

108TH CONGRESS
2D SESSION

H. R. 4726

To prevent discriminatory taxation of natural gas pipeline property by the States.

IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 2004

Mr. CARTER introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To prevent discriminatory taxation of natural gas pipeline property by the States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. PREVENTION OF DISCRIMINATORY TAXATION**

4 **OF NATURAL GAS PIPELINE PROPERTY.**

5 (a) DEFINITIONS.—In this section—

6 (1) the term “assessment” means valuation for
7 a property tax levied by a taxing district;

8 (2) the term “assessment jurisdiction” means a
9 geographical area used in determining the assessed
10 value of property for ad valorem taxation;

1 (3) the term “natural gas pipeline property”
2 means all property, real, personal and intangible,
3 owned or used by a natural gas pipeline providing
4 transportation or storage subject to the jurisdiction
5 of the Federal Energy Regulatory Commission;

6 (4) the term “commercial and industrial prop-
7 erty” means property, other than natural gas pipe-
8 line property, public utility property and land used
9 primarily for agricultural purposes or timber grow-
10 ing, devoted to a commercial or industrial use and
11 subject to a property tax levy;

12 (5) the term “public utility property” means
13 property, other than natural gas pipeline property,
14 devoted to public service and owned or used by any
15 company which performs a public service and which
16 company is regulated by any governmental agency,
17 and

18 (6) the term “State” as the meaning given such
19 term in section 110(d) of title 4 of the United States
20 Code.

21 (b) PROHIBITED ACTS.—The following acts unrea-
22 sonably burden and discriminate against interstate com-
23 merce, and a State, subdivision of a State, authority act-
24 ing for a State or for a subdivision of a State, or any

1 other taxing authority, taxing jurisdiction, or taxing dis-
2 trict established under State law may not do any of them:

3 (1) Assess natural gas pipeline property at a
4 value that has a higher ratio to the true market
5 value of the natural gas pipeline property than the
6 ratio that the assessed value of other commercial
7 and industrial property in the same assessment ju-
8 risdiction has to the true market value of the other
9 commercial and industrial property.

10 (2) Levy or collect a tax on an assessment that
11 may not be made under paragraph (1).

12 (3) Levy or collect an ad valorem property tax
13 on natural gas pipeline property at a tax rate that
14 exceeds the tax rate applicable to commercial and in-
15 dustrial property in the same assessment jurisdic-
16 tion.

17 (4) Impose any other tax that discriminates
18 against a natural gas pipeline providing transpor-
19 tation subject to the jurisdiction of the Federal En-
20 ergy Regulatory Commission.

21 (c) JURISDICTION OF COURTS.—Notwithstanding
22 section 1341 of title 28 of the United States Code, or no-
23 tions of comity, and without regard to the amount in con-
24 troversy or citizenship of the parties, a district court of
25 the United States shall have jurisdiction, concurrent with

1 other jurisdiction of courts of the United States, States,
2 and all other taxing authorities and taxing jurisdictions
3 to prevent a violation of subsection (b). Relief may be
4 granted under this subsection only if the ratio of assessed
5 value to true market value of natural gas pipeline property
6 exceeds by at least 5 percent the ratio of assessed value
7 to true market value of other commercial and industrial
8 property in the same assessment jurisdiction. If the ratio
9 of the assessed value of other commercial and industrial
10 property in the assessment jurisdiction to the true market
11 value of all other commercial and industrial property can-
12 not be determined to the satisfaction of the district court
13 through the random-sampling method known as a sales
14 assessment ratio study (to be carried out under statistical
15 principles applicable to such a study), the court shall find,
16 as a violation of this section—

17 (1) an assessment of the natural gas pipeline
18 property at a value that has a higher ratio to the
19 true market value of the natural gas pipeline prop-
20 erty than the assessed value of all other property
21 subject to a property tax levy in the assessment ju-
22 risdiction has to the true market value of all other
23 commercial and industrial property; and

24 (2) the collection of an ad valorem property tax
25 on the natural gas pipeline property at a tax rate

1 that exceeds the tax rate applicable to taxable prop-
2 erty in the taxing district.

3 **SEC. 2. EFFECTIVE DATE; APPLICATION OF ACT.**

4 (a) EFFECTIVE DATE.—Except as provided in sub-
5 section (b), this Act shall take effect on the date of the
6 enactment of this Act.

7 (b) APPLICATION OF ACT.—The Act shall not apply
8 with respect to any taxable year that begins before the
9 date of the enactment of this Act.

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