

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
93rd General Assembly
Regular Session, 2021

A Bill

HOUSE BILL 1456

By: Representatives Wardlaw, Christiansen, Barker, Beaty Jr., Bentley, M. Berry, S. Berry, Bragg, Brown, Cloud, Cozart, Deffenbaugh, Eaves, Evans, Fielding, V. Flowers, Fortner, Gonzales, M. Gray, Haak, Hillman, Holcomb, Jean, Jett, L. Johnson, Love, Lowery, Maddox, Magie, McClure, M. McElroy, Nicks, Payton, Richmond, Rye, Scott, Slape, Tollett, Tosh, Vaught, Watson, Womack
By: Senators Rice, Beckham, L. Chesterfield, J. English, T. Garner, Gilmore, Hill, K. Ingram, M. Johnson, Rapert, B. Sample, D. Wallace

For An Act To Be Entitled

AN ACT TO CREATE THE RAILROAD MODERNIZATION ACT OF 2021; TO ALLOW AN INCOME TAX CREDIT FOR CERTAIN RAILROAD TRACK MAINTENANCE EXPENDITURES; AND FOR OTHER PURPOSES.

Subtitle

TO CREATE THE RAILROAD MODERNIZATION ACT OF 2021; AND TO ALLOW AN INCOME TAX CREDIT FOR CERTAIN RAILROAD TRACK MAINTENANCE EXPENDITURES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code Title 26, Chapter 51, is amended to add an additional subchapter to read as follows:

Subchapter 27 – Railroad Modernization Act of 2021

26-51-2701. Title.

This subchapter shall be known and may be cited as the "Railroad Modernization Act of 2021".

26-51-2702. Definitions.



As used in this subchapter:

(1) "Eligible taxpayer" means a railroad that is classified as a Class II or Class III railroad by the United States Surface Transportation Board; and

(2) "Railroad track maintenance expenditures" means gross expenditures for maintenance, reconstruction, or replacement of railroad track, including without limitation roadbed, bridges, industrial leads and side track, and related track structures, to the extent the expenditures are on railroad track that:

(A) Is located in the state;

(B) Is owned or leased by an eligible taxpayer; and

(C) Existed as of the effective date of this act.

26-51-2703. Tax Credit – Transferability.

(a)(1) Subject to the limitation stated in subdivision (a)(2) of this section, there is allowed an income tax credit against the income tax imposed by this chapter in an amount equal to fifty percent (50%) of an eligible taxpayer's railroad track maintenance expenditures.

(2) The amount of the income tax credit allowed an eligible taxpayer under this subsection shall not exceed the product of:

(A) Five thousand dollars (\$5,000); and

(B) The number of miles of railroad track owned or leased within the state by the eligible taxpayer at the close of the taxable year.

(b) The amount of the income tax credit under this section that may be claimed by a taxpayer in a tax year shall not exceed the amount of income tax due by the taxpayer.

(c) Any unused income tax credit under this section may be carried forward for five (5) consecutive tax years following the tax year in which the income tax credit was earned.

(d)(1) The income tax credit allowed under this section may be transferred:

(A) By written agreement to a taxpayer subject to the income tax imposed by this chapter; and

(B) At any time during the five (5) years following the year the income tax credit was originally earned by the eligible taxpayer.

(2) The written agreement required for a transfer under this

subsection shall:

(A) Be filed jointly by the transferor and the transferee with the Department of Finance and Administration within thirty (30) days of the transfer; and

(B) Contain the following information:

(i) The name, address, and taxpayer identification number for the transferor and the transferee;

(ii) The amount of the income tax credit being transferred;

(iii) The year the income tax credit was originally earned by the eligible taxpayer under this section; and

(iv) The remaining tax years for which the income tax credit may be claimed.

26-51-2704. Rules.

(a) The Department of Finance and Administration may adopt rules to implement and administer this subchapter and to enable the certification of the income tax credit amount earned by each eligible taxpayer.

(b) The Department of Commerce shall adopt rules to:

(1) Permit verification of an eligible taxpayer's railroad track maintenance expenditures for purposes of claiming the income tax credit allowed under this subchapter;

(2) Provide for the approval of railroad track maintenance expenditures before a project commences; and

(3)(A) Provide for a certificate of verification upon the completion of a project that uses railroad track maintenance expenditures.

(B) The certificate of verification provided for by rule under this subsection shall satisfy all requirements of the Department of Finance and Administration pertaining to the eligibility of the person claiming an income tax credit under this subchapter.

SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective for tax years beginning on or after January 1, 2021.