AN ACT concerning income taxation; relating to credits; providing a
credit for qualified railroad track maintenance expenditures of short
line railroads and associated industry track owners or lessees.

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. For industry track located on
or adjacent to a class II or class III railroad in the state of Kansas, the
amount of the credit allowed for each taxable year under this section shall
not exceed $5,000 per industry 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: (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, 2020; or (B) any owner or lessee of industry track located on or adjacent to a class II or class III railroad in the state of Kansas.

(2) (A) "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.

(B) The term "qualified railroad track maintenance expenditures" does not include expenditures used to generate a federal tax credit or expenditures funded by a state or federal grant.

(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.