	32,217	\$ 42,627,063	--	\$ --
\$ 5,000 " 10,000	43,918	67,939,246	49,110	86,985,649	--	--
10,000 " 20,000	64,153	101,978,450	85,681	209,251,702	--	--
20,000 " 30,000	31,413	51,204,200	77,872	305,559,018	--	--
30,000 " 40,000	8,407	13,712,400	47,829	338,228,796	--	--
40,000 " 50,000	4,163	6,898,950	34,587	331,035,112	--	--
50,000 " 60,000	1,830	3,261,750	27,729	324,642,036	716	150,287
60,000 " 75,000	823	1,457,050	26,669	405,263,058	97	67,900
75,000 " 100,000	231	392,900	24,619	521,411,883	97	88,367
100,000 " 150,000	44	83,600	12,720	340,874,263	12,308	6,881,231
150,000 " 200,000	22	37,800	3,007	105,949,449	2,966	6,315,373
200,000 and over	32	57,200	3,379	226,788,204	3,347	30,862,918
TOTAL - TAXABLE RETURNS	186,563	\$ 288,378,776	425,419	\$ 3,238,616,233	19,531	\$ 44,366,076
<u>NONTAXABLE RESIDENT RETURNS</u>						
Loss	3,112	\$ 4,805,977	5,818	\$ 45,105,831	--	\$ --
\$ 0 under \$ 5,000	69,027	106,904,559	77,660	154,899,364	--	--
5,000 " 10,000	2,949	5,433,900	9,001	60,398,109	--	--
10,000 and over	--	--	6,063	139,866,216	15	13,830
TOTAL - NONTAXABLE RETURNS	75,088	\$ 117,144,436	98,542	\$ 400,269,520	15	\$ 13,830
ALL RESIDENT RETURNS	261,651	\$ 405,523,212	523,961	\$ 3,638,885,753	19,546	\$ 44,379,906
ALL NONRESIDENT RETURNS	26,487	\$ 44,023,851	32,370	\$ 252,029,777	332	\$ 1,433,106
TOTAL - ALL RETURNS	288,138	\$ 449,547,063	556,331	\$ 3,890,915,530	19,878	\$ 45,813,012

TABLE 7
 TYPES OF DEDUCTIONS CLAIMED IN EACH TAXATION DISTRICT
 BY NUMBER OF RETURNS AND DOLLAR AMOUNT REPORTED AND ALLOWED - 1996
 (Resident Returns)

TYPE OF DEDUCTION	TAXATION DISTRICT							
	FIRST		SECOND		THIRD		FOURTH	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Itemized Contributions	165,399	\$ 242,831,521	22,022	\$ 31,031,050	19,484	\$ 23,629,364	9,823	\$ 10,539,228
Interest	110,824	1,240,687,596	13,657	137,544,838	14,680	112,419,365	6,524	53,211,798
Medical and Dental	40,302	115,194,840	5,299	12,570,285	5,841	15,747,309	2,904	6,488,467
Casualty Loss	1,112	1,453,249	224	1,257,579	160	250,875	107	48,718
Taxes	195,678	869,350,661	25,699	90,748,632	24,401	87,836,842	11,775	37,612,985
Other Itemized Deductions	66,424	138,536,565	10,525	23,324,243	8,351	15,443,076	4,846	9,983,361
Total Itemized Deductions	199,114	\$ 2,608,054,432	26,281	\$ 296,476,627	24,920	\$ 255,326,831	11,995	\$ 117,884,557
Less: Unallowed Itemized Deductions	16,810	37,271,860	1,139	2,601,343	1,160	3,457,994	437	1,048,709
Net Allowed Itemized Deductions	199,114	\$ 2,570,782,572	26,281	\$ 293,875,284	24,920	\$ 251,868,837	11,995	\$ 116,835,848

TABLE 8
NUMBER OF DEPENDENTS, NUMBER OF EXEMPTIONS, TAX WITHHELD, PAYMENTS OF DECLARATION, BALANCE DUE,
REFUNDS AND CARRIED FORWARD CREDITS BY ADJUSTED GROSS INCOME CLASS - 1996

