Overview

Expands the income used to determine the marriage penalty credit to include pension and taxable social security income. The amount of credit allowed would depend on each spouse's share of earned income, pension income, and taxable social security income.

Background. The marriage penalty credit enacted in 1999 is based on the distribution of earned income between spouses and the couple's total taxable income.

Section

1. **Marriage penalty credit income definition.** Expands the definition of earned income used in determining the marriage penalty credit to include pension income and taxable social security income. The credit amount would be determined based on the distribution between the spouses of earned income, pension income, and taxable social security income.

2. **Marriage penalty credit table.** Adjusts the marriage penalty credit table as it appears in statute for inflation to tax year 2000. The commissioner of revenue would make this same adjustment to the table as it appears in the tax forms under current law.