

Subject Short line railroad credit

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Overview

In 2023, the legislature established the short line railroad infrastructure modernization credit. The credit equals the lesser of 50 percent of an eligible railroad's expenses for railroad reconstruction or replacement, or \$3,000 per mile of track improved. The credit is nonrefundable but may be carried forward for up to five years.

H.F. 1697 would modify the credit by establishing a new credit certification and transfer process.

Summary

| Section | Description |
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| 1 | Definitions. |
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Establishes two new definitions for the credit, for purposes of the proposed certification and transfer provisions in section 2. "Credit certificate" means the credit certificate issued by the commissioner of transportation under the new language proposed in section 2. "Transfer credit certificate" means the certificate issued by the commissioner of revenue to a credit transferee.

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| 2 | Credit certificates; written agreement required; transferability. |
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Requires a taxpayer to apply to the commissioner of transportation for a credit certificate to qualify for the credit. The certificate would have to state the number of miles of qualified railroad reconstruction or replacement expenditures, and the total amount of the credit allowed to the taxpayer. The commissioner of transportation would have to provide a copy of the certificate to the commissioner of revenue.

This section would also modify the transferability provisions for this credit. Under the bill, all or a portion of the credit could be transferred prior to the initial recipient claiming it, or the entire amount of the credit carryover could be transferred.

| Section | Description |
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| | <p>In addition, the existing provision imposing liability for improperly claimed credits on the credit transferee would be stricken, and a railroad could only make one credit transfer to an eligible taxpayer once per year.</p> |
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