
hawaii income patterns

INDIVIDUALS — 1998

DEPARTMENT OF TAXATION — STATE OF HAWAII

STATE OF HAWAII

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INTRODUCTION

This forty-first annual edition of “Hawaii Income Patterns - Individuals” presents data compiled from resident and nonresident individual income tax returns filed in 1999 for tax year 1998. Additional information was collected from the federal returns of resident taxpayers for items not captured by Department of Taxation’s computerized system.

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

HAWAII INCOME PATTERNS - 1998 INDIVIDUALS

OVERVIEW

Hawaii individual income tax returns filed for tax year 1998 increased by 2,651 or 0.5% when compared with tax year 1997. Total reportable Hawaii income increased by 3.1% as shown in Figure 1. Income categories showing particularly large increases included taxable IRA distributions, which boomed 41%, and net capital gains, which rose 31%. Adjustments to income increased by 7.8%, thanks to a sharp upswing in the amount of Keogh contributions and the addition of a new adjustment for student loan interest paid. These increases outweighed a decrease in the amount of deductible IRA contributions as some taxpayers switched their contributions from deductible IRAs to the new nondeductible Roth IRA.

Figure 1
Comparison of Selected Items for All 1998 and 1997 Returns
(Money Amounts in Thousands of Dollars)

Item	1998	1997	Change
Number of Returns	565,397	562,746	0.5%
Number of Exemptions	1,204,813	1,195,857	0.7%
Number of Age Exemptions	135,018	132,857	1.6%
Number of Regular Exemptions	1,069,795	1,063,000	0.6%
Salaries and Wages.....	\$ 14,154,770	\$ 13,813,868	2.5%
Hawaii Total Income.....	17,909,801	17,365,886	3.1%
Total Adjustments.....	202,774	188,096	7.8%
Hawaii Adjusted Gross Income* ...	17,707,027	17,177,789	3.1%
Tax Liability Before Credits.....	1,081,024	1,032,843	4.7%
Tax Liability After Credits.....	1,019,282	974,083	4.6%

*Includes negative adjusted gross income.

CONFORMITY TO THE INTERNAL REVENUE CODE

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

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

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

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

Tax credits differ on the federal and Hawaii returns. The federal return provides an earned income tax credit for low-income wage earners, an adoption tax credit, and another tax credit for low-income elderly or disabled taxpayers. Beginning with tax year 1998, the federal government provides a tax credit for college expenses. Although Hawaii has not adopted any of these credits, it does provide tax credits for low-income renters and the purchase of capital goods for business use. It provided a food tax credit which ended in 1998 and which is to be replaced in 1999 by a low-income credit. Hawaii's various tax credits are discussed in greater detail in a separate report.¹

LEGISLATION

By far the most important act of the 1998 legislature affecting Hawaii income taxes was Act 157, which lowers income tax rates beginning tax year 1999. It also made tax year 1998 the last in which taxpayers could claim the food tax credit. Beginning tax year 1999, the

¹Tokushige, Walter, "Tax Credits Claimed by Hawaii Individuals and Corporations -- 1998", Hawaii Department of Taxation, Tax Research and Planning Office, April 2000.

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graduated low-income tax credit will be available only to those who meet the income qualifications.

Act 113 addressed conformity to the Internal Revenue code. By conforming, Hawaii adopted the new adjustment for student loan interest paid.

DATA SOURCE AND METHODOLOGY

Return information was retrieved from the department’s Comprehensive Net Income Tax (CNIT) system in late November 1999 in order to capture virtually all of timely-filed tax year 1998 returns since the due date for returns with extensions was October 20, 1999.

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

AGI* in \$Thousands	N-11		N-12		N-13		N-15	
	Size	%	Size	%	Size	%	Size	%
Under -\$1,000	27	100.0	0	n/a	0	n/a	60	100.0
-\$1,000 < -100	236	81.9	2	100.0	0	n/a	271	100.0
-\$100 < 0	2,136	36.0	112	100.0	0	n/a	603	43.0
\$0 < 50	14,820	4.7	987	5.2	3,610	5.0	1,433	4.6
\$50 < 100	7,751	9.6	158	9.8	68	10.1	739	9.5
\$100 < 200	3,629	18.8	154	100.0	0	n/a	757	18.7
\$200 < 500	1,472	35.9	9	100.0	0	n/a	821	39.2
\$500 < 1,000	531	86.8	1	100.0	0	n/a	726	100.0
\$1,000 & over	270	100.0	0	n/a	0	n/a	1,123	100.0
TOTAL	30,872	7.3	1,423	6.8	3,678	5.1	6,533	13.4

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

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

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of returns for those with extreme negative or positive AGI. The range of sampling frequency can be seen in Figure 2.

Tax year 1998 was the fourth year in which most Hawaii taxpayers used the simplified Form N-11 to file their income tax returns. This single-page return greatly eases the filing process for taxpayers but at the same time creates data collection problems. Since Form N-11 uses federal adjusted income as a starting point, information on sources of income and types of income adjustments are absent and must be retrieved from the taxpayer's federal return. Each year, the Internal Revenue Service prepares a data tape called the Individual Return Transaction File (IRTF). This IRTF file was merged with the Hawaii sample of resident returns selected from the CNIT system. Some returns did not merge because they were filed after the late summer creation date of the IRTF file. Some of these returns were later merged by matching the tax year 1997 IRS return with the 1998 Hawaii sample. After this procedure, there were still some returns that did not merge because there was neither a 1998 nor a 1997 federal return to match the Hawaii return. For such returns that had very large positive or very large negative AGI, return details were gleaned manually from schedules and attachments to the paper return. Other non-merged returns were dropped from the sample and the sample was re-weighted to adjust for the removed returns. While this procedure does introduce non-sampling error, it was deemed preferable to a situation of having numerous returns with no details of income and adjustments.

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

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

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

TYPES AND NUMBER OF RETURNS FILED

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

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

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

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

From tax year 1997 to tax year 1998, the number of individual income tax returns rose by 2,651 or 0.5%, as shown in detail in Figure 3. Continuing a trend that began with the introduction of the simplified N-11 form, the number of individuals filing N-11 again increased while the numbers filing N-12 and N-13 both decreased. This trend indicates increasing acceptance of the N-11 form on the part of those taxpayers formerly accustomed to using the standalone N-12 and N-13 forms. The number of N-15 returns rose by a modest 1.3% after ballooning 48.7% the previous year when part-year residents were required to switch from using the N-12 form to the N-15 form.

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Figure 3
Comparison of Type of Return Filed
In Each Taxation District in 1998 and 1997

Type of Return	State	TAXATION DISTRICT			
		First	Second	Third	Fourth
All Returns					
1998	565,397	422,903	55,835	60,882	25,777
1997	562,746	422,308	54,597	60,446	25,395
% Change	0.5%	0.1%	2.3%	0.7%	1.5%
Form N-11					
1998	423,373	311,850	44,788	46,278	20,457
1997	409,795	303,095	42,688	44,471	19,541
% Change	3.3%	2.9%	4.9%	4.1%	4.7%
Form N-12					
1998	20,930	15,496	1,987	2,503	944
1997	23,918	17,460	2,278	2,936	1,244
% Change	-12.5%	-11.2%	-12.8%	-14.7%	-24.1%
Form N-13					
1998	72,279	52,517	6,418	9,894	3,450
1997	80,850	59,299	7,070	10,772	3,709
% Change	-10.6%	-11.4%	-9.2%	-8.2%	-7.0%
Form N-15					
1998	48,815	43,040	2,642	2,207	926
1997	48,183	42,454	2,561	2,267	901
% Change	1.3%	1.4%	3.2%	-2.6%	2.8%

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

Figure 4
Number of Returns by Status of Taxpayer

Status	Residents		Nonresidents		All Returns	
	No. of Returns	% of Total	No. of Return	% of Total	No. of Returns	% of Total
Joint	201,272	39.0%	20,505	42.0%	221,777	39.2%
Single.....	254,914	49.3%	17,559	36.0%	272,473	48.2%
Married Filing Separate	9,603	1.9%	8,819	18.1%	18,422	3.3%
Head of Household.....	50,397	9.8%	1,921	3.9%	52,318	9.3%
Qualified Widow(er).....	396	0.1%	11	0.0%	407	0.1%
TOTAL	516,582	100.0%	48,815	100.0%	565,397	100.0%

RESIDENT RETURN STATISTICS

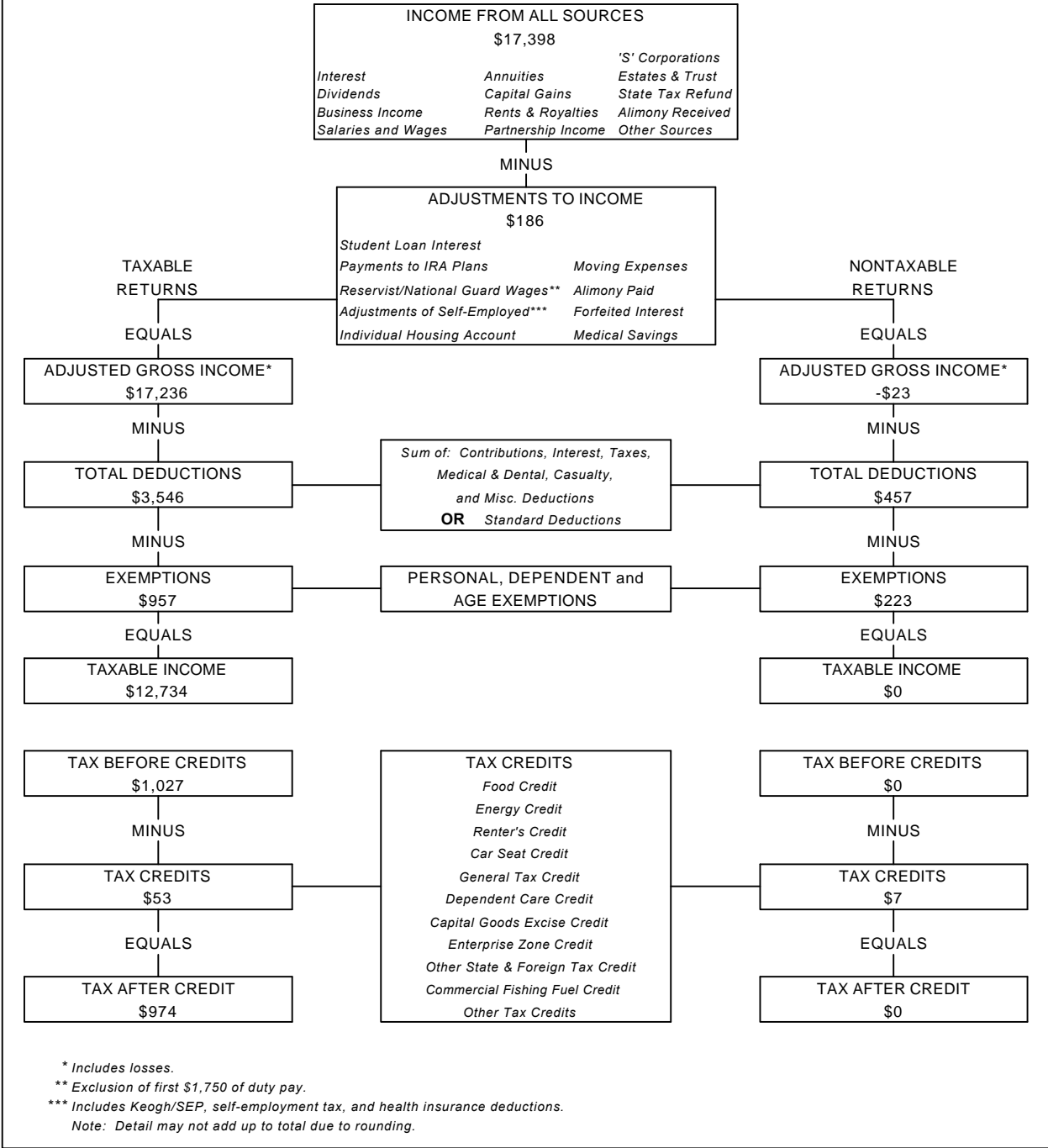
Chart 1 shows the major components of resident returns for the 1998 tax year.

Resident Income and Adjustments

For federal purposes, Hawaii residents had total reportable income of \$19.3 billion for 1998, compared to \$18.6 billion a year earlier. Appendix Table 4 shows the distribution of 1998 income by source. Use of federal amounts for income sources was necessary because there is no detailed information on income sources on the simplified Hawaii Form N-11 used by most residents. Salaries and wages was the largest income category at \$13.7 billion, up from \$13.3 billion the previous year. Salaries and wages accounted for 71% of 1998 federal total income for Hawaii residents. The next largest income category was pensions and annuities at \$1.7 billion, representing 9% of federal total income.

