

HOUSE RESEARCH

Bill Summary

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Authors: Greiling and others

Subject: Income tax top rate increase directed to K-12 education account

Analyst: Nina Manzi, 651 296-5204
Joel Michael, 651 296-5057

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Overview

Increases the 7.85 percent individual income tax rate to 8.5 percent, and deposits resulting revenues in an account available for appropriation to fund K-12 education.

Section

- 1 Individual income tax rates.** Increases the 7.85 percent income tax rate to 8.5 percent, effective in tax year 2007. Under present law, Minnesota has three income tax rates: 5.35, 7.05, and 7.85 percent. Before tax year 1999 the rates were 6, 8, and 8.5 percent.
- 2 K-12 education account.** Directs the commissioner of finance to deposit in a K-12 education account the increased income tax revenue anticipated for each biennium as a result of increasing the top income tax rate from 7.85 percent to 8.5 percent. Provides that investment earnings are credited to the account and that amounts in the account are available for appropriation to fund K-12 education.