

April 4, 2013

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1134

Page 1, line 1, after "enact" insert "section 57-06-17.5, a new subsection to section 57-51-02.2, and"

Page 1, line 2, after "to" insert "a new natural gas gathering and collection system property tax exemption,"

Page 1, line 2, after the second "gas" insert a comma

Page 1, line 14, overstrike "during a one-year period" and insert immediately thereafter "for six months"

Page 1, line 16, replace "time period in subsection 1" with "six months"

Page 1, line 22, remove "or"

Page 2, line 3, replace the underscored comma with an underscored semicolon

Page 2, line 3, after "or" insert:

"e. Equipped with"

Page 2, line 4, after "commission" insert "which reduce the volume or intensity of the flare by more than sixty percent"

Page 2, line 15, overstrike "upon" and insert immediately thereafter "if an"

Page 2, line 15, after "application" insert "for the exemption is filed within ninety days from the date of first production from the well"

Page 2, line 15, overstrike "a showing" and insert immediately thereafter "the producer shows to the satisfaction of the industrial commission"

Page 2, after line 19, insert:

"**SECTION 2.** Section 57-06-17.5 of the North Dakota Century Code is created and enacted as follows:

57-06-17.5. New natural gas gathering and collection systems property tax exemption.

1. A natural gas gathering pipeline, and its associated equipment, or a natural gas or natural gas liquids collection system that is initially placed in service on or between January 1, 2013, and December 31, 2017, 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 gathering pipeline or collection system and the associated equipment must be reduced by:
 - a. Seventy-five percent for the second taxable year of operation of the gathering pipeline or collection system.
 - b. Fifty percent for the third taxable year of operation of the gathering pipeline or collection system.

- c. Twenty-five percent for the fourth taxable year of operation of the gathering pipeline or collection system.
- 2. After the fourth taxable year of operation the gathering or collection system is no longer exempt, in any way, from payment of full property taxes as otherwise determined by law.
- 3. For purposes of this section, the following terms have the following definitions:
 - a. "Associated equipment" includes compression, liquid separation facilities, and any other equipment absolutely necessary to gather or collect natural gas and natural gas liquids.
 - b. "Collection system" means a system that collects at least seventy-five percent of the gas and natural gas liquids from the well for compression to liquid or dense phase fluid for use as fuel or transport to a processing facility, production of petrochemicals or fertilizer, or conversion to liquid fuels.
 - c. "Initially placed in service" includes both new construction and substantial expansion of a preexisting gathering or collection system.
 - d. "Natural gas gathering pipeline" means an underground gas or liquid pipeline that is designed for or capable of transporting natural gas produced in association with oil and which is not subject to public service commission jurisdiction as a gas or liquid transmission line under chapter 49-22.
 - e. "Substantial expansion" means a capacity increase of twenty percent or more.
- 4. Natural gas processing and other natural gas liquid refining plants or facilities are not included in the exemption provided by this section."

Page 3, after line 18, insert:

"SECTION 4. A new subsection to section 57-51-02.2 of the North Dakota Century Code is created and enacted as follows:

An operator who collects natural gas at a well site by natural gas gathering line, electrical generator, or collection system described in section 38-08-06.4 is entitled to an exemption from the tax imposed under this section for a period of one year from the day the natural gas is first collected."

Page 3, line 23, after "years" insert "and thirty days"

Page 4, line 9, after "years" insert "and thirty days"

Renumber accordingly