ADJUSTED GROSS INCOME CLASS	DEPENDENTS		EXEMPTIONS			TAX WITHHELD	
	Number of Returns	Number of Dependents	Number of Returns	Number of Exemptions	Amount	Number of Returns	Amount
TAXABLE RESIDENT RETURNS							
Under \$ 5,000	603	644	13,612	16,481	\$ 16,982,118	24,100	\$ 3,606,075
\$ 5,000 " 10,000	6,658	9,694	40,623	68,094	70,901,400	38,969	15,328,891
10,000 " 20,000	20,177	37,878	83,301	162,146	172,527,880	71,706	61,950,707
20,000 " 30,000	22,005	42,178	77,851	152,815	163,031,480	71,665	116,037,651
30,000 " 40,000	17,784	33,148	47,766	105,237	110,642,200	45,020	106,090,066
40,000 " 50,000	15,645	31,994	34,490	88,596	93,272,240	33,156	99,323,752
50,000 " 60,000	14,080	26,084	27,729	75,455	78,848,120	26,464	97,423,622
60,000 " 75,000	15,851	30,879	26,669	80,939	85,101,720	25,342	114,552,110
75,000 " 100,000	16,099	32,953	24,619	81,622	86,341,800	23,597	137,738,817
100,000 " 150,000	7,830	14,120	12,708	39,841	41,885,760	11,764	94,953,523
150,000 " 200,000	1,665	3,119	3,007	9,263	9,707,040	2,658	27,901,718
200,000 and over	1,650	3,020	3,379	10,264	10,956,320	2,787	56,507,299
TOTAL - TAXABLE RETURNS	140,047	265,711	395,754	890,753	\$ 940,198,078	377,228	\$ 931,414,231
NONTAXABLE RESIDENT RETURNS							
Loss	929	1,552	5,610	12,600	\$ 13,608,480	1,234	\$ 1,271,895
\$ 0 under \$ 5,000	10,429	19,140	73,611	161,623	174,804,640	19,082	1,686,591
5,000 " 10,000	1,992	4,060	8,968	29,484	36,266,480	3,062	1,338,789
10,000 and over	2,269	4,259	6,063	18,935	22,615,400	3,611	3,982,358
TOTAL - NONTAXABLE RETURNS	15,619	29,011	94,252	222,642	\$ 247,295,000	26,989	\$ 8,279,633
ALL RESIDENT RETURNS	155,666	294,722	490,006	1,113,395	\$ 1,187,493,078	404,217	\$ 939,693,864
ALL NONRESIDENT RETURNS	11,228	20,898	31,389	75,026	\$ 78,324,880	18,742	\$ 15,688,017
TOTAL - ALL RETURNS	166,894	315,620	521,395	1,188,421	\$ 1,265,817,958	422,959	\$ 955,381,881

See end of table for footnotes.

TABLE 8 (continued)
NUMBER OF DEPENDENTS, NUMBER OF EXEMPTIONS, TAX WITHHELD, PAYMENTS OF DECLARATION, BALANCE DUE,
REFUNDS AND CARRIED FORWARD CREDITS BY ADJUSTED GROSS INCOME CLASS - 1996

