
hawaii income patterns

INDIVIDUALS -- 2003

DEPARTMENT OF TAXATION -- STATE OF HAWAII

STATE OF HAWAII

Linda Lingle, Governor

DEPARTMENT OF TAXATION

Kurt Kawafuchi, Director

Sandra Yahiro, Deputy Director

TAX RESEARCH & PLANNING OFFICE

Tu Duc Pham, Tax Research & Planning Officer

PREPARED BY

Gail Sasaki, Research Statistician

hawaii income patterns

INDIVIDUALS -- 2003

DEPARTMENT OF TAXATION -- STATE OF HAWAII

December 2006

TABLE OF CONTENTS

HAWAII INCOME PATTERNS: INDIVIDUALS - 2003

	<u>Page</u>
INTRODUCTION.....	1
OVERVIEW.....	3
CONFORMITY TO THE INTERNAL REVENUE CODE.....	4
LEGISLATION.....	4
DATA SOURCE AND METHODOLOGY.....	5
TYPES AND NUMBER OF RETURNS FILED	6
RESIDENT RETURN STATISTICS.....	7
Resident Income and Adjustments	7
Resident Deductions and Personal Exemptions	11
Resident Taxable Income and Tax Liability	15
NONRESIDENT AND PART-YEAR RESIDENT RETURN STATISTICS.....	15
Nonresident Income and Adjustments	15
Nonresident Deductions and Exemptions	15
Nonresident Taxable Income and Tax Liability	16
ELDERLY RESIDENT TAXPAYERS	16
BLIND, DEAF AND DISABLED RESIDENT TAXPAYERS	17
DEPENDENT RESIDENT TAXPAYERS.....	18
<u>STATISTICAL TABLES</u>	
TABLE 1. Percent Distribution of Selected Data on All Resident Returns by Adjusted Gross Income Class	21
TABLE 2. Selected Data on All Returns Filed, by Type of Return Filed and by Adjusted Gross Income Class.....	22
TABLE 3. Selected Data on Nonresident Returns Filed by Adjusted Gross Income Class.....	24
TABLE 4. Sources of Income and Statutory Adjustments on All Returns Filed by Adjusted Gross Income Class.....	25

Table of Contents (Continued)

	<u>Page</u>
TABLE 5. Sources of Income Reported in Each District by Number of Returns and Amount.....	32
TABLE 6. Types of Deductions by Adjusted Gross Income Class.....	33
TABLE 7. Types of Deductions Claimed in Each Taxation District by Number of Returns and Dollar Amount Reported and Allowed	36
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	37
TABLE 9. Number of Returns Filed, by Number of Exemptions Claimed and by Adjusted Gross Income Class.....	39
TABLE 10. Average Tax Liability and Effective Tax Rates, Before and After Credits, by Adjusted Gross Income Class	40
TABLE 11. Comparison of Number of Resident Returns, Before and After Credits, at Selected Tax Levels, AGI, and by Status	41
TABLE 12. Types of Return Filed by Those With Adjusted Gross Income Under \$100,000, Showing Number of Returns, Adjusted Gross Income, and Tax Liability by Status	42
TABLE 13. Selected Sources of Income 1993-2002.....	46
TABLE 14. Type and Amount of Deductions 1993-2002	47
TABLE 15. Type & Number of Returns in Each Taxation District 1993-2002	48
TABLE 16. Adjusted Gross Income, Gross Tax Liability, and Wages by Geographic Area	49

INTRODUCTION

“Hawaii Income Patterns – Individuals 2003” is the forty-sixth edition of an annual summary of data from individual income tax returns filed by residents and nonresidents. Data from federal income tax returns were used to augment items not available on Hawaii returns.

Data are presented for all resident and nonresident taxpayers. Brief sections provide separate data on elderly taxpayers; on blind, deaf or totally disabled taxpayers; and on dependent taxpayers.

HAWAII INCOME PATTERNS - 2003 INDIVIDUALS

OVERVIEW

Residents and nonresidents filed a total of 584,932 Hawaii income tax returns for the 2003 tax year. Among the major sources of income reported, salaries and wages increased by 3.4% over the amount in 2002, net capital gains increased by 39.6%, and pensions and annuities increased by 4.9%. Interest income continued to drop owing to low bank interest rates. Hawaii adjusted gross income (AGI) amounted to \$20.9 billion, up 5.6% from the \$19.8 billion in 2002.

Figure 1
Comparison of Selected Items for All 2003 and 2002 Returns
(Money Amounts in Thousands of Dollars)

Item	2003	2002	Change
Number of Returns	584,932	578,292	1.1%
Number of Exemptions	1,242,422	1,234,550	0.6%
Number of Age Exemptions	134,635	135,108	(0.4%)
Number of Regular Exemptions	1,107,787	1,099,442	0.8%
Salaries and Wages	\$16,798,011	\$16,253,004	3.4%
Interest Income	389,910	496,994	(21.5%)
Capital Gains (Net of Losses)	1,077,058	771,400	39.6%
Pensions and Annuities	2,106,006	2,006,815	4.9%
Hawaii Total Income	21,200,244	20,044,374	5.8%
Total Adjustments	336,091	282,048	19.2%
Hawaii Adjusted Gross Income*	20,864,153	19,762,326	5.6%
Taxable Income	16,159,716	15,203,709	6.3%
Tax Liability Before Credits	1,026,276	956,797	7.3%
Tax Liability After Credits	952,030	884,406	7.6%

*Includes negative adjusted gross income.

Act 157, which was enacted by the Legislature in 1998, launched a three-stage income tax rate reduction that caused income tax liabilities to drop over the three years ending with 2002. Tax year 2003 saw an increase of 7.3% in income tax liability before credits, and an increase of 7.6% after credits.

CONFORMITY TO THE INTERNAL REVENUE CODE

The legislature regularly conforms Hawaii's income tax law to adopt most of the changes in the Internal Revenue Code. However, there are a number of differences between the income tax laws of Hawaii and those of the federal government.

Income sources taxed by the federal government but not by Hawaii include social security benefits, most pension distributions, interest on U.S. savings bonds, contributions made to a Hawaii individual housing account, and the first \$1,750 in national guard duty or military reserve pay. On the other hand, cost-of-living allowances of federal employees in Hawaii, employee contributions to the Hawaii state government retirement system, and interest on state and local government bonds issued by jurisdictions outside of Hawaii are taxed by Hawaii but not by the federal government.

Unlike the federal government, Hawaii allows an extra personal exemption for taxpayers who are at least 65 years of age. In 2003, the State's personal exemption was only \$1,040, however, whereas the federal government allowed a personal exemption of \$3,050. Hawaii also allowed a taxpayer who is blind, deaf or totally disabled to claim an exemption of \$7,000.

The federal government provides a tax credit for the elderly, an earned income tax credit for low-income wage earners with dependent children, an adoption tax credit, and a tax credit for college expenses for children under age 17. Hawaii offers a low-income credit, a dependent care tax credit, and a low-income renter's tax credit to qualified resident taxpayers with AGI below \$30,000.¹ The credit amounts are doubled for qualified elderly taxpayers.

LEGISLATION

During 2003, the Hawaii legislature enacted several income-tax-related measures. Act 172 conformed Hawaii income tax law to the federal Internal Revenue Code. Specifically, the Act:

- Expanded the exclusion from income for qualified foster care payments;
- Closed a loophole used by shareholders of bankrupt S corporations;
- Limited the use of non-accrual experience method of accounting;
- Extended the Archer MSA program through December 31, 2003;
- Clarified that the limit for catch-up contributions applies to all qualified retirement plans, tax-sheltered annuity plans, SEPs and SIMPLE plans maintained by the same employer on an aggregate basis, as if all plans were a single plan; and
- Provided an above-the-line deduction for expenses incurred by elementary and secondary school teachers for materials used in the classroom.

However, Act 172 does not conform to the federal bonus depreciation deduction (which is equal to 30% of the basis of a qualified asset), nor does it expand the net operating

¹ The credits claimed by Hawaii taxpayers are discussed in a separate report by Yvonne Chow, Tax Credits Claimed by Hawaii Taxpayers – 2003, Hawaii Department of Taxation, Tax Research and Planning Office, forthcoming in 2006.

loss carry back period (which is only two years for Hawaii tax purposes).

Under Act 193, an individual taxpayer can designate that \$2 of his or her refund be deposited into the State Library Special Fund (plus an extra \$2 in the case of a joint return). This applies to returns filed for tax year 2004 and beyond.

Act 207 replaced the energy conservation tax credit with the renewable energy technology system income tax credit for renewable energy systems installed after June 30, 2003.

DATA SOURCE AND METHODOLOGY

Data for this report were collected from the department's computerized Integrated Tax Information Management System (ITIMS). Information from the ITIMS Tax Processing System (ITPS) was retrieved for returns processed up to December 2004. (The due date for all returns with extensions was October 20, 2004.) Supplemental data extracted from the federal Individual Master File and Individual Return Transaction File (IMF/IRTF) were supplied by the Internal Revenue Service (IRS).

Of the total 584,932 returns processed, a stratified random sample of 49,910 returns was used for this study. The sample was stratified by Hawaii AGI for residents and by worldwide AGI for nonresidents. Sampling rates ranged from 4.8% of the returns with a low positive AGI, to 100% of the returns with a very large positive or negative AGI. Figure 2 displays the sampling rates by AGI level and by type of return.

The stratified random sample of resident returns taken from ITPS was then merged with the federal data set to obtain additional information, such as income sources and adjustments. Since the federal data set was created before the ITPS December cutoff date, a small fraction of the sample could not be matched with the federal data set. The unmatched returns were either matched manually with paper copies of the federal returns from the same year (if attached to the Hawaii return), or electronically with the federal returns from the previous year.

N-15 forms filed by nonresident taxpayers were not merged with the federal data set, mainly because the federal data set includes only those returns with Hawaii addresses, and most N-15 filers have addresses outside of Hawaii. Therefore, certain details on income sources are not available for nonresident returns.

All returns in the sample data set were edited for errors, using the hard copies of the returns. If the information could not be gleaned from the hard copy of the return (as when IMF/IRTF data were used for Form N-11), the discrepancies were reported as "unknown income" or "unknown adjustments".

Some of the statistics contained in this report are broken down by the four taxation districts of Hawaii: the First Taxation District (the island of Oahu), the Second Taxation

District (the islands of Maui, Molokai and Lanai), the Third Taxation District (the island of Hawaii) and the Fourth Taxation District (the islands of Kauai and Niihau).

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

AGI*		N-11		N-12		N-13		N-15	
In \$Thousands		Size	%	Size	%	Size	%	Size	%
Under	-\$1,000	23	95.8	-	-	-	-	100	98.0
-\$1,000 <	-100	271	86.9	1	100.0	-	-	310	99.4
-100 <	0	3,479	37.0	91	98.9	1	50.0	537	37.3
0 <	50	16,075	4.8	532	5.6	2,063	5.0	1,577	5.0
50 <	100	8,687	9.6	65	8.6	106	13.4	1,254	10.3
100 <	200	5,258	18.8	103	100.0	5	100.0	1,255	19.7
200 <	500	2,031	37.2	11	100.0	1	100.0	1,345	39.4
500 <	1,000	708	89.1	2	100.0	-	-	1,119	97.6
1,000 &	over	328	99.7	-	-	-	-	1,809	97.3
Special Cases**		510	53.3	33	89.2			220	99.1
TOTAL		37,370	7.9	838	8.0	2,176	5.1	9,526	16.3

*Hawaii AGI for Forms N-11, N-12, and N-13; worldwide AGI for Form N-15. (These forms are described in the next section.)

**Returns with individual housing accounts, medical savings accounts, or casualty & theft losses.

In conformity to Internal Revenue Service Publication 1075, the Hawaii Department of Taxation does not publish or disclose statistics or other information that may identify, directly or indirectly, a particular taxpayer. The Department of Taxation does not disclose tabulations containing: data for fewer than three returns at the state level, fewer than 10 returns at the county level, or individual returns that represent a large percentage of the tabulation. Additional tabulations may be suppressed in statistical tables that would allow the reader to infer the quantities of the tabulations which were originally suppressed.

TYPES AND NUMBER OF RETURNS FILED

An individual must file a Hawaii income tax return if his or her Hawaii gross taxable income exceeds the sum of the standard deduction and the personal exemption. However, any person doing business in Hawaii must file a return, regardless of amount of net income. Many individuals who were not required to file a return nevertheless chose to do so in order to claim one or more of the tax credits offered.

A dependent taxpayer whose unearned income (such as interest or dividends) 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 a parent may file Form N-814, ("Parent's Election to Report Child's Interest and Dividends") for the dependent.

Personal income must be reported on one of the following four income tax forms:

- Form N-11 - for Hawaii residents who file a federal income tax return. This form uses federal adjusted gross income as the starting point for calculating Hawaii taxable income.
- Form N-12 - for Hawaii residents who do not file a federal income tax return and do not qualify to use Form N-13.
- Form N-13 - for Hawaii residents with taxable income below \$100,000 and who do not itemize deductions or who claim adjustments to income. Taxpayers who itemize deductions or claim adjustments to income must use Form N-11 or Form N-12.
- Form N-15 - for part-year residents and nonresidents with income from Hawaii sources.

Figure 3 displays the number of returns processed in tax years 2003 and 2002. The number of returns filed increased a slight 1.1% or by 6,640 returns, in 2003. Ninety percent of resident taxpayers chose to file Form N-11. The number of N-11 returns filed grew 8,125, whereas the number of N-12 and N-13 returns filed declined by 899 and 3,813, respectively. Nonresidents' returns filed increased by 3,227.

The distribution of returns by filing status has remained stable over the years. The most common filing status among resident taxpayers was single, whereas joint returns were most common among nonresident taxpayers. As shown in Figure 4, 49.3% of residents claimed single status, followed by 37.8% joint filers; nonresidents, on the other hand, had 49.2% joint filers, followed by 39.1% single filers.

