

1 S.238

2 Introduced by Senators Bray and Lyons

3 Referred to Committee on

4 Date:

5 Subject: Taxation; property taxes; natural gas infrastructure

6 Statement of purpose of bill as introduced: This bill proposes to tax natural
7 gas infrastructure under a different taxing scheme than Vermont's property tax
8 system.

9 An act relating to the taxation of natural gas infrastructure

10 It is hereby enacted by the General Assembly of the State of Vermont:

11 Sec. 1. 32 V.S.A. § 5401(10)(B) is amended to read:

12 (B) Property which is subject to the tax on railroads imposed by
13 subchapter 2 of chapter 211 of this title, the tax on telephone companies
14 imposed by subchapter 6 of chapter 211 of this title, ~~or~~ the tax on electric
15 generating plants imposed by chapter 213 of this title, or the tax on natural gas
16 transmission infrastructure under subchapter 2 of chapter 215 of this title.

17 Sec. 2. 32 V.S.A. chapter 215 is amended to read:

18 CHAPTER 215. RENEWABLE ENERGY AND NATURAL GAS

19 Subchapter 1. Uniform Capacity Tax

1 § 8701. UNIFORM CAPACITY TAX

2 * * *

3 Subchapter 2. Natural Gas Transmission Tax

4 § 8710. NATURAL GAS TRANSMISSION TAX

5 (a) In this section, the terms “natural gas facility” and “natural gas
6 transmission line” shall have the same meaning as under 30 V.S.A.
7 § 248(a)(3).

8 (b) On or before June 15 of each year, the Director shall appraise the value
9 all property and fixtures composing and underlying a natural gas facility or
10 natural gas transmission line located entirely within this State. The Director
11 shall appraise this property at its net book value during the time that it has not
12 been depreciated to 30 percent of its cost or less for federal income tax
13 purposes under the laws of the United States. After the property has been
14 depreciated to 30 percent of its cost or less, exclusive of salvage value, for
15 federal income tax purposes, it shall be appraised at 30 percent of its cost.

16 (c) There is imposed on any person operating a natural gas facility in this
17 State a tax equal to the nonresidential property tax rate in 32 V.S.A.
18 § 5402(a)(1) multiplied by the appraised value, as determined by the Director,
19 of the natural gas transmission line or natural gas facility and the associated
20 land. The tax shall be accompanied by a return containing any information

1 required by the Department of Taxes. The tax and associated return shall be
2 due on or before July 1 of each year.

3 (d) Any funds raised by the tax under this section shall be deposited in the
4 Clean Energy Development Fund established under 30 V.S.A. § 8015.

5 (e) Any assessment or liability imposed by this subchapter shall be subject
6 to the provisions of subchapter 8 of chapter 151 of this title; provided,
7 however, that a taxpayer may not separately appeal the Director's appraisal
8 under this section. Any appeal from the imposition of the tax in this section
9 shall occur only after any liability for the tax has been assessed.

10 (f) The Department of Taxes shall have authority to adopt rules and
11 procedures to implement the tax in this subchapter.

12 Sec. 3. 30 V.S.A. § 8015 is amended to read:

13 § 8015. VERMONT CLEAN ENERGY DEVELOPMENT FUND

14 (a) Creation of Fund.

15 (1) There is established the Vermont Clean Energy Development Fund
16 to consist of each of the following:

17 (A) ~~The~~ the proceeds due the State under the terms of the
18 memorandum of understanding between the Department of Public Service and
19 Entergy Nuclear VY and Entergy Nuclear Operations, Inc. that was entered
20 under Public Service Board docket 6812; together with the proceeds due the
21 State under the terms of any subsequent memoranda of understanding entered

1 before July 1, 2005 between the Department of Public Service and Entergy
2 Nuclear VY and Entergy Nuclear Operations, Inc.;

3 (B) revenues raised from the natural gas transmission tax in
4 32 V.S.A. chapter 215, subchapter 2; and

5 (C) Any any other monies that may be appropriated to or deposited
6 into the Fund.

7 * * *

8 (j) One-half of the revenue deposited in the Fund from the natural gas
9 transmission tax in 32 V.S.A. chapter 215, subchapter 2 shall be available only
10 to support clean energy resources in towns hosting natural gas infrastructure
11 subject to that tax. The revenue under this subsection shall be available for
12 projects in qualifying towns in proportion to the value of the natural gas
13 infrastructure assessed in each of those towns. If revenue dedicated to projects
14 under this subsection is not committed to a specific project within 36 months
15 of being deposited in the Fund, then the revenue shall be available for any
16 authorized expenditure from the Fund. The Department shall have the
17 authority to adopt rules and procedures for accepting and approving
18 applications for funding projects under this subsection.

19 Sec. 4. EFFECTIVE DATE

20 This act shall take effect on January 1, 2015.