

HOUSE BILL 148

54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020

INTRODUCED BY

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This document incorporates amendments that have been adopted during the current legislative session. The document is a tool to show the amendments in context and is not to be used for the purpose of amendments.

AN ACT

RELATING TO TAXATION; INCREASING THE AMOUNT OF THE WORKING FAMILIES TAX CREDIT; HTRC → PROVIDING AN INCREASED AMOUNT OF CREDIT FOR A RESIDENT WHO CLAIMS A QUALIFYING CHILD UNDER THE AGE OF SIX; ← HTRC EXPANDING THE CREDIT TO CERTAIN RESIDENTS WHO ARE INELIGIBLE FOR THE FEDERAL EARNED INCOME TAX CREDIT ON WHICH THE WORKING FAMILIES TAX CREDIT IS BASED; LIMITING THE CAPITAL GAINS DEDUCTION FROM NET INCOME.

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

SECTION 1. Section 7-2-18.15 NMSA 1978 (being Laws 2007,

.216493.1AIC February 11, 2020 (4:06pm)

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Chapter 45, Section 9, as amended) is amended to read:

"7-2-18.15. WORKING FAMILIES TAX CREDIT.--

A. A taxpayer who is a resident and who files an individual New Mexico income tax return may claim a credit in HTRC→[an amount equal to seventeen percent]←HTRC HTRC→an amount equal to HTRC→seventeen←HTRC HTRC→twenty←HTRC percent←HTRC HTRC→the following percentages←HTRC of the federal earned income tax credit for which that [individual] taxpayer is eligible for the same taxable year [pursuant to Section 32 of the Internal Revenue Code] or would have been eligible but for the identification number requirement pursuant to 26 U.S.C. 32(m), as that section may be amended or renumbered HTRC→:←HTRC HTRC→.←HTRC

HTRC→(1)←HTRC for a taxpayer who claims a qualifying child who is under the age of six in the taxable year for which the credit is claimed, thirty percent; and (2)←HTRC for all other taxpayers, twenty percent.←HTRC

B. A taxpayer who is a resident and who files an individual New Mexico tax return may claim a credit in an amount equal to twenty percent of the federal earned income tax credit for which that taxpayer would have been eligible for the same taxable year but for the age requirement pursuant to HTRC→26 U.S.C. 32(c)(1)(A)(II)←HTRC HTRC→26 U.S.C. 32(c)(1)(A)(ii)(II)←HTRC, as that section may be amended or

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renumbered; provided that the taxpayer is at least eighteen years of age but has not reached the age of twenty-five.

C. The credit provided in this section may be referred to as the "working families tax credit".

~~[B-]~~ D. The working families tax credit may be deducted from the income tax liability of an individual who claims the credit and qualifies for the credit pursuant to this section. If the credit exceeds the individual's income tax liability for the taxable year, the excess shall be refunded to the individual.

E. As used in this section HTRC→~~:~~←HTRC

HTRC→~~(1)~~←HTRC HTRC→~~,~~←HTRC "federal earned income tax credit" means the tax credit allowed pursuant to 26 U.S.C. 32, as that section may be amended or renumbered HTRC→~~:~~←HTRC
and←HTRC

HTRC→~~(2)~~←HTRC "qualifying child" means "qualifying child" as that term is used in 26 U.S.C. 32, as that section may be amended or renumbered."←HTRC HTRC→~~.~~←HTRC

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

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

A. Except as provided in Subsection C of this section, a taxpayer may claim a deduction from net income in an amount equal to [the greater of: ~~(1)~~] the taxpayer's net capital gain income for the taxable year for which the

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deduction is being claimed, but not to exceed one thousand dollars (\$1,000) [or

~~(2) forty percent of the taxpayer's net capital gain income for the taxable year for which the deduction is being claimed].~~

B. Married individuals who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half of the deduction provided by this section that would have been allowed on the joint return.

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

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

SECTION 3. APPLICABILITY.--

HTRC → ~~A. The provisions of Section 1 of this act apply to taxable years beginning on or after January 1, 2020.~~ ← HTRC

HTRC → ~~B.~~ ← HTRC The provisions of HTRC → ~~Section 2~~ ← HTRC of ← HTRC this act apply to taxable years beginning on or after January 1, 2021.