18-Mar-13

State Treatment of Capital Gains and Losses, 2011

State	Major Differences from Federal Law [1]
Alabama	Same as federal except all gains are taxable and all losses deductible in year incurred.
Alaska	No individual income tax.
Arizona	Same as federal.
Arkansas	Exclude up to 30% of net long-term capital gains.
California	Same as federal.
Colorado	Capital gain from certain Colorado sources is exempt if held for specified periods.
Connecticut	Gains/losses from the sale of Connecticut state and local bonds are subtracted/added back.
Delaware	Same as federal.
District of Columbia	Same as federal.
Florida	No individual income tax.
Georgia	Same as federal.
Hawaii	Alternative tax on capital gains (beneficial tax treatment).
Idaho	60% exclusion for long-term gains from the sale of certain real and tangible Idaho property.
Illinois	Same as federal.
Indiana	Same as federal.
Iowa	100% exclusion for qualifying capital gains on business and farm assets.
Kansas	Gains from sales of certain Kansas bonds are exempt.
Kentucky	Gains on Kentucky Turnpike bonds and property taken by eminent domain are exempt.
Louisiana	Deduction for net gain from the sale of a Louisiana-domiciled business.
Maine	Same as federal except gains from the sale of Maine Waste Management and Recycling Program bonds and investment income from the Northern Maine Transmission Corp. are exempt.
Maryland	Same as federal.
Massachusetts	Own system [2].
Michigan	Persons age 65 or over may deduct up to $10,218 per person in interest, dividends, and capital gains.
Minnesota	Same as federal except sale of farm property is exempt if insolvent at time of sale.
Mississippi	Same as federal.
Missouri	25% exclusion for certain sales of low-income housing.
Montana	40% exclusion for installment sales entered into before 1987. Gains from certain small business investment companies are exempt. Tax credit for 2% of net capital gains.
Nebraska	Deduction for special capital gains from stock sales by Nebraska residents who are employees of qualified corporations doing business in Nebraska.
Nevada	No individual income tax.
New Hampshire	Exempt.
New Jersey	Same as federal except capital gains from New Jersey obligations are exempt and capital losses may not be deducted from ordinary income.
New Mexico	Deduct the greater of 50% or $1,000 of federally taxable gains.
New York	Same as federal.
North Carolina	Same as federal plus exemption for gains from certain North Carolina obligations issued before July 1, 1995.
North Dakota [3]	Exclude 30% of net long-term gains.
Ohio	Same as federal except gains and losses from the disposition of Ohio public obligations are excluded.
Oklahoma	Deductions for gains from certain Oklahoma property and stock. 50% exclusion for sales of historic battle site property to the state.
Oregon	Same as federal, with reduced tax rate for gains on sales of certain farm assets.
Pennsylvania	Generally same as federal, except all gains are taxable and all losses deductible in year incurred, with certain limitations if married and filing jointly. In addition, a separate state tax benefit rule applies with respect to unused losses, depreciation, and reduction of basis.
Rhode Island	Same as federal.
South Carolina	44% exclusion for long-term (more than 1 year) gains.

South Dakota	No individual income tax.
Tennessee	Exempt (with the exception of capital gains from the sale of mutual funds).
Texas	No individual income tax.
Utah	Credit for gains reinvested in certain Utah small businesses.
Vermont	Exclusion equal to greater of: (a) 40% of gains on certain assets; or (b) the lesser of $5,000 or the actual amount of net adjusted capital gains. However, the exclusion cannot exceed 40% of federal taxable income.
Virginia	Exclusions for gains on land sales for open space use and for longterm gains from investments in certain state-certified technology businesses based in Virginia; adjustment for the sale of land preservation credits.
Washington	No individual income tax.
West Virginia	Same as federal.
Wisconsin	Exclusion for 60% of farm assets and 30% of other assets held more than one year; deduction for net capital losses limited to $500. Gains from qualified small business stock and family business sales are excluded. Deferral for long-term gains reinvested in certain businesses or new business ventures located in Wisconsin.
Wyoming	No individual income tax.

[1] Under federal law, net capital gains are generally fully taxable regardless of how long the assets were held. However, certain maximum tax rates on net capital gains apply. For taxpayers whose top marginal federal tax rate is 25% or higher, gains on assets held for more than one year are subject to a maximum marginal tax rate of 15%. In the case of taxpayers in the 10% and 15% federal tax brackets, the maximum marginal tax rate is 5%. Higher maximum tax rates apply to gains from certain types of assets, such as collectibles and qualified small business stock. Net capital losses are deductible, although the deduction amount is limited to $3,000 annually ($1,500 if married and filing separately); unused capital losses can be carried forward to offset income in subsequent years. Special tax rules apply to gains realized from the sale or exchange of a principal residence.

[2] Short-term capital gains (net of capital losses) and capital gains from collectibles and pre-1996 installment sales (less certain excess deductions from a trade or business and 50% of long-term capital gains from collectibles and pre-1996 installment sales) are taxed at 12%. Other long-term capital gains are taxed at 5.3%.

Source: "Individual Income Tax Provisions in the States," Wisconsin Legislative Fiscal Bureau, July 2012.

