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HOUSE BILL 120

**56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023**

INTRODUCED BY

Christine Chandler

AN ACT

RELATING TO TAXATION; LIMITING THE CAPITAL GAINS DEDUCTION FROM  
NET INCOME.

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

SECTION 1. Section 7-2-34 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  
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~~

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1 ~~deduction is being claimed]~~ two thousand five hundred dollars  
2 (\$2,500).

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

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

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

14 SECTION 2. APPLICABILITY.--The provisions of this act  
15 apply to taxable years beginning on or after January 1, 2024.