RESIDENT RETURN STATISTICS

Chart 1 shows the major components of resident returns for the 2003 tax year.

Resident Income and Adjustments

Residents reported total income of \$22.5 billion on their federal income tax returns for 2003, but they reported only total income of \$20.2 billion on their Hawaii income tax returns for the same year. Of the income reported on the Hawaii income tax returns, salaries and wages was the largest category amounting to \$16.2 billion and accounting for 80.2% of the total. The second largest category, pensions and annuities, amounted to \$2.1 billion and accounted for 10.4% of the total. Table 4 in the "Statistical Tables" section of this report presents the types and amounts of income sources by AGI class.

Proprietors filing Schedule C for federal Form 1040 reported net income totaling \$817.4 million, representing a minute 0.8% increase over the previous year, although net sales of capital assets (also reported on Schedule C) jumped 27.3% to \$696.0 million. Net income from rents and royalties (reported on Schedule E for federal Form 1040)

Figure 3
Comparison of Type of Return Filed
In Each Taxation District in 2003 and 2002

Type of Return	State	TAXATION DISTRICT			
		First	Second	Third	Fourth
All Returns					
2003	584,932	430,860	60,965	65,619	27,488
2002	578,292	425,905	60,037	65,555	26,795
% Change	1.1%	1.2%	1.5%	0.1%	2.6%
Form N-11					
2003	473,650	339,111	54,409	56,231	23,899
2002	465,525	337,619	51,591	53,624	22,691
% Change	1.7%	0.4%	5.5%	4.9%	5.3%
Form N-12					
2003	10,478	7,635	974	1,359	510
2002	11,377	8,378	994	1,451	554
% Change	(7.9%)	(8.9%)	(2.0%)	(6.3%)	(7.9%)
Form N-13					
2003	42,388	29,971	3,747	6,281	2,389
2002	46,201	33,011	4,078	6,686	2,426
% Change	(8.3%)	(9.2%)	(8.1%)	(6.1%)	(1.5%)
Form N-15					
2003	58,416	54,143	1,835	1,748	690
2002	55,189	46,897	3,374	3,794	1,124
% Change	5.7%	15.5%	(45.6%)	(53.9%)	(38.6%)

grew 19.8% from \$64.1 million in 2002 to \$76.7 million in 2003, whereas partnership income (also reported on Schedule E) grew 26.1% to \$603.6 million. Unemployment compensation dropped 18.7% from \$139.3 million in 2002 to \$113.2 million in 2003. These changes indicate a continuation of the recovery from the September 11 terrorist attack in 2001.

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	198,970	37.8%	28,682	49.2%	227,652	38.9%
Single.....	259,431	49.3%	22,858	39.1%	282,289	48.3%
Married Filing Separate	8,682	1.6%	4,611	7.9%	13,293	2.3%
Head of Household	58,956	11.2%	2,236	3.8%	61,192	10.5%
Qualified Widow(er)	477	0.1%	29	0.0%	506	0.1%
TOTAL	526,516	100.0%	58,327	100.0%	584,932	100.0%

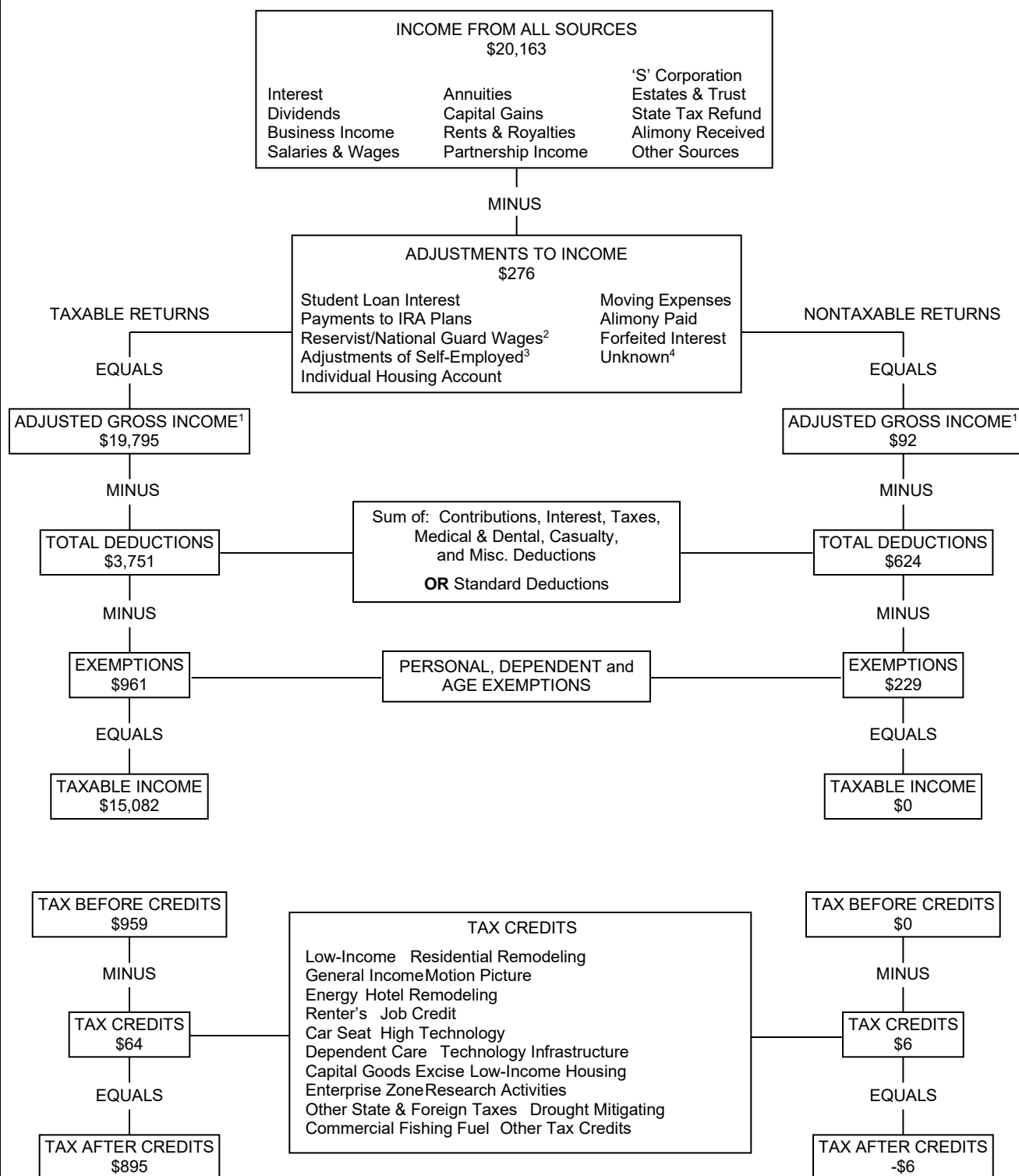
Note: Totals may not add up due to rounding.

Federal AGI is the starting point for calculating Hawaii taxable income on Form N-11, so for residents filing this form, total Hawaii gross income was derived by adding items taxed by Hawaii but not by the federal government, and then subtracting items taxed by the federal government but not by Hawaii. Some of the items that were added to the federal AGI are cost-of-living allowances (COLA) for federal employees, contributions to the State employees' retirement system (ERS), and interest on out-of-state bonds. Some of the items that were subtracted from the federal AGI include social security benefits and certain pensions. Items added to the federal AGI totaled \$431.3 million, whereas the items subtracted totaled \$2,731.4 million. These adjustments account for the bulk of the difference between total income reported by Hawaii residents on their federal and Hawaii income tax returns.

The number and amounts for each type of adjustment are listed in Figure 5. Form N-11 does not require the taxpayer to report adjustments, so the adjustments are not known for returns that could not be matched with the federal returns and are listed as "unknown adjustments". Also included in the unknown adjustments are educator expenses, which were first offered by Hawaii for tax year 2003, and the MSA amounts.

Hawaii total adjustments amounted to \$276.2 million. As shown in Figure 5, the top three adjustment amounts were claimed by self-employed taxpayers—self-employed retirement plans, self-employment tax, and self-employment health insurance.

Chart 1 Components of a Resident Return (Dollars in Millions)



¹Includes losses.

²Exclusion of first \$1,750 of duty pay.

³Includes SEP, self-employment tax, and health insurance deductions.

⁴Includes medical savings account and educator expenses.

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

Figure 5
Adjustments to Income on Resident Returns

Type of Adjustment	Number of Returns	Amount
Keogh and SEP Retirement Plans	5,424	\$ 70,573,674
One-half of Self-Employment Tax	51,498	64,330,843
Self-Employment Health Insurance Deduction.....	14,344	48,626,384
Individual Retirement Account Contributions	15,800	44,894,212
Alimony Paid	1,281	15,205,747
Student Loan Interest.....	16,819	10,677,386
Hawaii National Guard/Military Reserve Pay	5,585	9,533,618
Moving Expenses.....	3,116	9,099,790
Individual Housing Account Contributions.....	120	437,154
Penalty for Early Withdrawal of Savings	1,887	299,482
Unknown Adjustments*	913	2,529,631
Total Adjustments	89,393	\$ 276,207,921

* Includes Medical Savings Account Contributions and Educator Expenses.

Hawaii AGI amounted to \$20.9 billion in 2003, increasing 5.6% from the \$19.8 billion reported in 2002. The median AGI for all resident returns advanced by 3.4% from \$22,757 in 2002 to \$23,533 in 2003, while the median AGI reported on taxable resident returns increased by 3.6%.

Resident Deductions and Personal Exemptions

Taxpayers may choose to itemize their deductions rather than take the standard deduction. Itemizers may deduct from adjusted gross income part of their medical and dental expenses, certain taxes paid, interest expenses, charitable contributions, casualty and theft losses, and other miscellaneous expenses. Some of these deductions have limitations. Only the part of medical and dental expenses over 7.5% of AGI is deductible; certain miscellaneous deductions are limited to 2% of AGI, while casualty and theft losses are limited to 10% of AGI. Taxpayers with AGI more than \$100,000, (or more than \$50,000 if married and filing separately) are required to reduce their itemized deductions by the smaller of 80% of certain itemized deductions or 3% of the amount by which AGI exceeds the \$100,000 (or \$50,000) threshold.

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

Taxation District	All Returns		Joint		All Others**	
	2003	2002	2003	2002	2003	2002
All Resident Returns*						
Oahu	\$ 23,820	\$ 23,145	\$ 49,289	\$ 47,845	\$ 16,340	\$ 15,761
Maui	24,739	24,045	52,056	48,473	18,291	17,704
Hawaii	20,794	19,573	40,363	38,924	14,686	13,585
Kauai	23,543	22,136	42,128	43,886	17,678	14,693
STATE	\$ 23,533	\$ 22,757	\$ 47,966	\$ 46,853	\$ 16,483	\$ 15,649
Taxable Resident Returns						
Oahu	\$ 30,604	\$ 29,775	\$ 59,778	\$ 57,260	\$ 21,317	\$ 20,696
Maui	29,073	28,285	58,390	55,113	21,667	20,326
Hawaii	26,805	25,890	50,173	48,102	19,325	18,533
Kauai	29,288	26,743	51,665	50,813	21,127	19,316
STATE	\$ 29,920	\$ 28,881	\$ 58,011	\$ 55,554	\$ 21,140	\$ 20,219

*Includes returns with AGI losses.

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

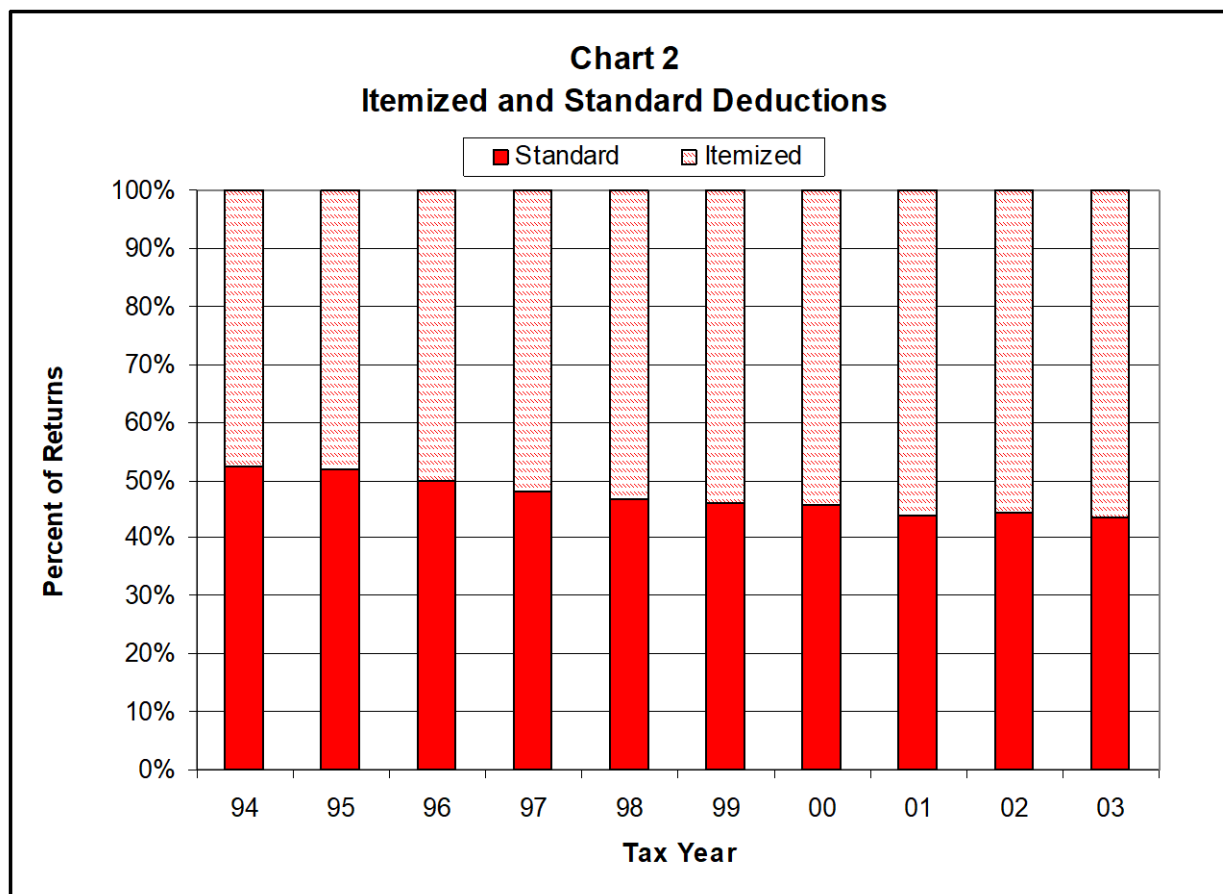
Taxpayers who choose not to itemize their deductions may subtract the standard deduction from their adjusted gross income. The standard deduction is based on the taxpayer's filing status, as listed below:

<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

The standard deduction for dependent taxpayers is limited to the greater of \$500 or their earned income (up to the full standard deduction for their filing status). In most cases, dependent taxpayers claim single status, and the corresponding maximum standard deduction is \$1,500.

