

Fiscal Estimate Narratives

DOR 8/31/2011

LRB Number	11-1857/1	Introduction Number	SB-160	Estimate Type	Original
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

Original
 Updated
 Corrected
 Supplemental

LRB Number 11-1857/1		Introduction Number SB-160	
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	Date
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