

1 State of Arkansas  
2 93rd General Assembly  
3 Regular Session, 2021

# A Bill

HOUSE BILL 1456

4  
5 By: Representatives Wardlaw, Christiansen, Barker, Beaty Jr., Bentley, M. Berry, S. Berry, Bragg,  
6 Brown, Cloud, Cozart, Deffenbaugh, Eaves, Evans, Fielding, V. Flowers, Fortner, Gonzales, M. Gray,  
7 Haak, Hillman, Holcomb, Jean, Jett, L. Johnson, Love, Lowery, Maddox, Magie, McClure, M. McElroy,  
8 Nicks, Payton, Richmond, Rye, Scott, Slape, Tollett, Tosh, Vaught, Watson, Womack  
9 By: Senators Rice, Beckham, L. Chesterfield, J. English, T. Garner, Gilmore, Hill, K. Ingram, M.  
10 Johnson, Rapert, B. Sample, D. Wallace

## For An Act To Be Entitled

11  
12 AN ACT TO CREATE THE RAILROAD MODERNIZATION ACT OF  
13 2021; TO ALLOW AN INCOME TAX CREDIT FOR CERTAIN  
14 RAILROAD TRACK MAINTENANCE EXPENDITURES; AND FOR  
15 OTHER PURPOSES.  
16

## Subtitle

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19 TO CREATE THE RAILROAD MODERNIZATION ACT  
20 OF 2021; AND TO ALLOW AN INCOME TAX  
21 CREDIT FOR CERTAIN RAILROAD TRACK  
22 MAINTENANCE EXPENDITURES.  
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26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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28 SECTION 1. Arkansas Code Title 26, Chapter 51, is amended to add an  
29 additional subchapter to read as follows:

30 Subchapter 27 – Railroad Modernization Act of 2021

31  
32 26-51-2701. Title.

33 This subchapter shall be known and may be cited as the "Railroad  
34 Modernization Act of 2021".

35  
36 26-51-2702. Definitions.



1 As used in this subchapter:

2 (1) "Eligible taxpayer" means a railroad that is classified as a  
 3 Class II or Class III railroad by the United States Surface Transportation  
 4 Board; and

5 (2) "Railroad track maintenance expenditures" means gross  
 6 expenditures for maintenance, reconstruction, or replacement of railroad  
 7 track, including without limitation roadbed, bridges, industrial leads and  
 8 side track, and related track structures, to the extent the expenditures are  
 9 on railroad track that:

10 (A) Is located in the state;

11 (B) Is owned or leased by an eligible taxpayer; and

12 (C) Existed as of the effective date of this act.

13  
 14 26-51-2703. Tax Credit – Transferability.

15 (a)(1) Subject to the limitation stated in subdivision (a)(2) of this  
 16 section, there is allowed an income tax credit against the income tax imposed  
 17 by this chapter in an amount equal to fifty percent (50%) of an eligible  
 18 taxpayer's railroad track maintenance expenditures.

19 (2) The amount of the income tax credit allowed an eligible  
 20 taxpayer under this subsection shall not exceed the product of:

21 (A) Five thousand dollars (\$5,000); and

22 (B) The number of miles of railroad track owned or leased  
 23 within the state by the eligible taxpayer at the close of the taxable year.

24 (b) The amount of the income tax credit under this section that may be  
 25 claimed by a taxpayer in a tax year shall not exceed the amount of income tax  
 26 due by the taxpayer.

27 (c) Any unused income tax credit under this section may be carried  
 28 forward for five (5) consecutive tax years following the tax year in which  
 29 the income tax credit was earned.

30 (d)(1) The income tax credit allowed under this section may be  
 31 transferred:

32 (A) By written agreement to a taxpayer subject to the  
 33 income tax imposed by this chapter; and

34 (B) At any time during the five (5) years following the  
 35 year the income tax credit was originally earned by the eligible taxpayer.

36 (2) The written agreement required for a transfer under this

1 subsection shall:

2 (A) Be filed jointly by the transferor and the transferee  
 3 with the Department of Finance and Administration within thirty (30) days of  
 4 the transfer; and

5 (B) Contain the following information:

6 (i) The name, address, and taxpayer identification  
 7 number for the transferor and the transferee;

8 (ii) The amount of the income tax credit being  
 9 transferred;

10 (iii) The year the income tax credit was originally  
 11 earned by the eligible taxpayer under this section; and

12 (iv) The remaining tax years for which the income  
 13 tax credit may be claimed.

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 15 26-51-2704. Rules.

16 (a) The Department of Finance and Administration may adopt rules to  
 17 implement and administer this subchapter and to enable the certification of  
 18 the income tax credit amount earned by each eligible taxpayer.

19 (b) The Department of Commerce shall adopt rules to:

20 (1) Permit verification of an eligible taxpayer's railroad track  
 21 maintenance expenditures for purposes of claiming the income tax credit  
 22 allowed under this subchapter;

23 (2) Provide for the approval of railroad track maintenance  
 24 expenditures before a project commences; and

25 (3)(A) Provide for a certificate of verification upon the  
 26 completion of a project that uses railroad track maintenance expenditures.

27 (B) The certificate of verification provided for by rule  
 28 under this subsection shall satisfy all requirements of the Department of  
 29 Finance and Administration pertaining to the eligibility of the person  
 30 claiming an income tax credit under this subchapter.

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 32 SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective for tax  
 33 years beginning on or after January 1, 2021.