

Fifty-ninth  
Legislative Assembly  
of North Dakota

Introduced by

1 A BILL for an Act to amend and reenact sections 10-13-04, 49-21.1-01.1, 57-06-17.3, 57-60-06,  
2 and 57-60-14 of the North Dakota Century Code, relating to elimination of gross receipts taxes  
3 for rural electric cooperatives and substitution of centrally assessed property taxes; to repeal  
4 chapters 57-33 and 57-33.1 of the North Dakota Century Code, relating to gross receipts taxes  
5 for rural electric cooperatives and cooperative electrical generating plants; and to provide an  
6 effective date.

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

8 **SECTION 1. AMENDMENT.** Section 10-13-04 of the North Dakota Century Code is  
9 amended and reenacted as follows:

10 **10-13-04. Members of electric cooperatives.** All persons who are not receiving  
11 central station service and who reside in rural areas proposed to be served by a cooperative  
12 organized under this chapter shall be eligible to membership in the cooperative. No person  
13 other than the incorporators shall be, become, or remain a member of a cooperative unless  
14 such person shall use or agree to use electrical energy or the facilities, supplies, equipment,  
15 and services furnished by a cooperative.

16 "Rural area" means any area not included within the boundaries of an incorporated city  
17 having a population in excess of twenty-five hundred inhabitants at the time a corporation or  
18 cooperative commences to operate electric facilities or to furnish electric energy in such an  
19 area, and includes both the farm and nonfarm population thereof. No change thereafter in the  
20 population of a rural area, as defined herein, regardless of the reason for such change, shall  
21 operate to affect in any way its status as a rural area for the purposes of this chapter ~~and of~~  
22 ~~chapter 57-33.~~

23 An electric cooperative organized under this chapter may become a member of another  
24 such electric cooperative and may avail itself fully of the facilities and services thereof.

**SECTION 2. AMENDMENT.** Section 49-21.1-01.1 of the North Dakota Century Code is amended and reenacted as follows:

**49-21.1-01.1. Electricity transmission and distribution lines - Differentiation.**

Except for purposes of transmission facility siting under chapter 49-22 and regulatory accounting including the determination of the demarcation between federal and state jurisdiction over transmission in interstate commerce and local distribution, for purposes of this title ~~and chapters 57-33 and 57-33.1~~, lines designed to operate at a voltage of 41.6 kilovolts or more are transmission lines, and lines designed to operate at a voltage less than 41.6 kilovolts are distribution lines.

**SECTION 3. AMENDMENT.** Section 57-06-17.3 of the North Dakota Century Code is amended and reenacted as follows:

**57-06-17.3. New transmission line property tax exemption.** A transmission line of two hundred thirty kilovolts or larger, and its associated transmission substations, which is initially placed in service on or after October 1, 2002, is exempt from property taxes for the first taxable year after the line is initially placed in service, and property taxes as otherwise determined by law on the transmission line and its associated transmission substations must be reduced by:

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

After the fourth taxable year of operation of the transmission line, the transmission line and its associated transmission substations are exempt from property taxes and are subject to a tax at the rate of three hundred dollars per mile [1.61 kilometers] or fraction thereof of the line located in this state. The per mile tax imposed by this section applies to the transmission line and its associated transmission substations and is subject to ~~the same manner of imposition~~ and allocation as the tax imposed by subsection 2 of section 57-33.1-02 to each county in which the transmission lines are located in the proportion that the miles of such lines in a county bear to the total miles of such transmission lines located within the state. Revenues received by each county must be deposited in the county general fund.

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

**SECTION 4. AMENDMENT.** Section 57-60-06 of the North Dakota Century Code is amended and reenacted as follows:

**57-60-06. Property classified and exempted from ad valorem taxes - In lieu of certain other taxes** ~~—Credit for certain other taxes.~~ Each coal conversion facility must be classified as personal property and is exempt from all ad valorem taxes except for taxes on the land on which such facility is located. ~~The taxes imposed by this chapter are in lieu of ad valorem taxes on the property so classified as personal property. The taxes imposed by this chapter are also in lieu of those taxes imposed by chapters 57-33 and 57-33.1 on cooperative electrical generating plants that qualify as coal conversion facilities as defined in this chapter for gross receipts derived from the operation of such plants on or after July 1, 1975. Each cooperative electrical generating plant shall receive a credit against the taxes imposed by this chapter for any taxes imposed pursuant to chapters 57-33 and 57-33.1 and payable after July 1, 1975. Such credit applies only for such taxes actually paid and must be applied against the taxes imposed by this chapter in the years in which such payments are made.~~

**SECTION 5. AMENDMENT.** Section 57-60-14 of the North Dakota Century Code is amended and reenacted as follows:

**57-60-14. Allocation of revenue - Continuing appropriation.**

1. The state treasurer shall no less than quarterly allocate all moneys received from all coal conversion facilities in each county pursuant to the provisions of this chapter ~~and moneys received for those taxes for which a credit is allowed pursuant to section 57-60-06, notwithstanding the provisions of section 57-33.1-08,~~ fifteen percent to the county and eighty-five percent to the state general fund, except moneys received from the tax imposed by subsection 3 of section 57-60-02 and through December 31, 2009, the first \$41,666.67 each month from the tax imposed by subsections 1 and 4 of section 57-60-02, which must be deposited in the state general fund.
2. Notwithstanding any other provision of law, the allocation under this section to each county may not be less in each calendar year than the amount certified to the

1 state treasurer for each county under this section in the immediately preceding  
2 calendar year, except that through December 31, 2009, the portion of the revenue  
3 allocation to each county which is attributable to a coal gasification coal conversion  
4 facility must exclude consideration of calendar year 2001, and be based on  
5 calendar year 2000 or the appropriate year after 2001, whichever is greater. For a  
6 county that has received less in a calendar year than the amount certified to the  
7 state treasurer for that county in the immediately preceding calendar year, not later  
8 than January tenth of the following year, the county auditor shall calculate the  
9 amount that is due under this subsection and submit a statement of the amount to  
10 the state treasurer. The state treasurer shall verify the stated amount and make  
11 the required payment under this subsection to the county, from collections received  
12 under section 57-60-02, not later than March first of the following year. The funds  
13 needed to make the distribution to counties under this subsection are appropriated  
14 on a continuing basis for making these payments. Money received by a county  
15 under this subsection must be distributed pursuant to section 57-60-15.

- 16 3. Notwithstanding any other provision of law, for a county in which is located a coal  
17 conversion facility that was not a coal conversion facility under this chapter before  
18 January 1, 2002, that county must receive for calendar year 2002 at least as much  
19 under this section as was received by that county and taxing districts in that county  
20 in property taxes for that facility for taxable year 2001. For years after 2002,  
21 subsection 2 applies to allocations to that county under this section, except that for  
22 a county described in this subsection, amounts received for any calendar year  
23 must be allocated by the county in the same manner property taxes for the facility  
24 were allocated for taxable year 2001.

25 **SECTION 6. REPEAL.** Chapters 57-33 and 57-33.1 of the North Dakota Century Code  
26 are repealed.

27 **SECTION 7. EFFECTIVE DATE.** This Act is effective for taxable events occurring after  
28 December 31, 2005.