Taxable IRA distributions was the income category that showed the largest proportional change, as the number of returns reporting it rose 33% to 39,998 and the dollar amount reported jumped 41% from \$219 million to \$308 million. One factor behind this growth may be taxpayers converting traditional IRAs to Roth IRAs. The taxable portion of the conversion must be reported as taxable IRA distributions. Tax year 1998 was the first year of availability for the Roth IRA. In 1998, taxpayers were given a one-time opportunity to spread the taxes resulting from the conversion over four years. Conversions in subsequent years require payment of all taxes in the year of conversion. IRA distributions have also grown as more people who contributed to IRAs reach retirement. Back in 1995, taxable IRA distributions amounted to only \$152 million, less than half of the 1998 total.

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



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Net gains on the sale of capital assets was the income category with the second largest proportional increase in reportable income of 31% to \$910.7 million from \$696.1 million. This category has more than doubled from a tax year 1994 figure of \$440.0 million, thanks in part to a strong stock market during those years.

To arrive at total reportable income for Hawaii purposes, one must add items taxed by Hawaii and not by the federal government such as COLA for federal employees, employee retirement contributions of state and county employees, and interest from municipal bonds issued by states other than Hawaii. These items totaled \$301.6 million. Then one must subtract items taxed by the federal government and not by Hawaii such as social security benefits, most pensions, and interest on federal bonds. These items totaled \$2,216.6 million. The result is total reportable Hawaii income for 1998 of \$17.4 billion, which is the amount shown in the topmost box in Chart 1. This amount represents a 3.4% increase over the previous year's Hawaii reportable income of slightly more than \$16.8 billion.

Figure 5
Adjustments to Income on Resident Returns

Type of Adjustment	Number of Returns	Amount
Individual Retirement Account Contributions.....	18,624	\$ 36,186,604
Moving Expenses.....	2,223	5,276,847
One-half of Self-Employment Tax.....	48,998	53,475,649
Self-Employment Health Insurance Deduction.....	13,095	15,574,477
Keogh and SEP Retirement Plans.....	5,426	42,779,739
Alimony Paid.....	1,556	16,260,411
Penalty for Early Withdrawal of Savings.....	4,100	698,122
Medical Savings Account Contributions.....	5	16,875
Student Loan Interest.....	7,935	3,282,082
Individual Housing Account Contributions.....	108	386,492
Hawaii National Guard/Military Reserve Pay.....	6,119	10,318,968
Unknown Adjustments.....	2,223	1,275,735
Total Adjustments.....	83,717	\$ 185,532,001

A taxpayer may claim certain adjustments that are deducted from total income to obtain adjusted gross income. Allowable adjustments on both the federal and the Hawaii return include contributions made to a deductible Individual Retirement Account (IRA), 50% of self-employment tax, 45% of self-employment insurance, contributions to a Keogh

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retirement plan or self-employed plan (SEP), the interest penalty on early withdrawal of savings, alimony paid, contributions to a medical savings account, and interest paid on student loans. Two other adjustments have no federal counterpart: 1) contributions to a Hawaii individual housing account; and 2) the first \$1,750 in Hawaii national guard or military reserve duty pay.

Figure 5 shows the distribution of adjustments claimed by Hawaii residents for 1998. There is an “unknown” category because details of adjustments could not be retrieved if a taxpayer filed a simplified N-11 Hawaii return and there was no matching federal return to supply the missing information. Total Hawaii adjustments increased by \$13.2 million or 7.6% from \$172.3 million in 1997 to \$185.5 million in 1998. Part of this increase was due to the new adjustment for student loan interest, which amounted to \$3.3 million in its inaugural year. Keogh and SEP contributions spurted from \$34.9 million to \$42.8 million.

Tax year 1998 witnessed the introduction of the Roth IRA, for which deductions are not deductible but for which all distributions are tax-free. Only deductible traditional IRAs show up as adjustments to income. This category dropped from \$41.0 million on 20,854 returns in 1997 to \$36.2 million on 18,624 returns for 1998. This decrease indicates that some taxpayers who formerly contributed to deductible IRAs chose to contribute to Roth IRAs for 1998.

After subtraction of adjustments, Hawaii residents were left with \$17.2 billion in adjusted gross income. This represented an increase of 3.4% when compared with the previous year. As shown in Figure 6, median AGI for all resident returns rose to \$21,065 from \$20,866 the previous year. For taxable resident returns, median AGI increased to \$26,838 from \$26,475. Lower median AGI in the county of Hawaii may reflect the rural nature of much of that county.

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

Taxation District	All Returns		Joint		All Others**	
	1998	1997	1998	1997	1998	1997
All Resident Returns*						
Oahu	\$ 21,678	\$ 21,518	\$ 44,368	\$ 43,953	\$ 14,374	\$ 14,067
Maui	22,577	22,194	42,378	40,891	15,838	16,199
Hawaii	16,409	15,394	34,257	32,285	10,783	10,042
Kauai	19,993	20,356	38,080	34,557	12,995	11,870
STATE	\$ 21,065	\$ 20,866	\$ 42,534	\$ 41,750	\$ 13,944	\$ 13,671
Taxable Resident Returns						
Oahu	\$ 27,711	\$ 27,259	\$ 52,474	\$ 51,281	\$ 19,021	\$ 18,815
Maui	26,660	25,805	48,453	45,628	19,574	19,069
Hawaii	22,642	22,810	43,250	42,479	15,823	15,278
Kauai	25,076	25,492	43,814	41,548	17,662	18,083
STATE	\$ 26,838	\$ 26,475	\$ 50,147	\$ 48,865	\$ 18,615	\$ 18,475

*Includes returns with AGI losses.

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

Resident Deductions and Personal Exemptions

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

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

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

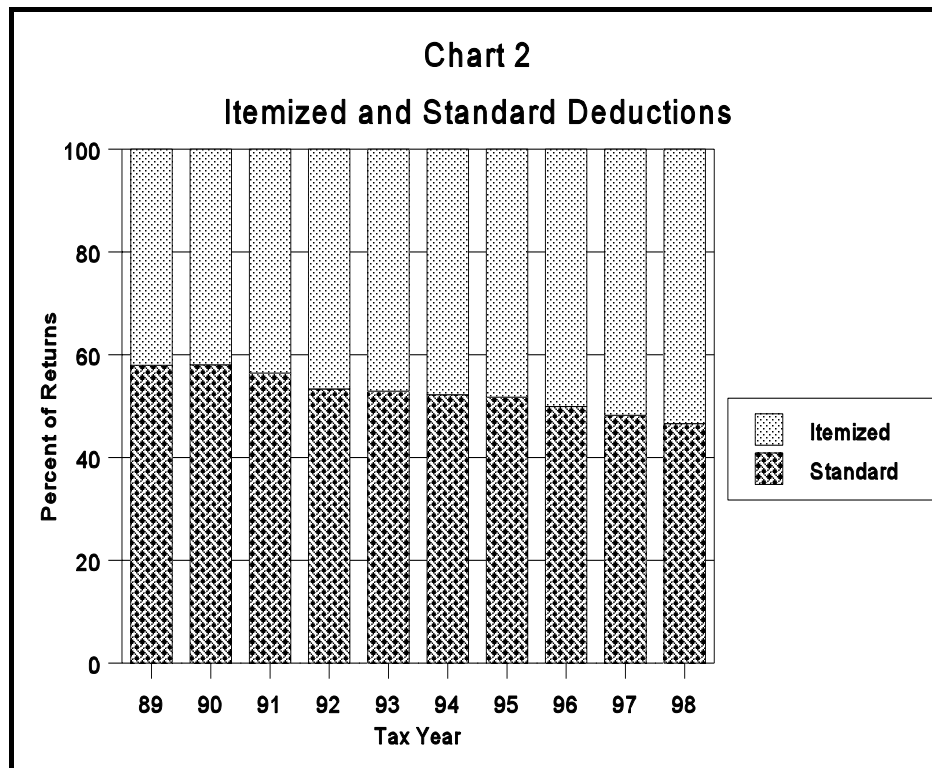
If a taxpayer has deductions greater than the standard amount, it would be to his or her benefit to itemize deductions. Itemized deductions may be taken for medical expenses, certain interest expenses, charitable contributions, certain tax expenses, casualty and theft losses, and miscellaneous items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

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

For 1998, 47% of Hawaii residents took standard deductions, which amounted to \$370.7 million. The remaining 53% took itemized deductions, which amounted to \$3,700.3 million. Of this amount, \$67.9 million was not allowable because of the limitation of itemized deductions for higher-income returns. As a result total allowable itemized deductions amounted to \$3,632.4 million.

Chart 2 shows how the proportion of residents using the standard deduction gradually decreased from 58% in 1989 to 47% in 1998. This trend is due to the relationship of Hawaii's fixed standard deduction and the rising amounts actually paid for itemized deduction items such as taxes and medical expenses. An increase in wages results in both increased tax liability and an increase in the deduction for state taxes. Each year, more taxpayers found that itemizing deductions produced a larger deduction than taking the standard amount. On federal tax returns, which feature considerably larger standard deductions, approximately two-thirds of Hawaii residents used the federal standard deduction.

The size difference between the federal and Hawaii standard deductions has resulted in a situation in which roughly one-fifth of Hawaii's taxpayers simply take the federal standard deduction but must also keep detailed financial records because they are itemizing on the Hawaii return. This disparity continues to grow yearly because the size of the federal standard deduction is indexed to inflation.



Illustrating the above point, the average amount reported for each itemized deduction category increased between 1997 and 1998. The average amount was computed by dividing the dollar amount reported for a deduction category by the number of returns claiming that particular deduction. Average amounts by deduction category increased as follows: interest from \$10,910 to \$11,032; taxes from \$4,247 to \$4,398; casualty and theft losses from \$4,585 to \$4,983; medical and dental expenses from \$2,862 to \$3,008; charitable contributions from \$1,590 to \$1,711; and miscellaneous deductions from \$2,244 to \$2,360.

Appearing on 98% of returns that itemized deductions, the deduction for state and local taxes was the most frequently-claimed deduction category. It was followed by charitable contributions, which showed up on 84% of itemized returns. Although third in frequency at 56% of itemized returns, the deduction for interest paid was first in dollar volume at \$1.7 billion, of which \$1.6 billion was for mortgage interest. Second in volume was the deduction for taxes at \$1.2 billion.

Itemized deductions with AGI eligibility criteria were claimed by a decidedly smaller percentage of itemizers. Miscellaneous deductions, much of which is subject to the 2% of

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of AGI rule, showed up on 37% of itemized returns. Medical deductions, all of which are subject to the 7.5% of AGI rule, were claimed by 21% of itemizers. Only 0.4% of itemizers claimed the deduction for casualty and theft losses, which had to meet the 10% of AGI rule.

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

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

For 1998, residents claimed \$1,179.8 million in personal exemptions, up 0.5% from the amount claimed the previous year. Resident exemptions numbered 1,105,381, of which 128,343 or 11.6% were for age. Exemptions for dependents numbered 295,585 and accounted for 27% of total resident exemptions. Exemptions for the taxpayer or spouse numbered 681,453, which was 62% of the total.

Resident Taxable Income and Tax Liability

Taxable income is the amount remaining after subtracting deductions and personal exemptions from adjusted gross income. There was taxable income on 82% of resident returns. Resident taxable income increased to \$12.7 billion for 1998 from \$12.2 billion for 1997.

In most instances, gross tax liability is based directly on taxable income. For some taxpayers, additional tax is levied due to special circumstances. The most common sources of additional taxes are forms N-152 and N-814. Additional tax from Form N-814 occurs when a parent elects to include a child's interest and dividend income on the parent's return. Additional tax from Form N-152 results when taxpayers take advantage of five or ten-year averaging of lump-sum retirement distributions. For 1998, Hawaii residents reported gross tax liability of \$1,027.5 million, compared to \$984 million for 1997. Net tax liability is the amount that the taxpayer actually pays. It represents gross tax liability reduced by tax credits. For 1998, tax credits of \$59.9 million reduced resident tax liability to \$967.6 million.

NONRESIDENT RETURN STATISTICS

Taxpayers using the N-15 nonresident return increased 1.3% to 48,815 for 1998 from 48,183 for 1997. Between 1996 and 1997, returns filed on the N-15 form had surged 49%, largely as a result of the requirement that part-year residents were required to use the N-15 instead of the N-12 form.

Nonresident Income and Adjustments

Nonresidents and part-year residents must report income amounts and adjustment amounts by category on a worldwide basis and also as amounts from Hawaii sources. Since this report is concerned with Hawaii income, the income detail shown in Table 4 of the Statistical Tables section represents Hawaii income amounts. Total income from Hawaii sources amounted to \$512 million, down \$30 million from the previous year as shown in Figure 7.

