

114TH CONGRESS
1ST SESSION

S. 2117

To prevent certain discriminatory taxation of natural gas pipeline property.

IN THE SENATE OF THE UNITED STATES

OCTOBER 1, 2015

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

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.—In this Act:

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

9 (2) ASSESSMENT JURISDICTION.—The term
10 “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 (whether real, personal, and intangible)
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 Regulatory Commission.

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

22 (b) DISCRIMINATORY ACTS.—A State, subdivision of
23 a State, authority acting for a State or subdivision of a
24 State, or any other taxing authority (including a taxing

1 jurisdiction and a taxing district) may not do any of the
2 following:

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

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

13 (3) AD VALOREM TAXES.—Levy or collect an ad
14 valorem property tax on natural gas pipeline prop-
15 erty at a tax rate that exceeds the tax rate applica-
16 ble to commercial and industrial property in the
17 same assessment jurisdiction.

18 (4) OTHER TAXES.—Impose any other tax that
19 discriminates against a natural gas pipeline pro-
20 viding transportation or storage of natural gas sub-
21 ject to the jurisdiction of the Federal Energy Regu-
22 latory Commission.

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

24 (a) GRANT OF JURISDICTION.—Notwithstanding sec-
25 tion 1341 of title 28, United States Code, and without

1 regard to the amount in controversy or citizenship of the
2 parties, the district courts of the United States shall have
3 jurisdiction, concurrent with other jurisdiction of the
4 courts of the United States, of States, and of all other
5 taxing authorities and taxing jurisdictions, to prevent a
6 violation of section 1.

7 (b) RELIEF IN GENERAL.—Except as provided in this
8 subsection, relief may be granted under this Act only if
9 the ratio of assessed value to true market value of natural
10 gas pipeline property exceeds by at least 5 percent the
11 ratio of assessed value to true market value of commercial
12 and industrial property in the same assessment jurisdic-
13 tion. If the ratio of the assessed value of commercial and
14 industrial property in the assessment jurisdiction to the
15 true market value of commercial and industrial property
16 cannot be determined to the satisfaction of the court
17 through the random-sampling method known as a sales
18 assessment ratio study (to be carried out under statistical
19 principles applicable to such a study), each of the following
20 shall be a violation of section 1 for which relief under this
21 Act may be granted:

22 (1) An assessment of the natural gas pipeline
23 property at a value that has a higher ratio of as-
24 sessed value to the true market value of the natural
25 gas pipeline property than the ratio of the assessed

1 value of all other property (excluding public utility
2 property) subject to a property tax levy in the as-
3 sessment jurisdiction has to the true market value of
4 all other property (excluding public utility property).

5 (2) The collection of an ad valorem property tax
6 on the natural gas pipeline property at a tax rate
7 that exceeds the tax rate applicable to all other tax-
8 able property (excluding public utility property) in
9 the taxing jurisdiction.

○