
hawaii income patterns

INDIVIDUALS -- 2004

DEPARTMENT OF TAXATION -- STATE OF HAWAII

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INTRODUCTION

“Hawaii Income Patterns – Individuals 2004” is the forty-seventh 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. The term "nonresident" as used in this report includes part-year residents. Brief sections provide separate data on elderly taxpayers; on blind, deaf or totally disabled taxpayers; and on dependent taxpayers.

HAWAII INCOME PATTERNS - 2004 INDIVIDUALS

OVERVIEW

Residents and nonresidents filed a total of 606,062 Hawaii income tax returns for the 2004 tax year. Among the major sources of income reported, salaries and wages increased by 8.0% over the amount in 2003, net capital gains increased by 77.9%, and pensions and annuities increased by 6.0%. Interest income continued to drop owing to low bank interest rates. Hawaii adjusted gross income (AGI) amounted to \$24.2 billion, up 16.0% from \$20.9 billion in 2003.

Figure 1
Comparison of Selected Items for All 2004 and 2003 Returns
(Money Amounts in Thousands of Dollars)

Item	2004	2003	Change
Number of Returns	606,062	584,932	3.6%
Number of Exemptions	1,292,059	1,242,422	4.0%
Number of Age Exemptions.....	139,738	134,635	3.8%
Number of Regular Exemptions....	1,152,321	1,107,787	4.0%
Salaries and Wages	\$18,141,687	\$16,798,011	8.0%
Interest Income	379,498	389,910	(2.7%)
Capital Gains (Net of Losses).....	1,916,076	1,077,058	77.9%
Pensions & Annuities.....	2,231,525	2,106,006	6.0%
Hawaii Total Income	24,556,944	21,172,435	16.0%
Total Adjustments.....	361,522	308,282	17.3%
Hawaii Adjusted Gross Income*	24,195,422	20,864,153	16.0%
Taxable Income	19,136,553	16,159,716	18.4%
Tax Liability Before Credits.....	1,241,606	1,026,276	21.0%
Tax Liability After Credits.....	1,152,311	952,030	21.0%

*Includes negative adjusted gross income.

Tax year 2004 saw an increase of 21.0% in income tax liability before credits, and an increase of 21.0% 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, many 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 civilian 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. The state's personal exemption is only \$1,040, whereas the federal government allowed a personal exemption of \$3,100 in 2004. Hawaii also allows a taxpayer who is blind, deaf or totally disabled to claim an exemption of \$7,000.

LEGISLATION

During 2004, the Hawaii legislature enacted several income-tax-related measures. Act 89 conformed Hawaii income tax law to the federal Internal Revenue Code. Specifically, the Act extended the special filing extension rules for service personnel in combat zones to personnel deployed in contingency operations and allowed the same tax benefits for health savings accounts (HSAs) as the federal Medicare Prescription Drug, Improvement, and Modernization Act of 2003. The Act also adopted the following provisions of the Military Family Tax Relief Act of 2003:

- Increased the military death benefit from \$6,000 to \$12,000 (retroactive to September 11, 2001);
- Clarified that dependent care assistance will not be included in a taxpayer's income;
- Provided an exception to the two-out-of-five year rule for certain uniformed and foreign service personnel with respect to the \$250,000 gain exclusion for home sales;
- Provided an above-the-line deduction for overnight travel expenses of national guard and reserve members;
- Provided penalty-free withdrawals from Coverdell education savings accounts and qualified tuition programs made on account of attendance of the beneficiary at certain military academies;
- Loosened the "substantially all" requirement with respect to membership requirements of veterans' organizations;
- Suspended an organization's tax-exempt status for any period during which the organization is designated or identified by U.S. federal authorities as a terrorist organization or supporter of terrorism.

However, Act 89 does not conform to the definition of net investment income, the bonus for first year depreciation, or the increase in the expensing deduction.

Act 97 clarified that the renewable energy technologies tax credit is non-refundable and that unused credit may be claimed in subsequent years until exhausted. This applies to taxable years beginning after December 31, 2002.

Act 140 provided that the annual dollar amount of the ethanol facility tax credit is equal to 30 percent of the ethanol production facility's nameplate capacity, to the extent that the capacity is greater than 500,000 gallons but less than 15 million gallons. The Act further clarified that the credit is limited to 100 percent of the total of all investments made by the taxpayer in the qualifying ethanol production facility during the 8-year tax credit period. Taxpayers who take the ethanol facility tax credit are prohibited from claiming or receiving any other tax credit for the same taxable year. The total amount of ethanol facility credits available is capped at \$12 million per year. The Act applies to taxable years beginning after December 31, 2003.

Under Act 195, an individual taxpayer can claim an income tax deduction of up to \$3,000 per year for qualified expenditures on each exceptional tree on the taxpayer's property. The tree must be designated as an exceptional tree by a certified arborist. The Act applies to tax years 2004 and beyond.

Act 197 increased the allowable exclusion from Hawaii net income tax for National Guard members and reservists. The Act allows them to exclude the first \$1,750 of pay received for 48 drills (12 weekends) and 15 days of annual duty over a 5-year period beginning January 1, 2005.

Act 215 extended the tax credits for technology infrastructure renovation, high technology business investment, and research activities for an additional five years. The Act also established the State Private Investment Fund (within the Hawaii Strategic Development Corporation) and created a new Tax Administration Special Fund. The Department of Taxation is authorized to charge fees for certifying the high technology business investment and research activities tax credits, and for providing comfort letter rulings to businesses. Fees collected will be deposited into the Tax Administration Special Fund. Act 215 also amended the definition of computer software and limited the use of research activities tax credits to qualified high technology businesses.

Under Act 228, an individual taxpayer can designate \$5 (\$10 for joint filers) to be deposited as follows: one-third into the Hawaii Children's Trust Fund, and two-thirds divided equally among the Domestic Violence Prevention Special Fund and the spouse and child abuse special accounts under the Department of Human Services and the Judiciary. The Act applies to tax year 2004 and beyond.

Act 241 exempted from income tax the amounts received and collected as a "beverage container deposit". The measure will apply upon approval.

DATA SOURCE AND METHODOLOGY

Data for this report were collected from the Department of Taxation's computerized Integrated Tax Information Management System (ITIMS). Information from the ITIMS Tax Processing System (ITPS) was retrieved for returns processed up to December 2005. (The due date for all returns with extensions was October 20, 2005.) 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 606,062 returns processed, a stratified random sample of 52,890 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 4.7% 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.

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	24	100.0	-	-	-	-	105	100.0
-\$1,000 < -100	376	99.2	-	-	-	-	299	100.0
-100 < 0	3,065	33.1	80	100.0	3	100.0	475	39.3
0 < 50	16,209	4.7	439	5.3	1,906	5.0	1,563	4.9
50 < 100	8,910	9.2	61	10.0	97	10.6	1,280	10.3
100 < 200	5,830	17.5	103	100.0	5	100.0	1,469	19.8
200 < 500	2,194	29.2	12	100.0	-	-	1,765	39.7
500 < 1,000	1,152	99.8	2	100.0	-	-	1,618	100.0
1,000 & over	557	100.0	-	-	-	-	2,500	100.0
Special Cases**	533	100.0	36	100.0	-	-	222	100.0
TOTAL	38,850	7.8	733	8.0	2,011	5.2	11,296	18.3

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

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

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 N-15 filers often 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).

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

Generally, 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 the 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 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, and if the dependent is under age 14, then a parent may file Form N-814, ("Parent's Election to Report Child's Interest and Dividends") for the dependent.

Individual taxpayers generally must file one of the following four income tax forms:

- Form N-11 - generally 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 - generally 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 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.

Figure 3
Comparison of Types of Return Filed
In Each Taxation District in 2004 and 2003

Type of Return	State	TAXATION DISTRICT			
		First	Second	Third	Fourth
All Returns					
2004	606,062	445,116	63,203	69,375	28,368
2003	584,932	430,860	60,965	65,619	27,488
% Change	3.6%	3.3%	3.7%	5.7%	3.2%
Form N-11					
2004	496,014	353,509	56,964	60,345	25,196
2003	473,650	339,111	54,409	56,231	23,899
% Change	4.7%	4.2%	4.7%	7.3%	5.4%
Form N-12					
2004	9,181	6,713	899	1,158	411
2003	10,478	7,635	974	1,359	510
% Change	(12.4%)	(12.1%)	(7.7%)	(14.8%)	(19.4%)
Form N-13					
2004	39,007	27,729	3,446	5,785	2,047
2003	42,388	29,971	3,747	6,281	2,389
% Change	(8.0%)	(7.5%)	(8.0%)	(7.9%)	(14.3%)
Form N-15					
2004	61,860	57,165	1,894	2,087	714
2003	58,416	54,143	1,835	1,748	690
% Change	5.9%	5.6%	3.2%	19.4%	3.5%

Figure 3 displays the number of returns processed in tax years 2004 and 2003. The number of returns filed increased 3.6% or by 21,130 returns, in 2004. Eighty-two

percent of resident taxpayers chose to file Form N-11. The number of N-11 returns filed grew 22,364, whereas the number of N-12 and N-13 returns filed declined by 1,297 and 3,381 respectively. Returns filed by nonresidents increased by 3,444.

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, 49.1% of residents claimed single status, followed by 37.8% joint filers; nonresidents, on the other hand, had 49.0% joint filers, followed by 40.0% single filers.

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	205,858	37.8%	30,287	49.0%	236,145	39.0%
Single.....	267,431	49.1%	24,764	40.0%	292,195	48.2%
Married Filing Separate	9,365	1.7%	4,530	7.3%	13,895	2.3%
Head of Household.....	61,179	11.2%	2,263	3.7%	63,442	10.5%
Qualified Widow(er).....	369	0.1%	16	0.0%	385	0.1%
TOTAL	544,202	100.0%	61,860	100.0%	606,062	100.0%

Note: Totals may not add up due to rounding.

RESIDENT RETURN STATISTICS

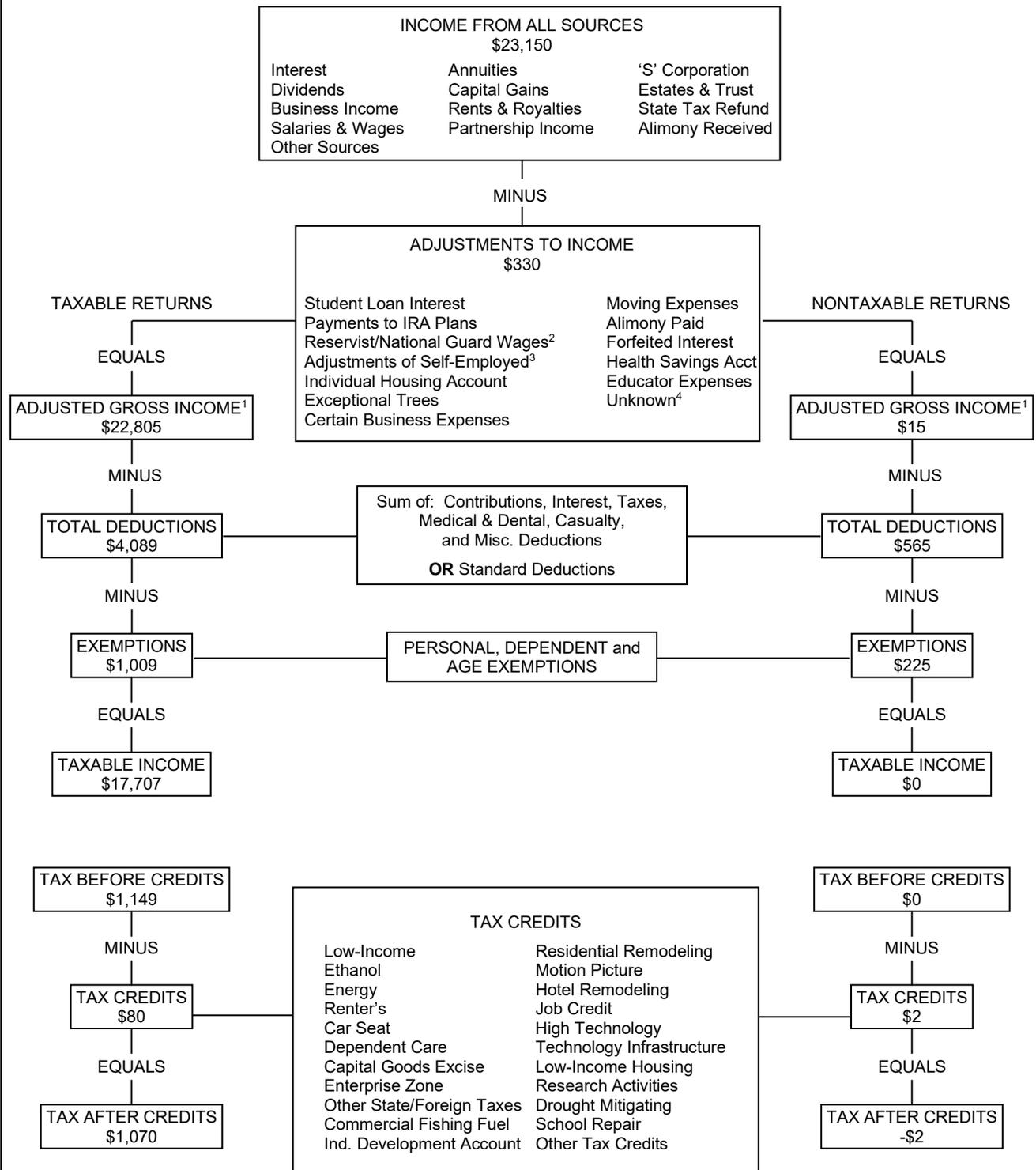
Chart 1 shows the major components of resident returns for the 2004 tax year.

