Improving the best anti-poverty measure in New Mexico

New Mexico’s Working Families Tax Credit puts $56 million into the hands of 212,000 hard-working New Mexico families and individuals\(^1\)

We can double the value of this targeted, effective tax credit by ending an ineffective tax deduction

New Mexicans with capital gains income can deduct \(\frac{1}{2}\) of it from their income taxes

Capital gains is income from selling stocks, bonds, real estate, etc., at a profit

In other words, it’s the money made by money

Meanwhile ... the hard-earned income of everyday New Mexicans is taxed at a higher rate

Nearly 90% of the value of the deduction goes to the richest 10% of tax filers

There is no evidence that the capital gains deduction benefits our economy

We can put that money to better use

1. NMVC analysis of 2013 IRS income tax data provided by the Brookings Institute
2. NMVC analysis of Metro Tax Model data for the 2014 tax year provided by the Brookings Institute
3. NMVC analysis of 2012 IRS income tax data provided by the Brookings Institute

New Mexico’s Working Families Tax Credit puts $56 million into the hands of 212,000 hard-working New Mexico families and individuals\(^1\)

96% of the money goes to families with children\(^2\)

Nearly 300,000 children benefit — that’s about 59% of all NM kids

This tax credit is proven to incentivize work and allow families to purchase:

- reliable transportation
- child care
- healthier food

Businesses benefit too, as the refunds are spent quickly and locally

The tax credits help families through temporary trouble, with 60% of claimants receiving the credits for just one or two years\(^3\)

The federal version of this credit has long had bipartisan support

President Ronald Reagan called it: “the best anti-poverty, the best pro-family, the best job-creation measure to come out of Congress.”\(^4\)