



# Tax bill punishes ordinary residents

**BY [BRIAN ROTHE / VICE PRESIDENT, POWER SYSTEMS, WAGNER EQUIPMENT CO.](#)**

**PUBLISHED: TUESDAY, MARCH 14TH, 2023**

New Mexico's capital gains tax deduction is set to shrink dramatically – and though you may not realize it, this change would affect you directly.

For some, the concept of capital gains, the profits from selling an asset, may conjure up images of glittering wealth: selling parcels of land or buildings, cashing out large financial assets, Scrooge McDuck swimming in his vault of gold coins.

In reality, capital gains are not just for the wealthy. In fact, chances are you'll realize capital gains at some point in your life. For example, small business owners have capital gains when they sell their businesses. Workers who receive company stock from their employers, either as bonuses or as their primary means of compensation if they work for a startup without much cash, will have capital gains when they sell that stock.

And, most commonly of all, people – just ordinary taxpayers who may or may not operate businesses or possess any amount of wealth – see capital gains when they receive an inheritance following the death of a family member.

No matter how these capital gains come about, tax is owed on it. But federal and state tax codes provide for certain tax breaks for capital gains, and that's by design. The system seeks to encourage people to invest, and taxing investors too heavily on their growth can have a chilling effect.

After all, investments are inherently risky – if things don't go right, you could lose every penny you put in. There shouldn't be a penalty for successful investing too.

And yet the Legislature's proposed tax package (House Bill 547) would gut our state's capital gains deduction, shrinking it significantly. This is bad for investors, bad for businesses and bad for the communities these businesses serve.

In New Mexico, we desperately need investment. ... We need more tools to encourage entrepreneurial-minded people to start their businesses here – not one more reason for them to look elsewhere.

Not to mention, ordinary New Mexicans deserve to benefit from the capital gains tax deduction, too. ...

Contact your legislators and tell them this change will hurt you – you've worked too hard to let it slip away with a single vote.