Resident Income and Adjustments

Residents reported total income of \$25.5 billion on their federal income tax returns for 2004, but they reported only total income of \$23.1 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 \$17.5 billion and accounting for 75.8% of the total. The second largest category, pensions and annuities, amounted to \$2.2 billion and accounted for 9.5% 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 \$851.4 million, representing a 4.2% increase over the previous year, although net sales of capital assets (also reported on Schedule C) jumped 73.0% to \$1,204.0 million. Net income from rents and royalties (reported on Schedule E for federal Form 1040) grew 10.2% from \$76.7 million in 2003 to \$84.5 million in 2004, whereas partnership income (also reported on Schedule E) decreased 11.5% to \$534.1 million. Unemployment compensation dropped 23.2% from \$113.2 million in 2003 to \$86.9 million in 2004.

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.

⁴Unknown may include clean fuel vehicle and medical savings account deductions.

Note: Detail may not add up to total 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 \$532.9 million, whereas the items subtracted totaled \$2,908.6 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".

Hawaii total adjustments amounted to \$330.0 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.

Figure 5
Adjustments to Income on Resident Returns

Type of Adjustment	Number of Returns	Amount
Self-Employed Retirement Plans.....	5,316	\$ 75,637,631
One-half of Self-Employment Tax.....	52,808	65,849,527
Self-Employment Health Insurance Deduction.....	12,712	48,535,511
Individual Retirement Account Contributions.....	16,432	47,402,533
Alimony Paid.....	1,225	15,301,445
Student Loan Interest.....	19,916	12,102,425
Hawaii National Guard/Military Reserve Pay.....	4,965	8,509,431
Moving Expenses.....	2,707	7,946,391
Certain Business Expenses.....	613	1,414,041
Penalty for Early Withdrawal of Savings.....	2,597	802,723
Individual Housing Account Contributions.....	121	484,933
Health Savings Accounts.....	27	74,600
Exceptional Trees Deduction.....	0	-
Unknown Adjustments*.....	1,894	42,337,770
Hawaii Total Adjustments	113,704	\$ 326,398,961
College Tuition and Fees (federal only).....	16,614	\$ 38,635,113
Educator Expenses (federal only).....	14,300	3,577,242

*Unknown may include clean fuel vehicles and medical savings account deductions.

Hawaii AGI amounted to \$22.8 billion in 2004, increasing 15.2% from the \$19.8 billion in 2003. The median AGI for all resident returns advanced by 5.0% from \$23,533 in 2003 to \$24,704 in 2004, while the median AGI reported on taxable resident returns increased by 3.8%.

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

Taxation District	All Returns		Joint		All Others**	
	2004	2003	2004	2003	2004	2003
All Resident Returns*						
Oahu	\$ 24,793	\$ 23,820	\$ 52,627	\$ 49,289	\$ 16,895	\$ 16,340
Maui	26,298	24,739	53,657	52,056	18,777	18,291
Hawaii	22,727	20,794	43,817	40,363	16,080	14,686
Kauai	24,759	23,543	48,597	42,128	17,036	17,678
STATE	\$ 24,704	\$ 23,533	\$ 51,351	\$ 47,966	\$ 17,116	\$ 16,483
Taxable Resident Returns						
Oahu	\$ 31,586	\$ 30,604	63,119	\$ 59,778	\$ 21,766	\$ 21,317
Maui	31,360	29,073	59,740	58,390	22,482	21,667
Hawaii	28,341	26,805	52,616	50,173	21,005	19,325
Kauai	30,864	29,288	57,326	51,665	21,054	21,127
STATE	\$ 31,064	\$ 29,920	\$ 60,776	\$ 58,011	\$ 21,719	\$ 21,140

*Includes returns with AGI losses.

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

Resident Deductions and Personal Exemptions

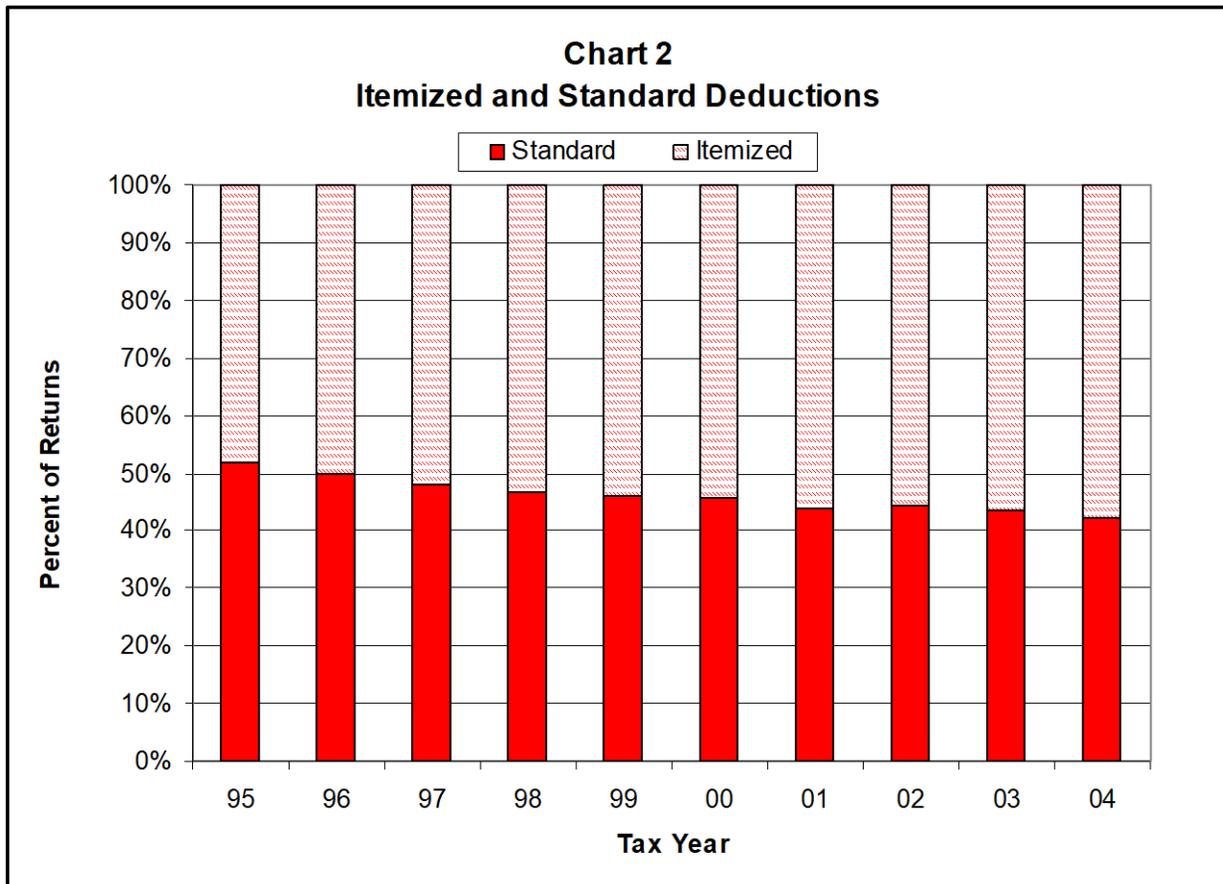
Taxpayers may choose to itemize their deductions rather than take the standard deduction. Itemizers may deduct from adjusted gross income part of their medical and dental expenses, certain taxes paid, interest expenses, charitable contributions, casualty and theft losses, and other miscellaneous expenses. 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.

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 544,202 residents who filed a return in 2004 itemized deductions. The total of the itemized deductions was \$4,298.7 million. The remaining 42.0% of residents claimed the standard deduction in 2004. The total of the standard deductions was \$355.3 million.



As illustrated in Chart 2, the percentage of taxpayers using the standard deduction has steadily declined over the past ten years, from 51.7% in 1995 to 42.0% in 2004, perhaps because Hawaii's standard deduction has not been adjusted for inflation. The standard deduction for federal income tax returns increased again in 2004, 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.

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 \$4,298.7 million in 2004. This was 92.4% of the total allowable deductions of \$4,654.0 million claimed that year. The remaining 7.6% was composed of standard deductions. Itemized deductions not allowed totaled \$133.5 million.

Figure 7
Itemized Deductions Claimed by Residents - 2004
(Thousands of Dollars)

Deduction Type	No. of Claims	% of Itemizers	Amount of Claim	% of Total
Interest	163,452	51.8	\$ 1,747,051	39.4
Taxes	308,582	97.8	1,389,731	31.4
Charitable Contributions.....	256,555	81.3	584,677	13.2
Medical.....	76,366	24.2	296,145	6.7
Casualty & Theft.....	1,017	0.3	8,753	0.2
Miscellaneous	128,046	40.6	405,774	9.2
Total Itemized Deductions.....	315,381	100.0	\$ 4,432,131	100.0
Total Unallowed Deductions.....	43,269		133,474	
Allowable Itemized Deductions	315,381		\$ 4,298,656	

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 2004, a total of 1,159,803 exemptions were reported on 511,043 resident returns for an average 2.3 exemptions per return. The total exemption amount claimed was \$1,234.0 million.

Resident Taxable Income and Tax Liability

Subtracting deductions and personal exemptions from AGI yields taxable income. Nearly 84% of all resident returns reported taxable income in 2004. The total taxable income was \$17,706.6 million, which is \$2,624.2 million more than reported in 2003. The average taxable income for returns with a positive tax liability was \$38,979, representing a 12.4% increase over 2003.

Tax liability is determined by using the tax rate schedule, or the tax table. Gross tax liability before tax credits grew 19.9% from \$959.0 million in 2003 to \$1,149.4 million in 2004. The average gross tax liability per taxable return in 2004 was \$2,530. Net tax liability after tax credits that year amounted to \$1,069.5 million, or an average \$2,364 per taxable return.

The average effective tax rate for returns with positive taxable income before credits was 6.5% for 2004. After credits, this tax rate fell to 6.0%. Based on AGI, the average effective tax rate was 5.0% before credits and 4.7% 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 3,444, or by 5.9% from 2003 to 2004. Nonresidents and part-year residents made up 10.2% of all returns filed in 2004, compared with 10.0% a year earlier.

