

February 5, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1059

Page 1, line 1, replace "section" with "sections 57-06-17.3,"

Page 1, line 1, after "57-20-07.2" insert ", and 57-33.2-02"

Page 1, line 2, after "a" insert "new transmission line property tax exemption, a"

Page 1, line 2, after "credit" insert ", and the transmission line mile tax rate"

Page 1, after line 5, insert:

**"SECTION 1. 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 not taxable under chapter 57-33.2 and is initially placed in service on or after October 1, 2002, is subject to a tax at the rate of three hundred dollars per mile [1.61 kilometers] or fraction of a mile. A transmission line subject to taxation under this section is exempt from property taxes for the first taxable year after the line is initially placed in service, and the ~~taxable valuation as otherwise determined by law on the transmission line and its associated transmission substation~~taxes under this section 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 allocation among counties in the proportion that the miles of that transmission line in the county bears to the miles of that transmission line in the state.

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."

Page 1, line 19, after "3." insert: "The owner, operator, or lessee of transmission lines assessed by the state board of equalization under section 57-06-17.3 is entitled to a credit against taxes per mile in the amount provided in subsection 1. The tax commissioner shall determine the total amount of credits under this subsection and certify the amount

to the state treasurer for transfer from the general fund to the electric generation, transmission, and distribution tax fund. The credit for each transmission company must be allocated and distributed to counties in the same manner as the tax collected from that company is allocated.

4. The owner, operator, or lessee of electric transmission or distribution property assessed by the state board of equalization under section 57-33.2-02 or 57-33.2-03 is entitled to a credit against the transmission or distribution tax in the amount provided in subsection 1. The tax commissioner shall determine the total amount of credits under this subsection and certify the amount to the state treasurer for transfer from the general fund to the electric generation, transmission, and distribution tax fund. The credit for each transmission or distribution company must be allocated and distributed to counties in the same manner as the tax collected from that company is allocated.

5."

Page 2, line 4, overstrike "4." and insert immediately thereafter "6."

Page 2, line 9, overstrike "5" and insert immediately thereafter "7"

Page 2, line 10, overstrike "5." and insert immediately thereafter "7."

Page 2, line 18, overstrike "4" and insert immediately thereafter "6"

Page 2, line 19, overstrike "6." and insert immediately thereafter "8."

Page 2, line 19, overstrike "4" and insert immediately thereafter "6"

Page 2, line 19, overstrike "5" and insert immediately thereafter "7"

Page 2, line 23, overstrike "7." and insert immediately thereafter "9."

Page 2, line 23, overstrike "5" and insert immediately thereafter "7"

Page 3, line 3, overstrike "8." and insert immediately thereafter "10."

Page 3, after line 6, insert:

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

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

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

1. For transmission lines that operate at a nominal operating voltage of less than fifty kilovolts, a tax of fifty dollars.
2. For transmission lines that operate at a nominal operating voltage of fifty kilovolts or more, but less than one hundred kilovolts, a tax of one hundred dollars.

3. For transmission lines that operate at a nominal operating voltage of one hundred kilovolts or more, but less than two hundred kilovolts, a tax of two hundred dollars.
4. For transmission lines that operate at a nominal operating voltage of two hundred kilovolts or more, but less than three hundred kilovolts, a tax of four hundred dollars.
5. For transmission lines that operate at a nominal operating voltage of three hundred kilovolts or more, a tax of six hundred dollars.
6. A transmission line initially placed in service after January 1, 2009, and before December 31, 2013, is exempt from transmission line taxes under this section for the first taxable year after the line is initially placed in service, and transmission line taxes under this section must be reduced by:
  - a. Seventy-five percent for the second taxable year of operation of the transmission line.
  - b. Fifty percent for the third taxable year of operation of the transmission line.
  - c. Twenty-five percent for the fourth taxable year of operation of the transmission line.
  - d. After the fourth taxable year of operation, such transmission lines are subject to the standard transmission line taxes under this section.
7. A transmission line of two hundred thirty kilovolts or larger initially placed in service after January 1, 2009, is subject to a tax at the rate of three hundred dollars per mile [1.61 kilometers] or fraction of a mile. A transmission line subject to tax under this subsection is exempt for the first taxable year after the line is initially placed in service, and transmission line taxes under this subsection must be reduced by:
  - a. Seventy-five percent for the second taxable year of operation of the transmission line.
  - b. Fifty percent for the third taxable year of operation of the transmission line.
  - c. Twenty-five percent for the fourth taxable year of operation of the transmission line.
  - d. After the fourth taxable year of taxable operation, such transmission lines are subject to the standard transmission line taxes under this subsection.
8. 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."

Renumber accordingly