7-May-07

State Treatment of Capital Gains and Losses, 2005

State	Major Differences from Federal Law [1]
Alabama	Same as federal except all gains are taxable and all losses deductible in year incurred.
Alaska	No individual income tax.
Arizona	Same as federal.
Arkansas	Exclude up to 30% of net long-term capital gains.
California	Same as federal.
Colorado	Capital gain from certain Colorado sources is exempt if held for specified periods.
Connecticut	Gains/losses from the sale of Connecticut state and local bonds are subtracted/added back.
Delaware	Same as federal.
District of Columbia	Same as federal.
Florida	No individual income tax.
Georgia	Same as federal.
Hawaii	Alternative tax on capital gains (beneficial tax treatment).
Idaho	60% exclusion for long-term gains from the sale of certain real and tangible Idaho property.
Illinois	Same as federal.
Indiana	Same as federal.
Iowa	100% exclusion for qualifying capital gains on business assets.
Kansas	Same as federal.
Kentucky	Gains on Kentucky Turnpike bonds and property taken by eminent domain are exempt.
Louisiana	Same as federal.
Maine	Same as federal except earnings from fishing operations contributed to a capital conservation fund and income from the Northern Maine Transmission Corp. are exempt.
Maryland	Same as federal.
Massachusetts	Own system [2].
Michigan	Persons age 65 or over may deduct up to $8,828 per person in interest, dividends, and capital gains.
Minnesota	Same as federal except sale of farm property is exempt if insolvent at time of sale.
Mississippi	Same as federal.
Missouri	25% exclusion for certain sales of low-income housing.
Montana	40% exclusion for installment sales entered into before 1987. Gains from certain small business investment companies are exempt. Tax credit for 10% of net capital gains.
Nebraska	Special one-time deduction for sale of stock in qualified corporation by certain taxpayers.
Nevada	No individual income tax.
New Hampshire	Exempt.
New Jersey	Same as federal except capital gains from New Jersey obligations are exempt and capital losses may not be deducted from ordinary income.
New Mexico	Deduct the greater of 30% or $1,000 of federally taxable gains.
New York	Same as federal.
North Carolina	Same as federal plus exemption for gains from certain North Carolina obligations issued before July 1, 1995.
North Dakota [3]	Exempt gains realized on sale of property under eminent domain and corporate stock that relocated to N.D.
Ohio	Same as federal except: losses from the disposition of Ohio public obligations and income from an Electing Small Business Trust (ESBT) are added back; gains from Ohio public obligations and losses from an ESBT are deducted.
Oklahoma	Deductions for gains from certain Oklahoma property and stock. 50% exclusion for sales of historic battle site property to the state.
Oregon	Same as federal.
Pennsylvania	Generally same as federal, except all gains are taxable and all losses deductible in year incurred, with certain limitations if married and filing jointly. In addition, a separate state tax benefit rule applies with respect to unused losses, depreciation, and reduction of basis.
Rhode Island	Same as federal.
South Carolina	44% exclusion for long-term (more than 1 year) gains.

South Dakota	No individual income tax.
Tennessee	Exempt (with the exception of capital gains from the sale of mutual funds).
Texas	No individual income tax.
Utah	Deduction for certain gains used to purchase qualifying stock in a Utah small business corporation.
Vermont	40% exclusion for net capital gains and 60% deferral for gains invested in eligible angel ventures.
Virginia	Exclusion for gains on land sales for open space use.
Washington	No individual income tax.
West Virginia	Same as federal.
Wisconsin	60% exclusion for assets held more than one year; deduction for net capital losses limited to $500. Gains from qualified small business stock and family business sales are excluded.
Wyoming	No individual income tax.

[1] Under federal law, net capital gains are generally fully taxable regardless of how long the assets were held. However, certain maximum tax rates on net capital gains apply. For taxpayers whose top marginal federal tax rate is 25% or higher, gains on assets held for more than one year are subject to a maximum marginal tax rate of 15%. In the case of taxpayers in the 10% and 15% federal tax brackets, the maximum marginal tax rate is 5%. Higher maximum tax rates apply to gains from certain types of assets, such as collectibles and qualified small business stock. Net capital losses are deductible, although the deduction amount is limited to $3,000 annually ($1,500 if married and filing separately); unused capital losses can be carried forward to offset income in subsequent years. Special tax rules apply to gains realized from the sale or exchange of a principal residence.

[2] Short-term capital gains (net of capital losses) and capital gains from collectibles and pre-1996 installment sales (less certain excess deductions from a trade or business and 50% of long-term capital gains from collectibles and pre-1996 installment sales) are taxed at 12%. Other long-term capital gains are taxed at 5.4%.

[3] Over 95% of North Dakota taxfilers use the standard method for computing individual income taxes. For these taxfilers, deductions from federal income are allowed for income that states are prohibited from taxing and the following: pass-through income from financial institutions; federal active duty pay for National Guard/Reserve member; new or expanding business income; renaissance zone income; 30% of net long-term capital gains, and qualified organ donation expenses.

Source: "Individual Income Tax Provisions in the States," Wisconsin Legislative Fiscal Bureau, January 2007.