

# State of South Dakota

EIGHTY-FIFTH SESSION  
LEGISLATIVE ASSEMBLY, 2010

861R0507

## HOUSE TAXATION ENGROSSED NO. **HB 1197** - 2/11/2010

**This bill has been extensively amended (hoghoused) and may no longer be consistent with the original intention of the sponsor.**

Introduced by: Representatives Feickert, Burg, Cronin, Feinstein, Frerichs, Gibson, Hunhoff (Bernie), Kirkeby, Kirschman, Lange, Lederman, Street, and Thompson and Senators Hundstad, Abdallah, Adelstein, Bartling, Kloucek, and Peterson

1 FOR AN ACT ENTITLED, An Act to revise certain provisions concerning railroad tax credits.  
2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:  
3 Section 1. That § 10-28-21.2 be amended to read as follows:  
4 10-28-21.2. Any publicly operated railroad or railway corporation operating over rail lines  
5 owned by the publicly operated railroad or railway corporation located within this state may  
6 claim a credit against the tax levied on such rail lines for amounts that the railroad or railway  
7 corporation has certified as having been expended in the replacement, improvement, and repair  
8 of such rail lines. Only those expenses of a capital nature may be certified as an expense eligible  
9 for a credit pursuant to this section. The certification required by this section shall be on forms  
10 provided by the Department of Revenue and Regulation. The labor and material expenses  
11 certified pursuant to this section shall be itemized separately by rail line and mile post locations.  
12 The credit provided in this section shall be applied proportionally across the railroad's entire  
13 mainline within this state. The credit shall be applied to tax liability over a three-year period in



1 an amount equal to thirty-three and one-third percent the first year following certification;  
2 thirty-three and one-third percent of such an amount shall carry forward into the second year  
3 following certification; and thirty-three and one-third percent shall carry forward into the third  
4 year following certification. Each year's carryover shall be accumulated as a tax credit with other  
5 years' annual tax credits. No credit may be given for ~~the~~:

6 (1) The repair or replacement of railway line necessitated by washout, fire, or train  
7 derailment. ~~No credit may be given for that;~~

8 (2) That portion of a project that is funded with state or federal grant funds or paid for  
9 by any third party. ~~If any rail line goes over ten million gross ton miles of revenue~~  
10 ~~freight per mile annually in a calendar year, the rail line may not receive a credit~~  
11 ~~pursuant to this section in the following calendar year; or~~

12 (3) Any expenses of a capital nature that are made on a segment of the rail line that  
13 exceeds ten million gross ton miles of revenue freight in the previous calendar year.