

HB 2716 -- TAX CREDIT FOR QUALIFIED RAILROAD INFRASTRUCTURE INVESTMENTS

SPONSOR: Diehl

Beginning January 1, 2027, eligible taxpayers can 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 seeking this tax credit 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 can 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. 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. Any unused portion of the tax credit can be carried forward up to five subsequent tax years.

An eligible taxpayer who earns a tax credit can 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 such qualified expenditures.

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, 2032, six years after the effective date.

This bill is similar to HCS HB 669 (2025); HB 1824 (2024); and HCS HB 657 (2023).