More than half of the 526,516 residents who filed a return in 2003 itemized deductions. The total of the itemized deductions was \$4,019.4 million. The remaining 43.6% of

residents claimed the standard deduction in 2003. The total of the standard deductions was \$356.0 million.



As illustrated in Chart 2, the percentage of taxpayers using the standard deduction has steadily declined over the past ten years, from 53.4% in 1994 to 43.6% in 2003, perhaps because Hawaii's standard deduction had not been adjusted for inflation. The standard deduction for federal income tax returns increased an average 3.6% each year, but Hawaii has made only three changes since 1982. Prior to 1982, the standard deduction was equal to 10% of AGI, up to a maximum \$1,000 for those filing a joint return, or \$800 for single or head-of-household filers. The tabulation below shows the standard deductions since 1982.

Tax Year	Single	Joint	Head of Household	Married Filing Separate
1982	\$ 800	\$1,000	\$ 800	\$500
1987	1,000	1,700	1,500	850

1989 1,500 1,900 1,650 950

As shown in Figure 7, itemized deductions amounted to \$4,019.4 million in 2003. This was 91.9% of the total allowable deductions of \$4,375.5 million claimed that year. The remaining 8.1% was composed of standard deductions. Itemized deductions not allowed totaled \$89.7 million.

Figure 7
Itemized Deductions Claimed by Residents
(Thousands of Dollars)

Deduction Type	No. of Claims	% of Itemizers	Amount of Claim	% of Total
Interest	157,433	53.0	\$ 1,690,847	41.1
Taxes.....	290,733	97.9	1,192,426	29.0
Charitable Contributions	242,969	81.8	508,479	12.4
Medical	71,185	24.0	334,840	8.1
Casualty & Theft.....	867	0.3	6,380	0.2
Miscellaneous.....	120,561	40.6	376,195	9.2
Total Itemized Deductions	296,997	100.0	\$ 4,109,166	100.0
Total Unallowed Deductions.....	35,384		89,724	
Allowable Itemized Deductions.....	296,997		\$ 4,019,444	

NOTE: Totals may not add up due to rounding.

Taxes continue to be the most commonly claimed deduction, followed by charitable contributions. The highest amount claimed, however, was for interest deductions. Smaller numbers of taxpayers qualified for the deductions for medical and dental expenses, casualty and theft losses, and certain miscellaneous expenses.

Each taxpayer, spouse, and qualified dependent is allowed a personal exemption of \$1,040. Taxpayers or spouses 65 years of age or older are allowed an additional personal exemption of \$1,040. A taxpayer who is claimed as a dependent on another taxpayer's return cannot claim a personal exemption on his or her own return.

Blind, deaf, or totally disabled taxpayers are allowed a special personal exemption of \$7,000 in lieu of the regular personal exemptions. If the spouse is also disabled, the total allowable exemption amount is \$14,000.

For tax year 2003, a total of 1,118,753 exemptions were reported on 493,599 resident returns for an average 2.3 exemptions per return. Total exemption amount claimed was \$1,190.1 million.

Resident Taxable Income and Tax Liability

Subtracting deductions and personal exemptions from AGI yields taxable income. Nearly 83% of all resident returns reported taxable income in 2003. The total taxable income was \$15,082.4 million, which is \$732.9 million more than reported in 2002. The average taxable income per taxable return was \$34,670, representing a 4.5% increase over 2002.

Tax liability is determined by using the tax rate schedule, or the tax table based on taxable income and taxpayer filing status. Gross tax liability before tax credits grew 6.0% from \$904.9 million in 2002 to \$959.0 million in 2003. The average gross tax liability per taxable return in 2003 was \$2,204. Net tax liability after tax credits that year amounted to \$895.1 million, or an average \$2,058 per taxable return.

The average effective tax rate based on taxable income before credits was 6.4% for 2003. After credits, this tax rate came out to 5.9%. Based on AGI, the average effective tax rate was 4.8% before credits and 4.5% after credits.

NONRESIDENT AND PART-YEAR RESIDENT RETURN STATISTICS

Nonresidents and part-year residents use Form N-15 to file their income tax returns. Sources of income and adjustments are reported on this form for worldwide income and for Hawaii-source income, but the focus of this report is on Hawaii income and adjustments. The term 'nonresident' as used in this report includes part-year residents.

The number of Form N-15 filers increased by 58,416, or by 5.8% from 2002 to 2003. Nonresidents and part-year residents made up 10.0% of all returns filed in 2003, compared with 9.5% a year earlier.

Nonresident Income and Adjustments

Nonresidents reported \$1,009.5 million in total income from Hawaii sources in 2003. As shown in Figure 8, salaries and wages totaled \$609.5 million, up \$34.9 million from the \$574.5 reported in the previous year. The nonresident population changes constantly, so income for nonresidents also fluctuates widely from year to year. Hawaii AGI of nonresidents amounted to \$977.4 million in 2003 (equal to total Hawaii income of \$1,009.5 million less adjustments of \$432.1 million), whereas the worldwide income of these taxpayers was \$17,665.3 million.

Nonresident Deductions and Exemptions

Nonresidents must prorate the standard deductions and exemption amounts to determine their Hawaii taxable income. The prorated amount is the ratio of Hawaii AGI to worldwide AGI. Hawaii AGI, less the prorated exemption amount and less either the

Figure 8
Sources of Income Reported
by Nonresident Taxpayers in 2003 and 2002
(In Thousands of Dollars)

Sources of Income	2003	2002	Increase (Decrease)
TOTAL	\$ 1,009,463	\$ 776,935	\$ 232,527
Salaries and Wages	\$ 609,472	\$ 574,547	\$ 34,925
Interest	26,659	23,657	3,002
Ordinary Dividends	7,310	5,846	1,464
Capital Assets/Other Property	381,082	224,685	156,397
Rents, Royalties, Partnerships, S Corp., Estates and Trusts	80,640	60,020	20,620
All other Sources	(95,700)	(111,820)	16,120

Hawaii itemized deductions or the prorated standard deduction, equals Hawaii taxable income.

In 2003, slightly less than one-half (48.2%) of nonresidents used the standard deduction, while the other 51.8% itemized deductions. Of the \$208.1 million of prorated itemized deductions claimed by 24,961 nonresidents, \$9.6 million was not allowed. Prorated standard deductions, which were claimed on 23,182 returns, amounted to \$18.0 million. The allowable itemized deductions plus the standard deductions totaled \$226.2 million, which was \$45.8 million more than in 2002. Nonresidents claimed a total of 123,669 exemptions, for a prorated total deduction of \$41.1 million.

Nonresident Taxable Income and Tax Liability

Hawaii taxable income was reported on approximately 73.6% of the returns filed by nonresidents in 2003. The total of their taxable income was \$1,077.3 million. The average taxable income per taxable return was \$25,043. Gross tax liability before tax credits amounted to \$67.3 million and the average gross tax liability was \$1,564 per taxable return. After tax credits, total net tax liability amounted to \$62.9 million, or an average of \$1,452 per taxable return.

ELDERLY RESIDENT TAXPAYERS

Taxpayers sixty-five years of age or older are defined as elderly and may claim an extra exemption. Accounting for 17.4% of total resident returns, the elderly taxpayers (91,560 returns) reported Hawaii total income of \$1,997.2 million and federal total income of

\$3,826.4 million in 2003. The largest income source of elderly filers was pensions and annuities, which made up \$1,391.3 million, or 36.4% of their total federal income, followed by salaries and wages. For non-elderly taxpayers, the largest source of income was salaries and wages, whereas pension and annuities was the third largest, after proprietorship income. Figure 9 compares the distribution of income sources of elderly and non-elderly taxpayers.

Figure 9
Sources of Income Reported by the Elderly and
All Other Residents – 2003
(In Thousands of Dollars)

Sources of Income	Elderly		All Others	
	Amount	% of Total	Amount	% of Total
FEDERAL TOTAL INCOME	\$ 3,826,366	100.0	\$ 18,664,535	100.0
Salaries and Wages	\$ 782,819	20.5	\$ 15,405,719	82.5
Taxable Dividends.....	175,955	4.6	148,622	0.8
Interest	182,610	4.8	180,643	1.0
Sole Proprietorships.....	72,836	1.9	744,556	4.0
Capital Assets and Other Property.....	340,793	8.9	355,211	1.9
Rents and Royalties	110,657	2.9	(33,941)	(0.2)
Partnerships.....	81,451	2.1	522,112	2.8
Estates and Trusts	30,693	0.8	33,260	0.2
Pensions and Annuities.....	1,391,332	36.4	707,945	3.8
Taxable IRA Payouts	186,756	4.9	121,835	0.7
Taxable Social Security.....	438,617	11.5	65,229	0.3
All Other Sources	31,847	0.6	413,346	2.2

Note: Totals may not add up due to rounding.

Elderly taxpayers subtracted \$29.9 million of adjustments from their Hawaii total income, resulting in Hawaii AGI of \$1,967.3 million. Elderly taxpayers claimed \$67.6 million in standard deductions, \$637.2 million in itemized deductions, and \$294.7 million in personal exemptions, leaving Hawaii taxable income of \$967.9 million. The resulting tax liability was \$86.4 million before credits and \$73.9 million 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 lieu of the \$1,040 regular personal exemption. A spouse on a joint return

with a disabled taxpayer is entitled to an exemption of \$1,040 plus an additional \$1,040 if the spouse is aged 65 or older. A disabled spouse on a joint return is also entitled to the \$7,000 exemption, so the maximum allowable exemption on a joint return with two disabled taxpayers is \$14,000. Disabled taxpayers may not claim any additional exemptions for dependents or age.

Resident returns with BDD exemptions numbered 4,922 in 2003. BDD taxpayers reported federal total income of \$213.4 million and Hawaii total income of \$146.9 million. Their highest source of income was salaries and wages (\$71.8 million), followed by pensions (\$44.3 million), and taxable social security (\$22.9 million). Their taxable income was \$52.6 million, and their tax liability before and after credits amounted to \$4.6 million and \$4.0 million, respectively.

DEPENDENT RESIDENT TAXPAYERS

Dependent taxpayers file their own returns, but they are claimed as dependents by other taxpayers, so they may not claim the personal exemption of \$1,040. Dependents may itemize deductions, or they may claim the standard deduction, which is the greater of \$500 or their earned income (up to the full standard deduction for their filing status).

A total of 32,917 dependents filed returns in 2003, a slight increase over the 31,993 returns filed in 2002. Their Hawaii total income was \$157.4 million, while their federal total income was \$157.6 million. Their major source of Hawaii income was salaries and wages, which amounted to \$146.2 million, or 92.9% of their Hawaii total income. Their adjusted gross income was \$156.5 million. Their taxable income was \$52.1 million, and their tax liability was \$4.3 million before credits and \$4.0 million after credits.

STATISTICAL

TABLES²

2. "d" in the tables denotes the data in the cell were suppressed to prevent potential disclosure of confidential taxpayer information.

TABLE 1
PERCENT DISTRIBUTION OF SELECTED DATA ON ALL RESIDENT RETURNS BY ADJUSTED GROSS INCOME CLASS - 2003

ADJUSTED GROSS INCOME CLASS	Number of Returns		Adjusted Gross Income		Taxable Income		Tax Liability	
	Number	%	Amount	%	Amount	%	Amount	%
<u>TAXABLE RESIDENT RETURNS</u>								
Under \$ 5,000	26,561	6.1%	\$ 88,752,393	0.4%	\$ 37,302,229	0.2%	\$ 602,511	0.1%
\$ 5,000 " 10,000	42,015	9.7%	311,890,231	1.6%	177,149,666	1.2%	4,961,644	0.5%
10,000 " 20,000	77,951	17.9%	1,165,052,276	5.9%	809,617,368	5.4%	34,419,352	3.6%
20,000 " 30,000	71,621	16.5%	1,775,847,106	9.0%	1,329,745,101	8.8%	69,140,217	7.2%
30,000 " 40,000	52,624	12.1%	1,815,367,402	9.2%	1,374,379,549	9.1%	78,111,695	8.1%
40,000 " 50,000	37,199	8.6%	1,659,109,871	8.4%	1,233,146,853	8.2%	72,868,916	7.6%
50,000 " 75,000	60,133	13.8%	3,688,277,508	18.6%	2,725,857,558	18.1%	169,137,857	17.6%
75,000 " 100,000	32,172	7.4%	2,772,874,462	14.0%	2,069,495,959	13.7%	135,321,143	14.1%
100,000 " 150,000	22,395	5.1%	2,659,363,198	13.4%	2,059,367,643	13.7%	143,105,018	14.9%
150,000 " 200,000	5,759	1.3%	978,372,998	4.9%	789,459,740	5.2%	57,842,785	6.0%
200,000 and over	6,601	1.5%	2,880,084,757	14.5%	2,476,926,415	16.4%	193,502,579	20.2%
TOTAL - TAXABLE RETURNS	435,031	100.0%	\$ 19,794,992,202	100.0%	\$ 15,082,448,081	100.0%	\$ 959,013,717	100.0%
<u>NONTAXABLE RESIDENT RETURNS</u>								
Loss	9,859	10.8%	\$ (214,011,146)					
\$ 0 under \$ 5,000	64,898	70.9%	77,581,742					
5,000 " 10,000	8,308	9.1%	59,413,118					
10,000 and over	8,420	9.2%	168,788,246					
TOTAL - NONTAXABLE RETURNS	91,485	100.0%	\$ 91,771,960 ¹					
ALL RESIDENT RETURNS	526,516		\$ 19,886,764,162 ¹		\$ 15,082,448,081		\$ 959,013,717	

¹ Includes returns with negative AGI.

