

Fiscal Estimate - 2011 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 11-0736/2	Introduction Number AB-0225
Description Federalizing the treatment of capital losses	
Fiscal Effect	
State:	
<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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local:	
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <u>0</u> <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected	
<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	
Affected Ch. 20 Appropriations	
Agency/Prepared By	Authorized Signature
DOR/ Bradley Caruth (608) 261-8984	Rebecca Boldt (608) 266-6785
Date	
8/31/2011	

Fiscal Estimate Narratives

DOR 8/31/2011

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Description Federalizing the treatment of capital losses					

Assumptions Used in Arriving at Fiscal Estimate

Under current Wisconsin and federal law capital losses can be fully offset against capital gains in determining taxable income. Capital losses cannot, however, be fully offset against other income. In Wisconsin an annual maximum of \$500 of capital losses can be deducted from ordinary income, while at the federal level an annual maximum of \$3,000 of capital losses can be deducted from ordinary income.

This bill increases the \$500 annual limit on capital loss deductions to the \$3,000 federal level.

No estimate is available for the amount of capital losses that will be reported for 2012 or the share of those losses that will exceed \$500. However, forecasts suggest that 2012 net capital gains will be at a similar level in 2012 as they were in 2008. Using the 2008 Individual Income Tax Model and assuming a similar composition of gains and losses as tax year 2008, it is estimated that this bill would reduce revenue by \$27 million annually.

Long-Range Fiscal Implications

Capital gains and loss realizations are subject to greater variability than other sources of income. As a result, the fiscal effect of the bill will vary substantially from year to year.

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

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Description Federalizing the treatment of capital losses			
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 funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		\$
(FTE Position Changes)			
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	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>		<u>Local</u>
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$SeeText		\$
Agency/Prepared By		Authorized Signature	
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		Date	
		8/31/2011	