



2005 SENATE BILL 65

February 17, 2005 - Introduced by Senators KANAVAS, DARLING, ZIEN, A. LASEE, LEIBHAM, ROESSLER, LAZICH and KEDZIE, cosponsored by Representatives J. FITZGERALD, LEMAHIEU, PETTIS, SUDER, NISCHKE, KRAWCZYK, TOWNS, HAHN, HINES, FREESE, VOS, JENSEN, BIES, OWENS, NASS, PETROWSKI, MURSAU, JESKEWITZ, GUNDERSON, MCCORMICK, F. LASEE, ALBERS and STONE. Referred to Joint Survey Committee on Tax Exemptions.

1 **AN ACT** *to amend* 71.05 (6) (b) 9. of the statutes; **relating to:** the capital gains
2 income tax exclusion.

Analysis by the Legislative Reference Bureau

Under current law, there is an income tax exclusion for individuals and shareholders of tax-option corporations for 60 percent of the net long-term capital gains realized from the sale of assets held for at least one year.

This bill increases the exclusion to 100 percent of the net long-term capital gains realized from the sale of assets held for at least one year.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this 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:

3 **SECTION 1.** 71.05 (6) (b) 9. of the statutes is amended to read:
4 71.05 (6) (b) 9. On assets held more than one year and on all assets acquired
5 from a decedent, ~~60%~~ 100 percent of the capital gain as computed under the internal
6 revenue code, not including capital gains for which the federal tax treatment is

SENATE BILL 65

1 determined under section 406 of P.L. 99-514; not including amounts treated as
2 ordinary income for federal income tax purposes because of the recapture of
3 depreciation or any other reason; and not including amounts treated as capital gain
4 for federal income tax purposes from the sale or exchange of a lottery prize. For
5 purposes of this subdivision, the capital gains and capital losses for all assets shall
6 be netted before application of the percentage.

7 **SECTION 2. Initial applicability.**

8 (1) This act first applies to taxable years beginning on January 1 of the year
9 in which this subsection takes effect, except that if this subsection takes effect after
10 July 31 this act first applies to taxable years beginning on January 1 of the year
11 following the year in which this subsection takes effect.

12

(END)