

Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 14-0185.01 Gregg Fraser

HOUSE BILL 14-1003

HOUSE SPONSORSHIP

Nordberg and Saine, Foote, Humphrey, Singer, Sonnenberg, Young

SENATE SPONSORSHIP

Kefalas and Lundberg, Jones

House Committees

Finance
Appropriations

Senate Committees

Finance
Appropriations

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, AND, IN CONNECTION**
105 **THEREWITH, MAKING AND REDUCING APPROPRIATIONS.**

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/bills summaries>.)

Individuals from other states are currently liable to pay Colorado

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

HOUSE
3rd Reading Unamended
March 3, 2014

HOUSE
Amended 2nd Reading
February 28, 2014

income tax on income derived from all sources within Colorado. The bill 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 is only effective for work performed from the time the governor declares 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 **workers** should not be burdened by the additional
19 imposition of the state income tax as a result of assisting with such
20 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 the repair and restoration of often devastated 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 14-1003, 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 and to reduce the regulatory burden
15 in appreciation for those out-of-state workers and their employers who
16 provide needed assistance to Colorado during declared state disaster
17 emergencies.

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

20 **39-22-104. Income tax imposed on individuals, estates, and**
21 **trusts - single rate - definitions - repeal.** (4) There shall be subtracted
22 from federal taxable income:

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

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

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

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

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

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

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

26 **39-22-601. Returns.** (1) (a) (I) Whenever a resident individual
27 or a nonresident individual with income from Colorado sources is

1 required to file a federal income tax return under the provisions of section
2 6012 of the internal revenue code or whenever a resident individual or a
3 nonresident individual has incurred any tax liability under any provision
4 of this article, the individual shall make a return that shall contain a
5 written declaration that it is made under the penalty of perjury in the
6 second degree. The return shall set forth, in such detail as the executive
7 director shall prescribe by regulations, the said individual's federal taxable
8 income, the deductions, modifications, exemptions, and credits required
9 or allowed under this article, and any other information necessary to carry
10 out the purposes of this article. For the purpose of this section, the
11 residence of the individual taxpayer shall be the address supplied by the
12 taxpayer to the department of revenue on the return.

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

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

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

26 **SECTION 5. Appropriation - adjustments to 2014 long bill.**

27 **(1) For the implementation of this act, the general fund appropriation**

1 made in the annual general appropriation act to the controlled
2 maintenance trust fund created in section 24-75-302.5 (2) (a), Colorado
3 Revised Statutes, for the fiscal year beginning July 1, 2014, is decreased
4 by \$30,900.

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

11 **SECTION 6. Act subject to petition - effective date.** This act
12 takes effect at 12:01 a.m. on the day following the expiration of the
13 ninety-day period after final adjournment of the general assembly (August
14 6, 2014, if adjournment sine die is on May 7, 2014); except that, if a
15 referendum petition is filed pursuant to section 1 (3) of article V of the
16 state constitution against this act or an item, section, or part of this act
17 within such period, then the act, item, section, or part will not take effect
18 unless approved by the people at the general election to be held in
19 November 2014 and, in such case, will take effect on the date of the
20 official declaration of the vote thereon by the governor.