

Fiscal Estimate Narratives

DOR 4/9/2013

LRB Number 13-0847/2	Introduction Number AB-0132	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.

Using the 2011 individual income tax returns and adjusting for 2014 income levels and law, it is estimated that this bill would reduce revenue by \$7.4 million in fiscal year 2014 and \$29.6 million annually beginning in fiscal year 2015.

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 - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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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	\$		\$-29,600,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$-29,600,000
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>		<u>Local</u>
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$-29,600,000		\$
Agency/Prepared By		Authorized Signature	
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		Date	
		4/9/2013	