Nonresident Income and Adjustments

Nonresidents reported \$1,407.2 million in total income from Hawaii sources in 2004. As shown in Figure 8, salaries and wages totaled \$651.4 million, up \$41.9 million from the \$609.5 reported in the previous year. The nonresident population changes constantly, so income for nonresidents also fluctuates widely from year to year.

Figure 8
Sources of Income Reported
by Nonresident Taxpayers in 2004 and 2003
(In Thousands of Dollars)

Sources of Income	2004	2003	Increase (Decrease)
TOTAL	\$ 1,407,217	\$ 1,009,463	\$ 397,754
Salaries and Wages.....	\$ 651,388	\$ 609,472	\$ 41,916
Interest.....	37,757	26,659	11,098
Ordinary Dividends	8,774	7,310	1,464
Capital Assets/Other Property	712,124	381,082	331,042
Rents, Royalties, Partnerships, S Corp., Estates and Trusts	81,568	80,640	928
All Other Sources.....	(84,394)	(95,700)	11,306

Hawaii AGI of nonresidents amounted to \$1,375.7 million in 2004 (equal to total Hawaii income of \$1,407.2 million less adjustments of \$31.5 million), whereas the worldwide income of these taxpayers was \$29,234.8 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 Hawaii itemized deductions or the prorated standard deduction, equals Hawaii taxable income.

In 2004, less than one-half (39.2%) of nonresidents used the standard deduction, while 44.1% of non-residents itemized deductions. Of the \$274.8 million of prorated itemized deductions claimed by 27,270 nonresidents, \$14.7 million was not allowed. Prorated standard deductions, which were claimed on 24,225 returns, amounted to \$19.1 million. The allowable itemized deductions plus the standard deductions totaled \$279.3 million, which was \$53.1 million more than in 2003. Nonresidents claimed a total of 132,256 exemptions and the prorated exemption totaled \$44.6 million.

Nonresident Taxable Income and Tax Liability

Hawaii taxable income was reported on approximately 73.4% of the returns filed by nonresidents in 2004. The total of their taxable income was \$1,430.0 million. The average taxable income per taxable return was \$31,495. Gross tax liability before tax credits amounted to \$92.2 million and the average gross tax liability was \$2,030 per taxable return. After tax credits, total net tax liability amounted to \$86.8 million, or an average of \$1,899 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 (94,852 returns) reported Hawaii total income of \$2,420.4 million and federal total income of \$4,369.2 million in 2004. The largest income source of elderly filers was pensions and annuities, which made up \$1,463.1 million, or 33.5% 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.

Elderly taxpayers subtracted \$34.8 million of adjustments from their Hawaii total income, resulting in Hawaii AGI of \$2,385.6 million. Elderly taxpayers claimed \$66.4 million in standard deductions, \$698.6 million in itemized deductions, and \$304.3 million in personal exemptions, leaving Hawaii taxable income of \$1,357.6 million. The resulting tax liability was \$111.8 million before credits and \$98.7 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 5,279 in 2004. BDD taxpayers reported federal total income of \$255.8 million and Hawaii total income of \$186.0 million. Their highest source of income was salaries and wages (\$83.7 million), followed by pensions (\$46.9 million), and net capital gains (\$32.9 million). Their taxable income was \$78.5 million, and their tax liability before and after credits amounted to \$6.8 million and \$6.0 million, respectively.

Figure 9
Sources of Income Reported by the Elderly and
All Other Residents - 2004
(In Thousands of Dollars)

Sources of Income	Elderly		All Others	
	Amount	% of Total	Amount	% of Total
FEDERAL TOTAL INCOME	\$ 4,369,154	100	\$ 21,156,335	100
Salaries and Wages.....	\$ 836,578	19.1	\$ 16,653,721	78.7
Taxable Dividends.....	183,123	4.2	177,103	0.8
Interest.....	179,398	4.1	162,343	0.8
Sole Proprietorships.....	92,897	2.1	758,472	3.6
Capital Assets and Other Property.....	452,772	10.4	751,179	3.6
Rents and Royalties.....	103,513	2.4	(19,002)	(0.1)
Partnerships.....	63,434	1.5	470,643	2.2
Estates and Trusts.....	26,743	0.6	20,990	0.1
Pensions and Annuities.....	1,463,072	33.5	756,706	3.6
Taxable IRA Distributions..	218,862	5	130,491	0.6
Taxable Social Security.....	478,346	10.9	75,746	0.4
All Other Sources.....	270,416	6.2	1,217,943	5.8

Note: Totals may not add up to total due to rounding. Percentages are expressed in terms of the net total income after losses.

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 33,159 dependents filed returns in 2004, a slight increase over the 32,917 returns filed in 2003. Their Hawaii total income was \$173.7 million, while their federal total income was \$173.6 million. Their major source of Hawaii income was salaries and wages, which amounted to \$161.2 million, or 92.8% of their Hawaii total income. Their adjusted gross income was \$173.0 million. Their taxable income was \$127.7 million, and their tax liability was \$5.1 million before credits and \$5.0 million after credits.

STATISTICAL

TABLES¹

1. "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 - 2004

ADJUSTED GROSS INCOME CLASS	Number of Returns		Adjusted Gross Income		Taxable Income		Tax Liability	
	Number	%	Amount	%	Amount	%	Amount	%
TAXABLE RESIDENT RETURNS								
Under \$ 5,000	25,981	5.7%	\$ 87,327,422	0.4%	\$ 35,167,503	0.2%	\$ 568,715	0.0%
" 10,000	42,360	9.3%	317,696,193	1.4%	183,940,139	1.0%	5,230,417	0.5%
" 20,000	79,620	17.5%	1,191,655,071	5.2%	833,613,490	4.7%	35,659,716	3.1%
" 30,000	72,508	16.0%	1,798,071,625	7.9%	1,350,023,866	7.6%	70,289,518	6.1%
" 40,000	55,058	12.1%	1,914,040,602	8.4%	1,452,103,749	8.2%	82,891,266	7.2%
" 50,000	38,221	8.4%	1,714,550,840	7.5%	1,291,086,908	7.3%	76,800,571	6.7%
" 75,000	62,720	13.8%	3,849,049,603	16.9%	2,860,023,067	16.2%	178,503,214	15.5%
" 100,000	35,147	7.7%	3,031,180,683	13.3%	2,282,707,102	12.9%	149,740,461	13.0%
" 150,000	26,388	5.8%	3,145,438,887	13.8%	2,447,097,512	13.8%	170,135,021	14.8%
" 200,000	7,013	1.5%	1,198,120,328	5.3%	976,850,908	5.5%	71,500,958	6.2%
200,000 and over	9,244	2.0%	4,558,117,295	20.0%	3,993,991,368	22.6%	308,111,378	26.8%
TOTAL - TAXABLE RETURNS	454,260	100.0%	\$ 22,805,248,549	100.0%	\$ 17,706,605,612	100.0%	\$ 1,149,431,235	100.0%
NONTAXABLE RESIDENT RETURNS								
Loss	9,775	10.9%	\$ (281,709,629)					
\$ 0 under \$ 5,000	63,202	70.3%	73,712,306					
5,000 "	8,791	9.8%	61,256,799					
10,000 and over	8,174	9.1%	161,243,323					
TOTAL - NONTAXABLE RETURNS	89,942	100.0%	\$ 14,502,799					
ALL RESIDENT RETURNS	544,202		\$ 22,819,751,348		\$ 17,706,605,612		\$ 1,149,431,235	

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 - 2004

ADJUSTED GROSS INCOME CLASS	Number of Returns		H/H ²	Adjusted Gross Income		H/H ²
	Single ¹	Joint		Single ¹	Joint	
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	24,989	251	741	\$ 83,007,498	\$ 1,118,380	\$ 3,201,544
\$ 5,000 "	33,480	4,285	4,595	248,863,492	34,435,670	34,397,031
10,000 "	52,193	14,029	13,398	769,978,441	215,360,124	206,316,506
20,000 "	41,188	16,648	14,672	1,017,325,870	417,241,736	363,504,019
30,000 "	28,574	16,899	9,585	992,437,675	592,838,795	328,764,132
40,000 "	15,675	17,311	5,235	699,987,259	779,407,916	235,155,665
50,000 "	18,217	39,222	5,281	1,091,851,804	2,442,059,358	315,138,441
75,000 "	4,855	28,668	1,624	414,333,719	2,478,499,210	138,347,754
100,000 "	2,427	23,291	670	287,538,816	2,778,683,829	79,216,242
150,000 "	822	5,983	208	141,478,622	1,020,407,025	36,234,681
200,000 and over	1,449	7,580	215	839,404,742	3,622,147,972	96,564,581
TOTAL - TAXABLE RETURNS	223,869	174,167	56,224	\$ 6,586,207,938	\$ 14,382,200,015	\$ 1,836,840,596
NONTAXABLE RESIDENT RETURNS						
Loss	5,696	3,603	476	\$ (139,585,222)	\$ (121,815,036)	\$ (20,309,371)
\$ 0 under \$ 5,000	42,550	17,011	3,641	41,205,310	26,946,845	5,560,151
5,000 "	2,719	5,420	652	18,921,418	37,781,784	4,553,597
10,000 and over	1,962	5,657	555	35,727,630	115,568,626	9,947,067
TOTAL - NONTAXABLE RETURNS	52,927	31,691	5,324	\$ (43,730,864)³	\$ 58,482,219³	\$ (248,556)³
ALL RESIDENT RETURNS	276,796	205,858	61,548	\$ 6,542,477,074³	\$ 14,440,682,234³	\$ 1,836,592,040³
ALL NONRESIDENT RETURNS	29,294	30,287	2,279	\$ 469,932,540³	\$ 834,196,911³	\$ 71,541,222³
TOTAL - ALL RETURNS	306,090	236,145	63,827	\$ 7,012,409,614³	\$ 15,274,879,145³	\$ 1,908,133,262³

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 - 2004

ADJUSTED GROSS INCOME CLASS	Taxable Income		Tax Liability		H/H ²
	Single ¹	Joint	Single ¹	Joint	
TAXABLE RESIDENT RETURNS					
Under \$ 5,000	\$ 34,483,082	\$ 163,080	\$ 521,341	\$ 2,284	\$ 7,355
" 5,000	159,507,259	10,010,957	14,421,923	147,072	263,879
" 10,000	584,388,019	112,332,874	136,892,597	3,151,799	5,075,334
" 20,000	825,489,382	255,481,473	269,053,011	10,261,474	12,982,523
" 30,000	812,092,870	391,539,755	248,471,124	18,689,564	13,509,179
" 40,000	568,499,600	541,799,753	180,787,555	28,646,849	10,698,908
" 50,000	869,436,307	1,751,697,586	238,889,174	102,990,806	15,129,844
" 75,000	335,296,666	1,843,304,785	104,105,651	118,173,224	7,075,274
" 100,000	237,024,221	2,149,317,077	60,756,214	148,029,419	4,360,860
" 150,000	121,939,455	825,037,686	29,873,767	59,993,059	2,232,562
" 200,000	737,291,143	3,171,662,794	85,037,431	244,753,972	6,619,749
TOTAL - TAXABLE RETURNS	\$ 5,285,448,004	\$ 11,052,347,820	\$ 1,368,809,788	\$ 734,839,522	\$ 77,955,467
NONTAXABLE RESIDENT RETURNS					
Loss					
\$ 0 under \$ 5,000					
5,000 " 10,000					
10,000 and over					
TOTAL - NONTAXABLE RETURNS					
ALL RESIDENT RETURNS	\$ 5,285,448,004	\$ 11,052,347,820	\$ 1,368,809,788	\$ 734,839,522	\$ 77,955,467
ALL NONRESIDENT RETURNS	\$ 472,712,732	\$ 889,152,436	\$ 68,098,837	\$ 57,169,451	\$ 4,484,300
TOTAL - ALL RETURNS	\$ 5,758,160,736	\$ 11,941,500,256	\$ 1,436,908,625	\$ 792,008,973	\$ 82,439,767

