

The Bankler Report

June 25, 2007

INTRODUCTION

In May 2007, President Bush signed into law changes in the minimum wage rates.

Raise in Minimum Wage Rate

In addition to raising the minimum wage from \$5.15 to \$5.85 on July 23, 2007 (\$6.55 on July 23, 2008, and \$7.25 by July 23, 2009), it also made the following tax changes:

- Currently, investment income above a certain level (generally \$1,700 for 2007) for a child 17 years old or younger is taxed at the parents' rate. Under the new law, children who are 18 years or younger (or under 24 if the child is a full-time student) will be taxed at the parents' rate for this investment income.
- The law also increased the amount that businesses will be allowed to expense equipment purchases in 2007 from \$112,000 to \$125,000. This amount will be indexed for inflation through 2010.