TABLE 2
SELECTED DATA ON ALL RETURNS FILED, BY TYPE OF RETURN FILED AND BY ADJUSTED GROSS INCOME CLASS - 2003

ADJUSTED GROSS INCOME CLASS		Number of Returns		Adjusted Gross Income		H/H ²
		Single ¹	Joint	Single ¹	Joint	
TAXABLE RESIDENT RETURNS						
Under	\$ 5,000	26,021	166	374		
\$ 5,000	"	33,047	4,358	4,610	\$ 86,370,517	\$ 713,794
10,000	"	49,295	15,040	13,616	242,648,245	34,268,538
20,000	"	40,209	16,655	14,757	725,756,808	230,516,873
30,000	"	27,090	16,559	8,975	992,017,066	418,455,942
40,000	"	14,934	17,442	4,823	930,464,122	576,602,202
50,000	"	15,922	39,526	4,685	662,859,533	782,042,487
75,000	"	4,137	26,636	1,399	950,713,338	2,458,936,868
100,000	"	2,157	19,763	4,75	352,259,456	2,302,613,788
150,000	"	630	4,968	161	255,355,161	2,347,312,318
200,000	"	1,008	5,409	184	109,746,937	841,354,257
and over					488,449,490	2,313,218,502
TOTAL - TAXABLE RETURNS		214,450	166,522	54,059	\$5,796,640,673	\$12,306,035,569
NONTAXABLE RESIDENT RETURNS						
Loss		5,926	3,479	454	\$ (95,466,282)	\$ (106,648,268)
\$ 0	under \$ 5,000	42,983	18,120	3,795	40,207,297	30,959,010
5,000	"	2,673	5,177	458	18,414,771	37,811,316
10,000	and over	2,081	5,672	667	39,774,160	117,831,932
TOTAL - NONTAXABLE RETURNS		53,663	32,448	5,374	\$ 2,929,946 ³	\$ 79,953,990 ³
ALL RESIDENT RETURNS		268,113	198,970	59,433	\$5,799,570,619 ³	\$12,385,989,559 ³
ALL NONRESIDENT RETURNS		27,381	28,682	2,264	\$ 357,172,401 ³	\$ 576,235,989 ³
TOTAL - ALL RETURNS		295,494	227,652	61,697	\$6,156,743,020 ³	\$12,962,225,548 ³
						\$1,731,520,797 ³

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 - 2003

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	\$ 36,855,701	\$ 126,194	\$ 320,334	\$ 596,296	\$ 1,774	\$ 4,441
\$ 5,000	"	153,169,396	9,523,560	14,456,710	4,559,143	140,996	261,505
10,000	"	552,511,228	119,174,737	137,931,403	25,939,198	3,358,486	5,121,668
20,000	"	805,830,600	254,914,304	269,000,197	45,911,543	10,264,701	12,963,973
30,000	"	760,733,140	381,758,387	231,888,022	47,361,355	18,152,169	12,598,171
40,000	"	540,324,142	534,949,973	157,872,738	35,556,924	28,080,637	9,231,355
50,000	"	756,602,291	1,757,259,590	211,995,677	52,535,246	103,186,560	13,416,051
75,000	"	274,089,694	1,705,557,896	89,848,369	19,936,405	109,286,272	6,098,466
100,000	"	209,594,033	1,805,466,874	44,306,736	15,713,671	124,212,974	3,178,373
150,000	"	93,603,390	674,519,398	21,336,952	7,157,423	49,096,366	1,588,996
200,000 and over		424,002,509	1,985,618,026	67,305,880	34,317,334	153,910,042	5,275,203
TOTAL - TAXABLE RETURNS		\$4,607,316,124	\$9,228,868,939	\$1,246,263,018	\$289,584,538	\$599,690,977	\$69,738,202
NONTAXABLE RESIDENT RETURNS							
Loss							
\$ 0	under	NOT APPLICABLE		NOT APPLICABLE		NOT APPLICABLE	
5,000	"						
10,000 and over							
TOTAL - NONTAXABLE RETURNS							
ALL RESIDENT RETURNS		\$4,607,316,124	\$9,228,868,939	\$1,246,263,018	\$289,584,538	\$599,690,977	\$69,738,202
ALL NONRESIDENT RETURNS		\$ 361,362,219	\$ 671,701,776	\$ 29,233,365	\$ 23,036,495	\$ 41,424,814	\$ 1,661,146
TOTAL - ALL RETURNS		\$4,968,678,343	\$9,900,570,715	\$1,275,496,383	\$312,621,033	\$641,115,791	\$71,399,348

¹ Includes married filing separately.

² Includes heads of household and qualifying surviving spouses.

³ Includes returns with negative AGI.

TABLE 3
SELECTED DATA ON NONRESIDENT RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 2003

ADJUSTED GROSS INCOME CLASS	Number of Returns	Hawaii Adjusted Gross Income	Worldwide Adjusted Gross Income	No. of Exemptions		Hawaii Taxable Income	Hawaii Tax Liability
				Regular	Age		
TAXABLE NONRESIDENT RETURNS							
Under \$ 5,000	11,931	\$ 28,747,088	\$ 2,607,121,911	19,641	1,485	\$ 20,887,492	\$ 337,355
\$ 5,000 "	9,009	65,088,730	1,531,991,146	16,543	982	50,018,461	1,350,673
10,000 "	8,856	128,673,234	1,293,237,119	17,621	773	106,031,491	4,378,003
20,000 "	4,103	101,779,819	857,675,952	9,347	301	84,421,038	4,198,716
30,000 "	2,804	97,053,057	523,518,436	6,428	265	79,987,584	4,429,807
40,000 "	1,541	68,538,287	539,704,845	3,839	206	57,663,409	3,368,830
50,000 "	2,047	125,991,132	1,162,638,771	4,748	335	103,827,471	6,551,367
75,000 "	871	75,705,009	679,342,745	2,057	207	62,621,650	4,198,558
100,000 "	923	112,100,729	436,561,684	2,229	349	95,497,886	6,693,694
150,000 "	347	60,711,615	1,161,856,614	813	142	53,874,769	3,915,288
200,000 and over	584	399,859,864	3,369,391,783	1,373	230	362,436,546	27,840,471
TOTAL - TAXABLE RETURNS	43,016	\$ 1,264,248,564	\$ 14,163,041,006	84,639	5,275	\$ 1,077,267,797	\$ 67,262,762
NONTAXABLE NONRESIDENT RETURNS							
Loss	7,580			15,717	2,109		
\$ 0 under \$ 5,000	7,007	\$ (301,895,393)	\$ 1,470,584,987	12,387	1,328		
5,000 "	378	3,750,312	1,760,084,829	934	56		
10,000 and over	435	2,665,393	85,846,563	1,138	86		
		8,619,930	185,719,234				
TOTAL - NONTAXABLE RETURNS	15,400	\$ (286,859,758) ¹	\$ 3,502,235,613	30,176	3,579		
ALL NONRESIDENT RETURNS	58,416	\$ 977,388,806 ¹	\$ 17,665,276,619	114,815	8,854	\$ 1,077,267,797	\$ 67,262,762
¹ Includes returns with negative AGI.							

¹ Includes returns with negative AGI.

TABLE 4
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 2003

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	22,395	\$ 74,566,747	3,626	\$ 2,255,940	9,352	\$ 4,071,141
\$ 5,000 " 10,000	34,086	249,001,333	5,396	8,046,710	13,556	17,375,909
10,000 " 20,000	68,010	975,541,226	10,705	21,260,916	29,119	36,842,930
20,000 " 30,000	66,132	1,590,447,249	11,281	16,740,200	32,095	30,636,419
30,000 " 40,000	49,884	1,651,976,581	10,352	18,004,821	30,171	24,176,822
40,000 " 50,000	35,790	1,526,211,149	8,575	12,742,610	24,132	17,728,842
50,000 " 75,000	57,993	3,325,804,148	17,839	28,767,299	44,866	33,271,334
75,000 " 100,000	30,977	2,429,040,886	13,260	25,449,540	27,102	30,479,954
100,000 " 150,000	21,226	2,183,789,405	12,348	28,058,291	20,571	25,921,147
150,000 " 200,000	5,205	694,717,111	3,871	16,225,318	5,421	13,349,564
200,000 and over	5,510	1,291,020,673	5,164	105,431,020	6,296	64,123,466
TOTAL - TAXABLE RETURNS	397,208	\$15,992,116,508	102,417	\$ 282,982,665	242,681	\$ 297,977,528
<u>NONTAXABLE RESIDENT RETURNS</u>						
Loss	1,971	\$ 29,089,086	4,951	\$ 6,824,207	7,236	\$ 9,838,897
\$ 0 under \$ 5,000	17,127	45,493,357	12,045	11,289,573	34,548	26,705,849
5,000 " 10,000	2,581	21,969,193	3,989	8,357,534	6,886	12,204,393
10,000 and over	4,437	99,869,581	3,778	15,122,640	6,667	16,526,554
TOTAL - NONTAXABLE RETURNS	26,116	\$ 196,421,217	24,763	\$ 41,593,954	55,337	\$ 65,275,693
ALL RESIDENT RETURNS	423,324	\$16,188,537,725	127,180	\$ 324,576,619	298,018	\$ 363,253,221
ALL NONRESIDENT RETURNS	33,007	\$ 609,472,405	4,018	\$ 7,310,148	10,420	\$ 26,658,965
TOTAL - ALL RETURNS	456,331	\$16,798,010,130	131,198	\$ 331,886,767	308,438	\$ 389,912,186

TABLE 4 (continued)
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 2003

ADJUSTED GROSS INCOME CLASS	BUSINESS AND PROFESSIONS			SALE OF CAPITAL ASSETS & OTHER PROPERTY		
	Number of Returns	Profit Amount	Loss Amount	Number of Returns	Profit Amount	Loss Amount
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	1,418	\$ 4,482,294	\$ 18,428,942	1,370	\$ 1,028,352	\$ 1,203,948
\$ 5,000 "	4,043	25,420,425	2,296,000	2,066	3,824,913	2,951,952
10,000 "	6,695	62,124,277	7,773,042	3,652	10,341,686	8,244,478
20,000 "	5,621	72,544,576	10,246,329	3,304	12,695,042	9,711,666
30,000 "	4,837	66,884,435	12,400,875	3,052	18,258,730	9,289,767
40,000 "	4,228	52,781,027	13,176,527	2,455	18,236,904	9,532,765
50,000 "	7,663	127,796,764	20,465,402	5,206	45,334,644	19,953,176
75,000 "	4,442	95,688,743	10,556,955	4,014	67,349,009	11,695,374
100,000 "	3,589	128,300,549	8,006,641	4,455	105,274,953	11,095,466
150,000 "	1,168	75,262,430	2,656,051	1,696	72,529,080	4,313,457
200,000 and over	1,601	216,474,501	9,282,747	2,535	460,507,949	20,338,878
TOTAL - TAXABLE RETURNS	45,305	\$ 927,760,021	\$ 115,289,511	33,805	\$ 815,381,262	\$ 108,330,927
NONTAXABLE RESIDENT RETURNS						
Loss	1,006	\$ 9,972,346	\$ 31,318,281	601	\$ 9,727,706	\$ 27,228,532
\$ 0 under \$ 5,000	3,326	10,054,487	3,262,001	2,576	3,480,161	9,556,544
5,000 "	1,188	7,138,023	2,507,858	886	3,398,746	3,936,926
10,000 and over	1,909	23,441,451	8,596,662	1,298	18,353,474	5,284,391
TOTAL - NONTAXABLE RETURNS	7,429	\$ 50,606,307	\$ 45,684,802	5,361	\$ 34,960,087	\$ 46,006,393
ALL RESIDENT RETURNS	52,734	\$ 978,366,328	\$ 160,974,313	39,166	\$ 850,341,349	\$ 154,337,320
ALL NONRESIDENT RETURNS	1,797	\$ 38,155,713	\$ 15,665,667	5,634	\$ 390,081,826	\$ 9,000,261
TOTAL - ALL RETURNS	54,531	\$ 1,016,522,041	\$ 176,639,980	44,800	\$ 1,240,423,175	\$ 163,337,581

TABLE 4 (continued)
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 2003

ADJUSTED GROSS INCOME CLASS	RENTS AND ROYALTIES			PARTNERSHIPS AND S-CORPORATIONS		
	Number of Returns	Amount	Loss	Number of Returns	Amount	Loss
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	490	\$ 1,495,448	\$ -	63	\$ 104,559	\$ 260,459
\$ 5,000 " 10,000	1,254	6,327,491	1,873,383	228	1,201,875	1,077,158
10,000 " 20,000	3,197	20,020,762	4,295,727	1,132	8,874,191	1,853,308
20,000 " 30,000	2,382	20,509,353	10,886,857	1,239	11,599,914	3,036,011
30,000 " 40,000	2,121	16,279,591	10,741,939	1,004	10,958,460	4,066,823
40,000 " 50,000	1,761	12,820,769	19,840,661	821	12,574,982	3,191,647
50,000 " 75,000	3,642	31,742,157	35,600,275	1,694	34,850,141	6,654,088
75,000 " 100,000	2,479	23,089,037	26,446,282	1,511	36,522,008	5,490,938
100,000 " 150,000	2,620	28,951,739	23,443,107	1,994	71,364,750	5,984,344
150,000 " 200,000	923	18,858,729	8,594,631	1,050	62,313,660	2,234,661
200,000 and over	1,596	78,843,150	19,273,813	2,054	433,441,222	20,806,521
TOTAL - TAXABLE RETURNS	22,465	\$258,938,226	\$160,996,675	12,790	\$683,805,762	\$ 54,655,958
NONTAXABLE RESIDENT RETURNS						
Loss	550	\$ 4,823,663	\$ 22,172,987	301	\$ 6,592,867	\$ 35,881,253
\$ 0 under \$ 5,000	1,684	3,228,948	6,065,340	374	717,448	1,392,891
5,000 " 10,000	1,309	6,045,172	3,497,667	255	1,675,654	1,285,177
10,000 and over	1,354	11,603,646	15,190,921	416	12,583,737	8,597,321
TOTAL - NONTAXABLE RETURNS	4,897	\$ 25,701,429	\$ 46,926,915	1,346	\$ 21,569,706	\$ 47,156,642
ALL RESIDENT RETURNS	27,362	\$284,639,655	\$207,923,590	14,136	\$705,375,468	\$101,812,600
ALL NONRESIDENT RETURNS	-	-	-	-	-	-
TOTAL - ALL RETURNS	27,362	\$284,639,655	\$207,923,590	14,136	\$705,375,468	\$101,812,600

See end of table for footnotes.