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 - 2004

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	12,172	\$ 30,266,199	\$ 3,842,938,086	20,336	1,574	\$ 22,687,379	\$ 378,090
\$ 5,000 "	8,613	62,349,022	2,726,069,803	15,809	864	48,742,396	1,337,059
10,000 "	9,114	130,071,587	2,325,584,926	18,116	884	105,636,081	4,338,945
20,000 "	4,528	111,043,887	1,616,989,130	9,728	406	91,151,453	4,517,677
30,000 "	2,935	101,719,723	1,211,871,477	6,536	538	82,222,350	4,579,455
40,000 "	1,751	77,299,024	662,863,953	4,063	241	63,104,506	3,703,836
50,000 "	2,344	144,737,531	917,223,242	5,582	436	119,063,254	7,514,224
75,000 "	1,144	98,959,652	733,946,117	2,716	292	83,388,901	5,614,795
100,000 "	1,174	142,501,929	858,053,309	2,699	389	122,377,741	8,546,392
150,000 "	499	86,743,338	1,467,808,494	1,201	166	77,582,364	5,550,208
200,000 and over	1,129	667,876,797	6,278,061,773	2,562	438	613,990,614	46,093,898
TOTAL - TAXABLE RETURNS	45,403	\$ 1,653,568,689	\$ 22,641,410,310	89,348	6,228	\$ 1,429,947,039	\$ 92,174,579
NONTAXABLE NONRESIDENT RETURNS							
Loss	8,049	\$ (299,312,825)	\$ 2,391,774,108	16,762	2,322		
\$ 0 under \$ 5,000	7,490	4,243,559	3,570,512,076	13,400	1,366		NOT
5,000 "	403	2,874,992	387,659,263	1,073	121		APPLICABLE
10,000 and over	515	14,296,258	243,399,523	1,469	167		
TOTAL - NONTAXABLE RETURNS	16,457	\$ (277,898,016) ¹	\$ 6,593,344,970	32,704	3,976		
ALL NONRESIDENT RETURNS	61,860	\$ 1,375,670,673 ¹	\$ 29,234,755,280	122,052	10,204	\$ 1,429,947,039	\$ 92,174,579

¹ Includes returns with negative AGI.

TABLE 4
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 2004

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	22,026	\$ 73,767,807	3,851	\$ 2,823,233	7,637	\$ 3,734,233
" 10,000	34,228	249,670,160	5,611	8,925,111	12,841	14,379,489
" 20,000	68,895	994,146,273	11,296	25,816,202	27,119	33,450,992
" 30,000	66,964	1,610,877,067	10,606	21,971,315	30,425	25,554,636
" 40,000	52,285	1,736,348,800	9,785	20,516,923	27,912	20,249,381
" 50,000	36,600	1,554,319,680	9,115	20,431,557	23,160	16,105,980
" 75,000	60,281	3,465,810,869	17,801	32,865,286	44,578	31,194,713
" 100,000	33,893	2,678,676,867	13,830	27,617,555	28,359	26,503,949
" 150,000	25,104	2,611,988,759	14,089	40,593,641	23,409	26,695,612
" 200,000	6,404	853,027,121	4,765	23,349,932	6,468	11,691,758
200,000 and over	6,940	1,480,616,236	6,367	97,764,253	8,091	73,331,914
TOTAL - TAXABLE RETURNS	413,620	\$17,309,249,639	107,116	\$322,675,008	239,999	\$282,892,657
<u>NONTAXABLE RESIDENT RETURNS</u>						
Loss	1,998	\$ 28,029,283	4,377	\$ 7,009,570	7,097	\$ 9,874,354
\$ 0 under \$ 5,000	16,315	39,475,821	11,278	9,949,481	33,742	24,757,197
5,000 " 10,000	2,878	25,622,426	4,112	8,136,599	7,085	10,721,106
10,000 and over	4,696	87,921,762	3,464	12,455,857	6,488	13,495,099
TOTAL - NONTAXABLE RETURNS	25,887	\$ 181,049,292	23,231	\$ 37,551,507	54,412	\$ 58,847,756
ALL RESIDENT RETURNS	439,507	\$17,490,298,931	130,347	\$360,226,515	294,411	\$341,740,413
ALL NONRESIDENT RETURNS	34,086	\$ 651,388,269	3,892	\$ 8,774,372	10,089	\$ 37,757,497
TOTAL - ALL RETURNS	473,593	\$18,141,687,200	134,239	\$369,000,887	304,500	\$379,497,910

TABLE 4 (continued)
 SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 2004

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			
TAXABLE RESIDENT RETURNS								
Under \$ 5,000	1,538	\$ 5,828,600	298	\$ 1,339,579	1,642	\$ 1,161,210	836	\$ 1,303,530
\$ 5,000 "	4,146	26,055,200	518	1,594,688	2,508	7,037,597	1,177	2,429,317
10,000 "	7,331	72,019,827	1,772	5,960,811	5,383	19,017,168	3,256	7,216,970
20,000 "	5,479	67,886,475	2,494	11,031,849	4,333	20,531,956	3,227	7,469,406
30,000 "	4,946	61,197,021	2,547	10,426,841	4,198	26,759,491	2,836	6,679,024
40,000 "	3,869	48,934,817	2,036	7,308,113	3,964	20,856,873	3,076	6,761,482
50,000 "	7,548	115,919,846	3,850	19,517,337	7,927	72,104,882	5,644	12,813,488
75,000 "	4,726	94,661,241	2,402	12,592,093	6,572	74,239,798	4,131	10,470,655
100,000 "	3,935	130,415,357	1,981	10,685,023	7,044	144,711,127	4,282	11,806,834
150,000 "	1,366	74,450,001	576	5,138,698	2,864	134,181,855	1,486	3,850,404
200,000 and over	2,058	260,330,192	666	8,001,506	4,280	754,008,610	2,271	6,981,792
TOTAL - TAXABLE RETURNS	46,942	\$ 957,698,577	19,140	\$ 93,596,538	50,715	\$ 1,274,610,567	32,222	\$ 77,782,902
NONTAXABLE RESIDENT RETURNS								
Loss	983	\$ 9,155,834	2,529	\$ 51,324,234	760	\$ 33,121,587	4,832	\$ 28,183,910
\$ 0 under \$ 5,000	3,367	10,249,546	561	2,066,976	3,552	2,446,386	3,174	6,819,035
5,000 "	1,062	6,287,611	387	2,987,522	1,537	3,468,856	1,512	4,929,217
10,000 and over	1,617	21,652,848	478	3,700,653	1,657	10,875,618	1,254	2,856,531
TOTAL - NONTAXABLE RETURNS	7,029	\$ 47,345,839	3,955	\$ 60,079,385	7,506	\$ 49,912,447	10,772	\$ 42,788,693
ALL RESIDENT RETURNS	53,971	\$ 1,005,044,416	23,095	\$ 153,675,923	58,221	\$ 1,324,523,014	42,994	\$ 120,571,595
ALL NONRESIDENT RETURNS	2,184	\$ 38,865,123	1,385	\$ 20,328,544	7,036	\$ 719,733,445	3,041	\$ 7,608,736
TOTAL - ALL RETURNS	56,155	\$ 1,043,909,539	24,480	\$ 174,004,467	65,257	\$ 2,044,256,459	46,035	\$ 128,180,331

TABLE 4 (continued)
 SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 2004

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	271	\$ 697,807	63	\$ 378,007	151	\$ 374,733	21	\$ 1,407
" 10,000	1,200	6,358,136	299	1,143,757	260	768,660	126	455,156
" 20,000	2,928	19,731,446	819	5,079,170	811	6,178,026	426	1,181,048
" 30,000	2,497	18,979,596	1,696	10,004,119	1,149	18,510,981	663	4,203,555
" 40,000	2,119	14,076,854	1,678	10,599,265	875	8,043,373	553	3,323,914
" 50,000	1,537	12,299,419	1,686	11,859,532	806	12,096,746	305	1,884,479
" 75,000	3,895	30,594,984	4,627	32,984,933	1,743	33,989,128	890	14,706,147
" 100,000	2,286	23,004,276	3,563	27,230,508	1,515	37,887,207	769	6,714,360
" 150,000	2,831	34,847,581	3,664	23,830,887	1,845	65,688,601	824	6,257,281
" 200,000	1,211	21,519,119	784	9,379,191	1,010	55,114,098	472	7,357,876
200,000 and over	1,793	71,701,695	1,125	19,975,706	2,327	391,328,845	742	26,861,557
TOTAL - TAXABLE RETURNS	22,568	\$253,810,913	20,004	\$152,465,075	12,492	\$629,980,398	5,791	\$ 72,946,780
NONTAXABLE RESIDENT RETURNS								
Loss	410	\$ 2,817,170	2,103	\$ 25,107,966	222	\$ 11,131,614	704	\$ 33,416,658
\$ 0 under \$ 5,000	1,555	3,101,710	682	3,963,562	238	738,997	386	1,923,957
" 5,000	1,626	6,430,951	322	1,821,161	235	1,058,822	258	975,018
" 10,000 and over	1,316	9,981,004	943	8,272,223	244	2,243,673	330	1,813,917
TOTAL - NONTAXABLE RETURNS	4,907	\$ 22,330,835	4,050	\$ 39,164,912	939	\$ 15,173,106	1,678	\$ 38,129,550
ALL RESIDENT RETURNS	27,475	\$276,141,748	24,054	\$191,629,987	13,431	\$645,153,504	7,469	\$111,076,330
ALL NONRESIDENT RETURNS	-	-	-	-	-	-	-	-
TOTAL - ALL RETURNS	27,475	\$276,141,748	24,054	\$191,629,987	13,431	\$645,153,504	7,469	\$111,076,330

See end of table for footnotes.

TABLE 4 (continued)
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 2004

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
TAXABLE RESIDENT RETURNS								
Under \$ 5,000	108	\$ 159,328	569	\$ 1,246,807	1,457	\$ 18,350,378	407	\$ 1,612,962
\$ 5,000 "	109	100,576	1,490	4,197,310	5,243	86,274,379	2,705	13,379,480
10,000 "	278	1,383,221	4,274	15,071,668	10,832	195,689,700	5,332	34,222,836
20,000 "	281	2,147,548	4,784	16,230,836	10,444	177,397,062	3,548	26,936,648
30,000 "	191	1,015,749	2,846	11,719,504	7,806	143,528,339	2,856	31,271,931
40,000 "	194	2,087,789	2,241	9,207,004	5,845	96,663,757	2,040	19,647,790
50,000 "	397	3,470,894	4,073	13,666,647	10,222	182,819,139	3,187	42,029,643
75,000 "	292	3,260,256	2,145	7,662,470	6,349	120,424,631	1,982	26,392,535
100,000 "	306	5,139,511	1,020	3,304,641	5,043	102,332,027	1,503	22,342,625
150,000 "	156	4,249,892	152	559,396	1,513	39,270,909	418	9,447,600
200,000 and over	285	23,263,679	79	464,183	2,053	55,338,365	790	15,909,545
TOTAL - TAXABLE RETURNS	2,597	\$46,278,443	23,673	\$ 83,330,466	66,807	\$1,218,088,686	24,768	\$243,193,595
NONTAXABLE RESIDENT RETURNS								
Loss	66	\$ 208,675	66	\$ 175,144	4,581	\$ 129,558,065	1,178	\$ 12,515,134
\$ 0 under \$ 5,000	110	224,092	527	1,851,314	26,616	586,463,736	7,289	46,160,314
5,000 "	108	403,156	127	715,804	6,013	148,298,620	3,042	23,763,405
10,000 and over	109	618,493	277	800,202	4,966	137,368,786	2,094	23,721,096
TOTAL - NONTAXABLE RETURNS	393	\$ 1,454,416	997	\$ 3,542,464	42,176	\$1,001,689,207	13,603	\$106,159,949
ALL RESIDENT RETURNS	2,990	\$47,732,859	24,670	\$ 86,872,930	108,983	\$2,219,777,893	38,371	\$349,353,544
ALL NONRESIDENT RETURNS	-	-¹	1,279	\$ 5,960,786	1,182	\$ 11,746,832	435	4,628,540
TOTAL - ALL RETURNS	2,990	\$47,732,859	25,949	\$ 92,833,716	110,165	\$2,231,524,725	38,806	\$353,982,084

See end of table for footnotes.

