

HOUSE RESEARCH

Bill Summary

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Subject: Income tax rate reductions
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Overview

Reduces the individual income tax rates to 4.75%, 6.75%, and 7.85%, phased in from tax year 2012 to tax year 2014.

- 1 Individual income tax rates.** Decreases the lower and middle individual income tax rates from their current law levels of 5.35%, and 7.05% to 4.75% and 6.75%, phased in over three years. Does not change the 7.85% rate.

- Tax year 2011: no change (5.35% and 7.05%)
- Tax year 2012: 5.25% and 6.85%
- Tax year 2013: 5.15% and 6.85%
- Tax year 2014 and following years: 4.75% and 6.75%

Under current law, the lower and middle rates apply to the taxable income ranges shown in the table for tax year 2011.

	5.35% rate	7.05% rate
Married filing joint	First \$33,770	\$33,771 to \$134,170
Married filing separate	First \$16,880	\$16,881 to \$67,080
Single	First \$23,100	\$23,101 to \$75,890
Head of household	First \$28,440	\$28,441 to \$114,290

The income tax brackets are adjusted annually for inflation; the amounts that appear in the statute are

the brackets as they were in 2000, the last time a rate change was enacted.