

2003 DRAFTING REQUEST

Bill

Received: **12/06/2002**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Ted Kanavas (608) 266-9174**

By/Representing: **Mike**

This file may be shown to any legislator: **NO**

Drafter: **mshovers**

May Contact:

Addl. Drafters:

Subject: **Tax (indiv) - deduct/subtract**

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Kanavas@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Increase the individual capital gains income tax exclusion

Instructions:

See Attached. Redraft 2001 SB 326, LRB -4110. Increase the capital gains deduction from 60% to 100%

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers 12/06/2002	jdye 12/09/2002		_____			State Tax
/1			chaskett 12/13/2002	_____	lemery 12/13/2002	lemery 01/07/2003	State Tax

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LRB-1073

FE Sent For:

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11	12/6/02		1-12/2	CPH/ks			
FE Sent For:	12/19/02		CPH	12/12			
				<END>			

Shovers, Marc

From: Richards, Mike
Sent: Wednesday, December 04, 2002 12:28 PM
To: Shovers, Marc
Subject: Request to Draft Legislation

Marc,

Could you redraft LRB 4110, which deals with captial gains legislation. Senator Kanavas had it drafted last year, and wants it redrafted this year.

Thanks in advance.

SB326 → LRB-1073

MICHAEL D. RICHARDS
Constituent Relations/Policy Advisor
Office of State Senator Ted Kanavas
33rd Senate District
(608) 266-9174
Mike.Richards@legis.state.wi.us

-1073/1

2003 2001 SENATE BILL 3261

ju RmNR

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.

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1 AN ACT to amend 71.05 (6) (b) 9. of the statutes; relating to: the capital gains
2 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

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SENATE BILL 326

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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)

Emery, Lynn

From: Richards, Mike
Sent: Tuesday, January 07, 2003 3:00 PM
To: LRB.Legal
Subject: Draft review: LRB-1073/1 Topic: Increase the individual capital gains income tax exclusion

It has been requested by <Richards, Mike> that the following draft be jacketed for the SENATE:

Draft review: LRB-1073/1 Topic: Increase the individual capital gains income tax exclusion



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 266-5648

STEPHEN R. MILLER
CHIEF

February 12, 2003

MEMORANDUM

To: Senator Kanavas

From: Marc E. Shovers, Sr. Legislative Attorney, (608) 266-0129

Subject: Technical Memorandum to **2003 SB-16** (LRB -1073/1)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

February 3, 2003

TO: Marc Shovers
Legislative Reference Bureau

FROM: Dennis Collier
Department of Revenue

SUBJECT: Technical Memorandum on SB 16: Increase the Individual Capital Gains Income Tax Exclusion

Current Wisconsin law provides exclusions for gains on the sale of small business stock under secs. 71.01 (10) and 71.05 (6)(b)6 and gains on the sale or disposition to persons related to the seller of business assets or assets used in farming under secs. 71.05 (6)(b)25 and 71.83 (1)(d). If the individual income tax exclusion of net long-term capital gains were increased to 100%, these provisions would no longer be necessary.

In addition, the current exclusion of 60% of net long-term capital gains does not apply to tax-option corporations as stated in the analysis, but to the individual shareholders of such corporations.

If you have questions regarding this technical memorandum, please contact Karyn Kriz at 261-8984.