ADJUSTED GROSS INCOME CLASS	PAYMENTS OF DECLARATION ²		BALANCE DUE		REFUNDS & AMOUNT CREDITED	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	591	\$ 125,523	5,619	\$ 165,043	26,240	\$ 1,201,859
\$ 5,000 " 10,000	1,994	678,117	8,130	917,833	40,836	5,119,319
10,000 " 20,000	7,447	5,073,498	17,101	4,187,931	68,405	13,998,130
20,000 " 30,000	5,564	6,120,842	13,321	4,960,737	64,357	25,230,675
30,000 " 40,000	3,835	5,695,027	9,135	3,968,514	38,465	26,546,683
40,000 " 50,000	3,185	6,577,137	6,822	2,932,694	27,689	24,797,341
50,000 " 60,000	2,572	6,091,041	5,335	3,326,518	22,359	21,513,056
60,000 " 75,000	2,987	8,087,334	4,591	3,359,922	22,078	23,268,632
75,000 " 100,000	3,057	9,809,909	3,716	4,208,345	20,903	29,478,239
100,000 " 150,000	2,531	13,309,913	2,547	3,973,906	10,164	16,378,783
150,000 " 200,000	1,277	9,305,352	970	2,383,059	2,023	5,301,918
200,000 and over	1,891	46,471,957	1,047	8,842,892	2,324	16,605,302
TOTAL - TAXABLE RETURNS	36,931	117,345,650	78,334	\$ 43,227,394	345,843	\$ 209,439,937
NONTAXABLE RESIDENT RETURNS						
Loss	406	383,663	--	\$ --	5,214	\$ 2,166,421
\$ 0 under \$ 5,000	927	416,490	--	--	73,816	2,548,213
5,000 " 10,000	667	504,964	--	--	8,900	2,450,970
10,000 and over	727	1,683,760	--	--	5,980	6,696,160
TOTAL - NONTAXABLE RETURNS	2,727	\$ 2,988,877	--	\$ --	93,910	\$ 13,861,764
ALL RESIDENT RETURNS	39,658	\$ 120,334,527	78,334	\$ 43,227,394	439,753	\$ 223,301,701
ALL NONRESIDENT RETURNS	3,070	\$ 14,202,424	3,134	\$ 3,607,912	20,568	\$ 12,921,422
TOTAL - ALL RETURNS	42,728	\$ 134,536,951	81,468	\$ 46,835,306	460,321	\$ 236,223,123

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

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

TABLE 9
NUMBER OF RETURNS FILED, BY NUMBER OF EXEMPTIONS CLAIMED AND BY ADJUSTED GROSS INCOME CLASS - 1996

ADJUSTED GROSS INCOME CLASS	NUMBER OF REGULAR EXEMPTIONS CLAIMED						AGE EXEMPTIONS CLAIMED		
	One	Two	Three	Four	Five	Six or more	One	Two	
RESIDENT RETURNS									
Under \$ 5,000	62,554	23,180	3,399	1,984	977	687	30,712	11,817	
\$ 5,000 " 10,000	30,977	13,259	3,342	1,147	509	357	8,700	5,979	
10,000 " 20,000	51,445	20,880	8,718	2,793	2,081	1,532	9,943	6,553	
20,000 " 30,000	45,440	17,259	7,593	4,456	2,161	2,047	5,032	3,119	
30,000 " 40,000	23,253	10,836	5,463	5,251	2,099	1,364	2,747	1,410	
40,000 " 50,000	12,175	8,779	4,881	4,552	2,318	1,886	1,677	693	
50,000 " 60,000	6,969	8,118	5,281	4,776	1,898	792	1,352	778	
60,000 " 75,000	3,910	7,751	5,227	6,525	2,214	1,114	684	612	
75,000 " 100,000	1,931	7,054	4,757	6,604	3,180	1,110	483	672	
100,000 " 150,000	601	4,452	3,151	3,244	875	394	375	368	
150,000 " 200,000	338	1,070	652	606	245	102	198	183	
200,000 and over	399	1,396	596	734	183	71	302	347	
TOTAL - RESIDENT RETURNS	239,992	124,034	53,060	42,672	18,740	11,456	62,205	32,531	
TOTAL - NONRESIDENT RETURNS	11,805	9,185	4,133	4,192	1,510	564	1,851	1,335	
TOTAL - ALL RETURNS	251,797	133,219	57,193	46,864	20,250	12,020	64,056	33,866	

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

TABLE 10
AVERAGE TAX LIABILITY AND EFFECTIVE TAX RATES, BEFORE AND AFTER CREDITS, BY ADJUSTED GROSS INCOME CLASS - 1996
(Resident Returns)

