

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 61

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO INCOME TAXES; AMENDING CHAPTER 30, TITLE 63, IDAHO CODE, BY THE
2 ADDITION OF A NEW SECTION 63-3029H, IDAHO CODE, TO PROVIDE FOR A SHORT
3 LINE RAILROAD NONREFUNDABLE TAX CREDIT FOR QUALIFIED RAILROAD EXPENDI-
4 TURES, TO DEFINE TERMS, TO PROVIDE FOR LIMITED TRANSFERABILITY, AND TO
5 PROVIDE FOR AN ANNUAL REPORT; AND PROVIDING AN EFFECTIVE DATE.
6

7 Be It Enacted by the Legislature of the State of Idaho:

8 SECTION 1. That Chapter 30, Title 63, Idaho Code, be, and the same is
9 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
10 ignated as Section 63-3029H, Idaho Code, and to read as follows:

11 63-3029H. SHORT LINE RAILROAD TAX CREDIT FOR INFRASTRUCTURE INVEST-
12 MENT AND MAINTENANCE. (1) At the election of the eligible taxpayer, there
13 shall be allowed as a nonrefundable credit against the income tax imposed in
14 this chapter an amount equal to forty percent (40%) of the qualified rail-
15 road expenditures paid or incurred by an eligible taxpayer during the tax-
16 able year, provided the amount shall not exceed three thousand five hundred
17 dollars (\$3,500) multiplied by the number of miles of railroad track owned or
18 leased by the eligible taxpayer that is located partly or wholly in the state
19 of Idaho at the close of the taxable year in which the expenditures are made.

20 (2) Any qualified railroad expenditure claimed by an eligible taxpayer
21 for the tax credit authorized under this section shall not also be used to
22 claim a federal tax credit allowed under 26 U.S.C. 45G.

23 (3) As used in this section, the following terms have the following
24 meanings:

25 (a) "Eligible customer" means a person who uses class II or class III
26 short line railroads or railroad-related property, facilities, or
27 structures located wholly or partly within the state of Idaho to trans-
28 port property, commodities, or goods, or who is served by a class II or
29 class III short line railroad, or who stores railcars on the class II or
30 class III short line railroad.

31 (b) "Eligible taxpayer" means a short line railroad company that oper-
32 ates partly or wholly in the state of Idaho and is classified as a class
33 II or class III railroad carrier by the federal surface transportation
34 board.

35 (c) "Eligible vendor" means a person who provides railroad-related
36 services directly to an eligible taxpayer. "Railroad-related ser-
37 vices" includes, but is not limited to, the following: transport of
38 freight by rail; loading and unloading of freight transported by rail;
39 railroad bridge maintenance or construction; railroad track mainte-
40 nance or construction; provision of railroad track material or equip-
41 ment; locomotive or freight train car leasing or rental; maintenance
42 of a railroad's right-of-way, including vegetation control; piggyback

1 trailer ramping; rail deramping services; and freight train car repair,
2 rehabilitation, or remanufacturing repair services.

3 (d) "Person" shall have the meaning prescribed in section 63-201, Idaho
4 Code.

5 (e) "Qualified railroad expenditures" means gross expenditures,
6 whether or not chargeable to capital account, for the reconstruction,
7 replacement, maintenance, or construction of new or existing railroad
8 infrastructure, including rail track, roadbed, bridges, industrial
9 or commercial sidings and extensions of existing sidings, switches,
10 spurs, and related track structures that are owned or leased in the
11 state of Idaho as of January 1, 2020, by an eligible taxpayer, and which
12 are not claimed for a federal tax credit under 26 U.S.C. 45G. Qualified
13 railroad expenditures must be incurred on or after January 1, 2020, and
14 no later than December 31, 2024.

15 (4) Any tax credit allowed pursuant to this section may be used in the
16 calendar year in which the qualified railroad expenditures were made. If the
17 credit or any portion of the credit is not used during the year in which it is
18 earned, it may be carried forward for no more than a total of five (5) years.

19 (5) A tax credit allowed pursuant to this section may be transferred by
20 the taxpayer one (1) time to any eligible customer or eligible vendor. The
21 tax credit transfer shall use a written agreement formulated by the Idaho
22 state tax commission. The taxpayer originally allowed the tax credit and
23 the subsequent transferee shall jointly file a copy of the written credit
24 transfer agreement with the Idaho state tax commission. The agreement shall
25 include the name, address, and taxpayer identification number of each of
26 the parties to the transfer, the amount of the credit being transferred, a
27 statement that the original taxpayer shall reinvest into the eligible tax-
28 payer's business the amount received from the eligible customer or vendor
29 for the transfer, a statement that the transferee is not allowed to transfer
30 the credit to another person, the year the credit was originally allowed to
31 the transferring taxpayer, and the tax year or years for which the credit may
32 be claimed.

33 (6) The state tax commission shall promulgate rules governing the al-
34 lowance of the income tax credit provided for in this section, including pro-
35 visions for the verification of the timeliness of a claim, the process and
36 documentation required for the Idaho state tax commission to approve an in-
37 come tax credit for a qualified railroad expenditure, and any documentation
38 that the Idaho state tax commission shall require in order to determine that
39 an eligible taxpayer, eligible customer, or eligible vendor meets the re-
40 quirements of this section.

41 (7) The state tax commission shall prepare an annual report for the leg-
42 islature. The report shall be summary in form and provide the annual to-
43 tal value of tax credits approved by the state tax commission, and the types
44 of qualified railroad expenditures, as exemplified in subsection (3) (e) of
45 this section, on which the tax credits were based.

46 SECTION 2. This act shall be in full force and effect on and after Jan-
47 uary 1, 2020. This act shall not apply to any expenditures incurred on and
48 after January 1, 2025.