

### Fiscal Estimate - 2001 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>01-2623/1</b>	<b>Introduction Number</b> <b>AB-381</b>
<b>Subject</b> Capital loss limit	
<b>Fiscal Effect</b>	
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs                      3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs                      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
<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 20.566 (1)(a)	
<b>Agency/Prepared By</b> DOR/ Meredith Krejny (608) 261-8984	<b>Authorized Signature</b> Dennis Collier (608) 266-5773
<b>Date</b> 05/23/2001	

## Fiscal Estimate Narratives

DOR 05/24/2001

LRB Number 01-2623/1	Introduction Number AB-381	Estimate Type Original
<b>Subject</b> Capital loss limit		

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, filers are allowed a maximum of \$500 in capital losses to offset ordinary income in determining taxable income. Under federal law, up to \$3,000 in capital losses are deductible each year, and net losses in excess of \$3,000 may be carried over to following tax years.

This bill would federalize the treatment of individual income tax capital losses by increasing to \$3,000 the amount of capital losses that may be used to offset ordinary income. The bill would also allow taxpayers to amortize their losses (up to the \$3,000 annual limit) over a period of five years.

According to a simulation using the 1999 Wisconsin Individual Income Tax Model, it is estimated that increasing the capital loss limit from \$500 to \$3,000 would reduce revenues by \$8.1 million annually. In the transition period, the amortization over 5 years of capital loss carryovers that result from the different loss limits will cost an additional \$1.7 million a year for 5 years.

The Department would also incur annual administrative costs of \$10,000 for printing additional pages in the instructions for Schedule WD, and for postage and supporting expenses related to processing additional refunds.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>01-2623/1</b>		Introduction Number <b>AB-381</b>	
<b>Subject</b>			
Capital loss limit			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
-\$1.7 million each year during the 5-year amortization period.			
<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		10,000	
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$10,000</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR		10,000	
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		\$	\$-8,100,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$-8,100,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$10,000	\$
NET CHANGE IN REVENUE		\$-8,100,000	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Meredith Krejny (608) 261-8984		Dennis Collier (608) 266-5773	05/23/2001