

**HOUSE BILL No. 2460**

By Committee on Taxation

1-21

1 AN ACT concerning income taxation; relating to credits; providing a  
2 credit for qualified railroad track maintenance expenditures of short  
3 line railroads.

4  
5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. (a) For taxable years 2020 through 2024, there shall be  
7 allowed a credit against the tax liability imposed by the Kansas income tax  
8 act in an amount equal to 50% of an eligible taxpayer's qualified railroad  
9 track maintenance expenditures paid or incurred during the taxable year.

10 (b) The amount of the credit allowed each taxable year under this  
11 section shall not exceed the product of \$5,000 and the number of miles of  
12 railroad track owned or leased within the state of Kansas by the eligible  
13 taxpayer as of the close of the taxable year. A mile of railroad track may be  
14 taken into account only once in each taxable year. The total amount of  
15 credits allowed under this section for each taxable year shall not exceed  
16 \$8,720,000.

17 (c) The credits allowed pursuant to this section that are not used by  
18 the eligible taxpayer are transferable by written agreement from the  
19 eligible taxpayer to subsequent transferees at any time during the five  
20 years immediately following the taxable year for which the credits were  
21 allowed. The eligible taxpayer originally allowed the credit and the  
22 subsequent transferee must jointly file a copy of the written transfer  
23 agreement with the Kansas department of revenue within 30 days of the  
24 transfer. The written agreement must contain the name, address and  
25 taxpayer identification number of the parties to the transfer, the amount of  
26 unused credit being transferred, the taxable year the credit was originally  
27 allowed to the eligible taxpayer and the taxable year or years for which the  
28 credit may be claimed. The eligible taxpayer and subsequent transferee  
29 shall also provide any information pertaining to the transfer as may be  
30 required by the secretary of revenue to administer and carry out the  
31 provisions of this section.

32 (d) Any unused credit amounts may be carried forward for up to five  
33 taxable years immediately following the taxable year for which the credits  
34 were allowed. The credit shall not be refundable.

35 (e) As used in this section:

36 (1) "Eligible taxpayer" means any railroad subject to the Kansas

1 income tax act that is classified by the United States surface transportation  
2 board as a class II or class III railroad as defined in 49 C.F.R. § 1201.1-  
3 1(a), as in effect on January 1, 2020; and

4 (2) "qualified railroad track maintenance expenditures" means gross  
5 expenditures for maintenance, reconstruction or replacement of railroad  
6 track, including roadbed, bridges, industrial leads and side track, and  
7 related track structures to the extent the expenditures are on track located  
8 in the state of Kansas and the track was owned or leased by an eligible  
9 taxpayer as of January 1, 2020.

10 (f) The secretary of revenue shall annually certify the tax credit  
11 amount allowed for each eligible taxpayer. The secretary of revenue may  
12 adopt rules and regulations necessary to administer the provisions of this  
13 section.

14 (g) The secretary of transportation may adopt rules and regulations to  
15 permit verification of the eligibility of an eligible taxpayer's expenditures  
16 for purposes of the credit.

17 Sec. 2. This act shall take effect and be in force from and after its  
18 publication in the statute book.