ADJUSTED GROSS INCOME CLASS	INCOME TAX LIABILITY				EFFECTIVE TAX RATES				
	Before Credits		After Credits		BASED ON TAXABLE INCOME		BASED ON ADJ. GROSS INCOME		
	Total	Average	Total	Average	Before Credit	After Credit	Before Credit	After Credit	
TAXABLE RESIDENT RETURNS									
Under \$ 5,000	\$ 1,012,354	\$ 31	\$ 547,891	\$ 17	2.52%	1.36%	1.01%	0.55%	
\$ 5,000 "	9,464,352	193	7,059,424	144	4.51%	3.36%	2.57%	1.92%	
10,000 "	54,624,095	638	48,269,006	563	6.15%	5.43%	4.30%	3.80%	
20,000 "	105,000,896	1,348	97,877,529	1,257	7.22%	6.73%	5.46%	5.09%	
30,000 "	92,925,047	1,943	88,872,176	1,858	7.64%	7.31%	5.58%	5.34%	
40,000 "	88,461,674	2,558	84,894,516	2,455	7.86%	7.54%	5.71%	5.48%	
50,000 "	89,162,870	3,216	86,020,831	3,102	8.04%	7.76%	5.90%	5.69%	
60,000 "	106,802,533	4,005	103,206,831	3,870					
75,000 "	127,669,911	5,186	123,583,477	5,020	8.51%	8.23%	6.05%	5.86%	
100,000 "	99,501,374	7,822	97,353,100	7,654	8.88%	8.68%	6.62%	6.47%	
150,000 "	36,245,876	12,054	35,605,428	11,841	9.13%	8.97%	7.07%	6.95%	
200,000 and over	106,246,348	31,443	105,308,070	31,165	9.22%	9.14%	7.64%	7.58%	
TOTAL - TAXABLE RETURNS	\$ 917,117,330	\$ 2,156	\$ 878,598,279	\$ 2,066	7.97%	7.63%	5.85%	5.60%	
NONTAXABLE RESIDENT RETURNS									
Loss	--	--	470,568	94					
\$ 0 under \$ 5,000	--	--	6,146,786	92					
5,000 " 10,000	--	--	784,797	90					
10,000 and over	--	--	950,739	167					
TOTAL - NONTAXABLE RETURNS	\$ --	\$ --	\$ 8,352,890	\$ 97					
TOTAL RESIDENT RETURNS	\$ 917,117,330	\$ 2,156	\$ 886,951,169	\$ 2,163					

TABLE 11
COMPARISON OF NUMBER OF RESIDENT RETURNS, BEFORE AND AFTER CREDITS,
AT SELECTED TAX LEVELS, AGI, AND BY STATUS - 1996

ADJUSTED GROSS INCOME CLASS	No Tax		\$1 - \$99		\$100 - \$499		\$500 - \$999		\$1,000 and over	
	Before	After	Before	After	Before	After	Before	After	Before	After
SINGLE/MARRIED										
FILING SEPARATE RETURNS										
Loss	3,111	3,111	--	--	--	--	--	--	--	--
\$ 0 under \$ 5,000	52,861	59,660	29,966	23,167	1,345	1,345	--	--	--	--
5,000 " 20,000	2,609	5,063	7,158	8,920	40,839	39,286	30,865	30,160	13,100	11,142
20,000 and over	521	829	420	198	676	829	3,272	3,802	90,885	90,116
TOTAL	59,102	68,663	37,544	32,285	42,860	41,460	34,137	33,962	103,985	101,258
JOINT RETURNS										
Loss	2,395	2,395	--	--	--	--	--	--	--	--
\$ 0 under \$ 5,000	19,372	19,503	422	291	--	--	--	--	--	--
5,000 " 20,000	9,792	18,353	9,257	5,727	13,735	10,687	5,307	3,324	--	--
20,000 and over	1,354	3,218	1,052	1,080	3,528	4,598	11,057	14,311	124,302	118,086
TOTAL	32,913	43,469	10,731	7,098	17,263	15,285	16,364	17,635	124,302	118,086
HEAD OF HOUSEHOLD RETURNS¹										
Loss	318	318	--	--	--	--	--	--	--	--
\$ 0 under \$ 5,000	5,427	5,911	484	--	--	--	--	--	--	--
5,000 " 20,000	748	3,034	2,143	1,460	5,288	6,108	6,331	4,404	768	272
20,000 and over	40	272	--	83	502	728	2,570	3,692	20,147	18,484
TOTAL	6,533	9,535	2,627	1,543	5,790	6,836	8,901	8,096	20,915	18,756
ALL RETURNS										
Loss	5,824	5,824	--	--	--	--	--	--	--	--
\$ 0 under \$ 5,000	77,660	85,074	30,872	23,458	1,345	1,345	--	--	--	--
5,000 " 20,000	13,149	26,450	18,558	16,107	59,862	56,081	42,503	37,888	13,868	11,414
20,000 and over	1,915	4,319	1,472	1,361	4,706	6,155	16,899	21,805	235,334	226,686
TOTAL	98,548	121,667	50,902	40,926	65,913	63,581	59,402	59,693	249,202	238,100