Figure 7
Sources of Income Reported
by Nonresident Taxpayers in 1998 and 1997
(In Thousands of Dollars)

Sources of Income	1998	1997	Increase (Decrease)
TOTAL.....	\$ 512,032	\$ 542,375	\$ (30,343)
Salaries and Wages.....	\$ 478,488	\$ 481,027	\$ (2,539)
Interest.....	29,701	18,318	11,383
Ordinary Dividends.....	8,085	6,595	1,490
Capital Assets/Other Property.....	146,091	132,280	13,811
Rents, Royalties, Partnerships, S Corp., Estates and Trusts.....	33,014	4,033	28,981
All other Sources.....	(183,347)	(99,878)	(83,469)

Total Hawaii adjustments to income rose to \$17.2 million from \$15.8 million. After subtraction of adjustments from total income, Hawaii AGI for 1998 was \$495 million. Hawaii AGI of nonresidents was 3.9% of their worldwide AGI of \$12.7 billion.

Individual Income - 1998

Nonresident Deductions and Exemptions

Prior to 1997, nonresidents reported only itemized deductions attributable to Hawaii on their N-15 tax return. Act 281 of the 1997 legislature required that nonresidents compute preliminary tax liability as if they were residents. As a result, taxpayers using the N-15 return for 1997 and 1998 had to report the worldwide amounts for itemized deductions instead of the Hawaii amounts. Figure 8 shows 1998 standard and itemized deductions of nonresidents.

Nonresidents reported \$104.0 million in personal exemptions, up slightly from \$100.2 million the previous year.

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

Type of Deduction	No. of Returns	Amount
Total Itemized Deductions.....	17,057	\$ 1,152,294,705
Taxes.....	16,282	358,114,489
Charitable contributions.....	12,487	356,321,380
Interest paid.....	9,151	353,371,375
Medical and dental.....	2,317	11,892,678
Casualty and theft.....	126	1,386,777
Miscellaneous.....	5,270	71,208,006
Unallowed Itemized Deductions.....	5,234	\$ 148,757,236
Allowable Itemized Deductions.....	17,057	\$ 1,003,537,469
Standard Deductions.....	31,731	\$ 64,187,788

Nonresident Taxable Income and Tax Liability

After subtracting worldwide deductions and personal exemptions from worldwide AGI, nonresidents were left with \$11.5 billion in worldwide taxable income. Computation of taxes on this amount yielded \$966 million in worldwide tax liability. After computing the ratio of Hawaii AGI to worldwide AGI, nonresidents applied this ratio to their worldwide taxable income to determine Hawaii tax liability, which was \$53.5 million for 1998, up from \$49.2 million the previous year.

ELDERLY RESIDENT TAXPAYERS

An elderly taxpayer is identified as one who has claimed the exemption for being age 65 or older. Residents with such exemptions numbered 94,093, or 18% of total resident returns. Elderly resident returns had total income reportable for state income tax purposes of \$1,949.8 million as compared to \$3,427.5 million reportable for federal income tax purposes. The difference between these two amounts was \$1,477.7 million, which was 43% of federal total income. This large difference is due to the fact that the elderly benefit from two income sources that are totally or mostly untaxed by Hawaii. One source is pension income, which Hawaii by and large does not tax. The other is social security benefits, which are not taxed by Hawaii at all. In contrast, returns of the non-elderly (defined here as those without age exemptions) showed a difference of \$437.3 million between federal total income of \$15,885.3 million and state total income of \$15,448.0 million. This difference represented less than 3% of the federal total income of the non-elderly.

Figure 9
Sources of Income Reported by the Elderly and
All Other Residents - 1998
(In Thousands of Dollars)

Sources of Income	Elderly		All Others	
	Amount	% of Total	Amount	% of Total
FEDERAL TOTAL INCOME	\$ 3,427,452	100.0%	\$ 15,885,308	100.0%
Salaries and Wages.....	\$ 638,047	18.6%	\$ 13,038,234	82.1%
Taxable Dividends.....	201,462	5.9%	174,309	1.1%
Interest.....	340,486	9.9%	315,635	2.0%
Sole Proprietorships.....	69,616	2.0%	653,113	4.1%
Capital Assets and Other Property.....	360,469	10.5%	550,186	3.5%
Rents and Royalties.....	85,709	2.5%	(110,762)	-0.7%
Partnerships.....	52,267	1.5%	260,612	1.6%
Estates and Trusts.....	56,822	1.7%	47,334	0.3%
Pensions and Annuities.....	1,145,506	33.4%	590,767	3.7%
Taxable IRA Payouts.....	161,825	4.7%	146,266	0.9%
Taxable Social Security.....	312,607	9.1%	39,583	0.2%
All Other Sources.....	2,638	0.1%	180,030	1.1%

Note: detail may not add up to total due to rounding.

Individual Income - 1998

Figure 9 compares the distribution of federally-reportable income for the elderly and the non-elderly. The largest income source of the elderly was pensions and annuities, which represented 33% of federally-reportable income. As might be expected because of their age, the elderly had considerably more pension and annuity distributions, IRA distributions, and social security income than the non-elderly. However, the elderly also reported more dividends and interest income than the non-elderly, despite being outnumbered by more than four to one in terms of numbers of returns. Elderly returns showed positive income from rents and royalties, while non-elderly returns showed losses.

From Hawaii total income of \$1,949.8 million, elderly residents subtracted \$19.6 million in adjustments, resulting in Hawaii adjusted gross income of \$1,930.2 million. Forty-nine percent of returns reported standard deductions amounting to \$77.1 million. The other 51% showed itemized deductions totaling \$557.3 million. Exemptions on elderly returns amounted to \$305.0 million.

BLIND, DEAF AND DISABLED RESIDENT TAXPAYERS

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

BDD exemptions were claimed on 6,050 resident returns. These returns reported total income of \$240 million for federal tax purposes and \$174 million for state tax purposes. The difference of \$66 million represented 27% of federal total income. As with elderly returns, this large difference was the result of the divergence between Hawaii and federal income tax law with regards to the taxability of pension and social security income.

For BDD taxpayers, pension and annuity income amounted to \$46.9 million, or 20% of federal total income. This was second only to salaries and wages, which totaled \$74.5 million and represented 31% of federal total income. Other major income sources of BDD taxpayers were \$23.5 million in interest, \$13.9 million in dividends, \$28.4 million in capital gains, and \$19.6 million in federally-taxable social security benefits.

BDD taxpayers reported taxable income of \$70.8 million and tax liability of \$6.6 million before credits. Tax liability after credits totaled \$5.9 million.

DEPENDENT RESIDENT TAXPAYERS

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

For 1998, resident dependents filed 36,363 returns. They had total reportable income of \$151 million for Hawaii state tax purposes. Divergence of Hawaii and federal law in terms of reportable income was of minimal import as total reportable income for federal income taxes was only slightly larger at \$152 million. Wages was the major source of income at \$123 million, followed as a distant second by capital gains of \$12.7 million. Interest income totaled \$7.6 million while dividends contributed \$6.2 million. Taxable income amounted to \$106 million, resulting in tax liability of \$5.6 million.

STATISTICAL

TABLES

Individual Income - 1998

TABLE 1
PERCENT DISTRIBUTION OF SELECTED DATA ON ALL RESIDENT RETURNS BY ADJUSTED GROSS INCOME CLASS - 1998

ADJUSTED GROSS INCOME CLASS	Number of Returns		Adjusted Gross Income		Taxable Income		Tax Liability		
	Number	%	Amount	%	Amount	%	Amount	%	
TAXABLE RESIDENT RETURNS									
Under \$ 5,000	33,394	7.8%	\$ 101,716,105	0.6%	\$ 42,614,988	0.3%	\$ 1,203,848	0.1%	
\$ 5,000 " 10,000	45,389	10.7%	339,849,614	2.0%	190,983,954	1.5%	8,648,034	0.8%	
10,000 " 20,000	82,637	19.4%	1,235,566,191	7.2%	858,265,946	6.7%	53,061,510	5.2%	
20,000 " 30,000	71,787	16.9%	1,781,263,875	10.3%	1,324,413,386	10.4%	95,094,033	9.3%	
30,000 " 40,000	49,623	11.7%	1,723,556,363	10.0%	1,271,436,849	10.0%	97,040,645	9.4%	
40,000 " 50,000	35,424	8.3%	1,590,282,771	9.2%	1,152,079,876	9.0%	90,457,984	8.8%	
50,000 " 75,000	55,700	13.1%	3,392,826,580	19.7%	2,438,141,431	19.1%	197,889,920	19.3%	
75,000 " 100,000	27,252	6.4%	2,341,440,593	13.6%	1,704,792,949	13.4%	145,513,663	14.2%	
100,000 " 150,000	15,627	3.7%	1,842,502,587	10.7%	1,386,107,976	10.9%	122,861,409	12.0%	
150,000 " 200,000	3,800	0.9%	655,958,218	3.8%	515,618,336	4.0%	46,842,344	4.6%	
200,000 and over	4,979	1.2%	2,231,179,628	12.9%	1,850,090,411	14.5%	168,864,182	16.4%	
TOTAL - TAXABLE RETURNS	425,612	100.0%	\$ 17,236,142,525	100.0%	\$ 12,734,546,102	100.0%	\$ 1,027,477,572	100.0%	
<u>NONTAXABLE RESIDENT RETURNS</u>									
Loss	6,345	7.0%	\$ (301,620,107)						
\$ 0 under \$ 5,000	69,831	76.8%	82,214,210						NOT APPLICABLE
5,000 " 10,000	8,077	8.9%	56,040,646						
10,000 and over	6,717	7.4%	139,460,381						
TOTAL - NONTAXABLE RETURNS	90,970	100.0%	\$ (23,904,870)						
ALL RESIDENT RETURNS	516,582		\$ 17,212,237,655		\$ 12,734,546,102		\$ 1,027,477,572		

¹ Includes returns with negative AGI.

Individual Income - 1998

TABLE 2
SELECTED DATA ON ALL RETURNS FILED, BY TYPE OF RETURN FILED AND BY ADJUSTED GROSS INCOME CLASS - 1998

ADJUSTED GROSS INCOME CLASS	Number of Returns			Adjusted Gross Income		
	Single ¹	Joint	H/H ²	Single ¹	Joint	H/H ²
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	32,427	191	776	\$ 97,982,904	\$ 501,383	\$ 3,231,818
\$ 5,000 " 10,000	34,013	6,510	4,866	250,825,009	51,029,748	37,994,857
10,000 " 20,000	50,646	18,688	13,303	754,076,255	280,997,725	200,492,211
20,000 " 30,000	39,886	20,219	11,682	989,159,013	505,205,100	286,899,762
30,000 " 40,000	23,495	19,978	6,150	810,979,260	700,757,498	211,819,605
40,000 " 50,000	12,910	19,399	3,115	576,129,910	873,863,436	140,289,425
50,000 " 75,000	11,280	41,192	3,228	667,192,740	2,537,128,629	188,505,211
75,000 " 100,000	3,054	23,589	609	261,764,618	2,028,605,262	51,070,713
100,000 " 150,000	1,590	13,705	332	188,033,032	1,614,927,504	39,542,051
150,000 " 200,000	415	3,289	96	71,072,209	568,013,002	16,873,007
200,000 and over	739	4,089	151	384,629,023	1,772,426,668	74,123,937
TOTAL - TAXABLE RETURNS	210,455	170,849	44,308	\$5,051,843,973	\$ 10,933,455,955	\$ 1,250,842,597
NONTAXABLE RESIDENT RETURNS						
Loss	3,480	2,528	337	\$ (92,988,347)	\$ (199,753,281)	\$ (8,878,479)
\$ 0 under \$ 5,000	47,371	17,350	5,110	41,277,615	31,568,840	9,367,755
5,000 " 10,000	1,578	5,933	566	10,934,700	41,444,389	3,661,557
10,000 and over	1,633	4,612	472	36,753,676	93,894,388	8,812,317
TOTAL - NONTAXABLE RETURNS	54,062	30,423	6,485	\$ (4,022,356)³	\$ (32,845,664)³	\$ 12,963,150³
ALL RESIDENT RETURNS	264,517	201,272	50,793	\$5,047,821,617³	\$ 10,900,610,291³	\$ 1,263,805,747³
ALL NONRESIDENT RETURNS	26,378	20,505	1,932	\$ 213,461,359³	\$ 253,756,393³	\$ 27,571,895³
TOTAL - ALL RETURNS	290,895	221,777	52,725	\$5,261,282,976³	\$ 11,154,366,684³	\$ 1,291,377,642³

See end of table for footnotes.