TABLE 4 (continued)
 SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 2004

ADJUSTED GROSS INCOME CLASS	STATE TAX		FEDERALLY-TAXABLE		MISCELLANEOUS SOURCES ³	
	REFUND INCOME		SOCIAL SECURITY		Gain	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
						Loss
						Amount
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	225	\$ 172,331	365	\$ 1,662,938	641	\$ 1,131,773
\$ 5,000 "	702	314,090	2,015	16,388,021	1,374	3,074,067
10,000 "	3,527	1,833,187	6,219	48,930,914	2,125	6,664,250
20,000 "	9,306	6,516,337	7,229	58,215,228	2,275	8,812,925
30,000 "	12,848	10,793,386	5,585	54,075,575	2,594	9,831,275
40,000 "	12,466	11,632,242	3,717	46,726,277	1,827	5,745,548
50,000 "	32,045	32,192,272	4,919	63,268,277	4,331	16,673,558
75,000 "	22,912	26,600,050	2,430	33,910,122	3,410	15,461,589
100,000 "	19,361	26,398,054	1,855	28,634,018	3,055	16,373,870
150,000 "	4,800	8,098,744	785	12,836,852	1,150	8,826,763
200,000 and over	5,123	23,650,067	1,529	25,813,436	1,496	33,145,013
TOTAL - TAXABLE RETURNS	123,315	\$ 148,200,760	36,648	\$ 390,461,658	24,278	\$ 125,740,631
						\$ 68,934,647
NONTAXABLE RESIDENT RETURNS						
Loss	1,119	\$ 1,281,798	1,854	\$ 15,632,001	399	\$ 1,167,310
\$ 0 under 5,000	3,262	1,452,750	11,064	76,982,067	2,222	3,077,740
5,000 "	1,863	1,365,593	3,527	30,373,453	1,049	2,736,154
10,000 and over	3,268	2,939,107	3,877	40,642,948	1,098	6,479,623
TOTAL - NONTAXABLE RETURNS	9,512	\$ 7,039,248	20,322	\$ 163,630,469	4,768	\$ 13,460,827
ALL RESIDENT RETURNS	132,827	\$ 155,240,008	56,970	\$ 554,092,127	29,046	\$ 139,201,458
ALL NONRESIDENT RETURNS	4,656	9,038,343	-	-	10,184	\$ 295,453,711
TOTAL - ALL RETURNS	137,483	\$ 164,278,351	56,970	\$ 554,092,127	39,230	\$ 434,655,169
						\$ 597,806,189

See end of table for footnotes.

TABLE 4 (continued)
 SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 2004

ADJUSTED GROSS INCOME CLASS	UNKNOWN SOURCES ⁴			FEDERAL TOTAL INCOME FROM ALL SOURCES		
	Number of Returns	Profit Amount	Loss Amount	Number of Returns	Amount	Amount
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	1,138	\$ 687,510	\$	255	\$ 1,066,554	\$ 108,069,564
" 10,000	2,162	1,115,284		476	1,499,950	\$ 427,709,741
" 20,000	4,760	2,044,626		512	1,273,910	\$ 1,452,796,031
" 30,000	6,032	1,513,349		666	2,910,654	\$ 2,040,399,233
" 40,000	4,885	2,176,793		777	2,802,302	\$ 2,116,069,507
" 50,000	3,698	2,538,804		591	2,790,003	\$ 1,847,682,047
" 75,000	5,067	2,325,228		859	3,633,710	\$ 4,048,658,663
" 100,000	2,746	3,170,685		406	1,771,398	\$ 3,137,867,998
" 150,000	1,993	3,414,752		420	1,660,542	\$ 3,203,840,171
" 200,000	549	246,600		70	115,332	\$ 1,228,434,751
200,000 and over	1,893	1,461,854,995		99	26,674,811	\$ 4,643,847,810
TOTAL - TAXABLE RETURNS	34,923	\$1,481,088,626	\$ 46,199,166	5,131	\$ 46,199,166	\$24,255,375,516
NONTAXABLE RESIDENT RETURNS						
Loss	1,091	\$ 14,610,789	\$ 106,590,598	559	\$ 106,590,598	\$ (125,993,799)
\$ 0 under \$ 5,000	7,389	2,328,587	4,061,100	913	4,061,100	\$ 787,156,277
5,000 " 10,000	1,940	208,794	135,066	141	135,066	\$ 256,177,709
10,000 and over	2,371	1,578,426	497,589	166	497,589	\$ 352,773,658
TOTAL - NONTAXABLE RETURNS	12,791	\$ 18,726,596	\$ 111,284,353	1,779	\$ 111,284,353	\$ 1,270,113,845
ALL RESIDENT RETURNS	47,714	\$1,499,815,222	\$ 157,483,519	6,910	\$ 157,483,519	\$25,525,489,361
ALL NONRESIDENT RETURNS		not applicable	not applicable			not available
TOTAL - ALL RETURNS	47,714	\$1,499,815,222	\$ 157,483,519	6,910	\$ 157,483,519	\$25,525,489,361

See end of table for footnotes.

TABLE 4 (continued)
SOURCES OF INCOME AND STATUTORY ADJUSTMENTS ON ALL RETURNS FILED BY ADJUSTED GROSS INCOME CLASS - 2004

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	1,131	\$ 1,903,618	2,098	\$ 20,077,474	25,981	\$ 89,895,708	2,203	\$ 2,568,286
5,000 "	2,972	4,697,686	5,321	105,459,233	42,360	326,948,194	6,395	9,252,001
10,000 "	8,650	11,142,222	11,615	248,385,903	79,620	1,215,552,350	13,232	23,897,279
20,000 "	12,754	15,033,825	13,629	230,342,915	72,508	1,825,090,143	13,492	27,018,518
30,000 "	14,515	20,098,288	11,236	199,559,849	55,058	1,936,607,946	12,409	22,567,344
40,000 "	10,976	21,872,343	8,623	136,465,740	38,221	1,733,088,650	9,326	18,537,810
50,000 "	18,511	76,588,723	17,230	232,516,104	62,720	3,892,731,282	17,966	43,681,679
75,000 "	11,002	70,466,017	11,868	142,194,585	35,147	3,066,139,430	11,947	34,958,747
100,000 "	11,532	112,016,326	10,687	121,443,655	26,388	3,194,412,842	10,965	48,973,955
150,000 "	2,808	38,280,157	3,043	47,478,622	7,013	1,219,236,286	2,664	21,115,958
200,000 and over	4,017	113,176,703	4,922	144,457,852	9,244	4,612,566,661	3,362	54,449,366
TOTAL - TAXABLE RETURNS	98,868	\$ 485,275,908	100,272	\$ 1,628,381,932	454,260	\$ 23,112,269,492	103,961	\$ 307,020,943
NONTAXABLE RESIDENT RETURNS								
Loss	1,907	\$ 35,072,190	5,430	\$ 184,604,605	9,775	\$ (275,526,214)	1,649	\$ 6,183,415
\$ 0 under \$ 5,000	2,600	3,697,143	27,215	710,561,928	63,202	80,291,492	4,241	6,579,186
5,000 "	2,162	3,018,153	6,141	194,813,100	8,791	64,382,762	1,679	3,125,963
10,000 and over	2,458	5,794,389	5,335	190,258,028	8,174	168,310,019	2,174	7,066,696
TOTAL - NONTAXABLE RETURNS	9,127	\$ 47,581,875	44,121	\$ 1,280,237,661	89,942	\$ 37,458,059	9,743	\$ 22,955,260
ALL RESIDENT RETURNS	107,995	\$ 532,857,783	144,393	\$ 2,908,619,593	544,202	\$ 23,149,727,551	113,704	\$ 329,976,203
ALL NONRESIDENT RETURNS		not meaningful		not meaningful	61,860	\$ 1,407,216,592	9,654	\$ 31,545,919
TOTAL - ALL RETURNS	107,995	\$ 532,857,783	144,393	\$ 2,908,619,593	606,062	\$ 24,556,944,143	123,358	\$ 361,522,122

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 college tuition which was not adopted by Hawaii.

TABLE 5
SOURCES OF INCOME REPORTED IN EACH DISTRICT BY NUMBER OF RETURNS AND AMOUNT - 2004
(Resident Returns)

SOURCES OF INCOME	TAXATION DISTRICT							
	FIRST		SECOND		THIRD		FOURTH	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Salaries and Wages	311,988	\$ 12,898,131,163	51,355	\$ 1,920,990,273	53,446	\$ 1,856,509,295	22,718	\$ 814,668,200
Taxable Dividends	99,151	268,938,796	11,756	32,699,264	13,532	39,940,801	5,908	18,647,654
Interest	214,024	243,288,103	30,399	36,885,346	34,573	42,780,914	15,415	18,786,050
Business and Professions								
Net Profit	34,916	687,243,707	6,844	117,731,746	9,025	150,248,658	3,186	49,820,305
Net Loss	13,410	(88,031,416)	3,787	(24,876,071)	4,214	(29,347,478)	1,684	(11,420,958)
Sale of Capital Assets								
Net Gain	43,590	827,132,481	5,475	184,481,157	6,682	222,356,473	2,474	90,552,903
Net Loss	31,750	(91,754,548)	4,483	(124,306,256)	4,727	(11,753,794)	2,034	(4,632,627)
Rents and Royalties								
Net Profit	19,855	196,539,399	3,186	36,921,858	2,981	29,528,731	1,453	13,151,760
Net Loss	16,963	(129,287,410)	3,491	(31,155,944)	2,433	(19,959,069)	1,167	(11,227,564)
Partnerships and S-Corporations								
Net Profit	8,833	430,978,697	1,915	98,402,622	1,828	83,172,293	855	32,599,892
Net Loss	4,958	(66,592,468)	911	(20,157,050)	992	(13,919,363)	608	(10,407,449)
Estates and Trusts	2,309	38,813,198	366	3,380,749	202	5,339,626	113	199,286
Unemployment Compensation	15,970	57,687,117	2,840	8,753,791	4,307	14,698,185	1,553	5,733,837
Pensions and Annuities	81,622	1,749,675,259	9,998	164,727,745	12,130	218,337,537	5,233	87,037,352
Taxable IRA Distributions	29,034	266,610,383	3,039	30,739,330	4,241	36,067,296	2,057	15,936,535
State Tax Refund Income	98,054	114,682,109	16,044	19,606,025	12,888	14,850,326	5,841	6,101,548
Federally-Taxed Social Security	43,475	437,927,738	4,776	43,938,880	6,094	49,392,993	2,625	22,832,516
All Other Sources ¹	61,678	993,443,482	7,972	149,258,045	9,453	75,457,031	3,892	28,086,696
Federal Total Income	387,951	\$ 18,835,425,790	61,309	\$ 2,759,897,140	67,288	\$ 2,763,700,455	27,654	\$ 1,166,465,936
Hawaii Additions ²	78,376	423,102,127	11,988	43,316,435	12,205	46,765,877	5,426	19,673,344
Hawaii Subtractions ³	107,565	2,308,804,239	15,080	217,944,231	15,273	273,144,286	6,475	108,726,837
Hawaii Total Income	387,951	\$ 16,949,723,678	61,309	\$ 2,585,269,344	67,288	\$ 2,537,322,046	27,654	\$ 1,077,412,443
Less HI Adjustments to Income	79,111	230,283,584	13,175	37,861,046	15,710	46,875,609	5,708	14,955,964
Adjusted Gross Income ⁴	387,951	\$ 16,719,440,094	61,309	\$ 2,547,408,298	67,288	\$ 2,490,446,437	27,654	\$ 1,062,456,479

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.

