

SENATE BILL No. 326

By Committee on Assessment and Taxation

1-12

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 rail siding owners or lessees.
4

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

6 Section 1. (a) For taxable years 2022 through 2031, there shall be
7 allowed a credit against the tax liability imposed under the Kansas income
8 tax act in an amount equal to 50% of an eligible taxpayer's qualified
9 railroad track maintenance expenditures paid or incurred during the
10 taxable year.

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

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

1 (d) Any unused credit amounts may be carried forward for up to five
2 taxable years immediately following the taxable year for which the credits
3 were allowed. The credit shall not be refundable.

4 (e) As used in this section:

5 (1) "Eligible taxpayer" means:

6 (A) Any railroad subject to the Kansas income tax act that is
7 classified by the United States surface transportation board as a class II or
8 class III railroad, as defined in 49 C.F.R. § 1201.1-1(a), as in effect on
9 January 1, 2022; or

10 (B) any owner or lessee of rail siding located on or adjacent to a class
11 II or class III railroad in the state of Kansas.

12 (2) (A) "Qualified railroad track maintenance expenditures" means
13 gross expenditures for maintenance, reconstruction or replacement of
14 railroad track, including roadbed, bridges, industrial leads and side track,
15 and related track structures to the extent the expenditures are on track
16 located in the state of Kansas and the track was owned or leased by an
17 eligible taxpayer as of January 1, 2022.

18 (B) "Qualified railroad track maintenance expenditures" does not
19 include expenditures used to generate a federal tax credit or expenditures
20 funded by a state or federal grant.

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

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

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