

Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

UNEDITED
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Double underlining
denotes changes from
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DRAFT

LLS NO. 14-0185.01 Gregg Fraser x4325

HOUSE BILL

HOUSE SPONSORSHIP

Nordberg,

SENATE SPONSORSHIP

(None),

SHORT TITLE: "Nonresident Disaster Relief Worker Tax Exemption"

DEADLINES: Finalize by: 09 JAN 2014 File by: 14 JAN 2014

A BILL FOR AN ACT

101 CONCERNING THE EXEMPTION FROM STATE INCOME TAX OF INCOME
102 THAT IS EARNED BY A NONRESIDENT INDIVIDUAL WORKING
103 TEMPORARILY IN THE STATE TO ASSIST WITH DISASTER
104 EMERGENCY RELIEF ACTIVITIES.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Individuals from other states are currently liable to pay Colorado income tax on income derived from all sources within Colorado. The bill

*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

exempts nonresident individuals from the state income tax if they perform disaster emergency-related work in the state on certain infrastructure that has been affected by a declared state disaster emergency or if they provide emergency service work related to the disaster emergency. The exemption would only be effective for work performed from the time the governor has declared a disaster emergency through 60 days after the declaration expires. Conforming amendments are made to the statutes governing the filing of income tax returns by and the withholding of state income tax for these individuals.

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

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

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

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

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

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

6 (e) It is therefore appropriate for the general assembly to deem
7 that income earned by nonresident individuals in the state for a specified
8 period during and after the declared disaster emergency in connection
9 with repairing and restoring the often devastating damage to property and
10 infrastructure in the state is not subject to the state income tax; and

11 (f) The intended purpose of the tax expenditure in House Bill
12 14-____, enacted in 2014, is to ensure that the state may focus on
13 providing a quick response to the needs of the state and its citizens during
14 a declared state disaster emergency.

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

17 **39-22-104. Income tax imposed on individuals, estates, and**
18 **trusts - single rate - definitions - repeal.** (4) There shall be subtracted
19 from federal taxable income:

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

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

26 (A) "DECLARED STATE DISASTER EMERGENCY" MEANS A DISASTER
27 OR EMERGENCY EVENT FOR WHICH THE GOVERNOR HAS ISSUED AN

1 EXECUTIVE ORDER DECLARING A DISASTER EMERGENCY.

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

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

14 (D) "INFRASTRUCTURE" MEANS PROPERTY AND EQUIPMENT
15 OWNED OR USED BY COMMUNICATIONS NETWORKS, GAS AND ELECTRIC
16 UTILITIES, WATER PIPELINES, AND PUBLIC ROADS AND BRIDGES AND
17 RELATED SUPPORT FACILITIES THAT SERVICE MULTIPLE CUSTOMERS OR
18 CITIZENS, INCLUDING BUT NOT LIMITED TO REAL AND PERSONAL PROPERTY
19 SUCH AS BUILDINGS, OFFICES, LINES, POLES, PIPES, STRUCTURES, AND
20 EQUIPMENT.

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

23 **39-22-601. Returns.** (1) (a) (I) Whenever a resident individual
24 or a nonresident individual with income from Colorado sources is
25 required to file a federal income tax return under the provisions of section
26 6012 of the internal revenue code or whenever a resident individual or a
27 nonresident individual has incurred any tax liability under any provision

1 of this article, the individual shall make a return that shall contain a
2 written declaration that it is made under the penalty of perjury in the
3 second degree. The return shall set forth, in such detail as the executive
4 director shall prescribe by regulations, the said individual's federal taxable
5 income, the deductions, modifications, exemptions, and credits required
6 or allowed under this article, and any other information necessary to carry
7 out the purposes of this article. For the purpose of this section, the
8 residence of the individual taxpayer shall be the address supplied by the
9 taxpayer to the department of revenue on the return.

10 (II) FOR PURPOSES OF THIS PARAGRAPH (a), A NONRESIDENT
11 INDIVIDUAL WHOSE ONLY SOURCE OF INCOME FROM THIS STATE IS
12 COMPENSATION THAT IS SUBTRACTED FROM FEDERAL TAXABLE INCOME
13 UNDER SECTION 39-22-104 (4) (t) NEED NOT FILE A RETURN; EXCEPT THAT,
14 IF THE EXECUTIVE DIRECTOR DETERMINES THAT THE NONRESIDENT
15 INDIVIDUAL SHOULD BE REQUIRED TO FILE AN INFORMATIONAL RETURN,
16 THIS SUBPARAGRAPH (II) DOES NOT PRECLUDE THE EXECUTIVE DIRECTOR
17 FROM REQUIRING THE NONRESIDENT INDIVIDUAL TO DO SO.

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

20 **39-22-604. Withholding tax - requirement to withhold - tax**
21 **lien - exemption from lien - definitions.** (19) NO AMOUNT IS REQUIRED
22 TO BE DEDUCTED AND WITHHELD FROM AN EMPLOYEE'S WAGES PURSUANT
23 TO THIS SECTION FOR INCOME TAX DUE TO THE STATE IF THE EMPLOYEE'S
24 WITHHOLDING CERTIFICATE INDICATES THAT THE COMPENSATION IS
25 ELIGIBLE TO BE SUBTRACTED FROM FEDERAL TAXABLE INCOME PURSUANT
26 TO SECTION 39-22-104 (4) (t).

27 **SECTION 5. Act subject to petition - effective date.** This act

1 takes effect at 12:01 a.m. on the day following the expiration of the
2 ninety-day period after final adjournment of the general assembly (August
3 6, 2014, if adjournment sine die is on May 7, 2014); except that, if a
4 referendum petition is filed pursuant to section 1 (3) of article V of the
5 state constitution against this act or an item, section, or part of this act
6 within such period, then the act, item, section, or part will not take effect
7 unless approved by the people at the general election to be held in
8 November 2014 and, in such case, will take effect on the date of the
9 official declaration of the vote thereon by the governor.