

1 SB185
2 197915-1
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 allow a tax credit against
9 the state income tax of an eligible taxpayer's
10 qualified railroad reconstruction or replacement
11 expenditures, which includes the maintenance,
12 reconstruction, or replacement of railroad
13 infrastructure within the state that is owned or
14 leased by the eligible taxpayer.

15 This bill would allow an eligible taxpayer
16 who receives the tax credit to transfer the tax
17 credit under certain conditions.

18
19 A BILL
20 TO BE ENTITLED
21 AN ACT
22

23 Relating to tax credits; to create The Railroad
24 Modernization Act of 2019; to authorize a tax credit against
25 the state income tax of an eligible taxpayer's qualified
26 railroad reconstruction or replacement expenditures; and to
27 authorize the transfer of the credit.

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. This act shall be known and may be cited
3 as The Railroad Modernization Act of 2019.

4 Section 2. (a) As used in this act, the following
5 words shall have the following meanings:

6 (1) ELIGIBLE TAXPAYER. A railroad that is classified
7 by the United States Surface Transportation Board as a Class
8 II or Class III railroad.

9 (2) ELIGIBLE TRANSFEREE. A taxpayer subject to the
10 state income tax who is transferred the tax credit allowed
11 under subsection (b) by an eligible taxpayer.

12 (3) QUALIFIED RAILROAD OR REPLACEMENT EXPENDITURES.
13 Expenditures within the taxable year for the maintenance,
14 reconstruction, or replacement of railroad infrastructure
15 within the state that is owned or leased by an eligible
16 taxpayer. The term includes new construction of industrial
17 leads, switches, spurs, sidings, and extensions of existing
18 sidings by an eligible taxpayer.

19 (4) RAILROAD INFRASTRUCTURE. Includes, but is not
20 limited to, the track, roadbed, bridges, industrial leads, and
21 track-related structures owned or leased by an eligible
22 taxpayer.

23 (b) For tax years beginning after December 31, 2019,
24 there is a credit allowed against the state income tax equal
25 to 50 percent of an eligible taxpayer's qualified railroad
26 reconstruction or replacement expenditures. Where the taxes
27 owed by the eligible taxpayer are less than the tax credit,

1 the eligible taxpayer may not be entitled to claim a refund
2 for the difference.

3 (c) The income tax credit allowed under this section
4 may not exceed three thousand five hundred dollars (\$3,500)
5 multiplied by the number of miles of railroad track owned or
6 leased within the state by the eligible taxpayer at the close
7 of the taxable year.

8 (d) (1) All or any portion of the income tax credit
9 authorized under this section may be transferable and
10 assignable by written transfer agreement and subject to any
11 notice and verification requirements to be determined by the
12 Department of Revenue. Once a credit is transferred, only the
13 transferee may utilize the credit and the credit may not be
14 transferred again. An eligible transferee of the credit may
15 use the amount of credits transferred to offset any income
16 tax.

17 (2) The Department of Revenue, by rule, shall adopt
18 a written transfer agreement form. The written transfer
19 agreement form must contain the name, address, and taxpayer
20 identification number of the parties to the transfer; the
21 amount of credit being transferred; the year the credit was
22 originally allowed to the eligible taxpayer; and the tax year
23 or years for which the credit is claimed.

24 (3) The eligible taxpayer allowed the credit under
25 this section and the subsequent eligible transferee shall
26 jointly file a copy of the written transfer agreement with the

1 Department of Revenue within 30 days of the transfer in order
2 for the agreement to be valid.

3 (4) For each transfer, the transferor shall file
4 with the Department of Revenue all of the following:

5 a. A completed transfer statement form.

6 b. A copy of the tax credit certificate issued by
7 the eligible taxpayer documenting the amount of tax credits
8 which the transferor intends to transfer.

9 c. A copy of the proposed written transfer
10 agreement.

11 d. A transfer fee payable to the Department of
12 Revenue in the amount of one thousand dollars (\$1,000).

13 (e) Any portion of the credit allowed under this
14 section that is not used following the tax year of
15 qualification may be carried over by the eligible taxpayer to
16 any of the five tax years subsequent to the year of
17 qualification.

18 (f) The income tax credit allowed under this section
19 that is granted to a partnership, limited liability company, S
20 corporation, trust, or estate, shall be claimed at the entity
21 level and shall not pass through to the partners, members, or
22 owners.

23 Section 3. This act shall become effective on the
24 first day of the third month following its passage and
25 approval by the Governor, or its otherwise becoming law.