

HOUSE BILL NO. 633

INTRODUCED BY J. ESSMANN

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR AN INTERSTATE PIPELINE CONSTRUCTION IMPACT FEE; PROVIDING THAT THE IMPACT FEE MAY BE LEVIED SUBJECT TO AN IMPACT FEE AGREEMENT; PROVIDING THAT THE FEE IS TO BE USED FOR PUBLIC HEALTH AND SAFETY AND LAW ENFORCEMENT; PROVIDING THAT THE IMPACT FEE IS A CREDIT TOWARD FUTURE PROPERTY TAXES; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**NEW SECTION. Section 1. Definitions.** As used in this part, the following definitions apply:

- (1) (a) "Commencing construction" means the action of placing pipe in the ground after receipt of all permits and approvals and completion of preconstruction activities.
- (b) The term does not include repair or replacement of an existing pipeline.
- (2) "Cost of constructing" means the cost of the action of placing the pipe in the ground and excludes the cost of obtaining right-of-way easements and permits.
- (3) (a) "Interstate pipeline" means any combination of a physically connected pipeline and other associated property, including appurtenant land and improvements and personal property, that are normally operated together to transport oil, gas, coal, or carbon dioxide in interstate or foreign commerce.
- (b) The term does not include a pipeline used for noncommercial purposes or exclusively for agricultural purposes.
- (4) "Local government unit" means a county, city, or town.

**NEW SECTION. Section 2. Interstate pipeline construction impact fee for local government units**

- **impact fee agreement.** (1) An owner or operator of an interstate pipeline may agree to an optional local government impact fee. The impact fee must be paid each year after commencing construction, up to a total of 2 years. The annual impact fee may not exceed 1% of the total cost of constructing the interstate pipeline within the boundaries of the local government.
- (2) The impact fee must be provided for in an impact fee agreement to which the local government unit



1 and the owner or operator of the interstate pipeline are parties.

2 (3) (a) The impact fee agreement must provide for the distribution of the impact fee for public health and  
3 safety and law enforcement purposes.

4 (b) If the interstate pipeline is located within the boundaries of multiple local government units, the impact  
5 fee agreement must address how the fee should be distributed among the various local government units for the  
6 purposes identified in subsection (3)(a).

7 (4) Impact fees imposed under this section must be deposited in the interstate pipeline construction  
8 impact fee reserve account established under [section 3] for the county in which the interstate pipeline is located.  
9 Money in the account may be expended by the local government units according to the terms of the impact fee  
10 agreement.

11  
12 **NEW SECTION. Section 3. Interstate pipeline construction impact fee reserve account.** (1) The  
13 governing body of a county receiving impact fees under [section 2] shall establish an interstate pipeline  
14 construction impact fee reserve account to be used to hold the collections. Money held in the account may not  
15 be considered as cash balance for the purpose of reducing mill levies.

16 (2) Money may be expended from the account for any purpose of an impact fee agreement as provided  
17 for in [section 2(3)]. The county treasurer shall distribute money in the account to each local government unit  
18 according to the terms of the impact fee agreement.

19 (3) Money in the account not expended by the end of the second year must be returned to the interstate  
20 pipeline owner within 60 days after the second year ends and is not eligible for the property tax reduction provided  
21 for in [section 4].

22 (4) Money in the account must be invested as provided by law. Interest and income from investment of  
23 the account must be credited to the account.

24  
25 **NEW SECTION. Section 4. Interstate pipeline construction impact fee as prepayment of property**  
26 **taxes.** (1) The interstate pipeline construction impact fee is considered a prepayment of property taxes to be  
27 assessed on the interstate pipeline.

28 (2) A county levying the impact fee shall certify to the interstate pipeline company the amount of the  
29 impact fee paid and expended prior to the end of the second year of collection as well as the amount of interest  
30 earned as provided for in [section 3]. After the final impact fee payment is made, the county shall reduce the

1 interstate pipeline owner's county property taxes for 5 years, by equal amounts each year, until the full impact  
2 fee and total interest are credited to the interstate pipeline owner.

3  
4 NEW SECTION. Section 5. Codification instruction. [Sections 1 through 4] are intended to be codified  
5 as an integral part of Title 15, chapter 24, and the provisions of Title 15, chapter 24, apply to [sections 1 through  
6 4].

7  
8 NEW SECTION. Section 6. Effective date. [This act] is effective on passage and approval.

9 - END -