

1 HOUSE BILL 365

2 **53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

3 INTRODUCED BY

4 Christine Trujillo and Elizabeth "Liz" Thomson

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10 AN ACT

11 RELATING TO TAXATION; LIMITING THE CAPITAL GAINS DEDUCTION FROM
12 NET INCOME.

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14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

15 SECTION 1. Section 7-2-34 NMSA 1978 (being Laws 1999,
16 Chapter 205, Section 1, as amended) is amended to read:

17 "7-2-34. DEDUCTION--NET CAPITAL GAIN INCOME.--

18 A. Except as provided in Subsection C of this
19 section, a taxpayer may claim a deduction from net income in an
20 amount equal to [~~the greater of:~~

21 ~~(1)]~~ the taxpayer's net capital gain income for
22 the taxable year for which the deduction is being claimed, but
23 not to exceed one thousand dollars (\$1,000) [~~or~~

24 ~~(2) the following percentage of the taxpayer's~~
25 ~~net capital gain income for the taxable year for which the~~

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1 ~~deduction is being claimed:~~

2 ~~(a) for a taxable year beginning in~~
3 ~~2003, ten percent;~~

4 ~~(b) for a taxable year beginning in~~
5 ~~2004, twenty percent;~~

6 ~~(c) for a taxable year beginning in~~
7 ~~2005, thirty percent;~~

8 ~~(d) for a taxable year beginning in~~
9 ~~2006, forty percent; and~~

10 ~~(e) for taxable years beginning on or~~
11 ~~after January 1, 2007, fifty percent].~~

12 B. ~~[A husband and wife]~~ Married individuals who
13 file separate returns for a taxable year in which they could
14 have filed a joint return may each claim only one-half of the
15 deduction provided by this section that would have been allowed
16 on the joint return.

17 C. A taxpayer may not claim the deduction provided
18 in Subsection A of this section if the taxpayer has claimed the
19 credit provided in Section 7-2D-8.1 NMSA 1978.

20 D. As used in this section, "net capital gain"
21 means "net capital gain" as defined in Section 1222 (11) of the
22 Internal Revenue Code."

23 **SECTION 2. APPLICABILITY.**--The provisions of this act
24 apply to taxable years beginning on or after January 1, 2018.