TABLE 4 (continued)
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 2003

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	42	\$ 7,077	396	\$ 1,037,060	1,504	\$ 16,063,049	504	\$ 1,386,575
\$ 5,000 " 10,000	188	653,897	1,797	5,038,377	5,412	92,083,224	2,599	8,433,499
10,000 " 20,000	385	1,789,950	5,126	20,870,743	11,544	199,058,828	5,142	33,800,686
20,000 " 30,000	335	2,257,594	4,834	20,607,440	9,553	174,844,168	3,219	28,952,641
30,000 " 40,000	211	1,167,913	3,679	15,446,316	7,976	113,898,864	2,669	27,023,609
40,000 " 50,000	254	2,132,572	2,392	10,776,442	5,732	99,582,455	1,707	11,687,457
50,000 " 75,000	480	4,819,136	4,907	20,213,524	9,703	163,846,921	3,083	29,758,965
75,000 " 100,000	348	5,675,757	2,302	8,411,339	5,565	112,535,412	2,119	27,993,307
100,000 " 150,000	440	9,882,550	1,050	4,056,448	4,048	86,338,646	1,284	24,265,003
150,000 " 200,000	99	1,550,700	155	686,085	1,138	27,593,659	336	7,785,841
200,000 and over	337	34,010,783	116	616,738	1,444	48,049,849	503	12,122,169
TOTAL - TAXABLE RETURNS	3,119	\$63,947,929	26,754	\$107,760,512	63,619	\$1,133,895,075	23,165	\$213,209,752
<u>NONTAXABLE RESIDENT RETURNS</u>								
Loss	85	\$ (930,979)	129	\$ 768,017	4,503	\$ 120,194,240	1,254	\$ 17,812,822
\$ 0 under \$ 5,000	231	151,272	503	1,128,909	28,119	564,111,145	7,468	38,328,204
5,000 " 10,000	127	266,964	199	764,397	5,434	145,462,416	2,897	19,632,720
10,000 and over	93	517,166	491	2,783,154	4,775	135,614,215	2,061	19,607,150
TOTAL - NONTAXABLE RETURNS	536	\$ 4,423	1,322	\$ 5,444,477	42,831	\$ 965,382,016	13,680	\$ 95,380,896
ALL RESIDENT RETURNS	3,655	\$63,952,352	28,076	\$113,204,989	106,450	\$2,099,277,091	36,845	\$308,590,648
ALL NONRESIDENT RETURNS	-	- ¹	1,680	\$ 8,456,927	868	\$ 6,728,833	326	4,809,202
TOTAL - ALL RETURNS	3,655	\$63,952,352	29,756	\$121,661,916	107,318	\$2,106,005,924	37,171	\$313,399,850

See end of table for footnotes.

TABLE 4 (continued)
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 2003

ADJUSTED GROSS INCOME CLASS	STATE TAX		FEDERALLY-TAXABLE SOCIAL SECURITY		MISCELLANEOUS SOURCES ³	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
<u>TAXABLE RESIDENT RETURNS</u>						
Under \$ 5,000	675	\$ 69,629	397	\$ 1,721,157	604	\$ 1,336,869
\$ 5,000 " 10,000	1,761	819,832	2,214	16,078,722	1,219	2,630,012
" 10,000 " 20,000	5,476	2,774,624	6,304	46,851,478	2,409	7,617,115
" 20,000 " 30,000	12,069	7,865,025	7,129	57,203,358	3,122	11,069,628
" 30,000 " 40,000	14,312	11,008,074	5,187	48,963,452	2,160	7,136,371
" 40,000 " 50,000	15,269	13,851,940	3,021	40,438,544	2,608	7,943,076
" 50,000 " 75,000	34,121	34,489,841	4,490	58,224,281	5,206	19,319,537
" 75,000 " 100,000	22,401	26,252,702	2,077	28,585,532	3,785	17,420,698
" 100,000 " 150,000	16,941	24,495,894	1,626	23,913,305	2,832	12,486,117
" 150,000 " 200,000	4,232	8,740,458	654	10,258,634	815	8,058,519
200,000 and over	4,729	28,127,722	1,126	19,159,343	1,383	37,999,517
TOTAL - TAXABLE RETURNS	131,986	\$ 158,495,741	34,225	\$ 351,397,806	26,143	\$ 133,017,459
<u>NONTAXABLE RESIDENT RETURNS</u>						
Loss	2,093	\$ 1,323,939	1,804	\$ 14,708,646	400	\$ 1,507,792
\$ 0 under 5,000	5,068	1,389,046	10,581	66,886,319	1,606	2,727,569
" 5,000 " 10,000	2,337	1,240,391	3,590	30,394,843	846	3,138,962
" 10,000 and over	4,375	4,671,272	3,595	40,458,477	1,337	7,296,443
TOTAL - NONTAXABLE RETURNS	13,873	\$ 8,624,648	19,570	\$ 152,448,285	4,189	\$ 14,670,766
ALL RESIDENT RETURNS	145,859	\$ 167,120,389	53,795	\$ 503,846,091	30,332	\$ 147,688,225
ALL NONRESIDENT RETURNS	4,305	7,806,441	-	- ¹	9,207	\$ 276,933,907
TOTAL - ALL RETURNS	150,164	\$ 174,926,830	53,795	\$ 503,846,091	39,539	\$ 424,622,132
					30,729	\$ 525,632,705

See end of table for footnotes.

TABLE 4 (continued)
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 2003

ADJUSTED GROSS INCOME CLASS	UNKNOWN SOURCES ⁴			FEDERAL TOTAL INCOME FROM ALL SOURCES	
	Profit	Loss		Number of Returns	Amount
	Number of Returns	Amount	Number of Returns	Amount	
TAXABLE RESIDENT RETURNS					
Under \$ 5,000	1,451	\$ 19,045,919	856	\$ 1,070,594	\$ 106,829,603
\$ 5,000 "	2,744	2,547,613	2,124	4,127,837	426,329,436
10,000 "	6,400	7,080,655	3,301	8,333,259	1,420,771,008
20,000 "	6,667	6,054,447	3,066	8,650,752	2,016,463,165
30,000 "	5,297	4,234,005	3,815	15,026,631	1,981,038,094
40,000 "	3,386	4,111,275	3,120	5,959,036	1,791,303,293
50,000 "	5,741	17,216,717	5,886	18,727,393	3,870,684,761
75,000 "	3,333	16,387,208	4,300	28,861,874	2,866,508,967
100,000 "	2,253	20,925,617	4,385	20,116,656	2,706,034,106
150,000 "	774	17,309,297	554	10,549,914	1,005,113,193
200,000 and over	1,315	259,209,142	460	62,087,563	2,952,457,576
TOTAL - TAXABLE RETURNS	39,361	\$374,121,895	31,867	\$183,511,509	\$21,143,533,202
NONTAXABLE RESIDENT RETURNS					
Loss	1,245	\$ 5,341,022	824	\$ 42,682,526	\$ (60,462,002)
\$ 0 under \$ 5,000	6,870	2,773,016	1,713	9,625,719	739,271,027
5,000 "	2,046	1,008,346	385	1,450,509	247,281,042
10,000 and over	2,180	35,745,747	704	11,505,927	393,468,791
TOTAL - NONTAXABLE RETURNS	12,341	\$ 44,868,131	3,626	\$ 65,264,681	\$ 1,319,558,858
ALL RESIDENT RETURNS	51,702	\$418,990,026	35,493	\$248,776,190	\$22,463,092,060
ALL NONRESIDENT RETURNS	not applicable	not applicable	not applicable	not applicable	not available
TOTAL - ALL RETURNS	51,702	\$418,990,026	35,493	\$248,776,190	\$22,463,092,060

See end of table for footnotes.

TABLE 4 (continued)
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 2002

ADJUSTED GROSS INCOME CLASS	ITEMS TAXED BY HAWAII BUT NOT BY FEDERAL		ITEMS TAXED BY FEDERAL BUT NOT BY HAWAII		HAWAII TOTAL INCOME		HAWAII STATUTORY ADJUSTMENTS ⁶	
	Number of Returns	Amount	Number of Returns	Amount ⁵	Number of Returns	Amount	Number of Returns	Amount
TAXABLE RESIDENT RETURNS								
Under \$ 5,000	1,410	\$ 984,581	2,635	\$ 17,684,270	26,561	\$ 90,129,914	1,760	\$ 1,377,521
\$ 5,000 "	3,582	3,528,452	6,617	111,200,614	42,015	318,657,274	5,321	6,767,043
10,000 "	10,055	9,886,944	14,698	247,763,167	77,951	1,182,894,785	11,163	17,842,509
20,000 "	14,186	16,087,795	17,896	231,545,858	71,621	1,801,005,102	11,695	25,157,996
30,000 "	14,366	21,992,398	17,136	163,341,775	52,624	1,839,688,717	9,965	24,321,315
40,000 "	10,836	21,506,816	14,191	135,219,085	37,199	1,677,591,024	7,670	18,481,153
50,000 "	17,260	68,778,994	30,049	212,903,855	60,133	3,726,559,900	14,026	38,282,392
75,000 "	10,819	68,023,194	19,327	134,985,399	32,172	2,799,546,762	7,984	26,672,300
100,000 "	9,979	90,926,744	15,183	104,315,180	22,395	2,692,645,670	6,260	33,282,472
150,000 "	2,216	28,197,538	3,946	33,927,383	5,759	999,383,348	1,829	21,010,350
200,000 and over	2,976	57,693,493	4,905	85,767,521	6,601	2,924,363,548	2,727	44,298,791
TOTAL - TAXABLE RETURNS	97,685	\$ 387,608,949	146,583	\$ 1,478,654,107	435,031	\$ 20,052,486,044	80,400	\$ 257,493,842
NONTAXABLE RESIDENT RETURNS								
Loss	2,344	\$ 28,788,522	5,666	\$ 177,265,644	9,859	\$ (208,939,124)	1,523	\$ 5,072,022
\$ 0 under \$ 5,000	4,894	7,390,457	28,798	665,042,165	64,898	81,619,319	3,521	4,037,577
5,000 "	2,213	2,260,268	5,920	187,351,448	8,308	62,189,862	1,523	2,776,744
10,000 and over	2,501	5,246,688	6,128	223,099,497	8,420	175,615,982	2,426	6,827,736
TOTAL - NONTAXABLE RETURNS	11,952	\$ 43,685,935	46,512	\$ 1,252,758,754	91,485	\$ 110,486,039	8,993	\$ 18,714,079
ALL RESIDENT RETURNS	109,637	\$ 431,292,884	193,095	\$ 2,731,412,861	526,516	\$ 20,162,972,083	89,393	\$ 276,207,921
ALL NONRESIDENT RETURNS	not meaningful		not meaningful		58,416	\$ 1,009,462,595	9,701	\$ 32,073,789
TOTAL - ALL RETURNS	109,637	\$ 431,292,884	193,095	\$ 2,731,412,861	584,932	\$ 21,172,434,678	99,094	\$ 308,281,710

¹ Included in "miscellaneous 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 Does not include individual housing accounts and military reserve/Hawaii national guard duty pay, which are included as statutory adjustments in the last column.

⁶ Excludes adjustments for educator expenses and college tuition, which were not adopted by Hawaii.

