

CHAPTER 224

TAXATION

HOUSE BILL 14-1003

BY REPRESENTATIVE(S) Nordberg and Saine, Foote, Humphrey, Singer, Sonnenberg, Young, Exum, Fields, Gardner, Ginal, Hullinghorst, Kagan, Labuda, Lee, Melton, Mitsch Bush, Moreno, Rosenthal, Salazar, Williams, Ferrandino, Becker, Dore, Gerou, Kraft-Tharp, Lawrence, Lebsock, Priola, Rankin, Schafer, Tyler;
 also SENATOR(S) Kefalas and Lundberg, Jones, Cadman, Crowder, Grantham, Guzman, Heath, Herpin, Jahn, Kerr, Newell, Nicholson, Renfroe, Rivera, Scheffel, Schwartz, Tochtrop, Todd, Ulibarri, Zenzinger, Carroll.

AN ACT

CONCERNING THE EXEMPTION FROM STATE INCOME TAX OF INCOME THAT IS EARNED BY A NONRESIDENT INDIVIDUAL WORKING TEMPORARILY IN THE STATE TO ASSIST WITH DISASTER EMERGENCY RELIEF ACTIVITIES, AND, IN CONNECTION THEREWITH, MAKING AND REDUCING APPROPRIATIONS.

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

SECTION 1. Legislative declaration. (1) The general assembly hereby finds, determines, and declares that:

(a) During times of flood, fire, hurricane, earthquake, storm, or other disaster emergency, many workers come from other states throughout the United States on a temporary basis to expedite the often enormous and overwhelming task of cleaning up, restoring, and repairing damaged buildings, equipment, and property or even deploying or building new replacement facilities in the state;

(b) This may involve the need to bring in workers with special skills who previously have had no connection to the state to perform activities in the state including but not limited to repairing, renovating, installing, building, rendering services, or assisting with other business activities and for which the workers may be located in the state for extended periods of time to perform such activities;

(c) During times of operating in the state on a temporary basis solely for the purpose of helping the state recover from a disaster emergency, these workers should not be burdened by the additional imposition of the state income tax as a result of assisting with such activities in the state for a temporary period;

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

(d) The state's income tax is intended for businesses and individuals in the state as part of the conduct of regular business operations or who intend to reside in the state and should not be imposed upon individuals coming into the state on a temporary basis to provide help and assistance in response to a declared state disaster emergency;

(e) It is therefore appropriate for the general assembly to deem that income earned by nonresident individuals in the state for a specified period during and after the declared disaster emergency in connection with the repair and restoration of often devastated property and infrastructure in the state is not subject to the state income tax; and

(f) The intended purpose of the tax expenditure in House Bill 14-1003, enacted in 2014, is to ensure that the state may focus on providing a quick response to the needs of the state and its citizens during a declared state disaster emergency and to reduce the regulatory burden in appreciation for those out-of-state workers and their employers who provide needed assistance to Colorado during declared state disaster emergencies.

SECTION 2. In Colorado Revised Statutes, 39-22-104, **add** (4) (t) as follows:

39-22-104. Income tax imposed on individuals, estates, and trusts - single rate - definitions - repeal. (4) There shall be subtracted from federal taxable income:

(t) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2015, COMPENSATION THAT WOULD BE SUBJECT TO WITHHOLDING UNDER SECTION 39-22-604, RECEIVED BY A NONRESIDENT INDIVIDUAL FOR PERFORMING DISASTER-RELATED WORK IN THE STATE DURING A DISASTER PERIOD.

(II) FOR PURPOSES OF THIS PARAGRAPH (t):

(A) "DECLARED STATE DISASTER EMERGENCY" MEANS A DISASTER OR EMERGENCY EVENT FOR WHICH THE GOVERNOR HAS ISSUED AN EXECUTIVE ORDER DECLARING A DISASTER EMERGENCY.

(B) "DISASTER PERIOD" MEANS A PERIOD THAT BEGINS WITH THE DAY OF THE GOVERNOR'S EXECUTIVE ORDER DECLARING A STATE DISASTER EMERGENCY AND THAT EXTENDS FOR A PERIOD OF SIXTY CALENDAR DAYS AFTER THE EXPIRATION OF THE GOVERNOR'S EXECUTIVE ORDER.

