



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-5154/1
EKL:skw

2019 SENATE BILL 638

January 8, 2020 - Introduced by Senators STROEBEL, JACQUE and KOOYENGA, cosponsored by Representatives BROOKS, DITTRICH, GUNDRUM, HORLACHER, KATSMAN, KNODL, KUGLITSCH, MAGNAFICI, STEFFEN, ZIMMERMAN and SKOWRONSKI. Referred to Committee on Agriculture, Revenue and Financial Institutions.

- 1 **AN ACT** *to renumber and amend* 71.05 (10) (c); and *to create* 71.05 (10) (c) 2.
2 and 3. of the statutes; **relating to:** increasing the net capital loss deduction.

Analysis by the Legislative Reference Bureau

Under current law, an individual subtracts his or her capital losses from capital gains when computing the amount of gain subject to the state income tax. If the capital losses exceed the capital gains, the individual may use up to \$500 of the net loss to offset ordinary income, thus reducing the amount of ordinary income subject to tax. If the individual's net capital loss exceeds \$500, the individual may carry forward the excess to future years and offset up to \$500 of ordinary income each year until the net loss is used up. Federal law similarly allows individuals to offset net capital losses against ordinary income and carry forward the excess. However, the maximum annual offset under federal law is \$3,000, which is reduced to \$1,500 for married individuals who file separate returns. This bill increases the maximum annual offset for Wisconsin income tax purposes from \$500 to \$1,500 for married individuals filing separately and \$3,000 for all other individuals.

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:

