

CHAPTER 277

TAXATION

HOUSE BILL 10-1060

BY REPRESENTATIVE(S) Kagan, Kerr A., Labuda, Merrifield, Todd, Vigil, Court, Hullinghorst;
also SENATOR(S) Steadman.

AN ACT

**CONCERNING THE CREATION OF A PENALTY FOR THE FAILURE TO COMPLY WITH SEVERANCE TAX
WITHHOLDING REQUIREMENTS.**

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

SECTION 1. 39-29-115, Colorado Revised Statutes, is amended BY THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS to read:

39-29-115. Penalties and interest. (1.5) ANY PERSON WHO FAILS TO WITHHOLD INCOME AND MAKE A PAYMENT REQUIRED PURSUANT TO SECTION 39-29-111 SHALL PAY A PENALTY OF UP TO THIRTY PERCENT OF THE REQUIRED PAYMENT OR THIRTY DOLLARS, WHICHEVER IS THE GREATER AMOUNT, AND THE INTEREST DUE UNDER THE PROVISIONS OF SECTION 39-21-110.5. ANY PERSON WHO WITHHOLDS INCOME PURSUANT TO SECTION 39-29-111 AND WHO FAILS TO FILE THE ANNUAL REPORT REQUIRED BY THE RULES PROMULGATED BY THE DEPARTMENT OF REVENUE RELATED TO SUCH WITHHOLDING SHALL PAY A PENALTY OF UP TO FIFTEEN PERCENT OF THE AMOUNT OF WITHHOLDING THAT SHOULD HAVE BEEN REFLECTED IN THE REPORT OR ONE THOUSAND FIVE HUNDRED DOLLARS, WHICHEVER IS THE LESSER AMOUNT. THE PENALTY SET FORTH IN THIS SUBSECTION (1.5) FOR FAILING TO WITHHOLD INCOME AND MAKE A PAYMENT SHALL NOT APPLY IF THE INCOME WAS FROM A WELL THAT QUALIFIED FOR THE EXEMPTION SET FORTH IN SECTION 39-29-105 (1) (b) FOR THE PRIOR TAXABLE YEAR.

(4) THE EXECUTIVE DIRECTOR MAY WAIVE, FOR GOOD CAUSE SHOWN, ANY OF THE PENALTIES AUTHORIZED BY THIS SECTION.

SECTION 2. Act subject to petition - specified effective date - applicability.

(1) This act shall take effect September 1, 2010; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

this act or an item, section, or part of this act within the ninety-day period after final adjournment of the general assembly, then the act, item, section, or part shall not take effect unless approved by the people at the general election to be held in November 2010 and shall take effect on the date of the official declaration of the vote thereon by the governor.

(2) The provisions of this act shall apply to withholding payments, taxes, and reports that are due on or after the applicable effective date of this act.

Approved: May 26, 2010