

Introduced by

Legislative Management

(Taxation Committee and Advisory Commission on Intergovernmental Relations)

1 A BILL for an Act to amend and reenact sections 57-06-17.3, 57-20-07.2, and 57-33.2-02 of the
2 North Dakota Century Code, relating to a new transmission line property tax exemption, a
3 state-paid property tax relief credit, and the transmission line mile tax rate; to provide an
4 appropriation; and to provide an effective date.

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

6 **SECTION 1. AMENDMENT.** Section 57-06-17.3 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **57-06-17.3. New transmission line property tax exemption.**

9 A transmission line of two hundred thirty kilovolts or larger, and its associated transmission
10 substations, which is not taxable under chapter 57-33.2 and is initially placed in service on or
11 after October 1, 2002, is subject to a tax at the rate of three hundred dollars per mile [1.61
12 kilometers] or fraction of a mile. A transmission line subject to taxation under this section is
13 exempt from property taxes for the first taxable year after the line is initially placed in service,
14 and the ~~taxable valuation as otherwise determined by law on the transmission line and its~~
15 ~~associated transmission substation~~taxes under this section must be reduced by:

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

19 After the fourth taxable year of operation of the transmission line, the transmission line and
20 its associated transmission substations are exempt from property taxes and are subject to a tax
21 at the rate of three hundred dollars per mile [1.61 kilometers] or fraction thereof of the line
22 located in this state. The per mile tax imposed by this section applies to the transmission line
23 and its associated transmission substations and is subject to allocation among counties in the

1 proportion that the miles of that transmission line in the county bears to the miles of that
2 transmission line in the state.

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

6 **SECTION 2. AMENDMENT.** Section 57-20-07.2 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **57-20-07.2. (~~Effective for the first two taxable years beginning after December 31,~~**
9 **2012) State-paid property tax relief credit.**

- 10 1. The owner of taxable property is entitled to a credit against property taxes levied
11 against the total amount of property or mobile home taxes in dollars levied against the
12 taxable value of the property. The credit is equal to twelve percent of property or
13 mobile home taxes levied in dollars against that property.
- 14 2. The owner, operator, or lessee of railroad property assessed by the state board of
15 equalization under chapter 57-05 or public utility operative property assessed by the
16 state board of equalization under chapter 57-06 is entitled to a credit against property
17 taxes levied within each county against that property in the amount provided in
18 subsection 1 against property taxes levied in dollars against that property in that
19 county.
- 20 3. The owner, operator, or lessee of transmission lines assessed by the state board of
21 equalization under section 57-06-17.3 is entitled to a credit against taxes per mile in
22 the amount provided in subsection 1. The tax commissioner shall determine the total
23 amount of credits under this subsection and certify the amount to the state treasurer
24 for transfer from the general fund to the electric generation, transmission, and
25 distribution tax fund. The credit for each transmission company must be allocated and
26 distributed to counties in the same manner as the tax collected from that company is
27 allocated.
- 28 4. The owner, operator, or lessee of electric transmission or distribution property
29 assessed by the state board of equalization under section 57-33.2-02 or 57-33.2-03 is
30 entitled to a credit against the transmission or distribution tax in the amount provided
31 in subsection 1. The tax commissioner shall determine the total amount of credits

1 under this subsection and certify the amount to the state treasurer for transfer from the
2 general fund to the electric generation, transmission, and distribution tax fund. The
3 credit for each transmission or distribution company must be allocated and distributed
4 to counties in the same manner as the tax collected from that company is allocated.

5 5. The owner, operator, or lessee of operative property of an air carrier transportation
6 company assessed and taxed under chapter 57-32 is entitled to a credit in the amount
7 provided in subsection 1 against property taxes in dollars levied against that property.
8 The tax commissioner shall determine the total amount of credits under this
9 subsection and certify the amount to the state treasurer for transfer from the general
10 fund to the air transportation fund. The credit for each air transportation company must
11 be allocated to each city or municipal airport authority where that company makes
12 regularly scheduled landings, in the same manner as the tax collected from that
13 company is allocated.

14 4.6. The tax commissioner shall estimate the amount necessary to provide each county
15 advance payment of seventy-five percent of the amount the county and the taxing
16 districts in the county will ultimately receive for a taxable year under this section and
17 certify the estimated amounts to the state treasurer by March fifteenth for transfer by
18 April first to the county treasurer and distribution to the county and taxing districts in
19 the county as provided in subsection 57.

