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MEMORANDUM

To: Members of the House Committee on Taxation

From: Adam Siebers, Assistant Revisor

Date: March 16, 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 to either an eligible customer or eligible vender.

The Secretary of Revenue would have the authority to adopt rules and regulations necessary to administer the provisions of the credit.

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.