

### Fiscal Estimate - 2005 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>05-2650/1</b>	<b>Introduction Number</b> <b>SB-624</b>
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**Description**  
 Federalizing the individual income tax capital loss limit for taxpayers age 65 or older

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Decrease Existing Appropriations	<input checked="" type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Create New Appropriations		

**Local:**

<input type="checkbox"/> No Local Government Costs	<b>5. Types of Local Government Units Affected</b>	
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Towns	<input type="checkbox"/> Village <input type="checkbox"/> Cities
1. <input type="checkbox"/> Increase Costs	<input type="checkbox"/> Counties	<input type="checkbox"/> Others
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> School Districts	<input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs	<input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Decrease Revenue	
3. <input type="checkbox"/> Increase Revenue	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
4. <input type="checkbox"/> Decrease Revenue	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

<b>Agency/Prepared By</b> DOR/ Rebecca Boldt (608) 266-6785	<b>Authorized Signature</b> Paul Ziegler (608) 266-5773	<b>Date</b> 3/1/2006
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## Fiscal Estimate Narratives

DOR 3/1/2006

LRB Number	05-2650/1	Introduction Number	SB-624	Estimate Type	Original
<b>Description</b> Federalizing the individual income tax capital loss limit for taxpayers age 65 or older					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, the amount of capital losses that can be used to offset ordinary income in determining taxable income is limited to \$500 each year. Losses in excess of that amount may be carried forward and used to offset income in subsequent years. Under federal law, the limit on capital losses is \$3,000.

The bill increases the capital loss limit from \$500 to \$3,000 for taxpayers that are at least 65 years or older.

Based on a simulation using the 2003 Wisconsin Individual Income Tax Model, adjusted for 2005 law, it is estimated that increasing the capital loss limit to \$3,000 for taxpayers who are 65 years or older would reduce revenues by approximately \$5.2 million annually.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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<b>LRB Number</b> 05-2650/1		<b>Introduction Number</b> SB-624	
<b>Description</b> Federalizing the individual income tax capital loss limit for taxpayers age 65 or older			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$		
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
	Increased Rev	Decreased Rev	
GPR Taxes	\$	\$-5,200,000	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$-5,200,000</b>	
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	State	Local	
NET CHANGE IN COSTS	\$	\$	
NET CHANGE IN REVENUE	\$-5,200,000	\$	
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Rebecca Boldt (608) 266-6785		Paul Ziegler (608) 266-5773	3/1/2006