

# HOUSE RESEARCH

## Bill Summary

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Allows an income tax subtraction for 50 percent of net capital gains, up to a maximum of \$10,000, under both the regular tax and the alternative minimum tax. Effective beginning in tax year 2015.

**Background.** Net capital gains is defined by reference to the Internal Revenue Code, as net long-term gain after subtraction of both long-term and short-term capital losses. Collectibles gain, unrecaptured section 1250 gain (gain on certain types of real estate that represents recovery of previously taken depreciation deductions), and section 1202 gains (gain on small business stock that qualifies for a 50 percent exclusion) do not qualify for the subtraction.