

House Bill 735

By: Representatives Bentley of the 139th, Powell of the 171st, Jackson of the 128th, Dickey of the 140th, Tanner of the 9th, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated,
2 relating to the imposition, rate, and computation of and exemptions from state income taxes,
3 so as to create an income tax credit for expenditures on the maintenance of railroad track
4 owned or leased by a Class III railroad; to provide for rules and regulations related to such
5 income tax credit; to provide for certain conditions and limitations; to require annual
6 reporting of certain statistics related to such credit; to provide for definitions; to provide for
7 an effective date and applicability; to repeal conflicting laws; and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to the
11 imposition, rate, and computation of and exemptions from state income taxes, is amended
12 by adding a new Code section to read as follows:

13 "48-7-40.34.

14 (a) As used in this Code section, the term:

15 (1) 'Class III railroad' means a rail carrier classified as a Class III railroad by the United
16 States Surface Transportation Board in accordance with Section 1-1 of 49 C.F.R. 1201,
17 as it existed on January 1, 2018.

18 (2) 'Eligible taxpayer' means:

19 (A) A Class III railroad; or

20 (B) Any person who transports property using the rail facilities of a Class III railroad
21 or who furnishes railroad related property or services to a Class III railroad, but only
22 with respect to miles of railroad track assigned to such person by such Class III railroad
23 in accordance with subsection (d) of this Code section.

24 (3) 'Qualified railroad track maintenance expenditures' means gross expenditures for
25 maintaining railroad track, including roadbed, bridges, and related track structures, owned
26 or leased as of January 1, 2018, by a Class III railroad.

27 (b) An eligible taxpayer shall be given a credit against the tax imposed under this article
 28 for a taxable year in the amount of 50 percent of the qualified railroad track maintenance
 29 expenditures paid or incurred by an eligible taxpayer during the taxable year, provided that
 30 such credit shall not exceed \$3,500.00 multiplied by each mile of railroad track owned or
 31 leased as of the close of the taxable year by the eligible taxpayer that is a Class III railroad
 32 plus the number of miles of railroad track assigned for purposes of this Code section to the
 33 eligible taxpayer that is not a Class III railroad by a Class III railroad which owns or leases
 34 such railroad track as of the close of the taxable year.

35 (c)(1) If a credit is given under this Code section with respect to any railroad track, the
 36 basis of such railroad track shall be reduced by the amount of the credit so allowed.

37 (2) The credit given by this Code section shall only be allowed once for each mile of
 38 railroad track.

39 (3) The credit given by this Code section for a taxable year shall not:

40 (A) Exceed the eligible taxpayer's tax liability under this article; or

41 (B) Be applied against any preceding or succeeding tax years' liabilities.

42 (d) With respect to any assignment of a mile of railroad track:

43 (1) Such assignment may be made only once per taxable year and shall be treated as
 44 made as of the close of such taxable year;

45 (2) Such mile of railroad track shall not be taken into account under this Code section
 46 by such assigning railroad for such taxable year; and

47 (3) Such assignment shall be taken into account for the taxable year of the assignee
 48 which includes the date that such assignment is treated as effective.

49 (e) On or before September 1 of 2020 and annually thereafter, the commissioner shall
 50 issue a report to the chairpersons of the Senate Finance Committee and the House
 51 Committee on Ways and Means concerning the tax credit created by this Code section,
 52 which shall include the following statistics for the preceding taxable year:

53 (1) The total number of eligible taxpayers that claimed a credit provided by this Code
 54 section; and

55 (2) The number and total value of all credits earned and all credits applied during such
 56 tax year pursuant to this Code section.

57 (f) The commissioner shall promulgate such forms, rules, and regulations as are necessary
 58 to implement and administer the provisions of this Code section."

59 **SECTION 2.**

60 This Act shall become effective upon its approval by the Governor or upon its becoming law
 61 without such approval and shall be applicable to taxable years beginning on or after
 62 January 1, 2019.

63

SECTION 3.

64 All laws and parts of laws in conflict with this Act are repealed.