

SENATE BILL No. 499

By Committee on Assessment and Taxation

3-11

1 AN ACT concerning income taxation; relating to credits; providing a
2 credit for qualified railroad track maintenance expenditures of short
3 line railroads and associated industry track owners or lessees.
4

5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. (a) For taxable years 2020 through 2024, there shall be
7 allowed a credit against the tax liability imposed by the Kansas income tax
8 act in an amount equal to 50% of an eligible taxpayer's qualified railroad
9 track maintenance expenditures paid or incurred during the taxable year.

10 (b) The amount of the credit allowed each taxable year under this
11 section shall not exceed the product of \$5,000 and the number of miles of
12 railroad track owned or leased within the state of Kansas by the eligible
13 taxpayer as of the close of the taxable year. For industry track located on
14 or adjacent to a class II or class III railroad in the state of Kansas, the
15 amount of the credit allowed for each taxable year under this section shall
16 not exceed \$5,000 per industry track owned or leased within the state of
17 Kansas by the eligible taxpayer as of the close of the taxable year. A mile
18 of railroad track may be taken into account only once in each taxable year.
19 The total amount of credits allowed under this section for each taxable
20 year shall not exceed \$8,720,000.

21 (c) The credits allowed pursuant to this section that are not used by
22 the eligible taxpayer are transferable by written agreement from the
23 eligible taxpayer to subsequent transferees at any time during the five
24 years immediately following the taxable year for which the credits were
25 allowed. The eligible taxpayer originally allowed the credit and the
26 subsequent transferee must jointly file a copy of the written transfer
27 agreement with the Kansas department of revenue within 30 days of the
28 transfer. The written agreement must contain the name, address and
29 taxpayer identification number of the parties to the transfer, the amount of
30 unused credit being transferred, the taxable year the credit was originally
31 allowed to the eligible taxpayer and the taxable year or years for which the
32 credit may be claimed. The eligible taxpayer and subsequent transferee
33 shall also provide any information pertaining to the transfer as may be
34 required by the secretary of revenue to administer and carry out the
35 provisions of this section.

36 (d) Any unused credit amounts may be carried forward for up to five

1 taxable years immediately following the taxable year for which the credits
2 were allowed. The credit shall not be refundable.

3 (e) As used in this section:

4 (1) "Eligible taxpayer" means: (A) Any railroad subject to the Kansas
5 income tax act that is classified by the United States surface transportation
6 board as a class II or class III railroad, as defined in 49 C.F.R. § 1201.1-
7 1(a), as in effect on January 1, 2020; or (B) any owner or lessee of industry
8 track located on or adjacent to a class II or class III railroad in the state of
9 Kansas.

10 (2) (A) "Qualified railroad track maintenance expenditures" means
11 gross expenditures for maintenance, reconstruction or replacement of
12 railroad track, including roadbed, bridges, industrial leads and side track,
13 and related track structures to the extent the expenditures are on track
14 located in the state of Kansas and the track was owned or leased by an
15 eligible taxpayer as of January 1, 2020.

16 (B) The term "qualified railroad track maintenance expenditures"
17 does not include expenditures used to generate a federal tax credit or
18 expenditures funded by a state or federal grant.

19 (f) The secretary of revenue shall annually certify the tax credit
20 amount allowed for each eligible taxpayer. The secretary of revenue may
21 adopt rules and regulations necessary to administer the provisions of this
22 section.

23 (g) The secretary of transportation may adopt rules and regulations to
24 permit verification of the eligibility of an eligible taxpayer's expenditures
25 for purposes of the credit.

26 Sec. 2. This act shall take effect and be in force from and after its
27 publication in the statute book.