

## Union Calendar No. 389

109<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 1369

[Report No. 109-656]

To prevent certain discriminatory taxation of natural gas pipeline property.

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### IN THE HOUSE OF REPRESENTATIVES

MARCH 17, 2005

Mr. CANNON (for himself, Mr. CARTER, Mr. SMITH of Texas, and Mr. GOHMERT) introduced the following bill; which was referred to the Committee on the Judiciary

SEPTEMBER 14, 2006

Additional sponsors: Mr. FORBES, Mr. BOUCHER, Mr. GENE GREEN of Texas, and Mr. GONZALEZ

SEPTEMBER 14, 2006

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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## A BILL

To prevent certain discriminatory taxation of natural gas pipeline property.

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

1 **SECTION 1. LIMITATION ON DISCRIMINATORY TAXATION**  
2 **OF NATURAL GAS PIPELINE PROPERTY.**

3 (a) DEFINITIONS.—For purposes of section:

4 (1) ASSESSMENT.—The term “assessment”  
5 means valuation for a property tax levied by a taxing  
6 authority.

7 (2) ASSESSMENT JURISDICTION.—The term  
8 “assessment jurisdiction” means a geographical area  
9 used in determining the assessed value of property  
10 for ad valorem taxation.

11 (3) COMMERCIAL AND INDUSTRIAL PROP-  
12 erty.—The term “commercial and industrial prop-  
13 erty” means property (excluding natural gas pipeline  
14 property, public utility property, and land used pri-  
15 marily for agricultural purposes or timber growth)  
16 devoted to commercial or industrial use and subject  
17 to a property tax levy.

18 (4) NATURAL GAS PIPELINE PROPERTY.—The  
19 term “natural gas pipeline property” means all  
20 property, real, personal, and intangible, owned or  
21 used by a natural gas pipeline providing transpor-  
22 tation or storage of natural gas, subject to the juris-  
23 diction of the Federal Energy Regulatory Commis-  
24 sion.

25 (5) PUBLIC UTILITY PROPERTY.—The term  
26 “public utility property” means property (excluding

1 natural gas pipeline property) that is devoted to  
2 public service and is owned or used by any entity  
3 that performs a public service and is regulated by  
4 any governmental agency.

5 (b) DISCRIMINATORY ACTS.—The acts specified in  
6 this subsection unreasonably burden and discriminate  
7 against interstate commerce. A State, subdivision of a  
8 State, authority acting for a State or subdivision of a  
9 State, or any other taxing authority (including a taxing  
10 jurisdiction and a taxing district) may not do any of the  
11 following such acts:

12 (1) Assess natural gas pipeline property at a  
13 value that has a higher ratio to the true market  
14 value of the natural gas pipeline property than the  
15 ratio that the assessed value of other commercial  
16 and industrial property in the same assessment ju-  
17 risdiction has to the true market value of the other  
18 commercial and industrial property.

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

21 (3) Levy or collect an ad valorem property tax  
22 on natural gas pipeline property at a tax rate that  
23 exceeds the tax rate applicable to commercial and in-  
24 dustrial property in the same assessment jurisdic-  
25 tion.

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

5 **SEC. 2. JURISDICTION OF COURTS; RELIEF.**

6           (a) GRANT OF JURISDICTION.—Notwithstanding sec-  
7           tion 1341 of title 28, United States Code, and notions of  
8           comity, and without regard to the amount in controversy  
9           or citizenship of the parties, the district courts of the  
10          United States shall have jurisdiction, concurrent with  
11          other jurisdiction of the courts of the United States, of  
12          States, and of all other taxing authorities and taxing juris-  
13          dictions, to prevent a violation of section 1.

14          (b) RELIEF.— Except as otherwise provided in this  
15          subsection, relief may be granted under this Act only if  
16          the ratio of assessed value to true market value of natural  
17          gas pipeline property exceeds by at least 5 percent the  
18          ratio of assessed value to true market value of other com-  
19          mercial and industrial property in the same assessment  
20          jurisdiction. If the ratio of the assessed value of other  
21          commercial and industrial property in the assessment ju-  
22          risdiction to the true market value of all other commercial  
23          and industrial property cannot be determined to the satis-  
24          faction of the court through the random-sampling method  
25          known as a sales assessment ratio study (to be carried

1 out under statistical principles applicable to such a study),  
2 each of the following shall be a violation of section 1 for  
3 which relief under this Act may be granted:

4           (1) An assessment of the natural gas pipeline  
5           property at a value that has a higher ratio of as-  
6           sessed value to the true market value of the natural  
7           gas pipeline property than the ratio of the assessed  
8           value of all other property (excluding public utility  
9           property) subject to a property tax levy in the as-  
10          sessment jurisdiction has to the true market value of  
11          all other property (excluding public utility property).

12          (2) The collection of an ad valorem property tax  
13          on the natural gas pipeline property at a tax rate  
14          that exceeds the tax rate applicable to all other tax-  
15          able property (excluding public utility property) in  
16          the taxing jurisdiction.

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