

KANSAS OFFICE of
REVISOR of STATUTES

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MEMORANDUM

To: Madam Chairperson and Members of the Committee on Assessment and Taxation
From: Office of Revisor of Statutes
Date: January 18, 2022
Subject: Senate Bill No. 326

Summary

Senate Bill No. 326 provides an income tax credit for qualified railroad track maintenance expenditures of short line railroads and associated rail siding owners or lessees.

The bill would allow an income tax credit for tax years 2022 through 2031 in an amount equal to 50% of an eligible taxpayer's qualified railroad track maintenance expenditures paid or incurred during the tax year. The amount of the credit allowed each year shall not exceed the product of \$5,000 and the number of miles of railroad track owned or leased by the eligible taxpayer. For rail siding adjacent to a class II or class III railroad, the amount of the credit allowed each year shall not exceed \$5,000 per rail siding owned or leased. The total amount of credits allowed for each tax year shall not exceed \$8,720,000. Any unused credit amounts may be carried forward for up to five tax years. The credit is not refundable. The credit is transferable.

"Eligible taxpayer" means:

“(A) Any railroad subject to the Kansas income tax act that is classified by the United States surface transportation board as a class II or class III railroad, as defined in 49 C.F.R. § 1201.1-1(a), as in effect on January 1, 2022; or
(B) any owner or lessee of rail siding located on or adjacent to a class II or class III railroad in the state of Kansas.”

"Qualified railroad track maintenance expenditures" means "gross expenditures for maintenance, reconstruction or replacement of railroad track, including roadbed, bridges, industrial leads and side track, and related track structures to the extent the expenditures are on track located in the state of Kansas and the track was owned or leased by an eligible taxpayer as of January 1, 2022." Expenditures used to generate a federal tax credit or expenditures funded by a state or federal grant are excluded.

The secretary of revenue would have the authority to adopt rules and regulations necessary to administer the provisions.

The secretary of transportation would have the authority to adopt rules and regulations to permit verification of the eligibility of an eligible taxpayer's expenditures for purposes of the credit.

The bill would take effect from and after its publication in the statute book.