Individual Income - 1998

TABLE 2 (continued)
 SELECTED DATA ON ALL RETURNS FILED, BY TYPE OF RETURN FILED AND BY ADJUSTED GROSS INCOME CLASS - 1998

ADJUSTED GROSS INCOME CLASS		T a x a b l e I n c o m e			T a x L i a b i l i t y		
		Single ¹	Joint	H/H ²	Single ¹	Joint	H/H ²
<u>TAXABLE RESIDENT RETURNS</u>							
	Under \$ 5,000	\$ 41,953,394	\$ 132,123	\$ 529,471	\$ 1,189,986	\$ 2,826	\$ 11,036
\$	5,000 "	159,898,690	14,213,231	16,872,033	7,738,869	333,502	575,663
	10,000 "	583,815,981	142,117,469	132,332,496	39,156,336	6,444,438	7,460,736
	20,000 "	802,212,439	314,392,282	207,808,665	62,100,540	18,815,405	14,178,088
	30,000 "	651,646,033	462,227,138	157,563,678	54,151,390	30,977,439	11,911,816
	40,000 "	455,363,260	594,922,074	101,794,542	39,300,629	43,072,248	8,085,107
	50,000 "	520,972,421	1,779,872,908	137,296,102	46,304,734	140,147,991	11,437,195
	75,000 "	206,411,224	1,459,509,949	38,871,776	18,823,109	123,278,198	3,412,356
	100,000 "	150,872,670	1,205,555,055	29,680,251	13,622,832	106,551,024	2,687,553
	150,000 "	58,453,032	443,920,878	13,244,426	5,294,671	40,320,014	1,227,659
	200,000 and over	325,667,262	1,460,012,095	64,411,054	28,945,881	134,058,199	5,860,102
TOTAL - TAXABLE RETURNS		\$3,957,266,406	\$7,876,875,202	\$ 900,404,494	\$ 316,628,977	\$ 644,001,284	\$ 66,847,311
<u>NONTAXABLE RESIDENT RETURNS</u>							
Loss							
\$	0 under \$ 5,000	NOT APPLICABLE			NOT APPLICABLE		
	5,000 "	NOT APPLICABLE			NOT APPLICABLE		
	10,000 and over	NOT APPLICABLE			NOT APPLICABLE		
TOTAL - NONTAXABLE RETURNS							
ALL RESIDENT RETURNS		\$3,957,266,406	\$7,876,875,202	\$ 900,404,494	\$ 316,628,977	\$ 644,001,284	\$ 66,847,311
ALL NONRESIDENT RETURNS		HAWAII TAXABLE INCOME NOT ON N-15 RETURN			\$ 20,564,724	\$ 31,248,620	\$ 1,732,660
TOTAL - ALL RETURNS		NOT MEANINGFUL			\$ 337,193,701	\$ 675,249,904	\$ 68,579,971

¹ Includes married filing separately.

² Includes heads of household and qualifying surviving spouses.

³ Includes returns with negative AGI.

Individual Income - 1998

TABLE 3
SELECTED DATA ON NONRESIDENT RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1998

ADJUSTED GROSS INCOME CLASS	Number of Returns	Hawaii Adjusted Gross Income	Worldwide Adjusted Gross Income	No. of Exemptions		Worldwide Taxable Income	Hawaii Tax Liability
				Regular	Age		
<u>TAXABLE NONRESIDENT RETURNS</u>							
Under \$ 5,000	10,203	\$ 26,784,845	\$ 1,249,110,718	16,276	936	\$ 1,188,808,681	\$ 1,388,695
\$ 5,000 "	7,967	57,402,863	506,726,345	13,723	558	448,521,244	2,928,881
10,000 "	7,270	106,089,336	542,799,154	14,491	634	462,482,101	6,319,525
20,000 "	4,194	102,982,655	312,124,692	9,539	249	270,335,648	6,761,496
30,000 "	1,621	55,796,979	376,488,554	4,184	143	321,306,103	3,760,326
40,000 "	1,119	49,508,382	135,552,022	2,597	138	114,991,609	3,262,520
50,000 "	1,335	80,765,890	596,435,310	3,239	117	567,469,989	5,638,781
75,000 "	526	45,284,118	168,968,624	1,345	94	146,980,889	3,194,626
100,000 "	402	47,264,508	200,777,429	964	92	178,365,133	3,588,717
150,000 "	170	29,502,047	232,478,281	399	58	223,962,560	2,377,803
200,000 and over	309	187,791,684	2,097,961,565	739	121	1,898,842,611	14,324,634
TOTAL - TAXABLE RETURNS	35,116	\$ 789,173,307	\$ 6,419,422,694	67,496	3,140	\$ 5,822,066,568	\$ 53,546,004
<u>NONTAXABLE NONRESIDENT RETURNS</u>							
Loss	6,281	\$ (312,068,717)	926,124,355	12,733	2,139	755,738,185	
\$ 0 under \$ 5,000	6,713	3,688,519	2,365,243,270	11,085	1,188	2,193,759,804	NOT
5,000 " 10,000	409	3,082,750	383,320,124	910	127	309,640,053	APPLICABLE
10,000 and over	296	10,913,788	2,580,519,047	533	81	2,427,154,879	
TOTAL - NONTAXABLE RETURNS	13,699	\$ (294,383,660) ¹	\$ 6,255,206,796	25,261	3,535	\$ 5,686,292,921	
ALL NONRESIDENT RETURNS	48,815	\$ 494,789,647 ¹	\$ 12,674,629,490	92,757	6,675	\$ 11,508,359,489	\$ 53,546,004

¹ Includes returns with negative AGI.

Individual Income - 1998

TABLE 4
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1998

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	24,698	\$ 76,933,985	6,773	\$ 4,019,687	16,736	\$ 10,068,014
\$ 5,000 " 10,000	34,561	242,494,225	7,450	10,069,974	23,390	38,840,866
10,000 " 20,000	70,285	1,005,046,484	13,594	24,347,645	44,489	79,847,351
20,000 " 30,000	65,906	1,544,486,010	13,338	25,129,690	47,486	63,467,537
30,000 " 40,000	46,502	1,509,291,816	11,819	19,691,543	37,805	51,627,625
40,000 " 50,000	33,672	1,381,503,930	10,305	19,887,064	28,915	41,224,235
50,000 " 75,000	53,318	2,975,974,340	19,724	42,749,025	49,150	74,997,819
75,000 " 100,000	26,114	1,994,035,075	13,601	29,429,033	25,745	45,715,565
100,000 " 150,000	14,526	1,427,818,004	10,077	36,820,896	15,154	40,404,086
150,000 " 200,000	3,405	426,169,036	2,823	19,874,120	3,717	17,031,643
200,000 and over	4,009	905,937,434	4,075	116,332,569	4,899	105,538,774
TOTAL - TAXABLE RETURNS	376,996	\$ 13,489,690,339	113,579	\$ 348,351,246	297,486	\$ 568,763,515
<u>NONTAXABLE RESIDENT RETURNS</u>						
Loss	1,673	\$ 29,702,480	2,312	\$ 4,902,842	5,034	\$ 17,519,185
\$ 0 under \$ 5,000	19,895	45,794,638	8,577	6,631,191	34,263	36,184,844
5,000 " 10,000	3,006	26,590,306	3,176	5,275,786	7,034	15,893,317
10,000 and over	4,068	84,503,448	2,576	10,609,527	5,880	17,759,730
TOTAL - NONTAXABLE RETURNS	28,642	\$ 186,590,872	16,641	\$ 27,419,346	52,211	\$ 87,357,076
ALL RESIDENT RETURNS	405,638	\$ 13,676,281,211	130,220	\$ 375,770,592	349,697	\$ 656,120,591
ALL NONRESIDENT RETURNS	29,344	\$ 478,488,443	3,413	\$ 8,085,459	12,277	\$ 29,700,601
TOTAL - ALL RETURNS	434,982	\$ 14,154,769,654	133,633	\$ 383,856,051	361,974	\$ 685,821,192

Individual Income - 1998

TABLE 4 (continued)
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1998

ADJUSTED GROSS INCOME CLASS	BUSINESS AND PROFESSIONS				SALE OF CAPITAL ASSETS & OTHER PROPERTY					
	Profit		Loss		Profit		Loss			
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount		
<u>TAXABLE RESIDENT RETURNS</u>										
Under \$ 5,000	1,518	\$ 4,737,581	235	\$ 1,010,701	5,209	\$ 6,039,473	404	\$ 407,316		
\$ 5,000 "	3,837	21,728,447	692	4,492,986	4,890	10,594,544	590	1,165,045		
10,000 "	7,010	61,370,860	2,347	10,872,038	8,829	26,553,969	1,881	5,532,051		
20,000 "	6,332	64,305,641	2,621	7,564,893	8,873	32,946,324	2,114	6,711,216		
30,000 "	5,203	59,154,829	2,511	8,645,519	8,008	35,606,321	1,688	5,924,208		
40,000 "	4,217	54,379,399	2,236	8,254,606	6,335	31,127,875	1,251	2,577,744		
50,000 "	7,176	96,153,177	3,837	14,272,580	13,065	78,942,983	3,053	7,713,321		
75,000 "	4,144	91,578,260	1,957	9,311,607	9,392	72,932,087	1,888	3,992,323		
100,000 "	2,958	107,812,916	1,209	4,274,556	7,190	94,212,851	1,537	4,865,377		
150,000 "	900	57,579,311	260	1,459,467	2,185	65,975,523	447	1,297,787		
200,000 and over	1,288	177,146,995	360	7,121,537	3,128	487,203,240	836	6,332,113		
TOTAL - TAXABLE RETURNS	44,583	\$ 795,947,416	18,265	\$ 77,280,490	77,104	\$ 942,135,190	15,689	\$ 46,518,501		
<u>NONTAXABLE RESIDENT RETURNS</u>										
Loss	893	\$ 9,312,176	2,021	\$ 26,252,116	878	\$ 35,152,331	2,017	\$ 24,815,077		
\$ 0 under \$ 5,000	3,453	10,256,562	1,120	6,088,693	3,831	5,332,250	1,464	4,973,638		
5,000 "	1,393	7,333,667	253	1,455,603	1,766	2,713,378	783	2,827,560		
10,000 and over	1,426	15,634,881	598	4,679,201	1,510	11,204,494	739	6,747,593		
TOTAL - NONTAXABLE RETURNS	7,165	\$ 42,537,286	3,992	\$ 38,475,613	7,985	\$ 54,402,453	5,003	\$ 39,363,868		
ALL RESIDENT RETURNS	51,748	\$ 838,484,702	22,257	\$ 115,756,103	85,089	\$ 996,537,643	20,692	\$ 85,882,369		
ALL NONRESIDENT RETURNS	1,611	\$ 18,396,664	1,015	\$ 10,672,466	3,674	\$ 149,312,915	1,335	\$ 3,222,123		
TOTAL - ALL RETURNS	53,359	\$ 856,881,366	23,272	\$ 126,428,569	88,763	\$ 1,145,850,558	22,027	\$ 89,104,492		

Individual Income - 1998

TABLE 4 (continued)
 SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1998

ADJUSTED GROSS INCOME CLASS	RENTS AND ROYALTIES				PARTNERSHIPS AND S-CORPORATIONS			
	Profit		Loss		Profit		Loss	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
TAXABLE RESIDENT RETURNS								
Under \$ 5,000	260	\$ 610,735	46	\$ 600,683	336	\$ 619,026	84	\$ 36,267
\$ 5,000 " 10,000	1,175	4,604,307	659	4,682,847	549	2,403,330	127	708,829
10,000 " 20,000	3,202	16,589,379	2,089	14,608,081	1,103	6,949,820	762	2,425,830
20,000 " 30,000	2,719	21,660,184	2,877	16,697,433	1,162	10,363,444	740	4,813,050
30,000 " 40,000	2,619	18,523,066	3,178	23,856,042	1,334	9,930,246	933	5,058,725
40,000 " 50,000	2,053	17,156,281	2,952	20,717,493	1,207	11,618,534	547	2,383,073
50,000 " 75,000	3,719	28,057,515	6,169	48,603,943	2,074	26,916,902	1,391	9,815,867
75,000 " 100,000	2,480	23,531,900	3,986	32,379,576	1,893	24,935,254	1,051	9,057,463
100,000 " 150,000	2,253	26,478,564	2,881	22,494,007	1,849	60,403,849	940	6,356,965
150,000 " 200,000	689	9,324,603	488	5,887,051	911	56,350,345	309	1,995,669
200,000 and over	1,175	50,247,570	695	18,328,685	1,613	256,573,314	680	29,395,191
TOTAL - TAXABLE RETURNS	22,344	\$ 216,784,104	26,020	\$ 208,855,841	14,031	\$ 467,064,064	7,564	\$ 72,046,929
<u>NONTAXABLE RESIDENT RETURNS</u>								
Loss	469	\$ 5,280,981	2,246	\$ 28,063,911	360	\$ 8,171,287	705	\$ 94,418,949
\$ 0 under \$ 5,000	1,681	3,902,759	1,180	7,752,079	317	361,577	360	1,034,951
5,000 " 10,000	1,052	4,826,522	781	5,464,854	295	981,542	212	935,135
10,000 and over	995	6,977,008	1,292	12,687,511	310	8,458,234	401	3,722,494
TOTAL - NONTAXABLE RETURNS	4,197	\$ 20,987,270	5,499	\$ 53,968,355	1,282	\$ 17,972,640	1,678	\$ 100,111,529
ALL RESIDENT RETURNS	26,541	\$ 237,771,374	31,519	\$ 262,824,196	15,313	\$ 485,036,704	9,242	\$ 172,158,458
ALL NONRESIDENT RETURNS	--	--	--	--	--	--	--	--
TOTAL - ALL RETURNS	26,541	\$ 237,771,374	31,519	\$ 262,824,196	15,313	\$ 485,036,704	9,242	\$ 172,158,458

See end of table for footnotes.