TABLE 6
TYPES OF DEDUCTIONS BY ADJUSTED GROSS INCOME CLASS - 2004

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
TAXABLE RESIDENT RETURNS								
Under \$ 5,000	321	\$ 279,639	64	\$ 84,066	214	\$ 241,374	0	\$ -
" 5,000	3,685	3,417,457	904	1,805,238	3,186	6,035,307	12	10,668
" 10,000	18,689	22,366,542	5,534	23,579,764	11,348	27,233,064	107	221,531
" 20,000	30,118	44,527,709	10,842	69,363,848	11,003	28,213,949	137	438,096
" 30,000	31,773	44,565,836	14,602	109,402,206	8,540	24,747,489	125	465,633
" 40,000	25,981	40,611,296	14,081	122,000,589	5,870	17,369,919	92	423,692
" 50,000	50,653	96,255,622	35,979	355,758,461	6,751	23,388,252	185	876,814
" 75,000	31,025	71,026,902	26,253	305,464,384	2,079	9,064,780	76	660,755
" 100,000	24,461	65,827,431	22,288	297,109,664	879	6,394,159	41	276,500
" 150,000	6,502	24,189,640	5,872	91,824,929	151	1,117,498	7	160,988
" 200,000	8,342	129,197,324	7,436	169,521,515	111	5,160,240	10	633,983
and over								
TOTAL - TAXABLE RETURNS	231,550	\$542,265,398	143,855	\$1,545,914,664	50,132	\$148,966,031	792	\$4,168,660
NONTAXABLE RESIDENT RETURNS								
Loss	1,125	\$ 3,469,807	2,888	\$ 29,771,804	2,757	\$ 15,504,802	63	\$1,046,352
\$ 0 under \$ 5,000	10,881	10,794,764	6,487	44,172,217	12,034	52,871,449	62	440,756
" 5,000	6,151	9,530,746	3,996	29,647,996	6,115	29,589,806	27	95,902
" 10,000	6,848	18,616,165	6,226	97,544,519	5,328	49,212,436	73	3,001,236
and over								
TOTAL - NONTAXABLE RETURNS	25,005	\$ 42,411,482	19,597	\$ 201,136,536	26,234	\$ 147,178,493	225	\$4,584,246
ALL RESIDENT RETURNS	256,555	\$584,676,880	163,452	\$1,747,051,200	76,366	\$296,144,524	1,017	\$8,752,906
ALL NONRESIDENT RETURNS	16,577	\$ 51,124,968	7,037	\$ 73,438,380	3,243	\$ 10,830,300	212	\$ 439,289
TOTAL - ALL RETURNS	273,132	\$635,801,848	170,489	\$1,820,489,580	79,609	\$306,974,824	1,229	\$9,192,195

TABLE 6 (continued)
 TYPES OF DEDUCTIONS BY ADJUSTED GROSS INCOME CLASS - 2004

ADJUSTED GROSS INCOME CLASS	TAXES		MISCELLANEOUS DEDUCTIONS		TOTAL ALLOWABLE ITEMIZED DEDUCTIONS	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	365	\$ 180,472	191	\$ 159,359	450	\$ 944,910
\$ 5,000 "	3,889	2,404,063	2,216	2,613,999	4,690	16,286,732
10,000 "	21,712	23,427,368	11,258	20,718,152	22,481	117,546,421
20,000 "	37,754	60,663,871	17,012	40,938,726	38,336	244,146,199
30,000 "	44,680	101,146,030	16,146	45,010,809	44,832	325,338,003
40,000 "	34,099	99,951,647	12,420	42,504,839	34,231	322,861,982
50,000 "	59,694	242,308,492	24,181	90,535,230	59,778	808,816,376
75,000 "	34,302	200,283,847	13,034	50,206,265	34,345	636,454,341
100,000 "	26,150	217,881,890	8,811	41,033,500	26,185	613,224,835
150,000 "	6,906	83,490,613	2,133	12,587,044	6,912	198,613,240
200,000 and over	9,017	303,480,772	2,407	29,936,419	9,041	535,171,907
TOTAL - TAXABLE RETURNS	278,568	\$ 1,335,219,065	109,809	\$ 376,244,342	281,281	\$ 3,819,404,946
<u>NONTAXABLE RESIDENT RETURNS</u>						
Loss	3,872	\$ 9,264,400	2,758	\$ 4,541,667	4,482	\$ 63,598,832
\$ 0 under \$ 5,000	11,694	12,482,955	8,190	4,964,332	14,120	125,726,473
5,000 "	6,661	8,102,082	3,708	5,809,081	7,367	82,775,613
10,000 and over	7,787	24,662,292	3,581	14,214,733	8,131	207,150,260
TOTAL - NONTAXABLE RETURNS	30,014	\$ 54,511,729	18,237	\$ 29,529,813	34,100	\$ 479,251,178
ALL RESIDENT RETURNS	308,582	\$ 1,389,730,794	128,046	\$ 405,774,155	315,381	\$ 4,298,656,124
ALL NONRESIDENT RETURNS	23,763	\$ 119,455,791	4,472	\$ 19,502,863	27,270	\$ 260,126,499
TOTAL - ALL RETURNS	332,345	\$ 1,509,186,585	132,518	\$ 425,277,018	342,651	\$ 4,558,782,623

TABLE 6 (continued)
 TYPES OF DEDUCTIONS BY ADJUSTED GROSS INCOME CLASS - 2004

ADJUSTED GROSS INCOME CLASS	STANDARD DEDUCTIONS		TOTAL ALLOWABLE & STANDARD DEDUCTIONS		UNALLOWED DEDUCTIONS	
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount
TAXABLE RESIDENT RETURNS						
Under \$ 5,000	25,531	\$ 36,252,529	25,981	\$ 37,197,439	-	\$ -
" 5,000	37,670	57,981,562	42,360	74,268,294	-	-
" 10,000	57,139	90,117,600	79,620	207,664,021	-	-
" 20,000	34,172	54,743,800	72,508	298,889,999	-	-
" 30,000	10,226	16,914,850	55,058	342,252,853	-	-
" 40,000	3,990	6,671,150	38,221	329,533,132	-	-
" 50,000	2,942	4,929,800	62,720	813,746,176	887	306,495
" 75,000	802	1,383,800	35,147	637,838,141	224	252,592
" 100,000	203	335,300	26,388	613,560,135	26,180	15,298,309
" 150,000	101	167,900	7,013	198,781,140	6,912	14,757,472
" 200,000	203	349,500	9,244	535,521,407	9,038	102,758,346
200,000 and over						
TOTAL - TAXABLE RETURNS	172,979	\$ 269,847,791	454,260	\$ 4,089,252,737	43,241	\$ 133,373,214
NONTAXABLE RESIDENT RETURNS						
Loss	5,293	\$ 7,515,019	9,775	\$ 71,113,851	-	\$ -
\$ 0 under \$ 5,000	49,082	75,236,212	63,202	200,962,685	-	-
5,000 " 10,000	1,424	2,617,700	8,791	85,393,313	-	-
10,000 and over	43	81,700	8,174	207,231,960	28	101,121
TOTAL - NONTAXABLE RETURNS	55,842	\$ 85,450,631	89,942	\$ 564,701,809	28	\$ 101,121
ALL RESIDENT RETURNS	228,821	\$ 355,298,422	544,202	\$ 4,653,954,546	43,269	\$ 133,474,335
ALL NONRESIDENT RETURNS	24,225	\$ 19,136,423	51,493	\$ 279,262,922	2,460	\$ 14,665,092
TOTAL - ALL RETURNS	253,046	\$ 374,434,845	595,695	\$ 4,933,217,468	45,729	\$ 148,139,427

TABLE 7
 TYPES OF DEDUCTIONS CLAIMED IN EACH TAXATION DISTRICT BY NUMBER OF RETURNS
 AND DOLLAR AMOUNT REPORTED AND ALLOWED - 2004
 (Resident Returns)

TYPE OF DEDUCTION	TAXATION DISTRICT							
	FIRST		SECOND		THIRD		FOURTH	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Itemized Contributions	185,696	\$ 431,766,907	31,510	\$ 66,858,338	25,777	\$ 56,377,519	13,572	\$ 29,674,116
Interest	117,082	1,287,880,041	17,946	210,224,299	20,640	177,492,771	7,784	71,454,089
Medical and Dental	55,147	214,703,215	8,937	29,630,057	7,773	32,814,095	4,509	18,997,157
Casualty Loss	769	6,589,200	104	808,534	110	1,204,670	34	150,502
Taxes	221,579	1,031,369,020	37,241	153,703,486	33,961	141,164,302	15,801	63,493,986
Other Itemized Deductions	89,014	276,139,230	19,373	78,908,658	12,132	29,520,608	7,527	21,205,659
Total Itemized Deductions	226,610	\$3,248,447,613	37,883	\$540,133,372	34,677	\$438,573,965	16,211	\$204,975,509
Less: Unallowed Itemized Deductions	33,843	100,998,051	4,029	14,645,924	3,822	12,588,620	1,575	5,241,740
Net Allowed Itemized Deductions	226,610	\$3,147,449,562	37,883	\$525,487,448	34,677	\$425,985,345	16,211	\$199,733,769
Standard Deduction	161,341	250,096,705	23,426	36,301,286	32,611	51,167,200	11,443	17,733,231
Total Allowed Deductions	387,951	\$3,397,546,267	61,309	\$561,788,734	67,288	\$477,152,545	27,654	\$217,467,000

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 - 2004

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	830	851	12,342	14,387	\$ 14,962,480	21,126	\$ 2,599,017
" 10,000	7,227	11,324	33,795	56,855	59,487,760	33,532	9,649,463
" 20,000	21,536	36,985	75,753	141,650	150,377,560	68,392	45,882,269
" 30,000	23,332	40,813	71,971	140,180	149,157,760	66,925	84,245,224
" 40,000	19,138	34,953	54,994	113,076	119,684,000	52,163	97,856,485
" 50,000	15,431	29,334	38,200	88,882	93,930,800	36,453	88,626,173
" 75,000	30,422	58,564	62,698	166,004	175,280,360	60,129	202,060,686
" 100,000	20,549	38,973	35,147	105,516	110,635,440	33,850	159,936,753
" 150,000	15,548	28,909	26,382	80,930	84,781,240	24,990	166,009,097
" 200,000	3,899	7,239	7,007	21,257	22,488,280	6,339	57,251,313
200,000 and over	4,167	7,802	9,244	27,021	28,604,520	7,382	135,489,449
TOTAL - TAXABLE RETURNS	162,079	295,747	427,533	955,758	\$1,009,390,200	411,281	\$ 1,049,605,929
<u>NONTAXABLE RESIDENT RETURNS</u>							
Loss	1,125	1,752	8,624	20,022	\$ 21,808,360	1,786	\$ 1,348,183
\$ 0 under \$ 5,000	5,386	8,623	57,921	132,246	143,008,600	14,963	1,065,512
5,000 " 10,000	1,649	3,442	8,791	27,220	30,968,280	2,896	829,197
10,000 and over	2,017	3,803	8,174	24,557	28,810,200	4,493	3,728,938
TOTAL - NONTAXABLE RETURNS	10,177	17,620	83,510	204,045	\$ 224,595,440	24,138	\$ 6,971,830
ALL RESIDENT RETURNS	172,256	313,367	511,043	1,159,803	\$1,233,985,640	435,419	\$ 1,056,577,759
ALL NONRESIDENT RETURNS	17,561	31,794	59,499	132,256	\$ 44,586,058	33,811	\$ 39,584,174
TOTAL - ALL RETURNS	189,817	345,161	570,542	1,292,059	\$1,278,571,698	469,230	\$ 1,096,161,933

