

AN ACT

RELATING TO TAXATION; ENACTING A SECTION OF THE INCOME TAX ACT TO PROVIDE A DEDUCTION FOR CERTAIN CAPITAL GAIN INCOME.

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

Section 1. A new section of the Income Tax Act is enacted to read:

"DEDUCTION--NET CAPITAL GAIN INCOME.--

A. Except as provided in Subsection B 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). A husband and wife 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.

B. 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.

C. 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, 1999.