Individual Income - 1998

TABLE 4 (continued)
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1998

ADJUSTED GROSS INCOME CLASS	ESTATES AND TRUSTS		UNEMPLOYMENT COMPENSATION		PENSIONS AND ANNUITIES ²		TAXABLE IRA DISTRIBUTIONS	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
<u>TAXABLE RESIDENT RETURNS</u>								
Under \$ 5,000	84	\$ 672,504	696	\$ 1,196,598	1,833	\$ 22,286,785	611	\$ 1,137,212
\$ 5,000 " 10,000	212	257,964	3,244	9,491,578	7,704	105,017,380	2,868	10,209,736
10,000 " 20,000	276	437,141	7,271	23,214,793	14,099	233,406,678	6,760	34,332,606
20,000 " 30,000	403	2,504,765	5,283	17,309,060	10,630	165,886,576	5,305	32,573,722
30,000 " 40,000	274	1,333,323	4,683	18,288,263	8,184	131,358,533	3,847	26,030,053
40,000 " 50,000	291	1,719,430	3,504	12,072,307	6,338	99,616,206	2,857	21,515,218
50,000 " 75,000	476	5,737,111	5,156	17,431,610	9,752	152,242,059	5,096	44,324,008
75,000 " 100,000	375	2,915,081	1,823	5,269,126	4,652	76,246,416	3,178	37,410,890
100,000 " 150,000	387	6,596,484	489	1,705,310	2,784	53,648,662	1,490	25,680,295
150,000 " 200,000	117	2,121,066	58	152,463	706	20,047,872	386	9,123,264
200,000 and over	423	78,764,514	14	44,543	1,124	48,477,615	370	12,601,856
TOTAL - TAXABLE RETURNS	3,318	\$ 103,059,383	32,221	\$ 106,175,651	67,806	\$ 1,108,234,782	32,768	\$ 254,938,860
<u>NONTAXABLE RESIDENT RETURNS</u>								
Loss	77	\$ 358,443	109	\$ 357,498	2,549	\$ 58,888,976	587	\$ 8,092,722
\$ 0 under \$ 5,000	124	(325,208)	1,076	2,088,999	21,820	370,658,107	3,579	23,064,722
5,000 " 10,000	62	268,218	212	393,402	5,116	107,823,556	1,611	7,695,253
10,000 and over	156	794,886	443	1,776,680	3,606	90,667,576	1,453	14,299,644
TOTAL - NONTAXABLE RETURNS	419	\$ 1,096,339	1,840	\$ 4,616,579	33,091	\$ 628,038,215	7,230	\$ 53,152,341
ALL RESIDENT RETURNS	3,737	\$ 104,155,722	34,061	\$ 110,792,230	100,897	\$ 1,736,272,997	39,998	\$ 308,091,201
ALL NONRESIDENT RETURNS	--	-- ¹	2,308	\$ 8,974,287	778	\$ 4,199,946	--	-- ¹
TOTAL - ALL RETURNS	3,737	\$ 104,155,722	36,369	\$ 119,766,517	101,675	\$ 1,740,472,943	39,998	\$ 308,091,201

See end of table for footnotes.

Individual Income - 1998

TABLE 4 (continued)
 SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1998

ADJUSTED GROSS INCOME CLASS	STATE TAX REFUND INCOME		FEDERALLY-TAXABLE SOCIAL SECURITY		MISCELLANEOUS SOURCES ³				
	Number of Returns	Amount	Number of Returns	Amount	Gain		Loss		
					Number of Returns	Amount	Number of Returns	Amount	
TAXABLE RESIDENT RETURNS									
Under \$ 5,000	550	\$ 143,832	361	\$ 1,343,027	644	\$ 1,148,112	408	\$ 485,142	
\$ 5,000 "	2,121	902,687	2,525	12,869,692	2,369	6,722,400	1,048	740,590	
10,000 "	6,290	3,535,613	7,462	47,662,867	4,043	13,631,502	1,815	3,633,663	
20,000 "	12,916	9,118,189	7,433	50,677,999	3,901	12,048,610	1,543	1,579,658	
30,000 "	15,755	13,380,053	5,233	44,543,315	3,039	10,797,024	1,137	2,903,234	
40,000 "	16,066	14,985,164	3,026	30,075,404	2,878	9,311,153	1,182	3,529,916	
50,000 "	32,162	32,801,289	3,905	42,059,918	4,925	17,368,139	1,553	2,230,695	
75,000 "	17,828	20,400,888	1,627	20,043,485	3,514	14,622,174	1,036	3,629,347	
100,000 "	9,378	12,498,643	1,177	15,011,452	2,171	10,167,187	646	11,595,749	
150,000 "	2,091	4,326,224	406	6,000,629	749	6,229,643	148	229,486	
200,000 and over	2,935	17,258,992	775	11,491,272	1,217	26,378,719	338	4,496,970	
TOTAL - TAXABLE RETURNS	118,092	\$ 129,351,574	33,930	\$ 281,779,060	29,450	\$ 128,424,663	10,854	\$ 35,054,450	
NONTAXABLE RESIDENT RETURNS									
Loss	1,584	\$ 1,534,338	697	\$ 5,241,499	326	\$ 1,164,278	1,954	\$ 168,284,335	
\$ 0 under \$ 5,000	4,937	1,222,839	5,495	26,335,513	2,006	2,431,405	1,746	2,476,268	
5,000 "	2,427	888,724	2,487	15,250,869	903	2,758,246	592	1,532,426	
10,000 and over	4,233	5,204,682	2,495	23,583,303	976	5,315,897	617	5,624,568	
TOTAL - NONTAXABLE RETURNS	13,181	\$ 8,850,583	11,174	\$ 70,411,184	4,211	\$ 11,669,826	4,909	\$ 177,917,597	
ALL RESIDENT RETURNS	131,273	\$ 138,202,157	45,104	\$ 352,190,244	33,661	\$ 140,094,489	15,763	\$ 212,972,047	
ALL NONRESIDENT RETURNS	--	-- ¹	--	-- ¹	9,269	\$ 179,038,784	7,116	\$ 350,270,895	
TOTAL - ALL RETURNS	131,273	\$ 138,202,157	45,104	\$ 352,190,244	42,930	\$ 319,133,273	22,879	\$ 563,242,942	

See end of table for footnotes.

Individual Income - 1998

TABLE 4 (continued)
 SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1998

ADJUSTED GROSS INCOME CLASS	UNKNOWN SOURCES ⁴				FEDERAL TOTAL INCOME FROM ALL SOURCES	
	Profit		Loss		Number of Returns	Amount
	Number of Returns	Amount	Number of Returns	Amount		
<u>TAXABLE RESIDENT RETURNS</u>						
Under \$ 5,000	1,969	\$ 325,358	1,225	\$ 2,429,217	33,394	\$ 126,312,603
\$ 5,000 " 10,000	4,204	3,400,878	1,377	3,236,758	45,389	464,580,953
10,000 " 20,000	8,552	4,444,439	3,196	10,457,756	82,637	1,533,841,728
20,000 " 30,000	8,456	4,335,550	2,892	7,806,741	71,787	2,011,640,310
30,000 " 40,000	6,300	7,637,682	2,451	8,930,170	49,623	1,901,875,794
40,000 " 50,000	4,538	8,830,419	1,816	9,346,639	35,424	1,708,213,148
50,000 " 75,000	6,805	14,269,243	3,457	14,281,479	55,700	3,553,107,253
75,000 " 100,000	3,468	16,421,455	1,938	14,262,014	27,252	2,402,854,359
100,000 " 150,000	2,253	23,149,422	1,027	8,856,149	15,627	1,883,965,818
150,000 " 200,000	590	10,828,989	293	15,670,827	3,800	684,594,444
200,000 and over	1,151	175,021,535	404	91,019,688	4,979	2,312,324,758
TOTAL - TAXABLE RETURNS	48,286	\$ 268,664,970	20,076	\$ 186,297,438	425,612	\$ 18,583,311,168
<u>NONTAXABLE RESIDENT RETURNS</u>						
Loss	741	\$ 21,434,465	674	\$ 92,586,618	6,345	\$ (227,307,505)
\$ 0 under \$ 5,000	4,947	4,310,895	1,523	7,376,177	69,831	508,549,287
5,000 " 10,000	2,108	2,085,200	273	367,373	8,077	188,195,035
10,000 and over	1,595	4,011,664	468	7,328,217	6,717	260,012,070
TOTAL - NONTAXABLE RETURNS	9,391	\$ 31,842,224	2,938	\$ 107,658,385	90,970	\$ 729,448,887
ALL RESIDENT RETURNS	57,677	\$ 300,507,194	23,014	\$ 293,955,823	516,582	\$ 19,312,760,055
ALL NONRESIDENT RETURNS	not applicable		not applicable		not available	
TOTAL - ALL RETURNS	57,677	\$ 300,507,194	23,014	\$ 293,955,823	516,582	\$ 19,312,760,055

See end of table for footnotes.

Individual Income - 1998

TABLE 4 (continued)
 SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 1998

ADJUSTED GROSS INCOME CLASS	ITEMS TAXED BY HAWAII BUT NOT BY FEDERAL		ITEMS TAXED BY FEDERAL BUT NOT BY HAWAII		HAWAII TOTAL INCOME		STATUTORY ADJUSTMENTS	
	Number of Returns	Amount	Number of Returns	Amount ⁶	Number of Returns	Amount	Number of Returns	Amount
TAXABLE RESIDENT RETURNS								
Under \$ 5,000	976	\$ 401,418	3,349	\$ 23,718,890	33,394	\$ 102,995,131	2,231	\$ 1,279,026
\$ 5,000 "	2,441	1,183,380	8,838	121,403,960	45,389	344,360,373	5,542	4,510,759
10,000 "	7,563	6,253,262	17,968	289,242,263	82,637	1,250,852,727	11,644	15,286,536
20,000 "	12,712	13,773,919	20,400	224,797,910	71,787	1,800,616,319	12,699	19,352,444
30,000 "	8,989	14,971,739	18,475	175,969,841	49,623	1,740,877,692	9,769	17,321,329
40,000 "	7,914	23,801,822	16,763	126,529,725	35,424	1,605,485,245	7,380	15,202,474
50,000 "	12,384	55,478,693	32,032	191,542,837	55,700	3,417,043,109	12,347	24,216,529
75,000 "	7,914	53,013,630	16,734	95,604,265	27,252	2,360,263,724	5,989	18,823,131
100,000 "	4,992	46,237,252	9,870	66,753,016	15,627	1,863,450,054	4,188	20,947,467
150,000 "	999	8,591,046	2,374	25,838,112	3,800	667,347,378	1,399	11,389,160
200,000 and over	1,637	26,932,650	3,626	80,904,391	4,979	2,258,353,017	2,218	27,173,389
TOTAL - TAXABLE RETURNS	68,521	\$ 250,638,811	150,429	\$ 1,422,305,210	425,612	\$ 17,411,644,769	75,406	\$ 175,502,244
<u>NONTAXABLE RESIDENT RETURNS</u>								
Loss	972	\$ 43,438,661	3,404	\$ 114,872,605	6,345	\$ (298,741,449)	1,274	\$ 2,878,658
\$ 0 under \$ 5,000	2,657	1,801,598	22,467	425,509,639	69,831	84,841,246	3,772	2,627,036
5,000 "	1,252	542,151	5,386	131,036,334	8,077	57,700,852	1,561	1,660,206
10,000 and over	1,219	5,154,720	5,141	122,842,552	6,717	142,324,238	1,704	2,863,857
TOTAL - NONTAXABLE RETURNS	6,100	\$ 50,937,130	36,398	\$ 794,261,130	90,970	\$ (13,875,113)	8,311	\$ 10,029,757
ALL RESIDENT RETURNS	74,621	\$ 301,575,941	186,827	\$ 2,216,566,340	516,582	\$ 17,397,769,656	83,717	\$ 185,532,001
ALL NONRESIDENT RETURNS	not meaningful		not meaningful		48,815	\$ 512,031,615	6,171	\$ 17,241,968
TOTAL - ALL RETURNS	74,621	\$ 301,575,941	186,827	\$ 2,216,566,340	565,397	\$ 17,909,801,271	89,888	\$ 202,773,969

1 Included in "all other sources".

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

3 Residents: federally-taxable sources, including alimony received. Nonresidents: Hawaii-taxable sources, including Schedule E.

