

1 SB186
2 198087-1
3 By Senator Singleton
4 RFD: Finance and Taxation General Fund
5 First Read: 02-APR-19

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8 SYNOPSIS: This bill would provide a corporate income
9 tax credit for up to 50 percent of qualified
10 railroad reconstruction and replacement
11 expenditures by a Class II or Class III railroad.
12 The amount of the credit would be based on a dollar
13 figure times the number of miles of railroad track
14 owned or leased in the state by an eligible
15 railroad. The income tax credit would be eligible
16 to be transferred by written agreement to a
17 taxpayer subject to state corporate or individual
18 income tax. The bill would be retroactive to the
19 tax year beginning January 1, 2019.

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21 A BILL
22 TO BE ENTITLED
23 AN ACT

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25 Relating to railroad infrastructure; to authorize a
26 corporate income tax credit for eligible taxpayer for
27 qualified railroad reconstruction and replacement expenditures

1 by certain railroads; to provide for the transfer of the
2 credits under certain conditions to eligible taxpayers subject
3 to corporate or individual income tax; to provide for the
4 carryover of the tax credit; and to provide for retroactive
5 effect to January 1, 2019.

6 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

7 Section 1. Definitions. For the purpose of this act,
8 the following words have the following meanings:

9 (1) ELIGIBLE TAXPAYER. Any railroad that is
10 classified by the United States Surface Transportation Board
11 as a Class II or Class III railroad.

12 (2) ELIGIBLE TRANSFEREE. Any taxpayer subject to the
13 state corporate income tax or individual income tax, or both.

14 (3) QUALIFIED RAILROAD RECONSTRUCTION OR REPLACEMENT
15 EXPENDITURES. Expenditures for maintenance, reconstruction, or
16 replacement of railroad infrastructure by an eligible
17 taxpayer. The term includes track, roadbed, bridges,
18 industrial leads, and track-related structures owned or leased
19 by a Class II or Class III railroad as of January 1, 2019. The
20 term also includes new construction of industrial leads,
21 switches, spurs and sidings, and extensions of existing
22 sidings by a Class II or Class III railroad.

23 Section 2. (a) General provisions. For tax years
24 beginning January 1, 2019 or thereafter, a credit is allowed
25 against the state corporate income tax equal to 50 percent of
26 an eligible taxpayer's qualified railroad reconstruction or
27 replacement expenditures.

1 (b) Limitations. The amount of the credit may not
2 exceed the product of three thousand five hundred dollars
3 (\$3,500) and the number of miles of railroad track owned or
4 leased within this state by an eligible taxpayer during the
5 taxable year of the taxpayer.

6 (c) Transferability. The credits allowed pursuant to
7 this section that are not used may be transferred by written
8 agreement to subsequent transferees any time during the year
9 of qualification and for the five years following the year of
10 qualification as provided herein. The person originally
11 allowed a credit pursuant to this act and the subsequent
12 transferee shall jointly file a copy of the written transfer
13 agreement with the State Department of Revenue within 30 days
14 of the transfer. The written agreement shall contain the name,
15 address, and taxpayer identification number of the parties to
16 the transfer; the amount of credit being transferred; the year
17 the credit was originally allowed to the transferring person;
18 and the tax year or years for which the credit may be claimed.

19 (d) Carryover provisions. Any credit allowed
20 pursuant to the provisions of this section, to the extent not
21 used, may be carried over in order to each of the five years
22 following the year of qualification.

23 Section 3. This act shall have retroactive effect to
24 January 1, 2019, following its passage and approval by the
25 Governor, or its otherwise becoming law.