

2011 DRAFTING REQUEST

Bill

Received: 01/07/2011

Received By: mshovers

Wanted: As time permits

Companion to LRB:

For: Randy Hopper (608) 266-5300

By/Representing:

May Contact:

Drafter: mshovers

Subject: Tax, Individual - dedct/sbtrct

Addl. Drafters:

Extra Copies:

Submit via email: YES

Requester's email: Sen.Hopper@legis.wisconsin.gov

Carbon copy (CC:) to:

changed
01-11-2011
(see attached)

Pre Topic:

No specific pre topic given

Topic:

Increase capital gains deduction for 2012 and phase out taxation of capital gains

Instructions:

See attached. Repeal treatment of cap gains from 2009 Act 28, moving to a 60% deduction in FY 2012, and then phase out cap. gains taxation over the next 2 years

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>
/?				_____			State Tax
/1	mshovers 01/07/2011	jdye 01/07/2011	phenry 01/07/2011	_____	lparisi 01/07/2011	lparisi 01/10/2011	
				_____	mbarman 01/11/2011		

email only

FE Sent For:

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intro

2011 DRAFTING REQUEST

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Received: **01/07/2011**

Received By: **mshovers**

Wanted: **As time permits**

Companion to LRB:

For: **Scott Fitzgerald (608) 266-5660**

By/Representing: **Dan**

May Contact:

Drafter: **mshovers**

Subject: **Tax, Individual - dedct/sbtrct**

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Fitzgerald@legis.wisconsin.gov**

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/? mshovers

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1/7/11

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FE Sent For:

<END>

Shovers, Marc

From: Kreye, Joseph
Sent: Friday, January 07, 2011 10:56 AM
To: Shovers, Marc
Subject: FW: Draft Request - RUSH

Mr. Shovers, I believe this is yours.

I took a look at that amendment they mention, but all it does is delete the treatment of s. 71.05 (6) (b) 9.

From: Romportl, Daniel
Sent: Friday, January 07, 2011 10:51 AM
To: Kreye, Joseph
Subject: Draft Request - RUSH

Good Morning,

We would like to request a draft of a bill that would repeal the changes to capital gains tax exemptions in the 2009-11 state budget, and then eventually phase out the capital gains tax exemption altogether.

Using 2009 SA10-SSA1-AB75 (Vote Sequence #70) as a model, we would like the capital gains tax exemption to be increased from the current level of 30% to 60% starting in FY12.

Following that, we would like to phase out of the capital gains tax increase by increasing the exemption to 80% in FY 13, and 100% in FY14.

Please note that this is a **RUSH**.

Thank you,

Dan Romportl
Policy Director
Office of Senator Scott Fitzgerald
Senate Majority Leader

Phone: 608-266-5660
daniel.romportl@legis.wisconsin.gov



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-0936/?
MES

Handwritten initials: JLD, RMR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

today

gen

LX

1 AN ACT ...; relating to: restoring the treatment of the exclusion of capital gains
2 for individuals and certain other persons that existed before the enactment of
3 2009 Wisconsin Act 28, and phasing out the taxation of capital gains.

Analysis by the Legislative Reference Bureau 2009-11

2009-11

* Under current law, as affected by the 2009 biennial budget bill, there is an income tax exclusion for individuals, fiduciaries, members of limited liability companies and partnerships, and shareholders of tax-option corporations for 30 percent of the net long-term capital gains realized from the sale of assets held more than one year and the sale of all assets acquired from a decedent, and an exclusion for 60 percent of such gains realized from the sale of farm assets held more than one year and the sale of all farm assets acquired from a decedent.

For taxable year 2012, this bill reverses the changes made to the taxation of capital gains in the 2009 biennial budget bill and restores the income tax exclusion for capital gains to 60 percent of the net long-term capital gains realized from the sale of assets held more than one year and the sale of all assets acquired from a decedent and repeals the separate 60 percent exclusion for farm assets.

