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

Be it enacted by the Legislature of the State of Kansas:

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

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

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

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

(e) As used in this section:

(1) "Eligible taxpayer" means 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, 2020; and

(2) "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, 2020.

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

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

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