



## 2024 South Dakota Legislature

# Senate Bill 201

SENATE COMMERCE AND ENERGY ENGROSSED

Introduced by: **Senator Crabtree**

1 **An Act to provide new statutory requirements for regulating linear transmission**  
 2 **facilities, to allow counties to impose a surcharge on certain pipeline**  
 3 **companies, and to declare an emergency.**

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

5 **Section 1. That a NEW SECTION be added to chapter 10-4:**

6 Pipelines for the transmission of carbon dioxide are not subject to any discretionary  
 7 formulas authorized by this title.

8 **Section 2. That § 10-37-3 be AMENDED:**

9 **10-37-3.** Any pipeline company having lines in this state shall annually, on or  
 10 before April fifteenth of each year, make out and deliver to the Department of Revenue a  
 11 statement, verified by the oath of an officer or agent of such pipeline company making  
 12 such statement, showing in detail for the year ended December thirty-first next preceding:  
 13 (1) The name of the company;  
 14 (2) The nature of the company, whether a person or persons, an association,  
 15 copartnership, corporation or syndicate, and under the laws of what state  
 16 organized;  
 17 (3) The location of its principal office or place of business;  
 18 (4) The name and post office address of the president, secretary, auditor, treasurer,  
 19 and superintendent or general manager;  
 20 (5) The name and post office address of the chief officer or managing agent in this  
 21 state;  
 22 (6) The whole number of miles of pipeline owned, operated, or leased within the state,  
 23 including a classification of the size, kind, and weight thereof, separated, so as to  
 24 show the mileage in each county, and each lesser taxing district;

- 1 (7) A full and complete statement of the cost and actual present value of all buildings
- 2 of every description owned by said pipeline company within the state and each
- 3 lesser taxing district, not otherwise assessed;
- 4 (8) The number, location, size, and cost of each pressure pump or station;
- 5 (9) Any and all other property owned by said pipeline company within the state which
- 6 property shall be classified and scheduled in such a manner as the secretary of
- 7 revenue may by rule promulgated pursuant to chapter 1-26 require;
- 8 (10) The gross earnings of the entire company, and the gross earnings on business done
- 9 within this state;
- 10 (11) The operating expenses of the entire company and the operating expenses within
- 11 this state;~~and~~
- 12 (12) The net earnings of the entire company and the net earnings within this state; and
- 13 (13) Whether or not the pipeline company that installs a pipeline for carbon
- 14 sequestration claims a tax credit under 26 U.S.C. § 45Q (January 1, 2024) in that
- 15 year.

16 **Section 3. That § 10-37-9 be AMENDED:**

17 **10-37-9.** The Department of Revenue shall on the fifth day of July of each year  
 18 determine the linear footage of carbon dioxide pipeline installed in each county, if any,  
 19 and determine the true and actual value of pipeline property located in each taxing district  
 20 of the state, and in fixing said value shall take into consideration the structures,  
 21 equipment, pumping stations, etc., located in said taxing district, and shall transmit to the  
 22 county auditor of each such county through and into which any pipeline may extend, a  
 23 statement showing the assessed value of said property in each of the taxing districts of  
 24 said county. The said property shall then be taxed in said county and lesser taxing districts,  
 25 based upon the valuation so certified, in the same manner as other property is taxed. Any  
 26 pipeline surcharge shall be remitted to the county.

27 **Section 4. That § 10-37-15 be AMENDED:**

28 **10-37-15.** All laws relating to the enforcement of the payment of delinquent taxes  
 29 or any pipeline surcharge shall be applicable to all taxes levied under the provisions of this  
 30 chapter. When any tax levied under the provisions of this chapter shall become delinquent,  
 31 the county treasurer having control of such delinquent taxes may proceed to collect the  
 32 same in the manner as now provided for the collection of other taxes and with the same  
 33 right and power of the sheriff under execution, except that no process shall be necessary

1 to authorize him to sell any property belonging to any pipeline company for the collection  
2 of such taxes. The additional remedy provided for in § 10-38-10 by action in the circuit  
3 court shall also be available to the county treasurer.

4 **Section 5. That a NEW SECTION be added to chapter 10-37:**

5 A county may impose a pipeline surcharge up to one dollar per foot of linear carbon  
6 dioxide pipeline installed in the county during any tax year that the carbon dioxide pipeline  
7 company claims a tax credit pursuant to 26 U.S.C. § 45Q (January 1, 2024).

8 **Section 6. That a NEW SECTION be added to chapter 49-41B:**

9 A county, municipality, township, or other governmental unit, including  
10 governmental units chartered under S.D. Const., Art. IX, § 2, may not enact or increase,  
11 in any form, a tax, fee, or charge that is related to a gas or liquid transmission line or an  
12 electric transmission line which requires or holds a permit under chapter 49-41B. The  
13 provisions of this section do not prohibit:

- 14 (1) Real property taxes pursuant to title 10;  
15 (2) Road use, construction, maintenance, and improvement agreements pursuant to  
16 titles 7, 8, 9, or 31; and  
17 (3) The surcharge created by section 5 of this Act.

