

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** HF 225  
**Version:** Author's amendment  
**Authors:** Krinkie and others  
**Subject:** Income tax rate reduction  
**Analyst:** Nina Manzi

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### Overview

HF 225 reduces the current income tax rates from 6% to 5%, 8% to 7%, and 8.5% to 7.5%, effective in tax year 2000. Reduces the alternative minimum tax rate from 7% to 6%.

- 1** **Income tax rates.** Reduces the individual income tax rates. The 6% rate is reduced to 5%, the 8% rate is reduced to 7%, and the 8.5% rate is reduced to 7.5%.
- 2** **Indexing.** Directs the commissioner to adjust the brackets set in section 1 for inflation, beginning in tax year 2001.
- 3** **AMT rate.** Reduces the alternative minimum tax (AMT) rate from 7% to 6%.
- 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 2000, and the indexing change effective beginning in tax year 2001.