

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # - 2446/2

INTRO/DUCTION # SB 134

Admin. Rule #

Subject
Increase Capital Gains Income Tax Deduction

Fiscal Effect

State: No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Increase Costs - May be Possible to Absorb
 Within Agency's Budget Yes No

Decrease Costs

Local: No Local Government Costs

1. Increase Costs
 Permissive Mandatory
 2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:

- Towns Villages Cities
 Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate:

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

This bill increases the exclusion amount from 60% to 75% of net long-term capital gains. Based on a simulation on the 1997 Individual Income Tax Model compiled by the Department, increasing the capital gains exclusion to 75% would decrease state income tax revenues by approximately \$51 million annually. This amount would vary depending on the state of the economy and the stock market.

Long-Range Fiscal Implications:

| Agency/Prepared by: (Name & Phone No.) | Authorized Signature/Telephone No. | Date |
|--|---|--------|
| Wisconsin Department of Revenue Pam Walgren, (608) 266-7817 | Yeang-Eng Braun <i>Yeang Eng Braun</i> (608) 266-2700 | 7/6/99 |

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

1999 Session

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INTRODUCTION # SB 134

Subject
Increase Capital Gains Income Tax Deduction

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

| II. Annualized Costs: | Annualized Fiscal impact on State funds from: | |
|--|---|-----------------|
| | Increased Costs | Decreased Costs |
| A. State Costs by Category | | |
| State Operations - Salaries and Fringe | \$ | \$ - |
| (FTE Position Changes) | (FTE) | (- FTE) |
| 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.) | | |
| | Increased Rev. | Decreased Rev. |
| GPR Taxes | \$ | \$ - 51,000,000 |
| GPR Earned | | - |
| FED | | - |
| PRO/PRS | | - |
| SEG/SEG-S | | - |
| TOTAL State Revenues | \$ | \$ - 51,000,000 |

NET ANNUALIZED FISCAL IMPACT

| | <u>STATE</u> | <u>LOCAL</u> |
|------------------------|-----------------|--------------|
| NET CHANGE IN COSTS | \$ _____ | \$ _____ |
| NET CHANGE IN REVENUES | \$ - 51,000,000 | \$ _____ |

| Agency/Prepared by: (Name & Phone No.) | Authorized Signature/Telephone No. | Date |
|---|---|--------|
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