
**AN ACT to amend 71.05 (6) (b) 9. of the statutes; relating to: the capital gains income tax exclusion.**

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**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.

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**The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:**

3 **SECTION 1.** 71.05 (6) (b) 9. of the statutes is amended to read:

4 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
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 gain
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.