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HOUSE BILL 7

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SPECIAL SESSION, 2009

INTRODUCED BY

Ray Begaye

AN ACT

RELATING TO REVENUE; ADJUSTING THE CAPITAL GAINS TAX ON CERTAIN
HIGHER 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, 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:

(1) with taxable income equal to or less than
two hundred thousand dollars (\$200,000) may claim a deduction
from net income in an amount equal to the greater of:

~~(1)~~ (a) 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);

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1 or

2 [~~(2) the following percentage of the~~
3 ~~taxpayer's net capital gain income for the taxable year for~~
4 ~~which the deduction is being claimed:~~

5 ~~(a) for a taxable year beginning in~~
6 ~~2003, ten percent;~~

7 ~~(b) for a taxable year beginning in~~
8 ~~2004, twenty percent;~~

9 ~~(c) for a taxable year beginning in~~
10 ~~2005, thirty percent;~~

11 ~~(d) for a taxable year beginning in~~
12 ~~2006, forty percent; and~~

13 ~~(e) for taxable years beginning on or~~
14 ~~after January 1, 2007]~~

15 (b) fifty percent of the taxpayer's net
16 capital gain income for the taxable year for which the
17 deduction is being claimed; and

18 (2) with taxable income greater than two
19 hundred thousand dollars (\$200,000) may claim a deduction from
20 net income in an amount equal to the taxpayer's net capital
21 gain income for the taxable year for which the deduction is
22 being claimed, but not to exceed one thousand dollars (\$1,000).

23 B. A husband and wife who file separate returns for
24 a taxable year in which they could have filed a joint return
25 may each claim only one-half of the deduction provided by this

.179558.2

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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 2. APPLICABILITY.--The provisions of this act apply to taxable years beginning on or after January 1, 2010.