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 - 2004

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	426	\$ 48,855	3,688	\$ 75,105	22,083	\$ 2,390,349
" 10,000	972	306,626	7,333	555,538	34,896	6,601,025
" 20,000	3,783	2,179,990	14,483	2,870,949	64,947	18,826,068
" 30,000	3,878	3,675,652	10,790	3,355,982	61,423	24,328,284
" 40,000	2,880	3,860,378	9,769	4,362,323	45,245	24,255,052
" 50,000	2,352	4,268,155	7,265	3,426,048	30,893	21,056,580
" 75,000	4,241	8,448,916	12,281	8,626,054	50,360	44,055,519
" 100,000	3,376	9,235,319	7,391	7,071,826	27,690	29,969,020
" 150,000	4,121	15,668,603	6,461	10,888,199	19,858	26,135,031
" 200,000	2,131	12,062,976	2,372	8,183,140	4,611	8,084,124
200,000 and over	4,867	127,403,329	3,728	35,796,870	5,434	47,552,789
TOTAL - TAXABLE RETURNS	33,027	\$ 187,158,799	85,561	\$ 85,212,034	367,440	\$ 253,253,841
NONTAXABLE RESIDENT RETURNS						
Loss	414	\$ 422,644	7	\$ 14,640	6,453	\$ 2,451,202
\$ 0 under \$ 5,000	971	721,462	108	306	49,694	3,992,802
5,000 " 10,000	668	489,836	-	-	6,020	1,591,584
10,000 and over	783	588,408	-	-	5,864	4,437,036
TOTAL - NONTAXABLE RETURNS	2,836	\$ 2,222,350	115	\$ 14,946	68,031	\$ 12,472,624
ALL RESIDENT RETURNS	35,863	\$ 189,381,149	85,676	\$ 85,226,980	435,471	\$ 265,726,465
ALL NONRESIDENT RETURNS	8,934	\$ 86,643,307	10,677	\$ 13,526,322	39,132	\$ 52,938,040
TOTAL - ALL RETURNS	44,797	\$ 276,024,456	96,353	\$ 98,753,302	474,603	\$ 318,664,505

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 - 2004

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	53,206	21,617	2,633	909	233	289	28,379	13,640
" 5,000 - 10,000	26,644	10,754	2,916	1,502	620	150	6,873	5,083
" 10,000 - 20,000	47,513	19,980	7,946	3,521	1,473	788	8,719	5,697
" 20,000 - 30,000	40,019	18,672	8,006	4,229	1,738	1,024	5,073	3,461
" 30,000 - 40,000	28,265	13,466	7,002	4,013	1,858	1,067	3,085	1,693
" 40,000 - 50,000	15,799	10,214	5,035	4,090	2,263	964	1,905	1,120
" 50,000 - 75,000	18,365	17,264	10,869	9,685	4,378	2,225	2,572	1,518
" 75,000 - 100,000	4,799	10,839	7,605	7,820	2,931	1,184	1,348	690
" 100,000 - 150,000	2,383	8,926	5,821	6,447	2,074	750	979	684
" 150,000 - 200,000	829	2,423	1,458	1,619	520	164	412	311
200,000 and over	1,443	3,788	1,455	1,785	593	183	825	785
TOTAL - RESIDENT RETURNS	239,265	137,943	60,746	45,620	18,681	8,788	60,170	34,682
TOTAL - NONRESIDENT RETURNS	25,525	18,427	6,722	5,639	2,429	757	4,158	3,023
TOTAL - ALL RETURNS	264,790	156,370	67,468	51,259	21,110	9,545	64,328	37,705

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 - 2004
 (Resident Returns)

ADJUSTED GROSS INCOME CLASS	INCOME TAX LIABILITY				EFFECTIVE TAX RATES			
	Before Credits		After Credits		TAXABLE INCOME		BASED ON ADJ. GROSS INCOME	
	Total	Average	Total	Average	Before Credit	After Credit	Before Credit	After Credit
TAXABLE RESIDENT RETURNS								
Under \$ 5,000	\$ 568,715	\$ 22	\$ 390,489	\$ 15	1.62%	1.11%	0.65%	0.45%
\$ 5,000 "	5,230,417	123	4,098,133	97	2.84%	2.23%	1.65%	1.29%
10,000 "	35,659,716	448	32,357,292	407	4.28%	3.88%	2.99%	2.72%
20,000 "	70,289,518	969	67,127,773	929	5.21%	4.97%	3.91%	3.73%
30,000 "	82,891,266	1,506	81,832,358	1,490	5.71%	5.64%	4.33%	4.28%
40,000 "	76,800,571	2,009	75,284,289	1,981	5.95%	5.83%	4.48%	4.39%
50,000 "	178,503,214	2,846	175,115,051	2,797	6.24%	6.12%	4.64%	4.55%
75,000 "	149,740,461	4,260	146,313,259	4,179	6.56%	6.41%	4.94%	4.83%
100,000 "	170,135,021	6,447	166,441,057	6,327	6.95%	6.80%	5.41%	5.29%
150,000 "	71,500,958	10,195	69,415,729	9,969	7.32%	7.11%	5.97%	5.79%
200,000 and over	308,111,378	33,331	251,137,817	27,686	7.71%	6.29%	6.76%	5.51%
TOTAL - TAXABLE RETURNS	\$ 1,149,431,235	\$ 2,530	\$ 1,069,513,247	\$ 2,364	6.49%	6.04%	5.04%	4.69%
NONTAXABLE RESIDENT RETURNS								
Loss	-	-	(681,032)	(123)				
\$ 0 under \$ 5,000	-	-	(857,263)	(35)				
5,000 " 10,000	-	-	(235,136)	(58)				
10,000 and over	-	-	(116,512)	(58)				
TOTAL - NONTAXABLE RETURNS	\$ -	\$ -	\$ (1,889,943)	\$ (53)				
TOTAL RESIDENT RETURNS	\$ 1,149,431,235	\$ 2,530	\$ 1,067,623,304	\$ 2,186				

TABLE 11
COMPARISON OF NUMBER OF RESIDENT RETURNS, BEFORE AND AFTER CREDITS, AT SELECTED TAX LEVELS, AGI, AND BY STATUS - 2004

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	5,696	4,033	-	-	-	-	-	-	-	-
\$ 0 under \$ 5,000	42,550	22,109	24,945	22,051	44	44	-	-	-	-
5,000 " 20,000	4,263	5,456	14,376	14,038	43,067	43,067	27,711	26,230	42	42
20,000 and over	418	29	600	655	2,342	2,342	10,320	10,931	100,275	99,007
TOTAL	52,927	31,627	39,921	36,744	45,453	45,453	38,031	37,161	100,317	99,049
<u>JOINT RETURNS</u>										
Loss	3,603	1,191	-	-	-	-	-	-	-	-
\$ 0 under \$ 5,000	17,011	3,177	251	146	-	-	-	-	-	-
5,000 " 20,000	8,908	5,218	7,774	6,869	9,858	7,698	682	469	-	-
20,000 and over	2,169	918	1,880	1,923	6,897	8,089	15,662	14,781	131,163	129,170
TOTAL	31,691	10,504	9,905	8,938	16,755	15,787	16,344	15,250	131,163	129,170
<u>HEAD OF HOUSEHOLD RETURNS¹</u>										
Loss	476	306	-	-	-	-	-	-	-	-
\$ 0 under \$ 5,000	3,641	1,954	741	484	-	-	-	-	-	-
5,000 " 20,000	1,088	3,741	4,491	3,596	9,796	8,706	3,706	2,465	-	-
20,000 and over	119	298	322	418	1,397	2,351	9,484	9,744	26,287	24,606
TOTAL	5,324	6,299	5,554	4,498	11,193	11,057	13,190	12,209	26,287	24,606
<u>ALL RETURNS</u>										
Loss	9,775	5,530	-	-	-	-	-	-	-	-
\$ 0 under \$ 5,000	63,202	27,240	25,937	22,681	44	44	-	-	-	-
5,000 " 20,000	14,259	14,415	26,641	24,503	63,198	59,471	32,099	29,164	42	42
20,000 and over	2,706	1,245	2,802	2,996	10,306	12,782	35,466	35,456	257,725	252,783
TOTAL	89,942	48,430	55,380	50,180	73,548	72,297	67,565	64,620	257,767	252,825

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 - 2004
 (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	9,691	\$ (281,269,222)	\$ -	81	\$ (421,432)	\$ -	3	\$ (18,975)	\$ -
Zero	3,370	-	-	1,515	-	-	9,245	-	-
1,000	17,385	7,084,881	1,872	1,573	505,269	106	3,796	1,397,405	140
5,000	44,397	129,586,523	475,241	1,913	5,270,197	7,994	5,989	17,195,453	83,362
10,000	45,730	339,537,313	4,530,670	1,023	7,111,183	81,607	4,398	32,304,496	618,140
15,000	39,605	496,022,262	11,670,408	521	6,179,659	118,705	3,480	43,289,676	1,403,042
20,000	38,211	663,945,160	20,201,124	408	7,240,851	215,327	2,863	49,758,899	2,051,110
30,000	68,965	1,711,095,543	64,046,042	685	17,050,447	743,893	4,575	111,672,200	5,499,583
40,000	52,572	1,828,717,201	76,892,237	454	15,542,621	755,488	2,709	92,865,128	5,243,541
50,000	37,082	1,663,153,587	73,516,028	278	12,704,777	476,590	1,026	46,149,685	2,807,953
60,000	28,418	1,559,621,097	70,421,481	204	10,737,750	605,722	563	30,743,723	1,951,048
75,000	33,159	2,222,092,646	103,737,893	233	15,399,270	797,414	231	15,548,051	989,656
100,000	34,879	3,008,993,399	148,305,187	175	15,077,790	763,799	124	10,019,613	671,475
TOTAL	453,464	\$13,348,580,390	\$ 573,798,183	9,063	\$ 112,398,382	\$ 4,566,645	39,002	\$ 450,925,354	\$ 21,319,050

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 - 2004
 (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
SINGLE RETURNS²									
\$ Loss	5,633	\$ (139,253,049)	\$ -	60	\$ (313,198)	\$ -	3	\$ (18,975)	\$ -
Zero	2,196	-	-	1,088	-	-	7,814	-	-
1,000	11,725	4,989,638	1,872	1,277	381,287	106	3,056	1,219,973	140
"	33,772	98,813,654	466,273	1,313	3,537,445	7,914	5,298	15,270,811	82,771
5,000	31,520	233,864,560	4,147,044	779	5,278,465	76,823	3,900	28,641,885	595,599
"	25,979	325,734,375	9,680,782	299	3,621,281	94,311	2,933	36,299,449	1,275,229
15,000	21,867	379,325,970	14,387,775	284	5,016,157	184,101	2,375	41,327,139	1,810,385
"	37,195	920,159,566	41,774,293	530	13,355,381	629,100	3,681	89,409,930	4,642,128
30,000	26,257	912,599,114	45,769,423	297	10,113,905	546,520	2,151	74,071,515	4,376,580
40,000	14,738	657,420,944	34,871,857	204	9,466,685	363,416	769	34,657,610	2,219,541
50,000	9,522	519,374,117	28,067,866	100	5,244,944	320,525	370	20,222,952	1,360,900
60,000	8,028	533,843,729	29,763,869	130	8,505,159	463,818	89	5,812,856	405,586
75,000	4,754	405,699,948	23,929,262	41	3,853,440	219,156	60	4,780,331	343,545
TOTAL	233,186	\$4,852,572,566¹	\$232,860,316	6,402	\$68,060,951¹	\$2,905,790	32,499	\$351,695,476¹	\$17,112,404

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 - 2004
 (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	3,584	\$ (121,717,430)	\$ -	19	\$ (97,606)	\$ -	-	\$ -	\$ -
Zero	960	-	-	327	-	-	1,131	-	-
1,000	4,828	1,756,787	-	296	123,982	-	578	148,531	-
5,000	8,267	23,496,614	2,036	518	1,496,718	-	357	1,042,593	248
10,000	9,275	69,108,751	137,576	211	1,559,567	3,606	219	1,549,136	5,890
15,000	8,236	102,774,405	752,589	113	1,381,886	7,181	244	3,074,014	43,632
20,000	8,607	149,622,810	2,232,084	91	1,674,948	22,114	226	3,880,665	94,199
30,000	17,542	438,327,036	9,820,689	81	1,842,064	45,240	438	11,121,170	395,545
40,000	17,044	597,832,280	18,147,615	79	2,670,844	94,924	300	10,254,496	447,025
50,000	17,187	774,033,468	28,135,965	55	2,454,779	71,678	198	8,818,898	439,206
60,000	16,098	887,558,174	35,338,593	77	4,035,283	199,067	144	7,800,265	425,876
75,000	22,767	1,532,930,786	66,311,650	76	5,125,755	248,825	115	7,907,599	466,795
100,000	28,501	2,464,945,697	117,300,651	134	11,224,350	544,643	64	5,239,282	327,930
TOTAL	162,896	\$6,920,669,378	\$278,179,448	2,077	\$33,492,570	\$1,237,278	4,014	\$60,836,649	\$2,646,346