TABLE 5
SOURCES OF INCOME REPORTED IN EACH DISTRICT BY NUMBER OF RETURNS AND AMOUNT - 2003
(Resident Returns)

SOURCES OF INCOME	TAXATION DISTRICT							
	FIRST		SECOND		THIRD		FOURTH	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Salaries and Wages	301,909	\$ 12,043,154,468	49,393	\$ 1,770,404,493	50,347	\$ 1,638,176,721	21,675	\$ 736,802,043
Taxable Dividends	96,326	238,794,135	12,183	36,786,894	13,014	35,181,063	5,657	13,814,527
Interest	216,858	261,872,491	30,882	39,078,968	34,056	44,178,310	16,222	18,123,452
Business and Professions								
Net Profit	33,306	673,186,040	7,238	118,320,653	8,641	131,491,692	3,549	55,367,943
Net Loss	14,011	(100,262,860)	3,729	(21,962,184)	4,141	(28,665,840)	1,296	(10,083,429)
Sale of Capital Assets								
Net Gain	28,683	559,707,685	4,209	119,179,680	4,561	113,805,803	1,713	57,648,181
Net Loss	37,311	(120,615,748)	5,096	(14,925,979)	4,759	(13,105,468)	2,380	(5,690,125)
Rents and Royalties								
Net Profit	19,503	202,478,748	3,381	34,754,408	3,020	27,061,059	1,458	20,345,440
Net Loss	19,065	(155,258,843)	2,974	(24,114,346)	2,624	(17,629,748)	1,310	(10,920,653)
Partnerships and S-Corporations								
Net Profit	9,550	489,170,971	1,916	114,847,934	1,623	63,215,447	1,047	38,141,116
Net Loss	5,939	(60,229,127)	1,345	(19,690,749)	1,008	(14,052,195)	465	(7,840,529)
Estates and Trusts	2,697	49,918,482	474	7,339,110	378	4,833,409	106	1,861,351
Unemployment Compensation	18,653	77,277,007	3,251	12,148,930	4,545	18,418,569	1,627	5,360,483
Pensions and Annuities	79,837	1,659,577,088	9,446	142,839,901	12,154	216,239,940	5,013	80,620,162
Taxable IRA Distributions	28,098	232,024,344	2,814	26,984,936	4,135	37,026,988	1,798	12,554,380
State Tax Refund Income	106,210	124,715,846	16,654	20,000,100	15,731	14,696,964	7,264	7,707,479
Federally-Taxed Social Security	41,736	396,780,461	4,368	39,492,612	5,518	48,373,630	2,173	19,199,388
All Other Sources ¹	93,876	141,287,951	11,962	(7,597,710)	15,492	2,655,200	5,391	712,517
Federal Total Income	376,717	\$ 16,713,579,139	59,130	\$ 2,393,887,651	63,871	\$ 2,321,901,544	26,798	\$ 1,033,723,726
Hawaii Additions ²	79,245	345,127,506	11,704	33,652,077	13,347	38,408,931	5,341	14,104,370
Hawaii Subtractions ³	142,152	2,179,634,989	19,874	181,931,755	21,952	269,773,976	9,117	100,072,141
Hawaii Total Income	376,717	\$ 14,879,071,656	59,130	\$ 2,245,607,973	63,871	\$ 2,090,536,499	26,798	\$ 947,755,955
Less HI Adjustments to Income	61,207	190,455,814	10,892	33,231,980	12,413	36,832,536	4,881	15,687,591
Adjusted Gross Income ⁴	376,717	\$ 14,688,615,842	59,130	\$ 2,212,375,993	63,871	\$ 2,053,703,963	26,798	\$ 932,068,364

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. Includes military received, other income, and unknown sources (net of allowable on both state and federal returns).

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

4 Includes losses.

TABLE 6
TYPES OF DEDUCTIONS BY ADJUSTED GROSS INCOME CLASS - 2003

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	190	\$ 88,905	82	\$ 138,949	252	\$ 258,802	d	d
\$ 5,000 "	3,920	3,764,337	933	2,231,261	3,066	5,897,817	d	d
10,000 "	17,831	23,413,804	5,952	25,979,756	10,965	24,673,134	97	\$ 203,427
20,000 "	29,374	41,943,924	11,771	75,509,301	10,576	26,529,138	155	438,636
30,000 "	31,092	42,412,001	14,821	113,239,124	7,173	22,223,630	106	313,278
40,000 "	26,064	41,201,562	15,115	133,586,278	5,157	14,375,536	74	230,336
50,000 "	49,083	93,562,909	35,483	359,062,248	6,144	17,623,759	144	649,856
75,000 "	28,567	64,027,517	24,646	298,828,837	1,626	7,631,594	58	344,360
100,000 "	20,904	55,746,648	18,911	263,514,251	642	5,484,602	33	644,249
150,000 "	5,284	19,011,480	4,908	84,269,362	175	1,936,000	d	d
200,000 and over	6,019	81,176,718	5,391	128,494,968	93	4,535,099	d	d
TOTAL - TAXABLE RETURNS	218,328	\$ 466,349,805	138,013	\$ 1,484,854,335	45,869	\$ 131,169,111	691	\$ 3,813,155
<u>NONTAXABLE RESIDENT RETURNS</u>								
Loss	939	\$ 2,788,522	2,838	\$ 29,707,174	2,737	\$ 14,861,847	34	\$ 175,401
\$ 0 under \$ 5,000	10,773	10,921,795	6,321	41,943,219	11,603	116,772,822	41	539,796
5,000 "	5,752	7,747,468	3,862	31,327,788	5,682	29,876,532	22	131,829
10,000 and over	7,177	20,671,439	6,399	103,014,195	5,294	42,159,951	79	1,720,239
TOTAL - NONTAXABLE RETURNS	24,641	\$ 42,129,224	19,420	\$ 205,992,376	25,316	\$ 203,671,152	176	\$ 2,567,265
ALL RESIDENT RETURNS	242,969	\$ 508,479,029	157,433	\$ 1,690,846,711	71,185	\$ 334,840,263	867	\$ 6,380,420
ALL NONRESIDENT RETURNS	15,070	\$ 54,065,263	6,542	\$ 55,167,500	3,335	\$ 10,630,846	217	\$ 469,186
TOTAL - ALL RETURNS	258,039	\$ 562,544,292	163,975	\$ 1,746,014,211	74,520	\$ 345,471,109	1,084	\$ 6,849,606

TABLE 6 (continued)
TYPES OF DEDUCTIONS BY ADJUSTED GROSS INCOME CLASS - 2003

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	336	\$ 125,717	188	\$ 183,396	399	\$ 797,693
\$ 5,000 " 10,000	4,642	3,108,417	2,425	2,379,250	5,040	17,391,104
10,000 " 20,000	19,956	20,202,499	10,626	18,987,678	20,602	113,460,298
20,000 " 30,000	37,863	61,113,401	16,962	39,798,345	38,163	245,332,745
30,000 " 40,000	42,145	94,122,799	15,513	38,599,031	42,375	310,909,863
40,000 " 50,000	32,907	95,732,792	12,806	42,307,404	33,016	327,433,908
50,000 " 75,000	57,484	228,840,661	22,459	86,853,867	57,708	786,340,550
75,000 " 100,000	31,561	185,038,095	11,078	45,799,635	31,604	601,430,123
100,000 " 150,000	22,220	181,979,948	6,884	32,689,902	22,244	527,377,025
150,000 " 200,000	5,684	68,986,136	1,440	8,450,631	5,684	170,677,168
200,000 and over	6,450	203,786,899	1,632	28,108,844	6,464	382,608,241
TOTAL - TAXABLE RETURNS	261,248	\$ 1,143,037,364	102,013	\$ 344,157,983	263,299	\$ 3,483,758,718
<u>NONTAXABLE RESIDENT RETURNS</u>						
Loss	3,863	\$ 6,725,220	2,717	\$ 3,788,741	4,417	\$ 58,046,905
\$ 0 under \$ 5,000	11,063	10,863,738	8,416	4,984,603	13,863	186,025,973
5,000 " 10,000	6,499	6,860,882	3,707	5,244,814	7,040	81,189,313
10,000 and over	8,060	24,939,095	3,708	18,019,154	8,378	210,423,005
TOTAL - NONTAXABLE RETURNS	29,485	\$ 49,388,935	18,548	\$ 32,037,312	33,698	\$ 535,685,196
ALL RESIDENT RETURNS	290,733	\$ 1,192,426,299	120,561	\$ 376,195,295	296,997	\$ 4,019,443,914
ALL NONRESIDENT RETURNS	22,335	\$ 77,949,726	4,921	\$ 19,404,326	24,961	\$ 208,117,318
TOTAL - ALL RETURNS	313,068	\$ 1,270,376,025	125,482	\$ 395,599,621	321,958	\$ 4,227,561,232

TABLE 6 (continued)
TYPES OF DEDUCTIONS BY ADJUSTED GROSS INCOME CLASS - 2003

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	26,162	\$ 36,936,951	26,561	\$ 37,734,644	-	\$ -
\$ 5,000 " 10,000	36,975	57,025,981	42,015	74,417,085	-	-
10,000 " 20,000	57,349	90,392,490	77,951	203,852,788	-	-
20,000 " 30,000	33,458	53,643,900	71,621	298,976,645	-	-
30,000 " 40,000	10,249	16,958,950	52,624	327,868,813	-	-
40,000 " 50,000	4,183	6,946,750	37,199	334,380,658	-	-
50,000 " 75,000	2,425	4,110,400	60,133	790,450,950	742	252,750
75,000 " 100,000	568	1,008,900	32,172	602,439,023	227	239,915
100,000 " 150,000	151	261,450	22,395	527,638,475	22,234	12,682,575
150,000 " 200,000	75	124,050	5,759	170,801,218	5,684	11,977,785
200,000 and over	137	226,741	6,601	382,834,982	6,460	64,470,010
TOTAL - TAXABLE RETURNS	171,732	\$267,636,563	435,031	\$3,751,395,281	35,347	\$89,623,035
<u>NONTAXABLE RESIDENT RETURNS</u>						
Loss	5,442	\$ 7,527,196	9,859	\$ 65,574,101	-	\$ -
\$ 0 under \$ 5,000	51,035	78,473,977	64,898	264,499,950	-	-
5,000 " 10,000	1,268	2,301,850	8,308	83,491,163	-	-
10,000 and over	42	79,800	8,420	210,502,805	37	101,068
TOTAL - NONTAXABLE RETURNS	57,787	\$ 88,382,823	91,485	\$ 624,068,019	37	\$ 101,068
ALL RESIDENT RETURNS	229,519	\$356,019,386	526,516	\$4,375,463,300	35,384	\$89,724,103
ALL NONRESIDENT RETURNS	23,182	\$ 18,041,986	48,143	\$ 226,159,304	1,663	\$ 9,569,529
TOTAL - ALL RETURNS	252,701	\$374,061,372	574,659	\$4,601,622,604	37,047	\$99,293,632

TABLE 7
 TYPES OF DEDUCTIONS CLAIMED IN EACH TAXATION DISTRICT BY NUMBER OF RETURNS
 AND DOLLAR AMOUNT REPORTED AND ALLOWED - 2003
 (Resident Returns)

TYPE OF DEDUCTION	TAXATION DISTRICT							
	FIRST		SECOND		THIRD		FOURTH	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Itemized Contributions	176,797	\$ 374,086,482	29,965	\$ 63,262,267	23,667	\$ 44,389,263	12,540	\$ 26,741,017
Interest	112,808	1,253,511,876	17,708	203,058,372	19,306	163,066,088	7,611	71,210,375
Medical and Dental	50,821	198,532,918	9,440	90,057,935	6,910	30,418,901	4,014	15,830,509
Casualty Loss	654	4,568,203	92	349,530	82	688,844	39	773,843
Taxes	209,995	890,407,462	35,039	132,514,393	30,772	115,733,791	14,927	53,770,653
Other Itemized Deductions	84,117	260,356,277	18,361	73,155,332	11,113	25,764,204	6,970	16,919,482
Total Itemized Deductions	214,371	\$2,981,463,218	35,760	\$562,397,829	31,606	\$380,061,091	15,260	\$185,245,879
Less: Unallowed Itemized Deductions	28,218	68,495,366	3,067	10,021,770	2,835	7,562,539	1,264	3,644,428
Net Allowed Itemized Deductions	214,371	\$2,912,967,852	35,760	\$552,376,059	31,606	\$372,498,552	15,260	\$181,601,451
Standard Deduction	162,346	251,289,760	23,370	35,932,497	32,265	50,655,676	11,538	18,141,453
Total Allowed Deductions	376,717	\$3,164,257,612	59,130	\$588,308,556	63,871	\$423,154,228	26,798	\$199,742,904

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 - 2003

ADJUSTED GROSS INCOME CLASS	DEPENDENTS		EXEMPTIONS ¹		TAX WITHHELD		
	Number of Returns	Number of Dependents	Number of Returns	Number of Exemptions	Amount	Number of Returns	Amount
TAXABLE RESIDENT RETURNS							
Under \$ 5,000	455	496	11,463	13,188	\$ 13,715,520	21,761	\$ 2,694,892
\$ 5,000 " 10,000	7,019	11,625	34,166	57,883	60,323,480	33,493	9,467,394
10,000 " 20,000	22,260	38,325	74,495	143,018	151,582,120	67,669	44,379,687
20,000 " 30,000	23,229	39,773	71,473	138,174	147,125,360	66,107	83,467,324
30,000 " 40,000	17,795	31,358	52,520	106,111	113,119,040	49,842	92,745,070
40,000 " 50,000	15,435	29,230	37,199	87,186	91,582,360	35,705	86,832,677
50,000 " 75,000	29,743	58,019	60,122	162,629	171,969,000	57,911	192,269,955
75,000 " 100,000	18,790	35,105	32,172	96,417	100,939,480	31,053	145,855,526
100,000 " 150,000	13,391	24,878	22,395	69,147	72,357,080	21,125	138,862,018
150,000 " 200,000	3,084	5,653	5,759	17,190	18,112,040	5,173	46,697,546
200,000 and over	3,137	5,678	6,593	19,325	20,323,360	5,416	92,639,154
TOTAL - TAXABLE RETURNS	154,338	280,140	408,357	910,268	\$ 961,148,840	395,255	\$ 935,911,243
NONTAXABLE RESIDENT RETURNS							
Loss	1,065	1,655	8,551	19,562	\$ 21,315,760	1,696	\$ 1,177,320
\$ 0 under \$ 5,000	5,974	9,892	59,963	136,851	146,477,760	15,856	1,259,937
5,000 " 10,000	1,399	3,092	8,308	25,659	30,873,600	2,604	648,847
10,000 and over	2,485	5,549	8,420	26,413	30,283,240	4,175	4,226,838
TOTAL - NONTAXABLE RETURNS	10,923	20,188	85,242	208,485	\$ 228,950,360	24,331	\$ 7,312,942
ALL RESIDENT RETURNS	165,261	300,328	493,599	1,118,753	\$ 1,190,099,200	419,586	\$ 943,224,185
ALL NONRESIDENT RETURNS	16,451	29,416	56,289	123,669	\$ 41,135,643	32,991	\$ 35,501,967
TOTAL - ALL RETURNS	181,712	329,744	549,888	1,242,422	\$ 1,231,234,843	452,577	\$ 978,726,152