18 A county, municipality, township, or other governmental unit, including  
19 governmental units chartered under S.D. Const., Art. IX, § 2, may require a gas, liquid,  
20 or electrical transmission project to enter into a road use, construction, maintenance, and  
21 improvement agreement prior to construction.

22 Any fee or tax permitted under this section must be uniform and apply to all classes  
23 of facilities, except the surcharge listed under subdivision 3 of this section.

24 If after ninety days the applicant cannot come to terms with a county, municipality  
25 township, or other governmental unit, including governmental units chartered under S.D.  
26 Const., Art. IX, § 2, on a road use and maintenance agreement, the applicant may apply  
27 to the commission for an order in place of the agreement, specific to that unit of  
28 government and after notice and hearing the commission must grant an order determining  
29 the applicant's use and restoration of the units, roads, bridges, and rights of way.

30 **Section 7. That a NEW SECTION be added to chapter 49-41B:**

1           A county, municipality, township, or other governmental unit, including  
2           governmental units chartered under S.D. Const., Art. IX, § 2, may not pass or enforce an  
3           ordinance that regulates, restricts, or prohibits a gas or liquid transmission line or an  
4           electric transmission line which requires or holds a permit under chapter 49-41B, including  
5           without limitation any requirement or restrictions as to routing, setback, construction,  
6           operation, maintenance, and zoning permits. Nothing herein restricts the ability of the  
7           commission to establish setbacks, or to require the compliance of above-ground structures  
8           with generally applicable zoning ordinances, building, and fire codes.

9           This Act preempts any local law, ordinance, or regulation that conflicts with any  
10          provision of this chapter or any policy of the state implemented in accordance with this  
11          chapter and, notwithstanding any other provision of law, a governmental unit of this state  
12          may not enact or enforce an ordinance, local law, or regulation conflicting with or  
13          preempted by this chapter.

14       **Section 8. That a NEW SECTION be added to chapter 49-41B:**

15           All pipelines carrying carbon dioxide must be installed so that the cover between  
16           the top of the pipe and the ground level, road bed, river bottom, or underwater natural  
17           bottom, as determined by recognized and generally accepted practices, must be a  
18           minimum of forty-eight inches in thickness and must be buried so that it is below the level  
19           of cultivation.

20       **Section 9. That a NEW SECTION be added to chapter 49-41B:**

21           An operator of a pipeline facility carrying carbon dioxide is liable for repairs of drain  
22           tile, which was installed prior to the installation of the pipeline facility, where the  
23           installation, construction, operation, maintenance, or repair of the pipeline facility is the  
24           proximate cause of the damage to the drain tile. The operator's liability pursuant to this  
25           section shall:

- 26           (1) Continue for the life of the pipeline facility;  
27           (2) Cover full replacement costs including without limitation material, labor, and  
28           equipment; and  
29           (3) Include the reclamation and restoration of topsoil as part of any drain tile repair.

30       **Section 10. That a NEW SECTION be added to chapter 49-41B:**

1           An operator of a pipeline facility carrying carbon dioxide shall be liable for all  
2           damages resulting from the installation, construction, operation, maintenance, repair,  
3           leaks, ruptures, and other failures of the pipeline facility. The operator shall indemnify and  
4           hold the surface owner harmless from any loss, claim, or damage resulting from the  
5           installation, construction, operation, maintenance, repair, leaks, ruptures, and other  
6           failures of the pipeline facility, other than for gross negligence or willful misconduct of the  
7           surface owner.

8           In the event that the surface owner is a county, city, or other governmental unit,  
9           including governmental units chartered under S.D. Const., Art. IX, § 2, the operator's  
10          liability and indemnification requirements shall include without limitation the  
11          governmental unit's road, bridge, and other infrastructure damages.

12       **Section 11. That a NEW SECTION be added to chapter 49-41B:**

13           An operator of a pipeline facility carrying carbon dioxide must include an  
14          agricultural impact mitigation plan in its application for a permit under this chapter.

15       **Section 12. That a NEW SECTION be added to chapter 49-41B:**

16           An operator of a pipeline facility carrying carbon dioxide must offer a dispersion  
17          model into evidence before the commission. The commission may enter an order declaring  
18          such dispersion model confidential. Any order declaring a dispersion model as confidential  
19          shall be justified in specific findings, in writing or on the record.

20       **Section 13. That a NEW SECTION be added to chapter 49-41B:**

21           A land agent acting on behalf of a pipeline facility carrying carbon dioxide must be  
22          either a resident of the state or a real estate agent licensed in the state.

23       **Section 14.** Whereas, this Act is necessary for the immediate preservation of the public  
24       peace, health, or safety, an emergency is hereby declared to exist, and this Act shall be in  
25       full force and effect from and after its passage and approval.