

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1201

To prevent certain discriminatory taxation of natural gas pipeline property.

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IN THE SENATE OF THE UNITED STATES

JUNE 8, 2005

Mr. CORNYN introduced the following bill; which was read twice and referred  
to the Committee on Finance

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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,*

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

5       (a) DEFINITIONS.—As used in this Act, the following  
6 definitions apply:

7               (1) ASSESSMENT.—The term “assessment”  
8       means valuation for a property tax levied by a taxing  
9       authority.

10              (2) ASSESSMENT JURISDICTION.—The term  
11       “assessment jurisdiction” means a geographical area

1 used in determining the assessed value of property  
2 for ad valorem taxation.

3 (3) COMMERCIAL AND INDUSTRIAL PROP-  
4 ERTY.—The term “commercial and industrial prop-  
5 erty” means property (excluding natural gas pipeline  
6 property, public utility property, and land used pri-  
7 marily for agricultural purposes or timber growth)  
8 devoted to commercial or industrial use and subject  
9 to a property tax levy.

10 (4) NATURAL GAS PIPELINE PROPERTY.—The  
11 term “natural gas pipeline property” means all  
12 property, real, personal, and intangible, owned or  
13 used by a natural gas pipeline providing transpor-  
14 tation or storage of natural gas subject to the juris-  
15 diction of the Federal Energy Regulatory Commis-  
16 sion.

17 (5) PUBLIC UTILITY PROPERTY.—The term  
18 “public utility property” means property (excluding  
19 natural gas pipeline property) that is devoted to  
20 public service and is owned or used by any entity  
21 that performs a public service and is regulated by  
22 any governmental agency.

1 **SEC. 2. DISCRIMINATORY ACTS.**

2 (a) IN GENERAL.—The acts specified in subsection  
3 (b) unreasonably burden and discriminate against inter-  
4 state commerce.

5 (b) DISCRIMINATORY ACTS.—A State, subdivision of  
6 a State, authority acting for a State or subdivision of a  
7 State, or any other taxing authority (including a taxing  
8 jurisdiction and a taxing district) may not do any of the  
9 following:

10 (1) ASSESSMENTS.—Assess natural gas pipeline  
11 property at a value that has a higher ratio to the  
12 true market value of the natural gas pipeline prop-  
13 erty than the ratio that the assessed value of com-  
14 mercial and industrial property in the same assess-  
15 ment jurisdiction has to the true market value of  
16 such commercial and industrial property.

17 (2) ASSESSMENT TAXES.—Levy or collect a tax  
18 on an assessment that may not be made under para-  
19 graph (1).

20 (3) AD VALOREM TAXES.—Levy or collect an ad  
21 valorem property tax on natural gas pipeline prop-  
22 erty at a tax rate that exceeds the tax rate applica-  
23 ble to commercial and industrial property in the  
24 same assessment jurisdiction.

25 (4) OTHER TAXES.—Impose any other tax that  
26 discriminates against a natural gas pipeline pro-

1       viding transportation or storage of natural gas sub-  
2       ject to the jurisdiction of the Federal Energy Regu-  
3       latory Commission.

4 **SEC. 3. JURISDICTION OF COURTS; RELIEF.**

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

13      (b) RELIEF IN GENERAL.—Except as provided in  
14      subsection (c), relief may be granted under this Act only  
15      if the ratio of assessed value to true market value of nat-  
16      ural gas pipeline property exceeds by at least 5 percent  
17      the ratio of assessed value to true market value of other  
18      commercial and industrial property in the same assess-  
19      ment jurisdiction.

20      (c) OTHER RELIEF.—If the ratio of the assessed  
21      value of other commercial and industrial property in the  
22      assessment jurisdiction to the true market value of all  
23      other commercial and industrial property cannot be deter-  
24      mined to the satisfaction of the court through the random-  
25      sampling method known as a sales assessment ratio study

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

4           (1) ASSESSMENTS.—An assessment of the nat-  
5 ural gas pipeline property at a value that has a high-  
6 er ratio of assessed value to the true market value  
7 of the natural gas pipeline property than the ratio  
8 of the assessed value of all other property (excluding  
9 public utility property) subject to a property tax levy  
10 in the assessment jurisdiction has to the true market  
11 value of all other property (excluding public utility  
12 property).

13           (2) AD VALOREM TAXES.—The collection of an  
14 ad valorem property tax on the natural gas pipeline  
15 property at a tax rate that exceeds the tax rate ap-  
16 plicable to all other taxable property (excluding pub-  
17 lic utility property) in the taxing jurisdiction.

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