¹ Includes qualifying surviving spouses.

TABLE 12
TYPE OF RETURN FILED BY THOSE WITH ADJUSTED GROSS INCOME UNDER \$100,000,
SHOWING NUMBER OF RETURNS, ADJUSTED GROSS INCOME, AND TAX LIABILITY BY STATUS - 1996
(All Resident Returns)

ADJUSTED GROSS INCOME CLASS	FORM N-11 RETURNS			FORM N-12 RETURNS			FORM N-13 RETURNS		
	No. of Returns	Adjusted Gross Income	Tax Liability	No. of Returns	Adjusted Gross Income	Tax Liability	No. of Returns	Adjusted Gross Income	Tax Liability
ALL RETURNS									
Loss	5,331	\$ (154,581,853)	\$ 0	493	\$ (6,960,573)	\$ 0	0	\$ 0	\$ 0
Zero	2,616	0	0	2,540	0	0	16,641	0	0
\$ 1 under \$ 1,000	12,021	5,536,159	4,132	3,286	1,485,126	454	9,149	3,333,021	1,046
1,000 "	38,909	113,093,742	613,768	8,486	23,500,273	90,562	16,229	44,049,749	302,392
5,000 "	37,184	275,239,103	5,311,154	7,162	53,644,769	1,072,877	13,765	101,641,280	3,080,321
10,000 "	32,956	411,232,148	13,871,436	3,409	42,485,791	1,384,603	11,307	141,441,912	6,455,352
15,000 "	28,496	501,019,760	20,695,427	4,185	71,162,165	3,203,814	9,476	164,540,124	9,013,463
20,000 "	62,529	1,546,548,523	80,342,437	5,664	141,333,360	7,616,460	10,784	261,558,127	17,041,999
30,000 "	42,151	1,470,587,600	79,244,677	2,815	96,898,957	5,141,006	3,363	114,750,131	8,539,364
40,000 "	30,704	1,374,891,547	76,847,646	2,703	121,386,998	7,256,188	1,281	58,464,769	4,357,840
50,000 "	25,772	1,406,512,744	81,749,685	1,560	84,329,603	5,333,437	502	26,899,863	2,079,748
60,000 "	25,412	1,703,161,017	101,090,865	1,006	65,964,407	3,992,385	323	21,189,461	1,719,283
75,000 "	23,466	2,012,170,954	121,680,686	1,098	92,140,930	5,506,177	72	5,932,620	483,048
TOTAL	367,547	\$ 10,665,411,444	\$ 581,451,913	44,407	\$ 787,371,806	\$ 40,597,963	92,892	\$ 943,801,057	\$ 53,073,856

See end of table for footnotes.