For taxable year 2013, the bill increases this capital gains exclusion to 80 percent, and increases it to 100 percent for taxable year 2014 and beyond.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the 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:

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

2 71.05 (6) (b) 9. On assets held more than one year and on all assets acquired
3 from a decedent, 30 60 percent of the capital gain as computed under the internal
4 revenue code Internal Revenue Code, not including capital gains for which the
5 federal tax treatment is determined under section 406 of P.L. 99-514; not including
6 amounts treated as ordinary income for federal income tax purposes because of the
7 recapture of depreciation or any other reason; and not including amounts treated as
8 capital gain for federal income tax purposes from the sale or exchange of a lottery
9 prize. For purposes of this subdivision, the capital gains and capital losses for all
10 assets shall be netted before application of the percentage. This subdivision applies
11 to taxable years beginning after December 31, 2011, and before January 1, 2013.

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 205, 265, 269, 276, 295, 332, 344; s. 13.92 (1) (bm) 2., (2) (i).

12 **SECTION 2.** 71.05 (6) (b) 9e. of the statutes is created to read:

13 71.05 (6) (b) 9e. On assets held more than one year and on all assets acquired
14 from a decedent, 80 percent of the capital gain as computed under the Internal
15 Revenue Code, not including capital gains for which the federal tax treatment is
16 determined under section 406 of P.L. 99-514; not including amounts treated as
17 ordinary income for federal income tax purposes because of the recapture of
18 depreciation or any other reason; and not including amounts treated as capital gain
19 for federal income tax purposes from the sale or exchange of a lottery prize. For
20 purposes of this subdivision, the capital gains and capital losses for all assets shall

1 be netted before application of the percentage. This subdivision applies to taxable
2 years beginning after December 31, 2012, and before January 1, 2014.

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

4 71.05 (6) (b) 9h. On assets held more than one year and on all assets acquired
5 from a decedent, 100 percent of the capital gain as computed under the Internal
6 Revenue Code, not including capital gains for which the federal tax treatment is
7 determined under section 406 of P.L. 99-514; not including amounts treated as
8 ordinary income for federal income tax purposes because of the recapture of
9 depreciation or any other reason; and not including amounts treated as capital gain
10 for federal income tax purposes from the sale or exchange of a lottery prize. For
11 purposes of this subdivision, the capital gains and capital losses for all assets shall
12 be netted before application of the percentage. This subdivision applies to taxable
13 years beginning after December 31, 2013.

14 **SECTION 4.** 71.05 (6) (b) 9m. of the statutes is repealed.

15 **SECTION 5. Initial applicability.**

16 (1) This act first applies to taxable years beginning on January 1, 2012.

17 (END)

Parisi, Lori

From: Romportl, Daniel
Sent: Monday, January 10, 2011 10:44 AM
To: LRB.Legal
Subject: Draft Review: LRB 11-0936/1 Topic: Increase capital gains deduction for 2012 and phase out taxation of capital gains

Please Jacket LRB 11-0936/1 for the SENATE.

Thank you,

Dan Romportl
Office of Senator Scott Fitzgerald
Senate Majority Leader
(608) 266-5660

Barman, Mike

From: Shovers, Marc
Sent: Tuesday, January 11, 2011 2:56 PM
To: Barman, Mike; Basford, Sarah
Subject: FW: Please re-assign LRB 11-0936/1 to Sen. Hopper's office

Hello Mike and Sarah:

Could one of you please do this? Thanks.

Marc

From: Romportl, Daniel
Sent: Tuesday, January 11, 2011 2:55 PM
To: Shovers, Marc
Cc: Hogan, Rebecca
Subject: Please re-assign LRB 11-0936/1 to Sen. Hopper's office

Thank you,

Dan Romportl
Policy Director
Office of Senator Scott Fitzgerald
Senate Majority Leader

Phone: 608-266-5660
daniel.romportl@legis.wisconsin.gov