

Introduced by

Representatives Brandenburg, Boe, Headland, Nicholas

Senators Erbele, Warner

1 A BILL for an Act to amend and reenact sections 57-05-01 and 57-05-08 of the North Dakota
2 Century Code, relating to valuation and assessment of railroad property for property tax
3 purposes; and to provide an effective date.

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

5 **SECTION 1. AMENDMENT.** Section 57-05-01 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **57-05-01. Railroad property to be assessed by state board of equalization.** The
8 state board of equalization, at its annual meeting in August in each year, shall assess at its
9 actual value on the first day of January of that year, the operating property, including franchises,
10 of each railroad operated in this state including any electric or other street or interurban railway.
11 If any railroad allows any portion of its railway to be used for any purpose other than the
12 operation of a railroad, the portion of its railway while so used must be assessed in a manner
13 provided for the assessment of other real property. To enable the board to make a correct
14 valuation of property, it shall have access to all reports, estimates, and surveys of a line of
15 railroad on file in the office of the public service commission and has power to summon and
16 compel the attendance of witnesses, and to examine witnesses under oath in any matter
17 relating to the value of the property. In fixing the value of any railroad, and of branch lines and
18 sidetracks, the board must be governed by the rules prescribed for county and township
19 assessors in valuing other property in this state. The board shall make a record of the value
20 placed by it upon the property of the railroad, including the valuation per mile [1.61 kilometers]
21 of main line and of branch lines and sidetracks. Railroad property held in trust by the public
22 service commission for purposes of reorganization or reopening of the railway line is exempt
23 from assessment as provided in this section.

1 The taxable valuation of property of a railroad that charges average agricultural
2 commodity freight rates for shippers in North Dakota which are higher than the average
3 agricultural commodity freight rates charged by that railroad for shippers outside North Dakota
4 must be multiplied by a factor that is the quotient obtained by dividing the railroad's average
5 agricultural commodity freight rates charged for shippers in North Dakota for the most recently
6 completed calendar year by the railroad's average agricultural commodity freight rates charged
7 for shippers outside North Dakota for that calendar year.

8 **SECTION 2. AMENDMENT.** Section 57-05-08 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **57-05-08. Report by railroad corporation to state tax commissioner.** Each railroad
11 corporation required to be assessed under the provisions of this chapter annually shall, on or
12 before May first of each year, under oath of the presiding or other chief executive officer, make
13 and file in such form as the tax commissioner may prescribe a report containing the following
14 information:

- 15 1. The name of the company;
- 16 2. The laws of what state or country organized, the date of original organization, the
17 date of reorganization, consolidation, or merger, with specific reference to laws
18 authorizing the same;
- 19 3. Location of its principal office;
- 20 4. The name of the place where its books, papers, and accounts are kept;
- 21 5. The name and post-office address of the president, secretary, treasurer, auditor,
22 superintendent, general manager, and all other general officers;
- 23 6. The name and post-office address of the chief officer or managing agent of the
24 company in North Dakota and of all other general officers residing in this state;
- 25 7. The total number of shares of capital stock;
- 26 8. The par value of the shares of the capital stock for the whole system, showing
27 separately the amount authorized, amount issued, amount outstanding, and
28 dividends paid thereon;
- 29 9. If such capital stock has no market value, the actual value on the dates and for the
30 periods designated by the tax commissioner of this state;

- 1 10. The funded debt of the company for the whole system and a detailed statement of
2 all series of bonds, debentures, or other securities, forming a part of the funded
3 debt, at par value, with the date of issue, maturity, rate of interest, and amount of
4 interest for the preceding year;
- 5 11. The market value of each series of funded debt securities for the whole system on
6 the dates and for the periods designated by the tax commissioner, and if the whole
7 or a part of such funded debt has no market value, then the actual value thereof for
8 such dates and periods as the tax commissioner may specify;
- 9 12. Such general description of the operative and nonoperative real estate of the
10 company in North Dakota as would be sufficient in a conveyance thereof, under a
11 judicial decree, to vest in the grantee all title and interest in and to the said
12 property;
- 13 13. A description of the personal property of the company;
- 14 14. The number of miles [kilometers] of each main line of railroad, the number of miles
15 [kilometers] of each branch line and sidetracks thereof within the state of North
16 Dakota;
- 17 15. The entire gross earnings of the company from operation, expenses of operation,
18 net earnings and income from operation, and the income from other sources, for
19 the whole system, and in North Dakota, for the years or period the tax
20 commissioner may request or specify, not exceeding five years;
- 21 16. The location of the property of the company within this state by counties,
22 municipalities, and districts, in such manner and in such detail as the tax
23 commissioner shall prescribe; ~~and~~
- 24 17. The average agricultural commodity freight rate charged by the company for
25 shippers in North Dakota for the most recently completed calendar year and the
26 average agricultural commodity freight rate charged by the company for shippers
27 outside North Dakota for the most recently completed calendar year; and
- 28 18. Such other facts and information as the tax commissioner may require in the form
29 of returns prescribed by the tax commissioner or which the company may deem
30 material upon the question of taxation of its property in this state.

1 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
2 December 31, 2004.