

1 SB291
2 199319-1
3 By Senator Singleton
4 RFD: Finance and Taxation Education
5 First Read: 16-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 and would sunset
18 the tax credit in five years.

19
20 A BILL
21 TO BE ENTITLED
22 AN ACT

23
24 Relating to tax credits; to create The Railroad
25 Modernization Act of 2019; to authorize a tax credit against
26 the state income tax of an eligible taxpayer's qualified

1 railroad reconstruction or replacement expenditures; and to
2 authorize the transfer of the credit.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

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

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

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

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

25 (b) For tax years beginning after December 31, 2019,
26 there is a credit allowed against the state income tax equal
27 to 50 percent of an eligible taxpayer's qualified railroad

1 reconstruction or replacement expenditures. Where the taxes
2 owed by the eligible taxpayer are less than the tax credit,
3 the eligible taxpayer may not be entitled to claim a refund
4 for the difference.

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

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

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

26 (3) The eligible taxpayer allowed the credit under
27 this section and the subsequent eligible transferee shall

1 jointly file a copy of the written transfer agreement with the
2 Department of Revenue within 30 days of the transfer in order
3 for the agreement to be valid.

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

6 a. A completed transfer statement form.

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

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

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

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

19 (f) The income tax credit allowed under this section
20 that is granted to a partnership, limited liability company, S
21 corporation, trust, or estate, shall be claimed at the entity
22 level and may pass through to the partners, members, or
23 owners.

24 (g) The Department of Revenue shall report annually
25 to the Legislature the total number of credits claimed and the
26 total amount of credits claimed during the year. The report

1 shall be due on the fifth legislative day of each regular
2 session.

3 (h) The tax credit allowed under this section shall
4 be effective for the 2019 tax year and shall continue through
5 the 2023 tax year, unless extended by act of the Legislature.

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