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 - 2003

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	546	\$ 77,537	2,742	\$ 55,412	23,694	\$ 2,723,883
" 5,000 " 10,000	1,737	507,121	4,756	358,611	37,174	7,918,293
" 10,000 " 20,000	4,646	2,755,469	10,858	2,227,676	66,772	20,362,541
" 20,000 " 30,000	4,487	4,094,013	9,556	3,009,014	61,833	25,072,797
" 30,000 " 40,000	3,088	3,680,390	8,877	3,585,132	43,578	23,315,188
" 40,000 " 50,000	2,339	3,763,648	6,444	2,723,171	30,631	21,914,428
" 50,000 " 75,000	4,408	9,133,464	11,401	6,997,883	48,615	44,182,299
" 75,000 " 100,000	3,482	9,214,117	5,797	6,104,799	26,355	30,975,122
" 100,000 " 150,000	3,928	15,206,364	4,850	8,713,561	17,465	24,607,654
" 150,000 " 200,000	1,893	11,302,683	1,679	4,979,945	4,053	8,172,387
200,000 and over	3,522	80,429,385	2,240	19,316,137	4,277	29,620,491
TOTAL - TAXABLE RETURNS	34,076	\$ 140,164,191	69,200	\$ 58,071,341	364,447	\$ 238,865,083
NONTAXABLE RESIDENT RETURNS						
Loss	515	\$ 581,254	-	\$ -	8,148	\$ 2,435,906
" 0 under \$ 5,000	1,289	693,926	-	-	61,144	6,113,100
" 5,000 " 10,000	733	402,932	-	-	7,973	1,679,440
" 10,000 and over	964	990,786	-	-	7,368	5,615,551
TOTAL - NONTAXABLE RETURNS	3,501	\$ 2,668,898	0	\$ -	84,633	\$ 15,843,997
ALL RESIDENT RETURNS	37,577	\$ 142,833,089	69,200	\$ 58,071,341	449,080	\$ 254,709,080
ALL NONRESIDENT RETURNS	7,495	\$ 67,037,142	9,459	\$ 8,445,401	37,324	\$ 48,090,281
TOTAL - ALL RETURNS	45,072	\$ 209,870,231	78,659	\$ 66,516,742	486,404	\$ 302,799,361

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 - 2003

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 \$	53,316	22,246	2,652	1,153	368	242	27,699	14,073
\$ 5,000	26,571	10,992	2,919	1,241	562	189	6,900	4,938
10,000	45,155	20,372	7,904	4,142	1,662	881	8,435	5,968
20,000	39,630	19,218	7,922	3,785	1,665	1,071	4,695	3,299
30,000	26,862	13,398	6,292	4,086	1,710	711	2,874	1,561
40,000	15,120	9,462	5,247	4,477	2,119	988	1,213	1,072
50,000	16,018	17,384	10,080	10,010	4,675	2,081	2,354	1,337
75,000	4,065	10,359	7,061	7,249	2,368	1,135	1,235	646
100,000	2,108	7,243	4,973	5,728	1,764	601	933	594
150,000	653	2,110	1,182	1,327	377	122	358	232
200,000	980	2,622	1,170	1,296	415	113	643	501
TOTAL - RESIDENT RETURNS	230,478	135,406	57,402	44,494	17,685	8,134	57,339	34,221
TOTAL - NONRESIDENT RETURNS	24,311	17,430	6,238	5,573	1,998	739	3,652	2,601
TOTAL - ALL RETURNS	254,789	152,836	63,640	50,067	19,683	8,873	60,991	36,822

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 - 2003
(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	\$ 602,511	\$ 23	\$ 101,270	\$ 4	1.62%	0.27%	0.68%	0.11%
5,000 " 10,000	4,961,644	118	2,410,948	58	2.80%	1.36%	1.59%	0.77%
10,000 " 20,000	34,419,352	442	28,970,959	374	4.25%	3.58%	2.95%	2.49%
20,000 " 30,000	69,140,217	965	65,473,335	922	5.20%	4.92%	3.89%	3.69%
30,000 " 40,000	78,111,695	1,484	76,681,566	1,468	5.68%	5.58%	4.30%	4.22%
40,000 " 50,000	72,868,916	1,959	71,376,065	1,936	5.91%	5.79%	4.39%	4.30%
50,000 " 75,000	169,137,857	2,813	164,151,079	2,754	6.20%	6.02%	4.59%	4.45%
75,000 " 100,000	135,321,143	4,206	130,137,641	4,078	6.54%	6.29%	4.88%	4.69%
100,000 " 150,000	143,105,018	6,390	138,150,169	6,207	6.95%	6.71%	5.38%	5.19%
150,000 " 200,000	57,842,785	10,044	54,807,787	9,622	7.33%	6.94%	5.91%	5.60%
200,000 and over	193,502,579	29,314	162,856,772	25,399	7.81%	6.57%	6.72%	5.65%
TOTAL - TAXABLE RETURNS	\$ 959,013,717	\$ 2,204	\$ 895,117,591	\$ 2,073	6.36%	5.93%	4.84%	4.52%
<u>NONTAXABLE RESIDENT RETURNS</u>								
Loss	-	-	(774,428)	(100)				
\$ 0 under \$ 5,000	-	-	(4,159,886)	(76)				
5,000 " 10,000	-	-	(627,661)	(82)				
10,000 and over	-	-	(420,259)	(80)				
TOTAL - NONTAXABLE RETURNS	\$ -	\$ -	\$ (5,982,234)	\$ (79)				
TOTAL RESIDENT RETURNS	\$ 959,013,717	\$ 1,891	\$ 889,135,357	\$ 1,754				

TABLE 11
COMPARISON OF NUMBER OF RESIDENT RETURNS, BEFORE AND AFTER CREDITS, AT SELECTED TAX LEVELS, AGI, AND BY STATUS - 2003

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 FILING SEPARATE RETURNS</u>										
Loss	5,926	4,133	-	-	-	-	-	-	-	-
\$ 0 under \$ 5,000	42,983	41,908	25,959	17,756	62	62	-	-	-	-
5,000 " 20,000	4,155	9,194	14,567	13,415	41,938	39,831	25,774	23,140	63	63
20,000 and over	599	123	330	376	2,012	2,333	10,776	11,514	92,969	91,317
TOTAL	53,663	55,358	40,856	31,547	44,012	42,226	36,550	34,654	93,032	91,380
<u>JOINT RETURNS</u>										
Loss	3,479	3,165	-	-	-	-	-	-	-	-
\$ 0 under \$ 5,000	18,120	17,128	166	63	-	-	-	-	-	-
5,000 " 20,000	8,827	16,294	8,266	3,998	10,026	6,606	1,106	440	-	-
20,000 and over	2,022	816	1,685	1,748	7,235	8,390	15,574	15,395	122,464	118,951
TOTAL	32,448	37,403	10,117	5,809	17,261	14,996	16,680	15,835	122,464	118,951
<u>HEAD OF HOUSEHOLD RETURNS ¹</u>										
Loss	454	429	-	-	-	-	-	-	-	-
\$ 0 under \$ 5,000	3,795	4,086	374	-	-	-	-	-	-	-
5,000 " 20,000	947	6,889	4,832	2,431	9,258	7,784	4,136	2,048	-	-
20,000 and over	178	259	307	412	1,836	2,817	9,090	9,723	24,226	22,026
TOTAL	5,374	11,663	5,513	2,843	11,094	10,601	13,226	11,771	24,226	22,026
<u>ALL RETURNS</u>										
Loss	9,859	7,727	-	-	-	-	-	-	-	-
\$ 0 under \$ 5,000	64,898	63,122	26,499	17,819	62	62	-	-	-	-
5,000 " 20,000	13,929	32,377	27,665	19,844	61,222	54,221	31,016	25,628	63	63
20,000 and over	2,799	1,198	2,322	2,536	11,083	13,540	35,440	36,632	239,659	232,294
TOTAL	91,485	104,424	56,486	40,199	72,367	67,823	66,456	62,260	239,722	232,357

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 - 2003
(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	9,762	\$ (213,102,085)	\$ -	92	\$ (883,340)	\$ -	d	\$ -	d
Zero	3,213	-	-	1,615	-	-	9,419	-	-
1,000	17,168	7,009,409	2,470	1,566	476,938	57	4,364	1,517,643	126
5,000	45,249	132,101,819	487,623	2,025	5,375,768	9,585	6,840	19,852,558	102,650
10,000	44,210	327,671,854	4,205,718	1,215	8,329,126	92,555	4,898	35,302,369	663,371
15,000	39,636	494,493,052	11,229,127	558	6,969,555	183,083	3,782	47,216,474	1,525,819
20,000	35,769	625,684,422	18,789,179	461	8,060,105	298,514	3,366	58,982,902	2,393,630
30,000	67,462	1,673,802,694	62,202,092	958	23,417,574	864,723	5,019	122,622,067	6,073,402
40,000	49,866	1,721,213,476	71,935,889	739	25,800,674	1,317,678	2,558	86,761,647	4,858,128
50,000	35,702	1,594,353,069	68,558,400	370	16,496,863	871,475	1,341	58,019,803	3,439,041
60,000	27,443	1,504,577,774	67,246,852	210	11,646,789	585,808	414	22,251,229	1,362,181
75,000	31,554	2,115,162,028	97,576,915	328	21,977,551	1,088,043	310	20,433,235	1,278,058
100,000	31,947	2,753,352,152	133,947,879	210	18,349,413	949,484	d	d	d
TOTAL	438,981	\$12,736,319,664	\$536,182,144	10,347	\$146,017,016	\$6,261,005	42,382	\$478,470,144	\$22,051,161

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 - 2003
 (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>SINGLE RETURNS ²</u>									
\$ Loss	5,858	\$ (95,003,181)	\$ -	68	\$ (463,101)	\$ -	-	\$ -	\$ -
Zero	2,359	-	-	1,189	-	-	8,049	-	-
1,000	11,455	5,011,387	2,470	1,174	362,741	57	3,483	1,262,709	126
" 5,000	33,490	97,646,294	482,142	1,587	4,224,538	9,585	6,218	18,070,145	101,916
" 10,000	30,434	223,540,114	3,839,277	952	6,567,223	89,134	4,334	30,955,679	630,732
" 15,000	24,521	305,002,567	9,107,079	431	5,429,925	159,360	3,124	39,072,216	1,379,893
" 20,000	19,569	340,753,067	12,930,160	422	7,413,560	296,596	2,710	47,400,328	2,066,110
" 30,000	35,885	886,200,530	40,000,375	631	15,482,698	662,556	4,154	101,155,842	5,248,612
" 40,000	24,662	847,590,363	42,465,335	551	19,371,232	1,073,816	1,921	65,006,362	3,822,204
" 50,000	13,841	615,240,809	32,530,403	221	9,925,810	581,720	892	38,642,914	2,444,801
" 60,000	8,632	471,633,131	25,532,537	121	6,627,993	383,689	203	10,925,859	731,913
" 75,000	6,739	446,388,070	24,873,091	148	10,000,243	532,095	109	6,950,534	481,921
" 100,000	4,112	349,939,045	19,684,950	31	2,898,306	161,996	15	1,242,718	89,459
TOTAL	221,557	\$4,493,942,196 ¹	\$211,447,819	7,526	\$87,841,168 ¹	\$3,950,604	35,212	\$360,685,306	\$16,997,687

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 - 2003
 (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	3,453	\$ (106,216,467)	\$ -	24	\$ (420,239)	\$ -	d	d	d
Zero	665	-	-	312	-	-	1,091	-	\$ -
1,000	4,811	1,680,056	-	336	107,411	-	755	234,459	-
5,000	9,454	27,367,707	1,522	400	1,028,030	-	462	1,255,141	252
10,000	9,090	68,977,782	132,501	201	1,328,786	2,213	244	1,773,286	6,282
15,000	9,153	115,202,144	812,178	71	871,608	10,530	206	2,548,505	34,304
20,000	8,921	156,746,147	2,373,235	39	646,545	1,918	300	5,234,759	126,321
30,000	17,262	432,959,050	9,819,967	218	5,349,015	103,767	385	9,678,967	340,967
40,000	16,632	579,025,222	17,569,081	117	3,959,800	139,141	284	9,862,025	443,947
50,000	17,240	773,637,456	27,278,201	111	4,863,620	196,115	285	12,351,275	606,321
60,000	16,198	890,467,930	35,114,096	77	4,307,748	159,147	150	8,103,671	438,477
75,000	22,860	1,539,615,454	66,308,271	134	8,848,050	401,448	193	12,978,861	765,121
100,000	26,453	2,286,966,238	108,264,010	179	15,451,107	787,488	d	d	d
TOTAL	162,192	\$6,766,428,719	\$267,673,062	2,219	\$46,341,481	\$1,801,767	4,405	\$67,815,696	\$2,996,766

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 - 2003
(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
HEAD OF HOUSEHOLD RETURNS ³									
\$ Loss	451	\$ (11,882,437)	\$ -	d	d	d	-	\$ -	-
Zero	189	-	-	114	\$ -	\$ -	279	-	-
1,000	902	317,966	-	56	6,786	-	126	20,475	-
5,000	2,305	7,087,818	3,959	38	123,200	-	160	527,272	482
10,000	4,686	35,153,958	233,940	62	433,117	1,208	320	2,573,404	26,357
15,000	5,962	74,288,341	1,309,870	56	668,022	13,193	452	5,595,753	111,622
20,000	7,279	128,185,208	3,485,784	-	-	-	356	6,347,815	201,199
30,000	14,315	354,643,114	12,381,750	109	2,585,861	98,400	480	11,787,258	483,823
40,000	8,572	294,597,891	11,901,473	71	2,469,642	104,721	353	11,893,260	591,977
50,000	4,621	205,474,804	8,749,796	38	1,707,433	93,640	164	7,025,614	387,919
60,000	2,613	142,476,713	6,600,219	12	711,048	42,972	61	3,221,699	191,791
75,000	1,955	129,158,504	6,395,553	46	3,129,258	154,500	d	d	d
100,000	1,382	116,446,869	5,998,919	d	d	d	d	d	d
TOTAL	55,232	\$1,475,948,749 ¹	\$57,061,263	616	\$12,901,805 ¹	\$ 577,659	2,765	\$49,969,142	\$2,056,708

¹ Includes losses.

