

Fifty-eighth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1348

Introduced by

Representatives M. Klein, Carlson

Senators Mutch, Urlacher

1 A BILL for an Act to create and enact a new subsection to section 57-06-02 and a new section
2 to chapter 57-06 of the North Dakota Century Code, relating to property tax exemption for new
3 or expanded capacity electric transmission lines; to amend and reenact subsection 2 of section
4 57-33.1-02 of the North Dakota Century Code, relating to application of the electric
5 transmission lines mileage tax for cooperatives; and to provide an effective date.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1.** A new subsection to section 57-06-02 of the North Dakota Century Code
8 is created and enacted as follows:

9 "Transmission line" means a line to transmit electrical energy which operates at a
10 voltage of forty-one and six-tenths kilovolts or more but does not include a line
11 owned or operated by an agency or instrumentality of the United States
12 government.

13 **SECTION 2.** A new section to chapter 57-06 of the North Dakota Century Code is
14 created and enacted as follows:

15 **New transmission line property tax exemption.** A transmission line of two hundred
16 thirty kilovolts or larger which is initially placed in service on or after October 1, 2002, is exempt
17 from property taxes for the first taxable year after the line is initially placed in service, and
18 property taxes as otherwise determined by law on the transmission line must be reduced by:

- 19 1. Seventy-five percent for the second taxable year of operation of the transmission
20 line.
21 2. Fifty percent for the third taxable year of operation of the transmission line.
22 3. Twenty-five percent for the fourth taxable year of operation of the transmission
23 line.

1 After the fourth taxable year of operation of the transmission line, the transmission line
2 is exempt from property taxes and is subject to a tax at the rate of three hundred dollars per
3 mile [1.61 kilometers] or fraction thereof of the line located in this state. The per mile tax
4 imposed by this section is subject to the same manner of imposition and allocation as the tax
5 imposed by subsection 2 of section 57-33.1-02.

6 For purposes of this section, "initially placed in service" includes both new construction
7 and substantial expansion of the carrying capacity of a preexisting line, and "substantial
8 expansion" means an increase in carrying capacity of fifty percent or more.

9 **SECTION 3. AMENDMENT.** Subsection 2 of section 57-33.1-02 of the North Dakota
10 Century Code is amended and reenacted as follows:

11 2. In addition to the tax imposed under subsection 1, the commissioner shall levy a
12 tax upon transmission lines of two hundred thirty kilovolts or larger, owned by
13 cooperatives subject to the provisions of this chapter and chapter 57-60 and
14 carrying electrical energy the gross receipts or production of which have been
15 subjected to the tax imposed by subsection 1 of this section or subsections 2 and 3
16 of section 57-60-02, at the rate of two hundred twenty-five dollars per mile [1.61
17 kilometers] or fraction thereof of such lines located in this state, except that the
18 rate of tax under this subsection for a transmission line of two hundred thirty
19 kilovolts or larger which is initially placed in service on or after October 1, 2002, is
20 three hundred dollars per mile [1.61 kilometers] or fraction thereof of such lines
21 located in this state. The tax imposed under this subsection does not apply to a
22 transmission line initially placed in service on or after October 1, 2002, for the first
23 taxable year after the line is initially placed in service, and the tax imposed under
24 this subsection on a transmission line initially placed in service on or after
25 October 1, 2002, must be reduced by:

- 26 a. Seventy-five percent for the second taxable year of operation of the
27 transmission line.
28 b. Fifty percent for the third taxable year of operation of the transmission line.
29 c. Twenty-five percent for the fourth taxable year of operation of the
30 transmission line.

1 The tax imposed by this subsection is in lieu of any property tax on such lines
2 and any substation used in delivering electrical energy, the gross receipts or
3 production of which have been subjected to the tax imposed by subsection 1 or
4 subsections 2 and 3 of section 57-60-02. The proceeds derived from the taxing of
5 transmission lines must be allocated to each county in which such transmission
6 lines are located in the proportion that the miles [kilometers] of such lines in a
7 county bear to the total miles [kilometers] of such transmission lines located within
8 this state. Revenues received by each county must be deposited in the county
9 general fund.

10 For purposes of this subsection, "initially placed in service" includes both new
11 construction and substantial expansion of the carrying capacity of a preexisting
12 line, and "substantial expansion" means an increase in carrying capacity of fifty
13 percent or more.

14 **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
15 December 31, 2002.