The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 71.05 (10) (c) of the statutes is renumbered 71.05 (10) (c) 1. and amended to read:
71.05 (10) (c) 1. The For taxable years beginning before January 1, 2023, the amount required so that the net capital loss, after netting capital gains and capital losses to arrive at total capital gain or loss, is offset against ordinary income only to the extent of $500. Losses and, except as provided in subd. 3., losses in excess of $500 shall be carried forward to the next taxable year and offset against ordinary income up to the limit under this paragraph subdivision. Losses shall be used in the order in which they accrue.

SECTION 2. 71.05 (10) (c) 2. and 3. of the statutes are created to read:
71.05 (10) (c) 2. For taxable years beginning after December 31, 2022, the amount required so that the net capital loss, after netting capital gains and capital losses to arrive at total capital gain or loss, is offset against ordinary income only to the extent of $3,000. Any excess net capital loss shall be carried forward to the next taxable year, subject to subd. 3. If the taxpayer is a married person who files separately, the $3,000 limitation in this subdivision shall be $1,500.

3. A net capital loss that is carried forward to a taxable year beginning after December 31, 2022, shall be offset against ordinary income, limited to $3,000, in that taxable year. Losses shall be used in the order in which they accrue. If the taxpayer is a married person who files separately, the $3,000 limitation in this subdivision shall be $1,500.

SECTION 3. 71.365 (4m) (d) 1. a. of the statutes, as created by 2021 Wisconsin Act 2, is amended to read:
71.365 (4m) (d) 1. a. An For taxable years beginning after December 31, 2019, and before January 1, 2023, an adjustment shall be made so that the net capital loss, after netting capital gains and capital losses to arrive at total capital gain or loss, is offset against income only to the extent of $500. Losses in excess of $500 shall be carried forward to the next taxable year for which an election is made under par. (a) and offset against income up to the limit under this subdivision. Losses shall be used in the order in which they accrue.

SECTION 4. 71.365 (4m) (d) 1. am. of the statutes is created to read:
71.365 (4m) (d) 1. am. For taxable years beginning after December 31, 2022, an adjustment shall be made so that the net capital loss, after netting capital gains and capital losses to arrive at total capital gain or loss, is off-
set against income only to the extent of $3,000. Losses in excess of $3,000 shall be carried forward to the next taxable year for which an election is made under par. (a) and offset against income up to the limit under this subd. 1. am. Losses shall be used in the order in which they accrue.