TABLE 12 (Continued)
TYPE OF RETURN FILED BY THOSE WITH ADJUSTED GROSS INCOME UNDER \$100,000,
SHOWING NUMBER OF RETURNS, ADJUSTED GROSS INCOME, AND TAX LIABILITY BY STATUS - 1996
(All Resident Returns)

ADJUSTED GROSS INCOME CLASS	FORM N-11 RETURNS			FORM N-12 RETURNS			FORM N-13 RETURNS		
	No. of Returns	Adjusted Gross Income	Tax Liability	No. of Returns	Adjusted Gross Income	Tax Liability	No. of Returns	Adjusted Gross Income	Tax Liability
²									
SINGLE RETURNS									
Loss	2,867	\$ (40,021,325)	\$ 0	244	\$ (2,300,736)	\$ 0	0	\$ 0	\$ 0
Zero	2,245	0	0	2,292	0	0	12,760	0	0
\$ 1 under \$ 1,000	7,931	3,886,391	4,132	2,399	996,080	454	7,536	2,710,408	1,046
1,000 "	28,391	80,805,201	609,908	6,729	18,692,181	87,483	13,889	37,830,943	300,482
5,000 "	24,437	179,100,606	4,892,923	3,966	30,287,982	867,509	11,756	86,482,991	2,929,366
10,000 "	19,420	239,591,016	10,775,451	2,036	25,919,850	1,126,384	8,791	109,877,869	5,587,448
15,000 "	15,213	267,795,961	13,905,838	2,259	38,409,420	2,185,867	6,693	116,337,676	7,067,311
20,000 "	35,224	866,180,822	53,202,400	2,654	64,794,031	3,923,346	7,674	187,090,065	13,206,643
30,000 "	19,618	682,422,173	43,932,483	1,311	44,803,994	2,642,145	2,439	83,594,468	6,612,311
40,000 "	10,631	473,539,228	32,018,879	1,193	53,335,906	3,704,575	510	23,095,260	1,938,802
50,000 "	6,473	351,870,350	24,029,394	520	27,976,008	2,136,179	197	10,427,036	901,521
60,000 "	3,614	237,852,583	16,277,794	177	11,490,591	879,514	92	5,893,122	523,407
75,000 "	1,987	170,192,621	12,523,085	58	4,706,068	381,396	0	0	0
¹									
TOTAL	178,051	\$ 3,513,215,627	\$ 212,172,287	25,838	\$ 319,111,375	\$ 17,934,852	72,337	\$ 663,339,838	\$ 39,068,337

See end of table for footnotes.

TABLE 12 (Continued)
TYPE OF RETURN FILED BY THOSE WITH ADJUSTED GROSS INCOME UNDER \$100,000,
SHOWING NUMBER OF RETURNS, ADJUSTED GROSS INCOME, AND TAX LIABILITY BY STATUS - 1996
(All Resident Returns)

ADJUSTED GROSS INCOME CLASS	FORM N-11 RETURNS			FORM N-12 RETURNS			FORM N-13 RETURNS		
	No. of Returns	Adjusted Gross Income	Tax Liability	No. of Returns	Adjusted Gross Income	Tax Liability	No. of Returns	Adjusted Gross Income	Tax Liability
JOINT RETURNS									
Loss	2,178	\$ (109,552,341)	\$ 0	217	\$ (4,390,034)	\$ 0	0	\$ 0	\$ 0
Zero	322	0	0	166	0	0	2,316	0	0
\$ 1 under \$ 1,000	3,669	1,478,075	0	756	426,341	0	1,374	501,274	0
1,000 "	8,252	25,443,649	464	1,379	4,190,099	3,079	1,560	4,067,888	520
5,000 "	10,399	78,696,271	257,310	2,302	16,443,722	95,751	1,047	7,893,384	49,148
10,000 "	10,487	132,700,587	1,854,644	1,054	12,764,233	136,316	1,125	14,153,918	304,782
15,000 "	9,081	159,056,169	3,558,506	1,081	18,313,308	560,916	1,515	26,394,056	933,462
20,000 "	18,680	465,215,428	16,413,862	2,270	59,106,174	2,771,747	1,672	40,510,224	1,931,833
30,000 "	17,534	613,923,402	26,018,738	1,324	46,580,031	2,242,042	599	20,218,087	1,181,525
40,000 "	17,302	777,761,460	37,827,641	1,204	53,954,529	2,712,171	700	32,204,948	2,188,982
50,000 "	17,508	959,356,703	51,579,802	1,026	55,517,767	3,147,726	305	16,472,827	1,178,227
60,000 "	20,507	1,380,153,557	79,292,756	829	54,473,816	3,112,871	231	15,296,339	1,195,876
75,000 "	21,157	1,814,434,618	107,433,707	1,011	85,251,394	5,035,171	72	5,932,620	483,048
		1			1				
TOTAL	157,076	\$ 6,298,667,578	\$ 324,237,430	14,619	\$ 402,631,380	\$ 19,817,790	12,516	\$ 183,645,565	\$ 9,447,403

