

State of Arkansas
87th General Assembly
Regular Session, 2009

A Bill

HOUSE BILL 2001

By: Representative Carroll

For An Act To Be Entitled

AN ACT TO ENCOURAGE THE EXPANSION OF ARKANSAS'S
RAILROAD FREIGHT SYSTEM INFRASTRUCTURE CAPACITY
THROUGH AN INCOME TAX CREDIT; TO MEET ARKANSAS'S
INCREASING RAILROAD FREIGHT TRANSPORTATION NEEDS;
AND FOR OTHER PURPOSES.

Subtitle

THE RAILROAD FREIGHT SYSTEM
INFRASTRUCTURE CAPACITY EXPANSION ACT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. The General Assembly finds:

(1) Businesses are increasingly relying on just-in-time delivery of goods through the nation's antiquated railroad freight system;

(2) Transportation demand is surpassing the capacity of the nation's railroad freight system;

(3) The United States Department of Transportation and the American Association of State Highway and Transportation Officials are predicting an increase of nearly seventy percent (70%) in the amount of railroad freight system traffic;

(4) Railroads are investing record amounts in their railroad freight systems, but it is not enough investment to take advantage of the railroads' potential to meet our railroad freight transportation needs;

(5) Without tax incentives, many railroad freight system projects that would otherwise improve the ability of our nation's farms and businesses to function properly will be delayed or not completed at all; and



1 (6) An income tax incentive for railroad freight system infrastructure
 2 capacity expansions would help bridge the funding gap and produce benefits
 3 that would far exceed the cost of the incentive.

4
 5 SECTION 2. Arkansas Code Title 26, Chapter 51, Subchapter 5 is amended
 6 to add an additional section to read as follows:

7 26-51-513. Railroad Freight System Infrastructure Capacity Expansion
 8 Act.

9 (a) This section shall be known as the "Railroad Freight System
 10 Infrastructure Capacity Expansion Act".

11 (b) An income tax credit is allowed against the income tax imposed by
 12 the Income Tax Act of 1929, § 26-51-101 et seq. in an amount equal to twenty-
 13 five percent (25%) of a taxpayer's railroad freight system capital
 14 expenditures used to:

15 (1) Build new railroad freight system infrastructure property
 16 where railroad freight system infrastructure does not currently exist; and

17 (2) Increase the locomotive horsepower capacity of a railroad's
 18 fleet.

19 (c) Capital expenditures that qualify for the tax credit under this
 20 section include::

21 (1) Adding new track to existing right-of-way, such as a second
 22 main line;

23 (2) Adding or extending new sidings on existing rights-of-way;

24 (3) Constructing new intermodal or new transload facilities;

25 (4) Incorporating new technology in an expansion of the railroad
 26 freight system, including new high-tech signals;

27 (5) Railroad grading or tunnel boring, including elevated and
 28 submerged structures;

29 (6) Terminals, railyards, roadway buildings, fuel stations, and
 30 railroad wharves and docks;

31 (7) Fixtures and equipment used exclusively in terminals,
 32 railyards, roadway buildings, fuel stations, and railroad wharves and docks;

33 (8) Railroad signals, railroad communication, or other railroad
 34 operating systems, including components of the systems that are installed on
 35 locomotives or other rolling stock;

36 (9) Intermodal transfer or transload facilities or terminals;

1 and

2 (10) Equipment used exclusively for the intermodal transfer or
3 transload facilities or terminals.

4 (d) A taxpayer who claims an income tax credit under this section
5 shall not claim any other state tax credit or deduction for a railroad
6 freight system capital expenditure.

7
8 SECTION 2. Effective date. This act is effective for tax years
9 beginning on or after January 1, 2009.