

HOUSE RESEARCH

Bill Summary

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Subject: Income tax rate reduction (middle rate)

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Overview

Decreases the second income tax rate from 7.05 percent to 6.55 percent, effective in tax year 2007.

Section

- 1 Individual income tax rates.** Decreases the second income tax rate by 0.5 percentage points, from 7.05 percent to 6.55 percent, effective in tax year 2007. Adjusts the brackets to the levels in effect for tax year 2007 under current law as a result of annual adjustments for inflation.
- 2 Inflation adjustment of brackets.** Re-sets the base year for adjusting the income tax brackets for inflation to 2007.