20 5.7. The tax commissioner shall determine the total amount of credits under this section for
21 each county from the abstract of the tax list filed by the county auditor under section
22 57-20-04, as audited and corrected by the tax commissioner. The tax commissioner
23 shall certify to the state treasurer for payment, by June first following receipt of the
24 abstract of the tax list, the amount determined for each county under this subsection.
25 No penalty or interest applies to any state payment under this section, regardless of
26 when the payment is made. The tax commissioner shall reduce the June certification
27 of payments to reflect the April estimated payments previously made to counties under
28 subsection 46.

29 6.8. Upon receipt of the payment from the state treasurer under subsections 46 and 57, the
30 county treasurer shall apportion and distribute it to the county and the taxing districts

1 in the county on the basis on which the general real estate tax for the preceding year
2 is apportioned and distributed.

3 ~~7.9.~~ After payments to counties under subsection ~~57~~ have been made, the tax
4 commissioner shall certify to the state treasurer as necessary any supplemental
5 amounts payable to counties or the air transportation fund or any amounts that must
6 be returned by counties or returned from the air transportation fund for deposit in the
7 state general fund to correct any errors in payments or reflect any abatement or
8 compromise of taxes, court-ordered tax reduction or increase, or levy of taxes against
9 omitted property. The county auditor shall provide any supplemental information
10 requested by the tax commissioner after submission of the abstract of the tax list. The
11 county treasurer shall apply to the tax commissioner for any supplemental payments
12 to which the county treasurer believes the county is entitled.

13 ~~8-10.~~ Notwithstanding any other provision of law, for any property other than mobile homes,
14 the property tax credit under this section does not apply to any property subject to
15 payments or taxes that are stated by law to be in lieu of personal or real property
16 taxes.

17 **SECTION 3. AMENDMENT.** Section 57-33.2-02 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **57-33.2-02. Transmission line mile tax - Exemption.**

20 Transmission lines are subject to annual taxes per mile [1.61 kilometers] or fraction of a
21 mile based on their nominal operating voltages on January first of each year, as follows:

- 22 1. For transmission lines that operate at a nominal operating voltage of less than fifty
23 kilovolts, a tax of fifty dollars.
- 24 2. For transmission lines that operate at a nominal operating voltage of fifty kilovolts or
25 more, but less than one hundred kilovolts, a tax of one hundred dollars.
- 26 3. For transmission lines that operate at a nominal operating voltage of one hundred
27 kilovolts or more, but less than two hundred kilovolts, a tax of two hundred dollars.
- 28 4. For transmission lines that operate at a nominal operating voltage of two hundred
29 kilovolts or more, but less than three hundred kilovolts, a tax of four hundred dollars.
- 30 5. For transmission lines that operate at a nominal operating voltage of three hundred
31 kilovolts or more, a tax of six hundred dollars.

- 1 6. A transmission line initially placed in service after January 1, 2009, and before
2 December 31, 2013, is exempt from transmission line taxes under this section for the
3 first taxable year after the line is initially placed in service, and transmission line taxes
4 under this section must be reduced by:
- 5 a. Seventy-five percent for the second taxable year of operation of the transmission
6 line.
 - 7 b. Fifty percent for the third taxable year of operation of the transmission line.
 - 8 c. Twenty-five percent for the fourth taxable year of operation of the transmission
9 line.
 - 10 d. After the fourth taxable year of operation, such transmission lines are subject to
11 the standard transmission line taxes under this section.
- 12 7. A transmission line of two hundred thirty kilovolts or larger initially placed in service
13 after January 1, 2009, is subject to a tax at the rate of three hundred dollars per mile
14 [1.61 kilometers] or fraction of a mile. A transmission line subject to tax under this
15 subsection is exempt for the first taxable year after the line is initially placed in service,
16 and transmission line taxes under this subsection must be reduced by:
- 17 a. Seventy-five percent for the second taxable year of operation of the transmission
18 line.
 - 19 b. Fifty percent for the third taxable year of operation of the transmission line.
 - 20 c. Twenty-five percent for the fourth taxable year of operation of the transmission
21 line.
 - 22 d. After the fourth taxable year of taxable operation, such transmission lines are
23 subject to the standard transmission line taxes under this subsection.
- 24 8. For purposes of this section, "initially placed in service" includes both new construction
25 and substantial expansion of the carrying capacity of a preexisting line, and
26 "substantial expansion" means an increase in carrying capacity of fifty percent or
27 more.

28 **SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the general
29 fund in the state treasury, not otherwise appropriated, the sum of \$230,000,000, or so much of
30 the sum as may be necessary, to the state treasurer for the purpose of state-paid property tax

1 relief credits under section 57-20-07.2, for the biennium beginning July 1, 2015, and ending
2 June 30, 2017.

3 **SECTION 5. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
4 December 31, 2014.