HCS HB 669 -- TAX CREDIT FOR QUALIFIED RAILROAD INFRASTRUCTURE INVESTMENTS

SPONSOR: Diehl

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Economic Development by a vote of 14 to 0. Voted "Do Pass" by the Standing Committee on Rules-Administrative by a vote of 7 to 1.

The following is a summary of the House Committee Substitute for HB 669.

Beginning January 1, 2026, 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.

The tax credits must 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 must submit a Certificate of Eligibility to the Department of Economic Development describing all qualified expenditures. If the Department determines that the 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 will not exceed $4.5 million per year. If the amount exceeds $4.5 million, the tax credits will be distributed in the order in which they are claimed. Any unused portion of the 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 must not exceed $10 million per tax year. If the amount exceeds $10 million, the tax credits will be distributed in the order in which they are claimed.

The Department of Economic Development must submit an annual report to the General Assembly outlining the qualified railroad expenditures and qualified new rail infrastructure expenditures for each eligible taxpayer, along with a summary of the investments made by the eligible taxpayer.

The bill provides that this tax credit must be considered a redevelopment tax credit.

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

This bill is similar to HB 1824 (2024) and similar to HCS HB 657 (2023).

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPONENTS: Supporters say that the bill will incentivize short line railroad development and will remove approximately 1.36 million trucks from the highway, cutting down on traffic. Supporters say this will move agricultural products to and from rural areas and to and from large lines and give opportunities to speed up work and investments in short lines. They say the bill will also help businesses that need rail service to build their own spurs and off ramps to industrial areas.

Testifying in person for the bill were Representative Diehl; Associated Industries of Missouri; Missouri Economic Development Council; Kansas City Port; Missouri Railroad Association; Joe Arbona, Missouri And Northern Arkansas Railroad; and Ryan Pidde, Mickelson And Company LLC.

OPPONENTS: No opponents testified against this bill in person.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.