

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 transmission  
5 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 taxable year in which 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 line.

23 After the fourth taxable year of operation of the transmission line, the transmission line  
24 is exempt from property taxes and is subject to a tax at the rate of three hundred dollars per

1 mile [1.61 kilometers] or fraction thereof of the line located in this state. The per mile tax  
2 imposed by this section is subject to the same manner of imposition and allocation as the tax  
3 imposed by subsection 2 of section 57-33.1-02.

4 For purposes of this section, "initially placed in service" includes both new construction  
5 and substantial expansion of the carrying capacity of a preexisting line.

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

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

- 23 a. Seventy-five percent for the second taxable year of operation of the  
24 transmission line.  
25 b. Fifty percent for the third taxable year of operation of the transmission line.  
26 c. Twenty-five percent for the fourth taxable year of operation of the  
27 transmission line.

28 The tax imposed by this subsection is in lieu of any property tax on such lines  
29 and any substation used in delivering electrical energy, the gross receipts or  
30 production of which have been subjected to the tax imposed by subsection 1 or  
31 subsections 2 and 3 of section 57-60-02. The proceeds derived from the taxing of

1 transmission lines must be allocated to each county in which such transmission  
2 lines are located in the proportion that the miles [kilometers] of such lines in a  
3 county bear to the total miles [kilometers] of such transmission lines located within  
4 this state. Revenues received by each county must be deposited in the county  
5 general fund.

6 For purposes of this subsection, "initially placed in service" includes both new  
7 construction and substantial expansion of the carrying capacity of a preexisting  
8 line.

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