HB 1824 -- QUALIFIED RAILROAD INFRASTRUCTURE INVESTMENTS

SPONSOR: Smith (155)

Beginning January 1, 2025, eligible taxpayers may claim a nonrefundable tax credit of an amount equal to 50% for qualified railroad track expenditures, or for new qualified rail infrastructure expenditures.

Such tax credits shall not exceed the following limits:

(1) Railroad track expenditures: not to exceed an amount equal to the product of $5,000 multiplied by the number of miles of railroad track owned or leased by the state; or

(2) New rail infrastructure expenditures: not to exceed $1 million for each new rail-served customer project of an eligible taxpayer.

An eligible taxpayer shall submit a Certificate of Eligibility to the Department of Economic Development describing all qualified expenditures. If the Department determines that such expenditures do qualify for the tax credit, the Department may issue the certificate to the taxpayer.

The cumulative amount of tax credits for qualified railroad track expenditures shall not exceed $4.5 million per year. If the amount exceeds $4.5 million, the tax credits shall be distributed in the order in which they are claimed. Any unused portion of such tax credit may be carried forward up to five subsequent tax years. An eligible taxpayer who earns a tax credit may transfer all or a portion of the unused credit by written agreement to any other eligible taxpayer during the year in which the credit is earned and the five years following.

The cumulative amount of tax credits for qualified new rail infrastructure expenditures shall not exceed $10 million per tax year. If the amount exceeds $4.5 million, the tax credits shall be distributed in the order in which they are claimed.

The Department of Economic Development shall submit an annual report to the General Assembly outlining tax credit transfers that take place each calendar year. The report will include a listing of the qualified railroad track and new rail infrastructure expenditures and a summary of the investments made by each eligible taxpayer.

This bill sunsets on December 31st, six years after the effective date.

This bill is similar to HCS HB 657 (2023).