

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

SECOND SESSION

LEGISLATIVE BILL 755

Introduced by Dierks, 40.

Read first time January 06, 2010

Committee: Natural Resources

A BILL

1 FOR AN ACT relating to natural resources; to require certain oil
2 or natural gas pipeline companies to hold landowners
3 harmless, meet certain requirements, and pay and
4 distribute an annual pipeline fee as prescribed; to
5 provide for severability; and to declare an emergency.
6 Be it enacted by the people of the State of Nebraska,

1 Section 1. After the effective date of this act:

2 (1) A pipeline company that has crude oil or natural
3 gas pipelines put into operation, interstate or intrastate, shall
4 hold harmless landowners directly affected by the pipeline from
5 liability that may result from having the pipeline pass through
6 the land of the landowners, except for intentional damage to the
7 pipeline by a landowner. The pipeline company shall procure an
8 insurance policy that lists all landowners as insured parties and
9 provides coverage for (i) the costs of any litigation entered into
10 by or against a landowner as a result of having the pipeline
11 pass through the land of the landowner and (ii) payment of any
12 damage award or settlement made as a result of litigation against a
13 landowner as a result of having the pipeline pass through the land
14 of the landowner;

15 (2) In constructing a crude oil or natural gas pipeline,
16 all topsoil reclamation shall be done according to standards of
17 the Natural Resources Conservation Service of the United States
18 Department of Agriculture for the pipeline easement and the
19 construction right-of-way. The pipeline company shall continue
20 topsoil reclamation until it is approved by an agent of the Natural
21 Resources Conservation Service; and

22 (3) All newly constructed crude oil or natural gas
23 pipelines shall be buried at a depth of five feet and the depth
24 shall be maintained at five feet by the pipeline company.

25 Sec. 2. (1) All pipeline companies that are public

1 utilities or end users of natural gas with a pipeline of eighteen
2 inches or less inside diameter and with linear pipelines of
3 two hundred miles or less and pipeline companies with crude oil
4 pipelines of two hundred miles or less of linear pipeline with a
5 pipeline of inside diameter of eighteen inches or less are exempt
6 from subsection (2) of this section.

7 (2)(a) Beginning January 1, 2011, there shall be an
8 annual oil or gas pipeline fee distributed to the State of
9 Nebraska, affected counties, affected school districts, and
10 affected landowners, paid by pipeline companies according to
11 the formula in subdivision (2)(b) of this section. The fee is
12 compensation for the right of ingress and egress of the pipeline
13 company onto the land described in the easements granted to
14 the pipeline company where the pipeline is located. Affected
15 counties, school districts, and landowners means those who after
16 the effective date of this act have a crude oil or natural gas
17 pipeline constructed on land which is part of their taxable base
18 or on land they own;

19 (b) The fee shall be based upon the units of the product,
20 crude oil determined by the barrel and natural gas determined by
21 the cubic foot. The unit price shall be based upon the New York
22 Stock Exchange average annual price. The unit price times the
23 number of units transported annually through the pipeline in the
24 State of Nebraska shall be calculated per mile or any fraction
25 of a mile determined by percentage of a mile, calculated per

1 foot. One percent of the total value of product so transported
2 in the pipeline shall be divided by two thousand and the result
3 distributed: Twenty percent paid directly to the State of Nebraska
4 for miles traversed, twenty percent paid directly to the counties
5 for miles traversed, twenty percent paid directly to the school
6 districts for miles traversed, and forty percent paid directly to
7 the landowners for miles traversed; and

8 (c) If the fee is not paid or is incorrectly paid by
9 a pipeline company, the Attorney General shall bring an action
10 against the pipeline company on the state's and all other
11 beneficiaries' behalf for recovery of the fee. The action may
12 be brought in the district court of Lancaster County or any other
13 county the pipeline passes through. If judgment is rendered on
14 behalf of the state and all other beneficiaries, the pipeline
15 company shall pay the state's attorney's fees and costs of the
16 action.

17 Sec. 3. Sections 1 and 2 of this act shall supersede any
18 existing state or local legislation on the subject.

19 Sec. 4. If any section in this act or any part of any
20 section is declared invalid or unconstitutional, the declaration
21 shall not affect the validity or constitutionality of the remaining
22 portions.

23 Sec. 5. Since an emergency exists, this act takes effect
24 when passed and approved according to law.