



## WISCONSIN LEGISLATURE

P.O. BOX 8952 • MADISON, WI 53708

**FOR IMMEDIATE RELEASE**

September 3, 2009

**For Further Information Contact:**

Rep. Barca 608.266.5504/Sen. Sullivan 608.266.2512  
Rep. Radcliffe 608.266.7461/Sen. Lassa 608.266.3123  
Rep. Fields 608.266.3756/Sen. Plale 608.266.7505

### **Representatives Barca, Radcliffe and Fields and Senators Sullivan, Lassa and Plale Announce Pro-Growth, Two-Tiered Capital Gains Exclusion Legislation**

MADISON – Representatives Peter Barca (D-Kenosha), Mark Radcliffe (D-Black River Falls), and Jason Fields (D-Milwaukee) and Senators Jim Sullivan (D-Wauwatosa), Julie Lassa (D-Stevens Point), and Jeff Plale (D-South Milwaukee) today announced their proposal to modify the state’s capital gains exclusion by creating a two-tiered system that offers a greater financial incentive to assets that are held for longer than five years. The proposal would call for a second, higher capital gains exclusion level of 60 percent for assets held longer than five years, in addition to the current 30 percent capital gains exclusion for assets held longer than one year. They are now circulating the proposal to colleagues for co-sponsorship.

“In the 1987 budget, when I was in my previous tenure in the legislature, we had passed the same two-tiered capital gains provision, with a 30 percent exclusion for holdings over one year, and 60 percent exclusion for five-year holdings. However, the Governor line-item vetoed this provision,” Representative Barca said. “We have been working with a number of the state’s leading business associations on this legislation, and they have indicated their support for the proposal.”

“This is an opportunity to continue extending this important benefit to individuals who have made a long term financial commitment through investments in businesses and property in Wisconsin,” Senator Sullivan stated. “These investments allow our state to retain and grow family-supporting jobs and they unquestionably contribute to the long term economic success of the state.”

“Long term investments are generally investments made directly in Wisconsin businesses and property. Since Wisconsin typically lags other states in capital for business creation and expansion, this move should encourage added investment in the state,” Representative Radcliffe said. “We believe that job creation is essential and if investors were aware that current investments will reap higher capital gains exclusions after five years, they will have further motivation to make those investments immediately.”

“This legislation will provide a powerful incentive to investors to keep their assets in Wisconsin, building our state’s economy,” Senator Lassa explained.

“The current capital gains exclusion applies to income generated from the sale or disposition of assets held more than one year. However, most direct investments made by entrepreneurs to build a business in Wisconsin are held for a longer period of time,” Senator Plale said. “The exclusion modification offered in this bill will serve as a motivating factor in attracting investments in Wisconsin business ventures.”

“Given the cost of returning to a 60 percent excision for one-year holdings in these extremely difficult fiscal times, it is very unlikely the state will be able to increase the exclusion across the board in the immediate future. Therefore, this more targeted approach is an affordable alternative that still provides the incentive needed to spur investment in Wisconsin businesses, and combined with the 100 percent exclusion for reinvestment of gains in Wisconsin businesses I believe will make Wisconsin the strongest investment incentive in the country,” Representative Barca concluded.

###