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.