4 Items not on Hawaii return and federal return not available in IRS data set.

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

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

Individual Income - 1998

TABLE 5
SOURCES OF INCOME REPORTED IN EACH DISTRICT BY NUMBER OF RETURNS AND AMOUNT - 1998
(Resident Returns)

SOURCES OF INCOME	TAXATION DISTRICT							
	FIRST		SECOND		THIRD		FOURTH	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Salaries and Wages	297,778	\$ 10,565,552,349	44,163	\$ 1,351,909,038	44,334	\$ 1,199,659,329	19,363	\$ 559,160,495
Taxable Dividends	101,677	297,431,013	11,441	37,662,073	11,792	29,208,969	5,310	11,468,537
Interest	261,264	510,762,293	33,938	51,117,561	37,183	67,643,307	17,312	26,597,430
Business and Professions								
Net Profit	34,785	607,810,591	6,128	87,492,916	8,020	107,373,079	2,815	35,808,116
Net Loss	13,814	(69,062,859)	3,268	(18,421,356)	3,703	(20,687,478)	1,472	(7,584,410)
Sale of Capital Assets								
Net Gain	67,303	777,513,355	7,006	86,115,926	7,381	96,728,990	3,399	36,179,372
Net Loss	15,765	(69,833,485)	1,911	(6,719,200)	2,031	(5,988,607)	985	(3,341,077)
Rents and Royalties								
Net Profit	19,646	188,026,382	2,835	20,990,291	2,704	20,382,253	1,356	8,372,448
Net Loss	24,016	(209,635,704)	3,601	(27,572,285)	2,577	(16,370,470)	1,325	(9,245,737)
Partnerships and S-Corporations								
Net Profit	11,872	391,052,447	1,503	48,210,979	1,476	34,029,167	462	11,744,111
Net Loss	6,995	(146,138,816)	1,050	(11,913,159)	769	(6,827,994)	428	(7,278,489)
Estates and Trusts	2,920	70,998,671	371	10,259,784	345	11,131,052	101	11,766,215
Unemployment Compensation	22,029	75,547,563	4,363	10,816,189	5,327	16,769,262	2,342	7,659,216
Pensions and Annuities	78,560	1,439,602,169	8,181	98,715,962	9,662	144,560,163	4,494	53,394,703
Taxable IRA Distributions	31,302	250,367,074	3,581	25,268,878	3,568	22,188,640	1,547	10,266,609
State Tax Refund Income	99,610	107,098,491	13,277	15,210,361	12,485	10,953,401	5,901	4,939,904
Federally-Taxed Social Security ¹	36,577	289,480,413	3,275	24,629,533	3,677	28,195,074	1,575	9,885,224
All Other Sources	90,430	(81,830,968)	10,774	7,318,226	12,207	12,478,076	4,895	(4,291,521)
Federal Total Income	379,863	\$ 14,994,740,979	53,193	\$ 1,811,091,717	58,675	\$ 1,751,426,213	24,851	\$ 755,501,146
Hawaii Additions ²	56,689	254,708,787	6,326	18,008,892	7,628	22,429,617	3,978	6,428,645
Hawaii Subtractions ³	142,957	1,843,298,494	17,128	126,001,802	18,357	182,957,287	8,385	64,308,757
Hawaii Total Income	379,863	\$ 13,406,151,272	53,193	\$ 1,703,098,807	58,675	\$ 1,590,898,543	24,851	\$ 697,621,034
Less Adjustments to Income	59,386	138,215,014	8,933	17,678,823	10,832	21,288,394	4,566	8,349,770
Adjusted Gross Income ⁴	379,863	\$ 13,267,936,258	53,193	\$ 1,685,419,984	58,675	\$ 1,569,610,149	24,851	\$ 689,271,264

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

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

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

⁴ Includes losses.

Individual Income - 1998

TABLE 6
 TYPES OF DEDUCTIONS BY ADJUSTED GROSS INCOME CLASS - 1998
 (Resident Returns)

ADJUSTED GROSS INCOME CLASS	CONTRIBUTIONS		INTEREST		MEDICAL & DENTAL		CASUALTY LOSS	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
<u>TAXABLE RESIDENT RETURNS</u>								
Under \$ 5,000	402	\$ 213,680	26	\$ 223,626	367	\$ 571,461	--	\$ --
\$ 5,000 "	4,112	3,094,542	1,243	2,122,415	3,620	5,982,821	--	--
10,000 "	19,671	20,418,651	7,030	30,840,809	10,858	21,413,167	127	293,687
20,000 "	34,297	34,181,852	14,599	94,991,692	9,981	18,960,372	204	774,756
30,000 "	31,831	35,521,124	16,894	135,786,421	6,472	13,628,939	105	741,888
40,000 "	27,339	34,691,606	17,221	156,923,071	4,015	9,174,927	168	538,302
50,000 "	47,711	72,359,860	36,475	398,095,671	3,746	11,263,904	94	305,790
75,000 "	24,953	44,059,385	22,188	291,592,393	957	3,877,895	32	11,094
100,000 "	14,736	34,692,206	13,265	209,949,352	343	2,858,558	21	573,221
150,000 "	3,430	11,228,169	3,240	63,308,806	64	1,817,978	--	--
200,000 and over	4,586	75,046,632	4,009	122,457,666	81	3,443,272	6	79,722
TOTAL - TAXABLE RETURNS	213,068	\$ 365,507,707	136,190	\$ 1,506,291,922	40,504	\$ 92,993,294	757	\$ 3,318,460
<u>NONTAXABLE RESIDENT RETURNS</u>								
Loss	924	\$ 1,957,916	2,054	\$ 27,166,509	1,765	\$ 7,365,807	217	\$ 1,052,440
\$ 0 under \$ 5,000	7,803	8,192,016	5,791	37,655,491	7,549	24,478,104	102	398,194
5,000 "	4,608	6,068,157	3,884	27,740,437	3,942	14,119,355	21	64,113
10,000 and over	5,231	14,516,560	5,725	96,168,131	3,400	32,985,915	65	957,552
TOTAL - NONTAXABLE RETURNS	18,566	\$ 30,734,649	17,454	\$ 188,730,568	16,656	\$ 78,949,181	405	\$ 2,472,299
ALL RESIDENT RETURNS	231,634	\$ 396,242,356	153,644	\$ 1,695,022,490	57,160	\$ 171,942,475	1,162	\$ 5,790,759

Individual Income - 1998

TABLE 6 (continued)
 TYPES OF DEDUCTIONS BY ADJUSTED GROSS INCOME CLASS - 1998
 (Resident Returns)

ADJUSTED GROSS INCOME CLASS	TAXES		MISCELLANEOUS DEDUCTIONS		TOTAL ALLOWABLE ITEMIZED DEDUCTIONS	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
<u>TAXABLE RESIDENT RETURNS</u>						
Under \$ 5,000	621	\$ 338,189	264	\$ 190,170	812	\$ 1,537,126
\$ 5,000 " 10,000	4,591	3,229,829	2,381	1,985,712	5,247	16,415,319
10,000 " 20,000	22,358	26,591,476	10,251	15,962,061	23,260	115,519,851
20,000 " 30,000	43,706	82,513,335	15,946	26,580,392	43,993	258,002,399
30,000 " 40,000	40,364	106,753,078	14,403	29,533,954	40,493	321,965,404
40,000 " 50,000	31,635	109,198,276	11,328	25,904,713	31,718	336,430,895
50,000 " 75,000	53,047	246,110,920	19,263	53,367,121	53,191	781,402,689
75,000 " 100,000	26,780	179,987,901	9,033	26,998,505	26,842	546,382,014
100,000 " 150,000	15,548	147,318,190	4,756	18,341,920	15,564	405,461,871
150,000 " 200,000	3,771	55,725,019	1,022	4,273,960	3,771	128,124,382
200,000 and over	4,935	196,804,574	1,624	18,378,830	4,935	365,183,697
TOTAL - TAXABLE RETURNS	247,356	\$ 1,154,570,787	90,271	\$ 221,517,338	249,826	\$ 3,276,425,647
<u>NONTAXABLE RESIDENT RETURNS</u>						
Loss	2,685	\$ 5,460,170	1,885	\$ 2,724,556	3,087	\$ 45,727,398
\$ 0 under \$ 5,000	8,354	7,187,999	5,454	2,674,328	10,347	80,586,132
5,000 " 10,000	5,279	5,423,301	2,750	2,754,172	5,758	56,169,535
10,000 and over	6,481	15,530,975	2,676	13,465,602	6,653	173,497,602
TOTAL - NONTAXABLE RETURNS	22,799	\$ 33,602,445	12,765	\$ 21,618,658	25,845	\$ 355,980,667
ALL RESIDENT RETURNS	270,155	\$ 1,188,173,232	103,036	\$ 243,135,996	275,671	\$ 3,632,406,314

Individual Income - 1998

TABLE 6 (continued)
 TYPES OF DEDUCTIONS BY ADJUSTED GROSS INCOME CLASS - 1998
 (Resident Returns)

ADJUSTED GROSS INCOME CLASS	STANDARD DEDUCTIONS		TOTAL ALLOWABLE & STANDARD DEDUCTIONS		UNALLOWED ITEMIZED DEDUCTIONS	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
<u>TAXABLE RESIDENT RETURNS</u>						
Under \$ 5,000	32,339	\$ 41,969,532	33,151	\$ 43,506,658	--	\$ --
\$ 5,000 "	40,102	62,157,957	45,349	78,573,276	--	--
10,000 "	59,357	93,761,218	82,617	209,281,069	--	--
20,000 "	27,794	45,066,650	71,787	303,069,049	--	--
30,000 "	9,130	14,977,350	49,623	336,942,754	--	--
40,000 "	3,706	6,261,080	35,424	342,691,975	--	--
50,000 "	2,509	4,361,300	55,700	785,763,989	364	100,577
75,000 "	410	732,150	27,252	547,114,164	145	145,159
100,000 "	63	108,100	15,627	405,569,971	14,728	8,271,576
150,000 "	29	49,900	3,800	128,174,282	3,771	8,229,550
200,000 and over	44	76,400	4,979	365,260,097	4,935	51,026,999
TOTAL - TAXABLE RETURNS	175,483	\$ 269,521,637	425,309	\$ 3,545,947,284	23,943	\$ 67,773,861
<u>NONTAXABLE RESIDENT RETURNS</u>						
Loss	3,258	\$ 4,895,750	6,345	\$ 50,623,148	--	\$ --
\$ 0 under \$ 5,000	59,424	91,740,297	69,771	172,326,429	--	--
5,000 " 10,000	2,319	4,451,281	8,077	60,620,816	--	--
10,000 and over	64	121,600	6,717	173,619,202	56	127,133
TOTAL - NONTAXABLE RETURNS	65,065	\$ 101,208,928	90,910	\$ 457,189,595	56	\$ 127,133
ALL RESIDENT RETURNS	240,548	\$ 370,730,565	516,219	\$ 4,003,136,879	23,999	\$ 67,900,994

Individual Income - 1998

TABLE 7
 TYPES OF DEDUCTIONS CLAIMED IN EACH TAXATION DISTRICT BY NUMBER OF RETURNS AND DOLLAR AMOUNT REPORTED AND ALLOWED - 1998
 (Resident Returns)

TYPE OF DEDUCTION	TAXATION DISTRICT							
	FIRST		SECOND		THIRD		FOURTH	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Itemized Contributions	175,212	\$ 312,722,907	24,909	\$ 41,248,977	20,396	\$ 28,556,733	11,117	\$ 13,713,739
Interest	115,382	1,340,524,867	15,227	165,198,642	16,259	133,365,199	6,776	55,933,782
Medical and Dental	42,933	131,662,007	5,732	15,973,745	5,250	16,632,392	3,245	7,674,331
Casualty Loss	951	5,251,662	71	126,650	87	250,877	53	161,570
Taxes	202,624	934,388,531	28,986	111,907,036	25,829	98,340,333	12,716	43,537,332
Other Itemized Deductions	75,010	180,457,726	13,352	36,672,760	9,097	14,778,962	5,577	11,226,548
Total Itemized Deductions	206,817	\$2,905,007,700	29,595	\$ 371,127,810	26,344	\$ 291,924,496	12,915	\$ 132,247,302
Less: Unallowed Itemized Deductions	20,250	55,850,006	1,669	5,484,731	1,501	4,937,590	579	1,628,667
Net Allowed Itemized Deductions	206,817	\$2,849,157,694	29,595	\$ 365,643,079	26,344	\$ 286,986,906	12,915	\$ 130,618,635
Standard Deduction	172,841	265,532,398	23,577	36,430,034	32,194	50,218,575	11,936	18,549,558
Total Allowed Deductions	379,658	\$3,114,690,092	53,172	\$ 402,073,113	58,538	\$ 337,205,481	24,851	\$ 149,168,193

