

NCSL Task Force on State and Local Taxation

STATE DECLARED DISASTER – TAX POLICY TO FACILITATE BUSINESS RAPID RESPONSE

POLICY RECOMMENDATION

UPDATED AUGUST 2023

Since 2021, 47 states, the District of Columbia, American Samoa, Guam, Puerto Rico, the Northern Mariana Islands and the US Virgin Islands have [experienced](#) natural catastrophes including storms, blizzards, hurricanes, tornados, flooding, tidal waves, earthquakes, volcanic eruptions, fires, landslides, mudslides and other acts of God for which a state's/territory's governor or the president of the United States issued a declaration of disaster or emergency.

As a result of such disasters or emergencies, a state and its citizens experience damage and destruction to critical infrastructure, including buildings, communications networks, gas, electric and water lines, and pipes. These events result in interruption of critical civic and business services to a state's citizens and the demand for resources to repair and replace the damaged property and infrastructure can exceed local capacity.

Such disasters and emergencies may involve the need for critical infrastructure companies to bring in resources on a temporary basis from out of state including materials, equipment, temporary shelters, and personnel to assist in the repair and restoration of the damaged infrastructure and property.

Existing state regulation and policies can delay a business's ability to quickly bring resources into the state to aid in the recovery efforts. Out-of-state companies and personnel that have entered the state on a temporary basis solely to provide crucial resources and assistance to the state or its in-state registered businesses should not be hampered in their efforts by registrations and taxes that are intended for companies and individuals in the state in the normal course of business, nor should they be deterred from entering the state because of such taxes and registrations.

State action that will facilitate the ability of companies and their personnel to provide rapid response to state declared disasters or emergencies throughout the United States will aid the state and its citizens in restoring and repairing critical infrastructure.

The National Conference of State Legislatures' Task Force on State and Local Taxation recommends that state policymakers consider passing legislation with appropriate safeguards that facilitates rapid response in the interest of restoring a state's property and infrastructure damage in the event of a declared disaster or emergency. Thirty-eight States have adopted the [declared disaster model language](#) that was adopted by the Task Force in 2014.