

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 375

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO INCOME TAXES; AMENDING CHAPTER 30, TITLE 63, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 63-3029H, IDAHO CODE, TO PROVIDE FOR A SHORT LINE RAILROAD NONREFUNDABLE TAX CREDIT FOR QUALIFIED RAILROAD EXPENDITURES, TO PROVIDE FOR TRANSFERABILITY AND TO DEFINE TERMS; AND PROVIDING AN EFFECTIVE DATE AND PROVIDING A SUNSET DATE.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Chapter 30, Title 63, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW SECTION, to be known and designated as Section 63-3029H, Idaho Code, and to read as follows:

63-3029H. SHORT LINE RAILROAD TAX CREDIT FOR INFRASTRUCTURE INVESTMENT AND MAINTENANCE. (1) At the election of the eligible taxpayer, there shall be allowed as a nonrefundable credit against the income tax imposed in this chapter an amount equal to fifty percent (50%) of the qualified railroad expenditures paid or incurred by an eligible taxpayer during the taxable year, provided the amount shall not exceed three thousand five hundred dollars (\$3,500) multiplied by the number of miles of railroad track owned or leased by the eligible taxpayer that is located partly or wholly in the state of Idaho at the close of the taxable year in which the expenditures are made.

(2) As used in this section, the following terms have the following meanings:

(a) "Eligible customer" means a person who uses class II or class III short line railroads or railroad-related property, facilities or structures located wholly or partly within the state of Idaho to directly or indirectly transport property, commodities or goods, or who is served by a class II or class III short line railroad, or who stores railcars on the class II or class III short line railroad.

(b) "Eligible taxpayer" means a short line railroad company that operates partly or wholly in the state of Idaho and is classified as a class II or class III railroad carrier by the federal surface transportation board.

(c) "Eligible vendor" means a person who provides railroad-related services directly to an eligible taxpayer. "Railroad-related services" includes, but is not limited to, the following: transport of freight by rail; loading and unloading of freight transported by rail; railroad bridge services; railroad track construction; provision of railroad track material or equipment; locomotive or freight train car leasing or rental; maintenance of a railroad's right-of-way, including vegetation control; piggyback trailer ramping; rail deramping services; and freight train car repair, rehabilitation or remanufacturing repair services.

1 (d) "Person" shall have the meaning prescribed in section 63-201, Idaho  
2 Code.

3 (e) "Qualified railroad expenditures" means gross expenditures,  
4 whether or not chargeable to capital account, for the reconstruction,  
5 replacement, maintenance or construction of new or existing railroad  
6 infrastructure, including rail track, roadbed, bridges, industrial or  
7 commercial sidings and extensions of existing sidings, switches, spurs  
8 and related track structures that are owned or leased in the state of  
9 Idaho as of January 1, 2019, by an eligible taxpayer. Qualified rail-  
10 road expenditures must be incurred on or after January 1, 2019, and no  
11 later than December 31, 2023.

12 (3) Any tax credit allowed pursuant to this section, but not used in the  
13 calendar year in which the qualified railroad expenditures were made, may  
14 be carried forward for no more than five (5) years immediately following the  
15 year that the credit was allowed.

16 (4) The tax credit authorized by this section shall be transferable by  
17 written agreement to any eligible customer or eligible vendor at any time  
18 during the five (5) years following the year of the qualified railroad ex-  
19 penditures. The taxpayer originally allowed the tax credit and the subse-  
20 quent transferee shall jointly file a copy of the written credit transfer  
21 agreement with the Idaho state tax commission. The agreement shall include  
22 the name, address and taxpayer identification number of the parties to the  
23 transfer, the amount of the credit being transferred, the year the credit was  
24 originally allowed to the transferring taxpayer and the tax year or years for  
25 which the credit may be claimed.

26 (5) The Idaho state tax commission shall promulgate rules governing the  
27 allowance of the income tax credit provided for in this section, including  
28 provisions for the verification of the timeliness of a claim, the process  
29 and documentation required for the Idaho state tax commission to approve an  
30 income tax credit for a qualified railroad expenditure, and any documenta-  
31 tion that the Idaho state tax commission shall require in order to determine  
32 that an eligible taxpayer, eligible customer or eligible vendor meets the  
33 requirements of this section.

34 SECTION 2. This act shall be in full force and effect on and after Jan-  
35 uary 1, 2019. This act shall not apply to any expenditures incurred on and  
36 after January 1, 2024.