Individual Income - 1998

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 - 1998

ADJUSTED GROSS INCOME CLASS	DEPENDENTS		EXEMPTIONS ¹			TAX WITHHELD	
	Number of Returns	Number of Dependents	Number of Returns	Number of Exemptions	Amount	Number of Returns	Amount
<u>TAXABLE RESIDENT RETURNS</u>							
Under \$ 5,000	823	934	12,965	15,838	\$ 16,471,520	23,632	\$ 3,503,037
\$ 5,000 "	7,117	11,277	37,697	67,140	70,297,400	33,779	12,466,636
10,000 "	21,578	37,969	80,059	157,440	168,060,840	69,256	59,466,025
20,000 "	22,195	39,767	71,558	143,433	153,867,120	65,651	101,307,606
30,000 "	18,051	33,209	49,580	108,993	115,176,760	46,398	101,277,093
40,000 "	16,133	31,983	35,424	90,568	95,510,920	33,522	94,559,907
50,000 "	30,261	58,036	55,700	159,782	168,921,160	53,203	204,182,662
75,000 "	16,899	31,727	27,252	85,068	89,533,480	25,999	141,254,769
100,000 "	9,293	17,270	15,627	48,432	50,824,640	14,420	104,832,519
150,000 "	2,023	3,773	3,800	11,622	12,165,600	3,352	32,072,044
200,000 and over	2,418	4,511	4,979	14,908	15,829,120	3,958	75,454,056
TOTAL - TAXABLE RETURNS	146,791	270,456	394,641	903,224	\$ 956,658,560	373,170	\$ 930,376,354
<u>NONTAXABLE RESIDENT RETURNS</u>							
Loss	1,012	1,654	6,008	13,518	\$ 14,561,200	1,390	\$ 1,543,608
\$ 0 under \$ 5,000	8,442	15,351	64,822	141,685	151,303,880	17,850	1,666,464
5,000 "	1,891	4,400	8,077	27,368	32,922,400	2,861	1,055,354
10,000 and over	1,892	3,724	6,717	19,586	24,402,480	3,787	4,580,707
TOTAL - NONTAXABLE RETURNS	13,237	25,129	85,624	202,157	\$ 223,189,960	25,888	\$ 8,846,133
ALL RESIDENT RETURNS	160,028	295,585	480,265	1,105,381	\$ 1,179,848,520	399,058	\$ 939,222,487
ALL NONRESIDENT RETURNS	13,729	24,648	47,532	99,432	\$ 104,023,200	29,375	\$ 33,248,268
TOTAL - ALL RETURNS	173,757	320,233	527,797	1,204,813	\$ 1,283,871,720	428,433	\$ 972,470,755

See end of table for footnotes.

Individual Income - 1998

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 - 1998

ADJUSTED GROSS INCOME CLASS	PAYMENTS OF DECLARATION ²		BALANCE DUE		REFUNDS & AMOUNT CREDITED	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
<u>TAXABLE RESIDENT RETURNS</u>						
Under \$ 5,000	903	\$ 204,986	7,187	\$ 310,705	25,974	\$ 3,380,595
\$ 5,000 " 10,000	1,663	772,599	8,761	1,101,638	36,481	8,240,323
10,000 " 20,000	6,197	4,612,803	16,539	4,378,209	65,994	22,559,008
20,000 " 30,000	5,909	6,576,822	17,278	5,408,450	54,363	25,092,420
30,000 " 40,000	4,522	6,914,282	17,041	6,736,480	32,538	21,847,923
40,000 " 50,000	3,930	6,997,776	11,098	5,786,516	24,326	20,536,486
50,000 " 75,000	5,932	13,457,841	15,867	10,716,812	39,782	38,290,290
75,000 " 100,000	4,135	12,752,695	8,198	8,003,801	19,024	20,684,490
100,000 " 150,000	4,240	18,557,405	5,991	9,003,156	9,612	12,839,954
150,000 " 200,000	1,805	13,725,792	1,723	4,664,697	2,072	4,931,334
200,000 and over	3,226	88,682,136	1,995	14,727,710	2,958	21,925,821
TOTAL - TAXABLE RETURNS	42,462	173,255,137	111,678	\$ 70,838,174	313,124	\$ 200,328,644
<u>NONTAXABLE RESIDENT RETURNS</u>						
Loss	459	\$ 553,174	--	\$ --	5,842	\$ 2,620,367
\$ 0 under \$ 5,000	740	398,601	--	--	67,182	6,770,659
5,000 " 10,000	315	182,822	--	--	7,952	1,976,707
10,000 and over	717	1,560,549	--	--	6,641	6,717,764
TOTAL - NONTAXABLE RETURNS	2,231	\$ 2,695,146	--	\$ --	87,617	\$ 18,085,497
ALL RESIDENT RETURNS	44,693	\$ 175,950,283	111,678	\$ 70,838,174	400,741	\$ 218,414,141
ALL NONRESIDENT RETURNS	4,864	\$ 30,722,629	14,979	\$ 7,405,086	23,331	\$ 19,755,722
TOTAL - ALL RETURNS	49,557	\$ 206,672,912	126,657	\$ 78,243,260	424,072	\$ 238,169,863

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.

Individual Income - 1998

TABLE 9
NUMBER OF RETURNS FILED, BY NUMBER OF EXEMPTIONS CLAIMED AND BY ADJUSTED GROSS INCOME CLASS - 1998

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	57,249	19,769	3,732	1,857	798	365	27,179	11,062	
\$ 5,000 " 10,000	27,534	12,732	2,881	1,527	705	395	8,246	6,204	
10,000 " 20,000	48,182	21,895	8,007	3,491	1,946	1,046	9,442	7,314	
20,000 " 30,000	39,761	17,668	7,990	4,533	1,762	1,366	5,743	3,414	
30,000 " 40,000	23,672	11,875	6,240	5,036	1,915	1,201	3,075	1,713	
40,000 " 50,000	12,594	8,745	5,352	5,011	2,399	1,449	1,650	1,077	
50,000 " 75,000	11,225	16,461	10,884	10,833	4,405	2,007	1,995	1,482	
75,000 " 100,000	3,030	7,742	6,293	6,957	2,479	781	996	757	
100,000 " 150,000	1,576	5,041	3,463	3,893	1,277	414	792	540	
150,000 " 200,000	400	1,444	649	997	255	67	242	259	
200,000 and over	713	1,947	898	999	315	115	483	428	
TOTAL - RESIDENT RETURNS	225,936	125,319	56,389	45,134	18,256	9,206	59,843	34,250	
TOTAL - NONRESIDENT RETURNS	23,048	13,033	5,081	4,254	1,529	587	2,909	1,883	
TOTAL - ALL RETURNS	248,984	138,352	61,470	49,388	19,785	9,793	62,752	36,133	

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

Individual Income - 1998

TABLE 10
 AVERAGE TAX LIABILITY AND EFFECTIVE TAX RATES, BEFORE AND AFTER CREDITS, BY ADJUSTED GROSS INCOME CLASS - 1998
 (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	
<u>TAXABLE RESIDENT RETURNS</u>									
Under \$ 5,000	\$ 1,203,848	\$ 36	\$ 638,133	\$ 19	2.82%	1.50%	1.18%	0.63%	
\$ 5,000 " 10,000	8,648,034	191	6,100,550	134	4.53%	3.19%	2.54%	1.80%	
10,000 " 20,000	53,061,510	642	45,898,029	555	6.18%	5.35%	4.29%	3.71%	
20,000 " 30,000	95,094,033	1,325	88,200,458	1,229	7.18%	6.66%	5.34%	4.95%	
30,000 " 40,000	97,040,645	1,956	93,079,932	1,876	7.63%	7.32%	5.63%	5.40%	
40,000 " 50,000	90,457,984	2,554	86,807,713	2,451	7.85%	7.53%	5.69%	5.46%	
50,000 " 75,000	197,889,920	3,553	190,067,025	3,412	8.12%	7.80%	5.83%	5.60%	
75,000 " 100,000	145,513,663	5,340	141,326,775	5,186	8.54%	8.29%	6.21%	6.04%	
100,000 " 150,000	122,861,409	7,862	119,553,126	7,650	8.86%	8.63%	6.67%	6.49%	
150,000 " 200,000	46,842,344	12,327	45,531,199	11,982	9.08%	8.83%	7.14%	6.94%	
200,000 and over	168,864,182	33,915	156,938,081	31,520	9.13%	8.48%	7.57%	7.03%	
TOTAL - TAXABLE RETURNS	\$1,027,477,572	\$ 2,414	\$ 974,141,021	\$ 2,289	8.07%	7.65%	5.96%	5.65%	
<u>NONTAXABLE RESIDENT RETURNS</u>									
Loss	--	--	(523,585)	(83)					
\$ 0 under \$ 5,000	--	--	(4,705,594)	(67)					
5,000 " 10,000	--	--	(738,531)	(91)					
10,000 and over	--	--	(576,508)	(86)					
TOTAL - NONTAXABLE RETURNS	\$ --	\$ --	\$ (6,544,218)	\$ (72)					
TOTAL RESIDENT RETURNS	\$1,027,477,572	\$ 1,989	\$ 967,596,803	\$ 1,873					

Individual Income - 1998

TABLE 11
COMPARISON OF NUMBER OF RESIDENT RETURNS, BEFORE AND AFTER CREDITS, AT SELECTED TAX LEVELS, AGI, AND BY STATUS - 1998

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
<u>SINGLE/MARRIED</u>										
<u>FILING SEPARATE RETURNS</u>										
Loss	3,480	3,482	2	--	--	--	--	--	--	--
\$ 0 under \$ 5,000	47,371	55,079	29,824	22,116	2,579	2,579	22	22	--	--
5,000 " 20,000	2,639	5,053	6,981	7,696	35,346	34,840	29,723	29,016	12,609	10,693
20,000 and over	572	837	311	226	793	1,076	3,199	3,336	89,066	88,466
TOTAL	54,062	64,451	37,118	30,038	38,718	38,495	32,944	32,374	101,675	99,159
<u>JOINT RETURNS</u>										
Loss	2,528	2,537	9	--	--	--	--	--	--	--
\$ 0 under \$ 5,000	17,350	17,512	182	20	--	--	--	--	--	--
5,000 " 20,000	9,044	18,223	8,965	4,316	11,336	9,252	4,876	2,430	21	21
20,000 and over	1,501	3,226	977	1,120	4,132	4,844	10,388	12,983	129,963	124,788
TOTAL	30,423	41,498	10,133	5,456	15,468	14,096	15,264	15,413	129,984	124,809
<u>HEAD OF HOUSEHOLD RETURNS</u> ¹										
Loss	337	338	1	--	--	--	--	--	--	--
\$ 0 under \$ 5,000	5,110	5,842	775	43	--	--	--	--	--	--
5,000 " 20,000	902	4,324	2,568	2,312	8,344	7,596	6,843	4,756	414	83
20,000 and over	136	456	169	166	927	1,298	1,969	3,553	22,298	20,026
TOTAL	6,485	10,960	3,513	2,521	9,271	8,894	8,812	8,309	22,712	20,109
<u>ALL RETURNS</u>										
Loss	6,345	6,357	12	--	--	--	--	--	--	--
\$ 0 under \$ 5,000	69,831	78,433	30,781	22,179	2,579	2,579	22	22	--	--
5,000 " 20,000	12,585	27,600	18,514	14,324	55,026	51,688	41,442	36,202	13,044	10,797
20,000 and over	2,209	4,519	1,457	1,512	5,852	7,218	15,556	19,872	241,327	233,280
TOTAL	90,970	116,909	50,764	38,015	63,457	61,485	57,020	56,096	254,371	244,077

¹ 1 Includes qualifying surviving spouses.

