State of Wisconsin
1997 - 1998 LEGISLATURE

LRB-2773/1
MES:mfd:arm

1997 ASSEMBLY BILL 852

March 2, 1998 – Introduced by Representatives GROTHMAN, F. LASEE, AINSWORTH, ALBERS, DUFF, HUTCHISON, JESKEWITZ, KELSO, LADWIG, MUSSER, NASS, OWENS, PORTER, SPILLNER, REYNOLDS and ZIEGELBAUER, cosponsored by Senators FARROW, DRZEWIECKI, HUELSMAN and SCHULTZ. Referred to Joint survey committee on Tax Exemptions.

AN ACT *to amend* 71.05 (10) (c) of the statutes; **relating to:** capital loss carry over provisions.

Analysis by the Legislative Reference Bureau

Under current law, after netting capital gains and losses, a taxpayer may only offset against ordinary income losses of $500 or less. Any losses in excess of $500 must be carried forward to the next taxable year and be offset against ordinary income.

This bill increases from $500 to $3,000 the maximum net capital loss that may be offset against ordinary income in a taxable year. Under the bill, any losses in excess of $3,000 must be carried forward to subsequent taxable years and be offset against ordinary income.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the ***state*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 71.05 (10) (c) of the statutes is amended to read:

71.05 **(10)** (c) The amount required so that the net capital loss, after netting capital gains and capital losses to arrive at total capital gain or loss, is offset against ordinary income only to the extent of ~~$500~~ $3,000. Losses in excess of ~~$500~~ $3,000 shall be carried forward to ~~the next~~ subsequent taxable ~~year~~ years and offset against ordinary income up to the limit under this paragraph. Losses shall be used in the order in which they accrue.

SECTION 2. Initial applicability.

(1) This act first applies to taxable years beginning on January 1 of the year in which this subsection takes effect, except that, if this subsection takes effect after July 31, this act first applies to taxable years beginning on January 1 of the year following the year in which this subsection takes effect.

(END)