

Fiscal Estimate Narratives

DOR 3/20/2015

LRB Number	15-1586/1	Introduction Number	AB-0097	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 fully offset capital gains in determining taxable income. Capital losses cannot, however, fully offset 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.

Based on simulations using 2013 individual income tax returns and adjusting for 2016 income levels and law, this bill would reduce revenue by \$4.9 million in fiscal year 2016 and \$19.8 million annually beginning in fiscal year 2017.

Long-Range Fiscal Implications

Capital gain 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 - 2015 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, ets.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$-19,800,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$-19,800,000
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-19,800,000	\$
Agency/Prepared By		
Authorized Signature		Date
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