State of Wisconsin
2011 - 2012 LEGISLATURE

LRB-1857/1
MES:jld:ph

2011 SENATE BILL 160

August 3, 2011 – Introduced by Senators KEDZIE, GALLOWAY, GROTHMAN, SCHULTZ and LASEE, cosponsored by Representatives J. OTT, ZIEGELBAUER, SPANBAUER, JACQUE and LEMAHIEU. Referred to Committee on Public Health, Human Services, and Revenue.

AN ACT ***to renumber and amend*** 71.05 (10) (c); and ***to create*** 71.05 (10) (c) 2. of the statutes; **relating to:** federalizing the treatment of capital losses.

Analysis by the Legislative Reference Bureau

Under current law, the maximum amount of a capital loss that may be deducted from income each year is $500; the federal limit is $3,000.

For taxable years beginning on January 1, 2012, this bill federalizes the treatment of capital losses by eliminating the $500 annual limit on capital loss deductions.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the ***state*** fiscal estimate, which will be printed as an appendix to this bill.

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 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 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~~ <u>subdivision</u>. Losses shall be used in the order in which they accrue. <u>This subdivision does not apply to any taxable year that begins after December 31, 2011.</u>

SECTION 2. 71.05 (10) (c) 2. of the statutes is created to read:

71.05 **(10)** (c) 2. Any Wisconsin loss carry–forwards that exist as of December 31, 2011, shall be allowed as provided under section 1211 (b) of the Internal Revenue Code.

(END)