² Includes married filing separately.

³ Includes qualifying surviving spouse.

TABLE 13
SELECTED SOURCES OF INCOME 1994 - 2003
All Returns
(In Millions of Dollars)

SOURCES OF INCOME	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Salaries and Wages	\$13,454	\$12,947	\$12,570	\$13,814	\$14,155	\$14,559	\$14,597	\$15,670	\$16,253	\$16,798
Taxable Dividends	307	291	293	377	384	435	455	387	319	332
Interest	529	571	545	643	686	646	662	687	497	390
Business and Professions ¹										
Net Profit	780	620	-	781	857	879	873	928	983	1,017
Net Loss	111	87	-	122	126	135	154	148	153	177
Sale of Capital Assets										
Net Gain	577	452	556	904	1,146	1,658	1,611	1,238	942	1,240
Net Loss	42	61	34	75	89	102	105	154	171	163
Rents and Royalties ²										
Net Profit	273	222	245	241	238	250	245	275	274	285
Net Loss	187	191	234	251	263	254	237	227	210	208
Partnerships ²										
Net Profit	340	247	286	434	485	558	520	562	672	705
Net Loss	100	64	93	103	172	141	97	123	194	102
Estates and Trusts ²										
(Income Less Loss)	88	72	66	90	104	98	74	88	86	64
Total Hawaii Income ³	\$16,727	\$15,639	\$16,221	\$17,366	\$17,910	\$19,059	\$20,350	\$19,796	\$19,267	\$21,172

¹ Complete data not available.

² Data available for residents only.

³ Income before statutory adjustments.

TABLE 14
TYPE AND AMOUNT OF DEDUCTIONS 1994 - 2003
All Returns to 1996 and After 1998: Resident Returns Only For 1997 & 1998
(In Millions of Dollars)

TYPE OF DEDUCTIONS	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Itemized Deductions:										
Contributions	\$ 287	\$ 271	\$ 313	\$ 356	\$ 396	\$ 472	\$ 485	\$ 501	\$ 530	\$ 563
Interest	1,408	1,415	1,557	1,640	1,695	1,725	1,788	1,798	1,745	1,746
Taxes	1,141	1,045	1,179	1,109	1,188	1,246	1,270	1,268	1,254	1,270
Medical and Dental	150	136	151	156	172	207	225	251	266	345
Casualty Losses	11	5	3	6	6	5	4	5	8	7
Other Deductions	206	192	283	210	243	292	327	334	370	396
Total Reported	\$ 3,203	\$ 3,064	\$ 3,487	\$ 3,477	\$ 3,700	\$ 3,945	\$ 4,099	\$ 4,158	\$ 4,173	\$ 4,327
Unallowed Deductions ¹	47	39	46	58	68	88	7	85	91	99
Itemized Allowed	\$ 3,155	\$ 3,025	\$ 3,441	\$ 3,419	\$ 3,632	\$ 3,857	\$ 4,092	\$ 4,073	\$ 4,082	\$ 4,228
Standard Deductions	\$ 493	\$ 470	\$ 450	\$ 382	\$ 371	\$ 381	\$ 383	\$ 371	\$ 378	\$ 374

¹ Beginning 1991, itemized deductions were limited for taxpayers with adjusted gross income more than \$100,000 or \$50,000 if married filing separately.

TABLE 15
TYPE AND NUMBER OF RETURNS FILED IN EACH TAXATION DISTRICT, 1994 - 2003

TYPE OF RETURN	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<u>First Taxation District</u>										
Form N-11	-	271,885	287,542	303,095	311,850	319,445	328,212	334,270	337,619	339,111
Form N-12	317,440	42,075	33,634	17,460	15,496	13,323	11,584	9,937	8,378	7,635
Form N-13	87,426	74,764	68,293	59,299	52,517	46,074	41,058	35,820	33,011	29,971
Form N-15	35,849	32,030	29,833	42,454	43,040	43,113	45,249	44,782	46,897	54,143
TOTAL - FIRST DISTRICT	440,715	420,754	419,302	422,308	422,903	421,955	426,103	424,809	425,905	430,860
<u>Second Taxation District</u>										
Form N-11	-	36,334	39,840	42,688	44,788	46,630	48,799	50,829	51,591	54,409
Form N-12	42,863	5,104	4,178	2,278	1,987	1,769	1,458	1,267	994	974
Form N-13	10,408	8,717	8,092	7,070	6,418	5,546	4,916	4,437	4,078	3,747
Form N-15	1,478	1,258	1,221	2,561	2,642	2,905	3,410	3,450	3,374	1,835
TOTAL - SECOND DISTRICT	54,749	51,413	53,331	54,597	55,835	56,850	58,583	59,983	60,037	60,965
<u>Third Taxation District</u>										
Form N-11	-	38,767	40,539	44,471	46,278	47,896	50,249	51,937	53,624	56,231
Form N-12	46,202	6,344	5,099	2,936	2,503	2,364	2,056	1,695	1,451	1,359
Form N-13	15,228	12,457	12,228	10,772	9,894	9,013	8,186	7,169	6,686	6,281
Form N-15	1,066	925	928	2,267	2,207	2,591	2,971	3,060	3,794	1,748
TOTAL - THIRD DISTRICT	62,496	58,493	58,794	60,446	60,882	61,864	63,462	63,861	65,555	65,619
<u>Fourth Taxation District</u>										
Form N-11	-	17,549	18,316	19,541	20,457	20,965	21,803	22,079	22,691	23,899
Form N-12	20,947	2,614	1,927	1,244	944	882	786	654	554	510
Form N-13	5,201	4,584	4,279	3,709	3,450	3,271	3,025	2,647	2,426	2,389
Form N-15	593	438	425	901	926	936	1,112	1,137	1,124	690
TOTAL - FOURTH DISTRICT	26,741	25,185	24,947	25,395	25,777	26,054	26,726	26,517	26,795	27,488
<u>All Taxation Districts</u>										
Form N-11	-	364,535	386,237	409,795	423,373	434,936	449,063	459,115	465,525	473,650
Form N-12	427,452	56,137	44,838	23,918	20,930	18,338	15,884	13,553	11,377	10,478
Form N-13	118,263	100,522	92,892	80,850	72,279	63,904	57,185	50,073	46,201	42,388
Form N-15	38,986	34,651	32,407	48,183	48,815	49,545	52,742	52,429	55,189	58,416
TOTAL - ALL RETURNS	584,701	555,845	556,374	562,746	565,397	566,723	574,874	575,170	578,292	584,932

TABLE 16
ADJUSTED GROSS INCOME, GROSS TAX LIABILITY, AND WAGES BY GEOGRAPHIC AREA - 2003

GEOGRAPHIC AREA	No. of Returns	Adjusted Gross Income			Gross Tax Liability			Wages			Percent of Returns With		
		Amount	Mean	Number	Amount	Mean	Number	Amount	Mean	Number	Liability	Tax	Itemized Deductions
Downtown & Nuuanu	49,537	\$ 1,685,410,278	\$ 34,023	38,542	\$ 85,857,800	\$ 2,228	36,490	\$ 1,330,423,571	\$ 36,460	78%	74%	50%	
Kaimuki-Hawaii Kai	46,203	2,445,244,356	52,924	37,107	133,090,205	3,587	33,273	1,725,033,106	51,845	80%	72%	62%	
Makiki to Waikiki	52,229	1,819,983,720	34,846	41,797	94,508,560	2,261	38,324	1,395,065,986	36,402	80%	73%	52%	
Airport, Kalihi	37,472	1,112,902,593	29,700	31,633	49,355,829	1,560	31,606	961,142,218	30,410	84%	84%	52%	
Aiea, Pearl City	34,599	1,273,352,356	36,803	28,034	61,415,606	2,191	26,925	1,082,864,221	40,218	81%	78%	57%	
Waipahu	30,037	1,056,297,483	35,167	25,914	45,559,967	1,758	26,503	970,032,559	36,601	86%	88%	60%	
Kapolei, Ewa	31,833	1,215,751,441	38,192	27,765	50,511,220	1,819	28,987	1,142,577,654	39,403	87%	91%	63%	
Wahiawa, Milliani	31,820	1,355,719,684	42,606	27,348	63,242,372	2,313	27,265	1,205,000,673	44,196	86%	86%	63%	
Waianae Coast	16,383	437,999,172	26,735	13,542	18,439,573	1,362	14,134	408,992,419	28,937	83%	86%	42%	
Kailua, Kaneohe	47,395	2,023,558,232	42,696	38,957	99,147,796	2,545	38,388	1,669,063,498	43,479	82%	81%	60%	
Oahu North Shore	11,850	356,925,156	30,120	9,884	15,626,939	1,581	10,327	314,628,322	30,467	83%	87%	51%	
Oahu Total	389,358	\$ 14,783,144,471	\$ 37,968	320,523	\$ 716,755,867	\$ 2,236	312,232	\$ 12,204,824,227	\$ 39,089	82%	80%	56%	
Waiuku, Kahului	22,778	\$ 768,403,537	\$ 33,734	19,350	\$ 33,277,525	\$ 1,720	19,156	\$ 668,991,393	\$ 34,923	85%	84%	59%	
Kihei	9,761	394,149,458	40,380	8,642	18,308,652	2,119	8,357	302,378,731	36,183	89%	86%	64%	
Lahaina	8,981	357,696,889	39,828	8,043	17,600,326	2,188	7,755	283,914,109	36,610	90%	86%	65%	
Rural Maui	15,767	616,221,259	39,083	13,029	30,592,192	2,348	12,428	447,583,703	36,014	83%	79%	59%	
Molokai	2,314	65,265,794	28,205	1,847	2,916,339	1,579	1,918	52,857,165	27,568	80%	83%	49%	
Lanai	1,412	43,241,447	30,624	1,198	1,941,634	1,621	1,211	39,881,891	32,933	85%	86%	52%	
Maui County Total	61,013	\$ 2,244,978,384	\$ 36,795	52,109	\$ 104,636,668	\$ 2,008	50,825	\$ 1,795,606,992	\$ 35,329	85%	83%	60%	
Hilo	20,885	\$ 663,833,163	\$ 31,785	16,419	\$ 31,899,115	\$ 1,943	16,042	\$ 543,680,628	\$ 33,891	79%	77%	47%	
Hamakua Coast	5,638	155,356,835	27,555	4,499	7,129,429	1,585	4,553	129,001,389	28,333	80%	81%	43%	
Kohala	8,793	384,653,767	43,745	7,670	18,844,200	2,457	7,424	275,411,575	37,097	87%	84%	59%	
Kona	18,440	647,476,184	35,113	15,428	31,478,233	2,040	14,730	491,201,919	33,347	84%	80%	56%	
Puna-Ka'u	12,852	290,598,725	22,611	9,901	12,437,264	1,256	9,596	245,405,291	25,574	77%	75%	43%	
Big Island Total	66,608	\$ 2,141,918,674	\$ 32,157	53,917	\$ 101,788,241	\$ 1,888	52,345	\$ 1,684,700,802	\$ 32,185	81%	79%	50%	
Lihue	7,113	\$ 245,601,459	\$ 34,529	5,747	\$ 12,566,837	\$ 2,187	5,740	\$ 204,735,665	\$ 35,668	81%	81%	61%	
North Kauai	10,674	375,445,719	35,174	8,790	17,650,700	2,008	8,388	266,547,457	31,777	82%	79%	56%	
Koloa-Poipu	2,017	78,360,366	38,850	1,754	4,101,211	2,338	1,643	55,471,993	33,763	87%	87%	55%	
West Kauai	7,676	244,791,773	31,891	6,425	11,344,891	1,766	6,394	220,001,383	34,407	84%	83%	54%	
Kauai County Total	27,480	\$ 944,199,317	\$ 34,360	22,716	\$ 45,663,639	\$ 2,010	22,165	\$ 746,756,498	\$ 33,691	83%	81%	57%	
Total - Hawaii Addresses	544,459	\$ 20,114,240,846	\$ 36,944	449,265	\$ 968,844,415	\$ 2,157	437,567	\$ 16,431,888,519	\$ 37,553	83%	80%	56%	
Other/Unknown	40,473	749,912,122	18,529	28,782	57,432,064	1,995	18,764	366,121,611	19,512	71%	46%	42%	
Total - All Returns	584,932	\$ 20,864,152,968	\$ 35,669	478,047	\$ 1,026,276,479	\$ 2,147	456,331	\$ 16,798,010,130	\$ 36,811	82%	78%	55%	

