2001 SENATE BILL 326

November 21, 2001 – Introduced by Senators Kanavas, Welch, Darling, Roessler and Huelsman, cosponsored by Representatives Owens, Ziegelbauer, F. Lasee, Jensen, Suder, Pettis, Gronemus, Ladwig, Musser, Urban, Stone, J. Fitzgerald, Krawczyk, Jeskewitz, Townsend, Albers, Freese, Kedzie, Walker, Gunderson, McCormick, Leibham and Hines. Referred to Joint survey committee on Tax Exemptions.

An Act *to amend* 71.05 (6) (b) 9. of the statutes; **relating to:** the capital gains income tax exclusion.

Analysis by the Legislative Reference Bureau

Under current law, there is an income tax exclusion for individuals and tax-option corporations for 60% of the net long-term capital gains realized from the sale of assets held for at least one year.

This bill increases the exclusion to 100% of the net long-term capital gains realized from the sale of assets held for at least one year.

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 (6) (b) 9. of the statutes is amended to read:

71.05 **(6)** (b) 9. On assets held more than one year and on all assets acquired from a decedent, ~~60%~~ 100% of the capital gain as computed under the internal revenue code, not including capital gains for which the federal tax treatment is determined under section 406 of P.L. 99–514; not including amounts treated as ordinary income for federal income tax purposes because of the recapture of depreciation or any other reason; and not including amounts treated as capital gains for federal income tax purposes from the sale or exchange of a lottery prize. For purposes of this subdivision, the capital gains and capital losses for all assets shall be netted before application of the percentage.

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)