

Reported Recommending.....
Ind. Postponed.....
Passed House.....
Failed to Pass House.....
Passed Senate.....
Failed to Pass Senate.....

House File 317

February 20, 1941.
Ways and Means.

By HOEGH, KNOWLTON, MARTIN, YAGER,
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and DANCER.

A BILL FOR

An Act defining natural gas pipe-line companies, and declaring them to be public utilities and to impose an excise tax upon all natural gas moving, sold, or used in intrastate business, which shall be paid to the Treasurer of State, and providing for the making of reports to the State Tax Commission and to provide for the payment, collection and distribution of said tax, the administration and enforcement of this act, and to provide penalties for violation thereof.

Be It Enacted by the General Assembly of the State of Iowa:

1 Section 1. For all purposes of this Act the word "company"
2 shall include persons, firms, companies, joint stock companies,
3 associations, corporations, executors, administrators, receivers,
4 or trustees.

1 Sec. 2. Every company engaged in the business of transport-
2 ing in intrastate commerce natural gas in any form or manner
3 whatsoever through pipe lines, mains or tubing for sale, storage,
4 distribution, or use shall be deemed to be a pipe-line company
5 and a public utility.

1 Sec. 3. There is hereby imposed on every company as defined
2 in section two (2), a tax of five cents per thousand cubic feet,
3 measured at normal conditions of temperature and standard

4 atmospheric pressure, on all natural gas moving or flowing in any
5 manner or form whatsoever between points in the State of Iowa,
6 in intrastate commerce, through pipe lines, branch pipe lines,
7 mains or tubing for sale, storage, distribution, or use within
8 the State of Iowa.

9 Said tax shall apply to the first sale, distribution or use,
10 of such gas within the state, it being the intent of this act
11 that only one tax of five cents per thousand cubic feet shall be
12 imposed thereon, in addition to any sales tax otherwise imposed ;
13 also said tax shall be in addition to all other real and
14 personal property taxes levied and assessed against any company
15 engaged in the business of transporting, distributing, storing,
16 selling or using natural gas flowing in any manner or form what-
17 soever in intrastate commerce.

1 Sec. 4. For the purpose of taxation, natural gas brought
2 into Iowa in pipe lines shall be deemed to be in intrastate
3 commerce, and to have come to rest and become a part of the mass
4 of property within the state when the said gas is withdrawn from
5 the main pipe line at a point or points on the boundary line of
6 the state, or at a point or points within the state, and begins
7 to flow in any manner or form whatever through branch or sub-
8 sidiary pipe lines, mains or tubing for sale, storage, distribu-
9 tion, or use within the state, or when the natural gas upon or
10 after being taken from the main pipe lines has been sent through
11 reducing valves or other apparatus in order to reduce its
12 pressure before its relivery to a user, purchaser or customer.

1 Sec. 5. Every such company shall, within the time specified
2 by and subject to such reasonable rules and regulations as may
3 be prescribed by the Iowa State Tax Commission, establish and
4 maintain meters at all practicable and necessary points within
5 the state for the purpose of determining the volume of natural
6 gas distributed and flowing in any manner or form whatsoever
7 through pipe lines, subsidiary pipe lines, mains or tubing for
8 sale, storage, distribution or use in intrastate commerce.

1 Sec. 6. Every such company shall, on or before the first day
2 of April, 1942 and annually thereafter on the same date, make
3 and file with the state tax commission a report verified by the
4 person making the same, setting forth the number of cubic feet
5 of natural gas, subject to this tax, conveyed, used, distributed,
6 stored, or sold by such company and flowing in any manner or form
7 whatsoever in intrastate commerce, through the instrumentalities
8 hereinbefore described during the preceding calendar year and
9 giving such other information as said tax commission may require.

1 Sec. 7. Upon receipt by the state tax commission of said
2 report it shall determine from such information as it may possess
3 or obtain whether the same is correct or otherwise and if found
4 correct said tax commission shall determine therefrom the amount
5 of tax due from such company and shall enter the same in its
6 record and shall make its certificate of taxes due thereon from
7 such company, and, on or before the first day of June of each
8 year, file said certificate with the state auditor and a duplicate
9 thereof with the state treasurer; and the state tax commission

10 shall have the power, in case it shall deem said report incorrect,
11 to make its findings as to the amount of such tax after hearing,
12 upon notice to the company interested, and its findings shall
13 have the same effect as the determination of the amount of such
14 taxes upon a report made as hereinbefore provided.

1 Sec. 8. The state tax commission shall and hereby is
2 authorized to make rules or regulations, not inconsistent with the
3 provisions of this act, for the purpose of obtaining information
4 required by it to verify and ascertain the correctness of the
5 report made to it and to compel the production of books and
6 records within the state for such purpose.

1 Sec. 9. If any company subject to the tax provided for by
2 this act shall fail to make the report provided for in section
3 six (6), at the time and in the manner therein provided, there
4 shall accrue upon the tax herein imposed a penalty in an amount
5 equal to ten percent of the tax to be added to and collected
6 with such tax. The state tax commission shall, in such case,
7 determine the value of natural gas conveyed, used, distributed,
8 or sold in intrastate commerce, and shall fix the tax due thereon
9 from such company together with such penalty, upon such informa-
10 tion as it may possess or obtain, and shall proceed as provided
11 by law, as though such taxes were determined upon the sworn
12 report of the company, as provided for in section six (6). Such
13 findings shall stand in place of the report required to be made
14 by such company and shall be, in all courts of this state, for
15 all purposes, prima facie evidence of the facts therein stated.

1 Sec. 10. Such tax shall be due and payable to the state tax
2 commission on or before July 1 of each year, and if not so paid
3 shall draw interest, as a penalty, of three-fourths of one percent
4 per month until paid.

1 Sec. 11. Any breach of any of the provisions hereof by a
3 gas pipe-line company for any failure on the part of any such
3 company to conform to and comply with said provisions shall
4 be immediately reported to the secretary of state and to the
5 Iowa state commerce commission who shall cancel the permit of
6 such gas pipe-line company to do business in this state.

1 Sec. 12. All taxes and penalties assessed, levied and
2 collected hereunder shall be paid into the General fund of this
3 state to be used for state aid for elementary and secondary schools
4 as relief to land and property taxes for the same.

1 Sec. 13. Neither this act nor any part of the provisions
2 thereof shall apply to or be construed to apply to foreign or
3 interstate commerce, except insofar as the same may be permitted
4 under the constitution and laws of the United States.

1 Sec. 14. Any person acting as an officer, agent, or employee
2 of any company who fails or refuses to comply with any of the pro-
3 visions of this act shall be guilty of a misdemeanor.

1 Sec. 15. If any section, subsection, sentence, clause or
2 phrase of this act is for any reason held to be unconstitutional
3 or invalid, as applied to any person or circumstance, such decision

- 4 shall not affect the validity of the remaining portions of this
- 5 act as applied to any other person or circumstance.

EXPLANATION OF H. F. 317

State Aid for Education—relief to land and property taxes for education. This bill levies a tax upon natural gas coming into Iowa through pipelines. Tax is set at 5 cents per thousand cubic feet of natural gas. Today the pipelines which transmit natural gas do not carry their fair share of the tax load, but yet they are one of the contributing factors in decreasing our tax revenue. This measure is designed to equalize and fairly distribute our tax burden upon such property. It is estimated that this measure will raise approximately \$1,250,000.00 each year. The revenue will be paid into the general fund of the state to be used for state aid of elementary and secondary schools as a replacement and relief to land and property taxes for the same.