See end of table for footnotes.

TABLE 12 (Continued)
TYPE OF RETURN FILED BY THOSE WITH ADJUSTED GROSS INCOME UNDER \$100,000,
SHOWING NUMBER OF RETURNS, ADJUSTED GROSS INCOME, AND TAX LIABILITY BY STATUS - 1996
(All Resident Returns)

ADJUSTED GROSS INCOME CLASS	FORM N-11 RETURNS			FORM N-12 RETURNS			FORM N-13 RETURNS		
	No. of Returns	Adjusted Gross Income	Tax Liability	No. of Returns	Adjusted Gross Income	Tax Liability	No. of Returns	Adjusted Gross Income	Tax Liability
³									
HEAD OF HOUSEHOLD RETURNS									
Loss	286	\$ (5,008,187)	\$ 0	32	\$ (269,803)	\$ 0	0	\$ 0	\$ 0
Zero	49	0	0	82	0	0	1,565	0	0
\$ 1 under \$ 1,000	421	171,693	0	131	62,705	0	239	121,339	0
1,000 " 5,000	2,266	6,844,892	3,396	378	617,993	0	780	2,150,918	1,390
5,000 " 10,000	2,348	17,442,226	160,921	894	6,913,065	109,617	962	7,264,905	101,807
10,000 " 15,000	3,049	38,940,545	1,241,341	319	3,801,708	121,903	1,391	17,410,125	563,122
15,000 " 20,000	4,202	74,167,630	3,231,083	845	14,439,437	457,031	1,268	21,808,392	1,012,690
20,000 " 30,000	8,625	215,152,273	10,726,175	740	17,433,155	921,367	1,438	33,957,838	1,903,523
30,000 " 40,000	4,999	174,242,025	9,293,456	180	5,514,932	256,819	325	10,937,576	745,528
40,000 " 50,000	2,771	123,590,859	7,001,126	306	14,096,563	839,442	71	3,164,561	230,056
50,000 " 60,000	1,791	95,285,691	6,140,489	14	835,828	49,532	0	0	0
60,000 " 75,000	1,291	85,154,877	5,520,315	0	0	0	0	0	0
75,000 " 100,000	322	27,543,715	1,723,894	29	2,183,468	89,610	0	0	0
¹									
TOTAL	32,420	\$ 853,528,239	\$ 45,042,196	3,950	\$ 65,629,051	\$ 2,845,321	8,039	\$ 96,815,654	\$ 4,558,116

¹ Includes losses.

² Includes married filing separately.

³ Includes qualifying surviving spouse.

APPENDIX

FACSIMILES OF INDIVIDUAL INCOME
TAX RETURNS AND INSTRUCTIONS

>>Click on the following to link to the on-line copies of the 1996 Forms.<<

[N-11 Individual Income Tax Return - Resident Filing Federal Return](#)

[N-12 Individual Income Tax Return - Resident or Part-Year Resident](#)

[N-11/N-12 Instructions](#)

[N-13 Individual Income Tax Form \(Short Form\)](#)

[N-13 Instructions](#)

[N-15 Individual Income Tax Return - Nonresident](#)

[N-15 Instructions](#)