1	HOUSE BILL 37
2	56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024
3	INTRODUCED BY
4	Christine Chandler and Peter Wirth
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10	AN ACT
11	RELATING TO TAXATION; LIMITING THE CAPITAL GAINS DEDUCTION
12	PURSUANT TO THE INCOME TAX ACT.
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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. DEDUCTIONNET 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)] <u>two thousand five</u>
24	hundred dollars (\$2,500); or
25	(2) forty percent <u>of up to one million dollars</u>
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underscored material = new
[bracketed material] = delete

<u>(\$1,000,000)</u> of the taxpayer's net capital gain income <u>from the</u>
 <u>sale of a business that is allocated or apportioned to New</u>
 <u>Mexico pursuant to Section 7-2-11 NMSA 1978</u> 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.] <u>C.</u> 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, 2025.

SECTION 3. EFFECTIVE DATE.--The effective date of the provisions of this act is January 1, 2025.

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