CHAPTER 251

TAXATION

HOUSE BILL 93-1107

BY REPRESENTATIVES Martin, Adkins, Berry, Lawrence, and Schauer; also SENATOR Norton.

AN ACT

CONCERNING COMPUTATION OF TAXABLE INCOME.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 39-22-203 (1) (a), Colorado Revised Statutes, 1982 Repl. Vol., as amended, is amended to read:

39-22-203. Nonresident partners. (1) (a) In determining Colorado nonresident federal taxable income of a nonresident partner of any partnership, there shall be included only the portion of such partner's distributive share of items of partnership income, gain, loss, or deduction, derived from sources within Colorado determined in accordance with the provisions of section 39-22-109, at the partnership's election, apportioned or allocated to this state pursuant to either section 39-22-303 or section 24-60-1301, C.R.S.

SECTION 2. 39-22-203.5 (1), Colorado Revised Statutes, 1982 Repl. Vol., as amended, is amended to read:

39-22-203.5. Nonresident members. (1) In determining Colorado nonresident federal taxable income of a nonresident member of any limited liability company, there shall be included only the portion of such member's distributive share of items of limited liability company income, gain, loss, or deduction, derived from sources within Colorado determined in accordance with the provisions of section 39-22-109, or, at the limited liability company's election, apportioned or allocated to this state pursuant to either section 39-22-303 or section 24-60-1301, C.R.S.

*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*
SECTION 3. Part 2 of article 22 of title 39, Colorado Revised Statutes, 1982 Repl. Vol., as amended, is amended by the addition of a new section to read:

39-22-206. Foreign source income of export taxpayers. If a partnership or a limited liability company qualifies as an export taxpayer, its partners or members may exclude from gross income for Colorado income tax purposes such partners' or members' distributive share of any such partnership or limited liability company income or gain which constitutes foreign source income for federal income tax purposes. For the purposes of this section, an "export taxpayer" means any partnership or limited liability company which is subject to the provisions of this article and which sells fifty percent or more of its product or products which are produced in Colorado in states other than Colorado or in foreign countries or, if the gross receipts of such partnership or limited liability company are derived from the performance of services, such services are performed in Colorado by a partner, member, or employee of the partnership or limited liability company and fifty percent or more of such services provided by the partnership or limited liability company are sold or provided to persons outside of Colorado.

SECTION 4. 39-22-303, Colorado Revised Statutes, 1982 Repl. Vol., as amended, is amended by the addition of a new subsection to read:

39-22-303. Apportionment of income - domestic and foreign. (14) In apportioning, pursuant to this section or pursuant to the multistate tax compact, article IV of section 24-60-1301, C.R.S., the income of a taxpayer or tax-reporting entity engaged in the business of publishing magazines or periodicals either through print or electronic media, receipts from the sale of advertising in magazines or periodicals shall be considered only to the extent that such magazines or periodicals are delivered within Colorado. The determination of the extent to which magazines or periodicals are delivered within Colorado shall be based upon the ratio which delivery of magazines or periodicals by such taxpayer or tax-reporting entity in Colorado bears to the total delivery of magazines and periodicals by such taxpayer or tax-reporting entity.

SECTION 5. Applicability. This act shall apply to taxable years beginning on or after January 1, 1994.

SECTION 6. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: June 6, 1993