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SENATE BILL 39

44TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SPECIAL SESSION, 1999

INTRODUCED BY

Roman M. Maes III

AN ACT

RELATING TO TAXATION; AMENDING A SECTION OF THE INCOME TAX ACT TO REDUCE INCOME TAXES BY EXPANDING THE DEDUCTION FOR NET CAPITAL GAIN INCOME.

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

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

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

A. Except as provided in Subsection [ B ] C of this section, a taxpayer may claim a deduction from net income in an amount equal to the taxpayer's net capital gain income for the taxable year for which the deduction is being claimed but not to exceed [~~one thousand dollars (\$1,000)~~] the following amounts:

- (1) an amount not to exceed one thousand

underscored material = new  
[bracketed material] = del ete

underscored material = new  
[bracketed material] = del ete

1 dollars (\$1,000) or twenty-five percent of the net capital  
2 gain, whichever is greater, for taxable years beginning in  
3 1999;

4 (2) an amount not to exceed one thousand  
5 dollars (\$1,000) or fifty percent of the net capital gain,  
6 whichever is greater, for taxable years beginning in 2000;

7 (3) an amount not to exceed one thousand  
8 dollars (\$1,000) or seventy-five percent of the net capital  
9 gain, whichever is greater, for taxable years beginning in  
10 2001; and

11 (4) all net capital gain for any taxable year  
12 beginning on or after January 1, 2002.

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

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

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