(C) "DISASTER-RELATED WORK" MEANS REPAIRING, RENOVATING, INSTALLING, BUILDING, OR RENDERING SERVICES THAT RELATE TO INFRASTRUCTURE THAT HAS BEEN DAMAGED, IMPAIRED, OR DESTROYED BY A DECLARED STATE DISASTER EMERGENCY OR PROVIDING EMERGENCY MEDICAL, FIREFIGHTING, LAW ENFORCEMENT, HAZARDOUS MATERIAL, SEARCH AND RESCUE, OR OTHER EMERGENCY SERVICE RELATED TO A DECLARED STATE DISASTER EMERGENCY.

(D) "INFRASTRUCTURE" MEANS PROPERTY AND EQUIPMENT OWNED OR USED BY COMMUNICATIONS NETWORKS, GAS AND ELECTRIC UTILITIES, WATER PIPELINES, AND

PUBLIC ROADS AND BRIDGES AND RELATED SUPPORT FACILITIES THAT SERVICE MULTIPLE CUSTOMERS OR CITIZENS, INCLUDING BUT NOT LIMITED TO REAL AND PERSONAL PROPERTY SUCH AS BUILDINGS, OFFICES, LINES, POLES, PIPES, STRUCTURES, AND EQUIPMENT.

SECTION 3. In Colorado Revised Statutes, 39-22-601, **amend** (1) (a) as follows:

39-22-601. Returns. (1) (a) (I) Whenever a resident individual or a nonresident individual with income from Colorado sources is required to file a federal income tax return under the provisions of section 6012 of the internal revenue code or whenever a resident individual or a nonresident individual has incurred any tax liability under any provision of this article, the individual shall make a return that shall contain a written declaration that it is made under the penalty of perjury in the second degree. The return shall set forth, in such detail as the executive director shall prescribe by regulations, the said individual's federal taxable income, the deductions, modifications, exemptions, and credits required or allowed under this article, and any other information necessary to carry out the purposes of this article. For the purpose of this section, the residence of the individual taxpayer shall be the address supplied by the taxpayer to the department of revenue on the return.

(II) FOR PURPOSES OF THIS PARAGRAPH (a), A NONRESIDENT INDIVIDUAL WHOSE ONLY SOURCE OF INCOME FROM THIS STATE IS COMPENSATION THAT IS SUBTRACTED FROM FEDERAL TAXABLE INCOME UNDER SECTION 39-22-104 (4) (t) NEED NOT FILE A RETURN.

SECTION 4. In Colorado Revised Statutes, 39-22-604, **add** (19) as follows:

39-22-604. Withholding tax - requirement to withhold - tax lien - exemption from lien - definitions. (19) NO AMOUNT IS REQUIRED TO BE DEDUCTED AND WITHHELD FROM AN EMPLOYEE'S WAGES PURSUANT TO THIS SECTION FOR INCOME TAX DUE TO THE STATE IF THE EMPLOYEE'S WITHHOLDING CERTIFICATE INDICATES THAT THE COMPENSATION IS ELIGIBLE TO BE SUBTRACTED FROM FEDERAL TAXABLE INCOME PURSUANT TO SECTION 39-22-104 (4) (t).

SECTION 5. Appropriation - adjustments to 2014 long bill. (1) For the implementation of this act, the general fund appropriation made in the annual general appropriation act to the controlled maintenance trust fund created in section 24-75-302.5 (2) (a), Colorado Revised Statutes, for the fiscal year beginning July 1, 2014, is decreased by \$30,900.

(2) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the general fund not otherwise appropriated, to the department of revenue, for the fiscal year beginning July 1, 2014, the sum of \$30,900, or so much thereof as may be necessary, for allocation to the taxation business group for CITA annual maintenance and support related to the implementation of this act.

SECTION 6. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 6, 2014, if adjournment sine die is on May 7, 2014); except that, if a referendum petition is filed pursuant to section 1 (3)

of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2014 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: May 17, 2014