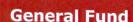
## **Engrossed SB 2139**

First Engrossment w/House Amendments

**Rate Reduction Process under Proposed Amendments in Conference** 

# 2021-23 Biennium



If GF balance, end of 2019-21 biennium,\*
exceeds \$65 M, treasurer shall transfer excess
over \$65 M, up to \$150 M, to
Income Tax Rate Reduction Fund

\* As adjusted for any required transfers to other funds.

April 2022 Transfer: \$100 M

If a rate reduction is triggered, on April 1, 2022, the funds in the Income Tax Rate Reduction Fund are transferred to the General Fund

### **Income Tax Rate Reduction Fund**

Deposit in 2021-23 biennium-- \$100 million

**Minimum fund balance**—Balance in fund must be at least \$50 million to trigger a rate reduction.

**Rate reduction**—If triggered, Tax Commissioner calculates reduced rates and publishes them by November 1, 2021. See formula below.

**Effective date**—Reduced income tax rates apply to tax years 2022 and after.

#### **Rate Reduction Calculation**

#### Individual income tax rates

Current		New	
1.10 %	x(1.0010) =	0.99 %	
2.04	x(1.0010) =	1.84	
2.27	x(1.0010) =	2.04	
2.64	x(1.0010) =	2.38	
2.90	x(1.0010) =	2.61	

#### Corporate income tax rates

Current		New	
1.41 %	x(1.0010) =	1.27 %	
3.55	x(1.0010) =	3.20	
4.31	x(1.0010) =	3.88	