### Fiscal Estimate - 2015 Session

- **LRB Number**: 15-1586/1
- **Introduction Number**: AB-0097

**Description**
Federalizing the treatment of capital losses

**Fiscal Effect**

**State:**
- [ ] No State Fiscal Effect
- [ ] Indeterminate
  - [ ] Increase Existing Appropriations
  - [ ] Decrease Existing Appropriations
  - [ ] Create New Appropriations
  - [ ] Increase Existing Revenues
  - [ ] Decrease Existing Revenues
- [ ] Increase Costs - May be possible to absorb within agency's budget
- [X] Yes
- [ ] No
- [ ] Decrease Costs

**Local:**
- [ ] No Local Government Costs
- [ ] Indeterminate
  - [ ] Increase Costs
    - [ ] Permissive
    - [ ] Mandatory
  - [ ] Decrease Costs
    - [ ] Permissive
    - [ ] Mandatory
  - [ ] Increase Revenue
    - [ ] Permissive
    - [ ] Mandatory
  - [ ] Decrease Revenue
    - [ ] Permissive
    - [ ] Mandatory
  - 5. Types of Local Government Units Affected
    - [ ] Towns
    - [ ] Village
    - [ ] Cities
    - [ ] Counties
    - [ ] Others
    - [ ] School Districts
    - [ ] WTCS Districts

**Fund Sources Affected**
- GPR
- FED
- PRO
- PRS
- SEG
- SEGS

**Affected Ch. 20 Appropriations**

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Michael Wagner (608) 266-6785

**Date**
3/20/2015
Assumptions Used in Arriving at Fiscal Estimate

Under current Wisconsin and federal law capital losses can fully offset capital gains in determining taxable income. Capital losses cannot, however, fully offset other income. In Wisconsin an annual maximum of $500 of capital losses can be deducted from ordinary income, while at the federal level an annual maximum of $3,000 of capital losses can be deducted from ordinary income.

This bill increases the $500 annual limit on capital loss deductions to the $3,000 federal level.

Based on simulations using 2013 individual income tax returns and adjusting for 2016 income levels and law, this bill would reduce revenue by $4.9 million in fiscal year 2016 and $19.8 million annually beginning in fiscal year 2017.

Long-Range Fiscal Implications

Capital gain and loss realizations are subject to greater variability than other sources of income. As a result, the fiscal effect of the bill will vary substantially from year to year.
Fiscal Estimate Worksheet - 2015 Session
Detailed Estimate of Annual Fiscal Effect

LRB Number 15-1586/1  Introduction Number AB-0097

Description
Federalizing the treatment of capital losses

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

<table>
<thead>
<tr>
<th>II. Annualized Costs:</th>
<th>Annualized Fiscal Impact on funds from:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Increased Costs</td>
</tr>
</tbody>
</table>

A. State Costs by Category

| State Operations - Salaries and Fringes | $ | $ |
| (FTE Position Changes)                  |   |   |
| State Operations - Other Costs          |   |   |
| Local Assistance                        |   |   |
| Aids to Individuals or Organizations    |   |   |
| TOTAL State Costs by Category           | $ | $ |

B. State Costs by Source of Funds

| GPR       |   |   |
| FED       |   |   |
| PRO/PRS   |   |   |
| SEG/SEG-S |   |   |

III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)

<table>
<thead>
<tr>
<th>Increased Rev</th>
<th>Decreased Rev</th>
</tr>
</thead>
<tbody>
<tr>
<td>GPR Taxes</td>
<td>$</td>
</tr>
<tr>
<td>GPR Earned</td>
<td></td>
</tr>
<tr>
<td>FED</td>
<td></td>
</tr>
<tr>
<td>PRO/PRS</td>
<td></td>
</tr>
<tr>
<td>SEG/SEG-S</td>
<td></td>
</tr>
<tr>
<td>TOTAL State Revenues</td>
<td>$</td>
</tr>
</tbody>
</table>

NET ANNUALIZED FISCAL IMPACT

<table>
<thead>
<tr>
<th>State</th>
<th>Local</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET CHANGE IN COSTS</td>
<td>$</td>
</tr>
<tr>
<td>NET CHANGE IN REVENUE</td>
<td>$-19,800,000</td>
</tr>
</tbody>
</table>

Agency/Prepared By  Authorized Signature  Date
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