

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005
4
5 By: Senator G. Jeffress
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A Bill

SENATE BILL 1026

For An Act To Be Entitled

9 AN ACT TO CREATE THE RAILROAD MODERNIZATION ACT
10 OF 2005; TO ESTABLISH AN INCOME TAX CREDIT FOR
11 QUALIFIED RAILROAD RECONSTRUCTION OR REPLACEMENT
12 EXPENDITURES; AND FOR OTHER PURPOSES.
13

Subtitle

15 TO CREATE THE RAILROAD MODERNIZATION ACT
16 OF 2005; AND TO ESTABLISH AN INCOME TAX
17 CREDIT FOR QUALIFIED RAILROAD
18 RECONSTRUCTION OR REPLACEMENT
19 EXPENDITURES.
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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24 SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 5 is amended
25 to add an additional section to read as follows:

26 26-51-512.

27 (a) This section shall be known as the "Railroad Modernization Act of
28 2005".

29 (b) As used in this section:

30 (1) "Class II or Class III railroad" means a railroad that is
31 classified by the United States Surface Transportation Board as a Class II or
32 Class III railroad;

33 (2) "Eligible taxpayer" means any Class II or Class III
34 railroad; and

35 (3) "Qualified railroad reconstruction or replacement
36 expenditures" means expenditures for reconstruction or replacement of



1 railroad infrastructure, including track, roadbed, bridges, industrial leads,
2 and track-related structures owned or leased by a Class II or Class III
3 railroad as of January 1, 2006.

4 (c)(1) For tax years beginning on and after January 1, 2006, a credit
5 shall be allowed against the income tax imposed by the Income Tax Act of
6 1929, § 26-51-101 et seq. in an amount equal to fifty percent (50%) of an
7 eligible taxpayer's qualified railroad reconstruction or replacement
8 expenditures.

9 (2) The amount of the credit for any tax year shall not exceed
10 the total of two thousand dollars (\$2,000) multiplied by the number of miles
11 of railroad track owned or leased within the State of Arkansas by the
12 eligible taxpayer at the close of the tax year.

13 (3) Any credits not used within any tax year may be carried over
14 for five (5) consecutive tax years following the tax year that the credit was
15 earned.

16 (d)(1) The credit allowed under this section shall be transferable by
17 written agreement to subsequent transferees at any time during the five (5)
18 years following the year the credit was earned.

19 (2) An eligible taxpayer that has earned a credit under this
20 section may transfer the credit in writing to an eligible transferee.

21 (3)(A) The eligible taxpayer and the eligible transferee shall
22 jointly file a copy of the written credit transfer agreement with the
23 Director of the Department of Finance and Administration within thirty (30)
24 days of the credit transfer.

25 (B) The written credit transfer agreement shall contain:

26 (i) The name of the parties to the transfer;

27 (ii) The amount of the credit transferred;

28 (iii) The tax year that the credit was originally
29 earned by the eligible taxpayer; and

30 (iv) The tax year or years in which the credit may
31 be claimed.

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