

Out-of-State Remote Work

With the increase in telecommuting and remote work since the pandemic, employers are receiving more employee requests to work remotely outside of Colorado. While out-of-state work arrangements can help with employee recruitment and retention, employers should be mindful of their legal obligations with respect to such arrangements.

ISSUES TO CONSIDER INCLUDE:

Workers' Compensation Laws: Employers generally must comply with the workers' compensation laws of the state where their employees are physically working. While laws vary by state, most states require employers to register and obtain workers' compensation insurance in the state where the employee is working.

The workers' compensation division in the applicable state can provide information on the state's specific requirements. CWCP's workers' compensation policy covers only employees working in Colorado, but we may be able to assist you in obtaining a policy endorsement for other states. Please reach out to CTSI if you have any questions about this.

Local Employment Laws: Remote workers may also be subject to the employment laws of the city and state where they are working. Laws that may apply to remote workers include those addressing overtime, rest breaks, minimum wage, job postings, and workplace discrimination.

Unemployment Insurance: Employers who have employees working out-of-state on more than a temporary basis may need to register and pay unemployment insurance premiums for the employee through the state unemployment insurance program where the employee is working.

Income tax: Employers may also need to withhold state income tax in the state where the remote employee is working.

WHAT THIS MEANS FOR COUNTIES

While allowing employees to perform remote work outside of Colorado may be an option for some counties, it is important to understand that doing so may implicate laws and obligations in the state where the employee is located. Failure to understand and comply with these obligations may expose the county to liability, including penalties for noncompliance with the state's workers' compensation, unemployment insurance and tax laws.