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 - 2004
 (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		
HEAD OF HOUSEHOLD RETURNS ³									
\$ Loss	474	\$ (20,298,743)	\$	-	-	-	-		
Zero	214	-	-	-	100	\$	d		
1,000	832	338,456	-	-	-	-	-		
5,000	2,358	7,276,255	6,932	-	82	236,034	80		
10,000	4,935	36,564,002	246,050	-	33	273,151	1,178		
15,000	5,390	67,513,482	1,237,037	-	109	1,176,492	17,213		
20,000	7,737	134,996,380	3,581,265	-	33	549,746	9,112		
30,000	14,228	352,608,941	12,451,060	-	74	1,853,002	69,553		
40,000	9,271	318,285,807	12,975,199	-	78	2,757,872	114,044		
50,000	5,157	231,699,175	10,508,206	-	d	d	d		
60,000	2,798	152,688,806	7,015,022	-	27	1,457,523	86,130		
75,000	2,364	155,318,131	7,662,374	-	27	1,768,356	84,771		
75,000	1,624	138,347,754	7,075,274	-	-	-	-		
TOTAL	57,382	\$ 1,575,338,446 ¹	\$62,758,419	584	\$ 10,844,861 ¹	\$ 423,577	2,489	\$ 38,393,229	\$ 1,560,300

¹ Includes losses.
² Includes married filing separately.
³ Includes qualifying surviving spouse.

TABLE 13
SELECTED SOURCES OF INCOME 1995 - 2004
All Returns
(In Millions of Dollars)

SOURCES OF INCOME	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Salaries and Wages	\$12,947	\$12,570	\$13,814	\$14,155	\$14,559	\$14,597	\$15,670	\$16,253	\$16,798	\$18,142
Taxable Dividends	291	293	377	384	435	455	387	319	332	369
Interest	571	545	643	686	646	662	687	497	390	379
Business and Professions ¹										
Net Profit	620	-	781	857	879	873	928	983	1,013	1,044
Net Loss	87	-	122	126	135	154	148	153	177	174
Sale of Capital Assets										
Net Gain	452	556	904	1,146	1,658	1,611	1,238	942	1,240	2,044
Net Loss	61	34	75	89	102	105	154	171	163	128
Rents and Royalties ²										
Net Profit	222	245	241	238	250	245	275	274	285	276
Net Loss	191	234	251	263	254	237	227	210	208	192
Partnerships ²										
Net Profit	247	286	434	485	558	520	562	672	705	645
Net Loss	64	93	103	172	141	97	123	194	102	111
Estates and Trusts ²										
(Income Less Loss)	72	66	90	104	98	74	88	86	64	48
Total Hawaii Income³	\$15,639	\$16,221	\$17,366	\$17,910	\$19,059	\$20,350	\$19,796	\$20,004	\$21,200	\$24,557

¹ Complete data not available.

² Data available for residents only.

³ Income before statutory adjustments.

TABLE 14
 TYPE AND AMOUNT OF DEDUCTIONS 1995 - 2004
 All Returns to 1996 and After 1998; Resident Returns Only For 1997 & 1998
 (In Millions of Dollars)

TYPE OF DEDUCTIONS	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Itemized Deductions:										
Contributions	\$ 271	\$ 313	\$ 356	\$ 396	\$ 472	\$ 485	\$ 501	\$ 530	\$ 563	\$ 636
Interest	1,415	1,557	1,640	1,695	1,725	1,788	1,798	1,745	1,746	1,820
Taxes	1,045	1,179	1,109	1,188	1,246	1,270	1,268	1,254	1,270	1,509
Medical and Dental	136	151	156	172	207	225	251	266	345	307
Casualty Losses	5	3	6	6	5	4	5	8	7	9
Other Deductions	192	283	210	243	292	327	334	370	396	425
Total Reported	\$ 3,064	\$ 3,487	\$ 3,477	\$ 3,700	\$ 3,945	\$ 4,099	\$ 4,158	\$ 4,173	\$ 4,327	\$ 4,706
Unallowed Deductions ¹	39	46	58	68	88	7	85	91	99	148
Itemized Allowed	\$ 3,025	\$ 3,441	\$ 3,419	\$ 3,632	\$ 3,857	\$ 4,092	\$ 4,073	\$ 4,082	\$ 4,228	\$ 4,558
Standard Deductions	\$ 470	\$ 450	\$ 382	\$ 371	\$ 381	\$ 383	\$ 371	\$ 378	\$ 374	\$ 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, 1995 - 2004

TYPE OF RETURN	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<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	353,509
Form N-12	42,075	33,634	17,460	15,496	13,323	11,584	9,937	8,378	7,635	6,713
Form N-13	74,764	68,293	59,299	52,517	46,074	41,058	35,820	33,011	29,971	27,729
Form N-15	32,030	29,833	42,454	43,040	43,113	45,249	44,782	46,897	54,143	57,165
TOTAL - FIRST DISTRICT	420,754	419,302	422,308	422,903	421,955	426,103	424,809	425,905	430,860	445,116
<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	56,964
Form N-12	5,104	4,178	2,278	1,987	1,769	1,458	1,267	994	974	899
Form N-13	8,717	8,092	7,070	6,418	5,546	4,916	4,437	4,078	3,747	3,446
Form N-15	1,258	1,221	2,561	2,642	2,905	3,410	3,450	3,374	1,835	1,894
TOTAL - SECOND DISTRICT	51,413	53,331	54,597	55,835	56,850	58,583	59,983	60,037	60,965	63,203
<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	60,345
Form N-12	6,344	5,099	2,936	2,503	2,364	2,056	1,695	1,451	1,359	1,158
Form N-13	12,457	12,228	10,772	9,894	9,013	8,186	7,169	6,686	6,281	5,785
Form N-15	925	928	2,267	2,207	2,591	2,971	3,060	3,794	1,748	2,087
TOTAL - THIRD DISTRICT	58,493	58,794	60,446	60,882	61,864	63,462	63,861	65,555	65,619	69,375
<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	25,196
Form N-12	2,614	1,927	1,244	944	882	786	654	554	510	411
Form N-13	4,584	4,279	3,709	3,450	3,271	3,025	2,647	2,426	2,389	2,047
Form N-15	438	425	901	926	936	1,112	1,137	1,124	690	714
TOTAL - FOURTH DISTRICT	25,185	24,947	25,395	25,777	26,054	26,726	26,517	26,795	27,488	28,368
<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	496,014
Form N-12	56,137	44,838	23,918	20,930	18,338	15,884	13,553	11,377	10,478	9,181
Form N-13	100,522	92,892	80,850	72,279	63,904	57,185	50,073	46,201	42,388	39,007
Form N-15	34,651	32,407	48,183	48,815	49,545	52,742	52,429	55,189	58,416	61,860
TOTAL - ALL RETURNS	555,845	556,374	562,746	565,397	566,723	574,874	575,170	578,292	584,932	606,062

TABLE 16
ADJUSTED GROSS INCOME, GROSS TAX LIABILITY, AND WAGES BY GEOGRAPHIC AREA - 2004

GEOGRAPHIC AREA	No. of Returns	Adjusted Gross Income		Gross Tax Liability		Wages		Percent of Returns With			
		Amount	Mean	Number	Amount	Mean	Number	Amount	Tax Liability	Itemized Deductions	
Downtown & Nuuanu	51,322	\$ 2,038,638,561	\$ 39,723	40,685	\$ 111,528,065	\$ 2,741	37,928	\$ 1,381,784,558	79%	74%	50%
Kaimuki-Hawaii Kai	47,285	2,887,977,588	61,076	38,577	166,246,809	4,309	34,062	1,813,201,582	82%	72%	63%
Makiki to Waikiki	52,755	2,124,272,232	40,267	43,117	113,924,411	2,642	39,260	1,483,181,549	82%	74%	55%
Airport, Kalihi	37,186	1,192,638,322	32,072	31,964	54,807,867	1,715	31,514	1,012,504,999	86%	85%	55%
Alea, Pearl City	36,025	1,411,428,843	39,179	29,091	70,009,892	2,407	27,929	1,180,293,380	81%	78%	60%
Waipahu	31,538	1,174,205,416	37,231	27,382	52,271,634	1,909	27,832	1,059,418,078	87%	88%	59%
Kapolei, Ewa	33,488	1,394,425,361	41,640	29,779	60,809,074	2,042	30,446	1,275,500,755	89%	91%	65%
Wahiawa, Milliani	33,969	1,542,073,257	45,396	29,363	73,698,142	2,510	29,316	1,361,689,223	86%	86%	64%
Waianae Coast	16,476	442,687,206	26,869	13,623	19,516,862	1,433	14,345	430,080,862	83%	87%	47%
Kailua, Kaneohe	48,429	2,223,884,717	45,921	39,758	112,425,504	2,828	39,199	1,752,526,476	82%	81%	61%
Oahu North Shore	12,380	402,103,307	32,480	10,532	18,222,344	1,730	10,618	340,077,137	85%	86%	52%
Oahu Total	400,853	\$ 16,834,334,810	\$ 41,996	333,871	\$ 853,460,604	\$ 2,556	322,449	\$ 13,090,258,599	83%	80%	58%
Maui County Total	63,203	\$ 2,582,646,056	\$ 40,863	54,166	\$ 125,680,412	\$ 2,320	52,919	\$ 1,949,957,449	86%	84%	61%
Hilo	21,637	\$ 770,520,910	\$ 35,611	17,036	\$ 38,702,055	\$ 2,272	16,872	\$ 603,990,662	79%	78%	47%
Hamakua Coast	5,584	155,603,829	27,866	4,370	7,424,577	1,699	4,345	135,965,368	78%	78%	45%
Kohala	9,182	459,116,634	50,002	8,074	23,629,798	2,927	7,850	319,742,605	88%	85%	65%
Kona	19,435	796,474,379	40,981	16,657	40,863,454	2,453	15,900	550,948,742	86%	82%	57%
Puna-Ka'u	13,794	351,406,682	25,475	10,679	15,548,687	1,456	10,227	278,011,989	77%	74%	44%
Big Island Total	69,632	\$ 2,533,122,434	\$ 36,379	56,816	\$ 126,168,571	\$ 2,221	55,194	\$ 1,888,659,366	82%	79%	51%
Lihue	7,261	\$ 258,470,666	\$ 35,597	5,833	\$ 12,283,924	\$ 2,106	6,007	\$ 214,010,346	80%	83%	61%
North Kauai	10,874	437,376,381	40,222	9,151	21,408,173	2,339	8,658	301,833,114	84%	80%	59%
Koloa-Poipu	2,055	92,334,234	44,932	1,781	4,889,407	2,745	1,701	66,572,934	87%	83%	62%
West Kauai	8,177	288,247,111	35,251	6,893	13,856,463	2,010	6,832	241,205,519	84%	84%	53%
Kauai County Total	28,367	\$ 1,076,428,392	\$ 37,947	23,658	\$ 52,437,967	\$ 2,217	23,198	\$ 823,621,913	83%	82%	58%
Total - Hawaii Addresses	562,055	\$ 23,026,531,692	\$ 40,968	468,511	\$ 1,157,747,554	\$ 2,471	453,760	\$ 17,752,497,327	83%	81%	58%
Other/Unknown	44,007	1,168,890,329	26,561	31,152	83,859,260	2,692	19,833	389,189,873	71%	45%	43%
Total - All Returns	606,062	\$ 24,195,422,021	\$ 39,922	499,663	\$ 1,241,605,814	\$ 2,485	473,593	\$ 18,141,687,200	82%	78%	57%