

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-3742/1	Introduction Number AB-0717
Description increasing the net capital loss deduction	
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 <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others 0 <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected Affected Ch. 20 Appropriations <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	
Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984	Authorized Signature Michael Oakleaf (608) 261-5173
Date 1/15/2020	

Fiscal Estimate Narratives
DOR 1/15/2020

LRB Number 19-3742/1	Introduction Number AB-0717	Estimate Type Original
Description increasing the net capital loss deduction		

Assumptions Used in Arriving at Fiscal Estimate

Under current Wisconsin and federal law, individuals net their capital gains and losses when reporting income. Capital losses can fully offset capital gains, but cannot 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 (\$1,500 for married individuals filing separately).

This bill increases the \$500 annual limit on capital loss deductions to the \$3,000 federal level (or \$1,500 for married individuals filing separately).

Using 2017 individual income tax returns and adjusting for 2020 income levels and law, DOR was able to simulate the impact of increasing the allowable capital loss offset against ordinary income. Based on that simulation, this bill would reduce revenue by \$4.0 million in fiscal year 2020 and \$16.0 million annually beginning in fiscal year 2021.

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 could vary substantially from year to year.

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number 19-3742/1		Introduction Number AB-0717	
Description increasing the net capital loss deduction			
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		\$	\$-16,000,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$-16,000,000
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-16,000,000	\$
Agency/Prepared By		Authorized Signature	
DOR/ Bradley Caruth (608) 261-8984		Michael Oakleaf (608) 261-5173	
		Date	
		1/15/2020	