Individual Income - 1998

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 - 1998
 (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
<u>ALL RETURNS</u>									
Loss	6,243	(\$301,079,921)	\$148	114	(\$1,073,177)	\$0	0	\$0	\$0
Zero	2,134	0	0	2,633	0	0	13,564	0	0
1 under 1,000	13,398	6,302,462	8,774	2,419	916,892	489	7,574	2,980,847	1,872
1,000 "	43,146	123,120,916	877,645	4,132	11,893,824	40,239	14,213	39,248,365	274,681
5,000 "	40,733	302,031,394	6,030,478	2,032	14,985,896	310,180	10,701	78,872,970	2,307,376
10,000 "	36,445	454,849,951	14,887,748	1,259	15,997,749	634,297	6,910	84,585,404	3,894,055
15,000 "	35,012	612,160,033	26,511,278	1,203	21,127,605	1,003,976	6,316	109,844,037	6,130,156
20,000 "	62,654	1,557,647,337	78,730,493	2,775	68,074,948	3,612,084	7,880	193,035,288	12,751,456
30,000 "	45,177	1,571,833,336	85,599,161	1,564	54,173,456	3,271,251	3,241	109,743,466	8,170,233
40,000 "	33,317	1,495,794,185	83,324,176	1,023	46,039,367	2,992,863	1,210	54,205,466	4,140,945
50,000 "	26,416	1,445,991,044	82,312,041	704	38,429,960	2,298,185	436	23,921,800	1,861,779
60,000 "	27,587	1,847,201,510	108,411,662	491	32,282,354	2,022,621	181	11,888,540	983,632
75,000 "	26,812	2,303,988,784	142,950,518	417	35,846,974	2,217,836	53	4,221,435	345,309
<u>TOTAL</u>	399,074	\$11,419,841,031	\$629,644,122	20,766	\$338,695,848	\$18,404,021	72,279	\$712,547,618	\$40,861,494

See end of table for footnotes.

Individual Income - 1998

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 - 1998
 (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	3,400	(\$92,537,780)	\$40	82	(\$572,847)	\$0	0	\$0	\$0
Zero	1,520	0	0	1,986	0	0	11,474	0	0
¹ under 1,000	9,898	4,866,729	8,774	1,737	669,923	489	6,119	2,479,330	1,872
1,000 "	5,000	90,196,737	868,028	2,836	7,978,020	38,186	12,114	33,192,060	272,597
5,000 "	10,000	190,215,687	5,345,039	1,218	8,978,915	269,403	8,543	62,565,107	2,124,427
10,000 "	15,000	252,092,703	11,145,215	905	11,427,197	519,653	5,601	68,344,116	3,431,092
15,000 "	20,000	341,305,910	18,328,773	786	13,930,659	778,193	4,725	82,052,355	4,953,410
20,000 "	30,000	820,492,856	49,765,921	1,525	37,191,861	2,329,743	5,734	141,010,885	10,004,876
30,000 "	40,000	705,859,365	45,983,853	866	29,193,637	1,976,387	2,326	78,613,860	6,191,150
40,000 "	50,000	530,148,027	35,644,604	456	20,244,364	1,493,875	576	25,737,519	2,162,150
50,000 "	60,000	365,149,700	24,960,476	107	5,790,788	383,388	164	8,984,598	779,570
60,000 "	75,000	283,748,551	19,480,525	52	3,436,634	255,640	77	5,003,187	445,135
75,000 "	100,000	257,979,906	18,474,279	53	4,586,622	348,830	0	0	0
TOTAL	191,696	\$3,749,518,391	\$230,005,527	12,609	\$142,855,773	\$8,393,787	57,453	\$507,983,017	\$30,366,279

See end of table for footnotes.

Individual Income - 1998

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 - 1998
 (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	2,511	(\$199,558,716)	\$96	26	(\$490,065)	\$0	0	\$0	\$0	
Zero	466	0	0	413	0	0	1,632	0	0	
1 under 1,000	2,949	1,200,259	0	469	157,272	0	1,180	418,045	0	
1,000 "	5,000	8,152	24,055,707	651	990	2,936,645	759	1,281	3,597,795	1,320
5,000 "	10,000	10,798	80,311,601	260,425	655	4,757,497	20,084	990	7,405,039	52,993
10,000 "	15,000	10,538	131,370,042	1,635,690	200	2,459,629	39,442	476	5,776,027	113,384
15,000 "	20,000	9,650	168,173,782	4,121,279	257	4,414,866	112,583	678	11,712,661	422,060
20,000 "	30,000	19,339	483,976,065	16,776,171	729	17,903,158	681,118	1,168	28,263,300	1,358,116
30,000 "	40,000	19,236	674,435,513	29,030,208	521	18,579,994	896,312	497	17,248,284	1,050,919
40,000 "	50,000	18,482	832,311,285	40,103,771	508	23,196,918	1,311,617	535	24,111,480	1,656,860
50,000 "	60,000	17,815	977,117,364	51,143,445	509	27,770,498	1,637,132	244	13,387,118	966,702
60,000 "	75,000	22,139	1,486,788,578	84,263,826	401	26,367,618	1,598,389	104	6,885,353	538,497
75,000 "	100,000	23,213	1,996,797,575	121,188,807	343	29,400,942	1,744,082	53	4,221,435	345,309
			1			1				
TOTAL	165,288	\$6,656,979,055	\$348,524,369	6,021	\$157,454,972	\$8,041,518	8,838	\$123,026,537	\$6,506,160	

See end of table for footnotes.

Individual Income - 1998

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 - 1998
 (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	332	(\$8,983,425)	\$12	6	(\$10,265)	\$0	0	\$0	\$0
Zero	148	0	0	234	0	0	458	0	0
¹ under 1,000	551	235,474	0	213	89,697	0	275	83,472	0
1,000 "	2,882	8,868,472	8,966	306	979,159	1,294	818	2,458,510	764
5,000 "	4,105	31,504,106	425,014	159	1,249,484	20,693	1,168	8,902,824	129,956
10,000 "	5,724	71,387,206	2,106,843	154	2,110,923	75,202	833	10,465,261	349,579
15,000 "	5,855	102,680,341	4,061,226	160	2,782,080	113,200	913	16,079,021	754,686
20,000 "	10,308	253,178,416	12,188,401	521	12,979,929	601,223	978	23,761,103	1,388,464
30,000 "	5,555	191,538,458	10,585,100	177	6,399,825	398,552	418	13,881,322	928,164
40,000 "	2,957	133,334,873	7,575,801	59	2,598,085	187,371	99	4,356,467	321,935
50,000 "	1,909	103,723,980	6,208,120	88	4,868,674	277,665	28	1,550,084	115,507
60,000 "	1,176	76,664,381	4,667,311	38	2,478,102	168,592	0	0	0
75,000 "	588	49,211,303	3,287,432	21	1,859,410	124,924	0	0	0
TOTAL	42,090	\$1,013,343,585	\$51,114,226	2,136	\$38,385,103	\$1,968,716	5,988	\$81,538,064	\$3,989,055

¹ Includes losses.

² Includes married filing separately.

³ Includes qualifying surviving spouse.

Individual Income - 1998

TABLE 13
 SELECTED SOURCES OF INCOME 1989 - 1998
 All Returns
 (In Millions of Dollars)

SOURCES OF INCOME	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Salaries and Wages	\$ 10,372	\$ 11,106	\$ 12,056	\$ 12,757	\$ 12,938	\$ 13,454	\$ 12,947	\$ 12,570	\$ 13,814	\$ 14,155
Taxable Dividends	273	289	278	282	273	307	291	293	377	384
Interest	790	840	824	720	526	529	571	545	643	686
¹ Business and Professions										
Net Profit	637	698	709	694	752	780	620	--	781	857
Net Loss	56	72	82	83	105	111	87	--	122	126
Sale of Capital Assets										
Net Gain	966	1,139	681	567	611	577	452	556	904	1,146
Net Loss	30	38	34	32	54	42	61	34	75	89
² Rents and Royalties										
Net Profit	185	205	244	263	254	273	222	245	241	238
Net Loss	127	136	176	156	180	187	191	234	251	263
² Partnerships										
Net Profit	244	252	322	341	292	340	247	286	434	485
Net Loss	60	73	102	78	85	100	64	93	103	172
² Estates and Trusts (Income Less Loss)	44	59	55	68	71	88	72	66	90	104
Total Hawaii Income ³	\$ 13,475	\$ 14,649	\$ 15,161	\$ 15,739	\$ 15,735	\$ 16,727	\$ 15,639	\$ 16,221	\$ 17,366	\$ 17,910

¹ Complete data not available.

² Data available for residents only.

³ Income before statutory adjustments.

Individual Income - 1998

TABLE 14
TYPE AND AMOUNT OF DEDUCTIONS 1989 - 1998
All Returns to 1996; Resident Returns Only From 1997
(In Millions of Dollars)

TYPE OF DEDUCTIONS	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Itemized Deductions:										
Contributions	\$ 223	\$ 222	\$ 253	\$ 278	\$ 289	\$ 287	\$ 271	\$ 313	\$ 356	\$ 396
Interest	1,053	1,131	1,260	1,354	1,335	1,408	1,415	1,557	1,640	1,695
Taxes	813	846	906	990	999	1,141	1,045	1,179	1,109	1,188
Medical and Dental	84	109	106	133	135	150	136	151	156	172
Casualty Losses	5	5	9	38	5	11	5	3	6	6
Moving Expenses ¹	25	25	25	22	20	n/a	n/a	n/a	n/a	n/a
Other Deductions	103	120	139	166	183	206	192	283	210	243
Total Reported	\$ 2,306	\$ 2,458	\$ 2,699	\$ 2,981	\$ 2,967	\$ 3,203	\$ 3,064	\$ 3,487	\$ 3,477	\$ 3,700
Unallowed Deductions ²	--	--	43	45	42	47	39	46	58	68
Total Allowed	\$ 2,306	\$ 2,458	\$ 2,656	\$ 2,936	\$ 2,924	\$ 3,155	\$ 3,025	\$ 3,441	\$ 3,419	\$ 3,632

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

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

Individual Income - 1998

TABLE 15
TYPE AND NUMBER OF RETURNS FILED IN EACH TAXATION DISTRICT, 1989 - 1998

TYPE OF RETURN	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
<u>First Taxation District</u>										
Form N-11	--	--	--	--	--	--	271,885	287,542	303,095	311,850
Form N-12	282,669	290,628	298,253	304,892	308,171	317,440	42,075	33,634	17,460	15,496
Form N-13	103,702	99,533	95,086	90,378	87,591	87,426	74,764	68,293	59,299	52,517
Form N-15	26,261	31,368	34,301	34,956	34,611	35,849	32,030	29,833	42,454	43,040
TOTAL - FIRST DISTRICT	412,632	421,529	427,640	430,226	430,373	440,715	420,754	419,302	422,308	422,903
<u>Second Taxation District</u>										
Form N-11	--	--	--	--	--	--	36,334	39,840	42,688	44,788
Form N-12	35,077	37,428	39,188	40,255	41,179	42,863	5,104	4,178	2,278	1,987
Form N-13	10,723	10,656	10,833	10,732	10,114	10,408	8,717	8,092	7,070	6,418
Form N-15	1,001	1,961	1,494	1,662	1,414	1,478	1,258	1,221	2,561	2,642
TOTAL - SECOND DISTRICT	46,801	50,045	51,515	52,649	52,707	54,749	51,413	53,331	54,597	55,835
<u>Third Taxation District</u>										
Form N-11	--	--	--	--	--	--	38,767	40,539	44,471	46,278
Form N-12	38,910	41,503	43,525	45,029	45,492	46,202	6,344	5,099	2,936	2,503
Form N-13	15,382	16,002	15,518	15,137	14,724	15,228	12,457	12,228	10,772	9,894
Form N-15	705	981	941	1,078	969	1,066	925	928	2,267	2,207
TOTAL - THIRD DISTRICT	54,997	58,486	59,984	61,244	61,185	62,496	58,493	58,794	60,446	60,882
<u>Fourth Taxation District</u>										
Form N-11	--	--	--	--	--	--	17,549	18,316	19,541	20,457
Form N-12	17,774	18,675	19,521	20,045	19,977	20,947	2,614	1,927	1,244	944
Form N-13	6,275	6,360	6,069	5,290	5,285	5,201	4,584	4,279	3,709	3,450
Form N-15	368	532	456	613	663	593	438	425	901	926
TOTAL - FOURTH DISTRICT	24,417	25,567	26,046	25,948	25,925	26,741	25,185	24,947	25,395	25,777
<u>All Taxation Districts</u>										
Form N-11	--	--	--	--	--	--	364,535	386,237	409,795	423,373
Form N-12	374,430	388,234	400,487	410,221	414,819	427,452	56,137	44,838	23,918	20,930
Form N-13	136,082	132,551	127,506	121,537	117,714	118,263	100,522	92,892	80,850	72,279
Form N-15	28,335	34,842	37,192	38,309	37,657	38,986	34,651	32,407	48,183	48,815
TOTAL - ALL RETURNS	538,847	555,627	565,185	570,067	570,190	584,701	555,845	556,374	562,746	565,397

APPENDIX

**FACSIMILES OF INDIVIDUAL INCOME
TAX RETURNS AND INSTRUCTIONS**

The following are links to the 1998 forms on this CD:

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

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

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

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