

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 554  
**Version:** As introduced

**DATE:** March 7, 2001

**Authors:** Dorman

**Subject:** Income tax rate reduction

**Analyst:** Nina Manzi (651-296-5204) Joel Michael (651-296-5057)

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd](http://www.house.mn/hrd).

---

### Overview

Decreases the individual income tax rates from 5.35, 7.05, and 7.85 percent to 4.85, 6.3, and 7.35 percent with a corresponding reduction in the alternative minimum tax rate from 6.4 percent to 5.8 percent, effective beginning in tax year 2001.

### Section

- 1 **Income tax rates.** Makes changes in the individual income tax rates:
  - the 5.35% rate is reduced to 4.85%;
  - the 7.05% rate is reduced to 6.3%; and
  - the 7.85% rate is reduced to 7.35%.
- 2 **Indexing.** Makes conforming changes in the indexing provisions to reflect that section 1 updates the tax brackets as they appear in statute to the amounts for tax year 2001.
- 3 **AMT rate.** Reduces the alternative minimum tax (AMT) rate from 6.4% to 5.8%.
- 4 **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 **Enterprise zone credit.** Conforms the enterprise zone credit rate to the proposed maximum income tax rate of 7.35%.