

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** HF 163

**DATE:** January 25, 1999

**Version:** As Introduced

**Authors:** Erhardt and others

**Subject:** Income tax rate reduction

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### Overview

HF 163 reduces the current income tax rates from 6% to 5.5%, 8% to 7.5%, and 8.5% to 8%, and makes corresponding changes in the alternative minimum tax.

- 1 Income tax rates.** Makes changes in the individual income tax rates. The 6% rate is reduced to 5.5%, the 8% rate is reduced to 7.5%, and the 8.5% rate is reduced to 8%.
- 2 Indexing.** Directs the commissioner to adjust the brackets set in section 1 for inflation, beginning in tax year 2000.
- 3 AMT rate.** Reduces the alternative minimum tax (AMT) rate from 7% to 6.8%. This change is consistent with the rate reduction in section 1.
- 4 Definition of tentative minimum tax.** Makes a conforming change in the definition of tentative minimum tax to reflect the change in the AMT rate.
- 5 AMT credit.** Makes a conforming change in the AMT credit to reflect the change in the AMT rate.
- 6 Effective date.** Makes the rate changes effective beginning in tax year 1999, and the indexing change effective beginning in tax year 2000.