

The Senate Committee on Finance offered the following substitute to HB 1070:

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 income tax imposition, rate, computation, exemptions, and credits, so as to  
3 increase and extend an income tax credit for expenditures on the maintenance of railroad  
4 track owned or leased by Class III railroads; to provide for related matters; to repeal  
5 conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to  
9 income tax imposition, rate, computation, exemptions, and credits, is amended by revising  
10 Code Section 48-7-40.34, relating to tax credit for Class III railroads and reporting, as  
11 follows:

12 "48-7-40.34.

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

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

17 (2) 'Qualified railroad track maintenance expenditures' means gross expenditures for  
18 maintaining railroad track, including roadbed, bridges, and related track structures, owned  
19 or leased as of January 1, 2018, by a Class III railroad. Such term shall not include  
20 expenditures used to qualify for a federal tax credit or expenditures funded by a state or  
21 federal grant.

22 (b) A Class III railroad shall be given a credit against the tax imposed under this article for  
23 a taxable year in the amount of 50 percent of the qualified railroad track maintenance  
24 expenditures paid or incurred by such Class III railroad during the taxable year, provided  
25 that such credit shall not exceed ~~\$3,500.00~~ \$5,000.00 multiplied by each mile of railroad  
26 track owned or leased in this state as of the close of the taxable year by such Class III  
27 railroad.

28 (c)(1) The credit given under this Code section shall only be allowed once for each mile  
29 of railroad track in each taxable year.

30 (2) Such credit shall be given for each taxable year beginning on or after  
31 January 1, 2019, and ending on or before ~~December 30, 2026~~ December 31, 2027, in  
32 which the conditions of this Code section have been met.

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

35 (e)(1) The tax credits given to a Class III railroad by this Code section that are not used  
36 by such Class III railroad shall be freely assignable one time between January 1, 2019,  
37 and January 1, ~~2027~~ 2028, by written agreement to a taxpayer subject to the tax imposed  
38 by this chapter.

39 (2) In no event shall tax credits allowed under this Code section for a taxable year exceed  
40 any taxpayer's state income tax liability. Any credit allowed to any taxpayer under this  
41 Code section but not used in a taxable year may be carried forward for up to three years  
42 from the close of the taxable year in which the credit was first claimed. No such tax  
43 credit shall be allowed by the taxpayer against prior years' tax liability.

44 (f) On or before September 1 of 2020 and annually thereafter until 2027, the commissioner  
45 shall issue a report to the chairpersons of the Senate Finance Committee and the House  
46 Committee on Ways and Means concerning the tax credit created by this Code section,  
47 which shall include the following statistics for the preceding taxable year:

48 (1) The total number of taxpayers that claimed a credit provided by this Code section;  
49 and

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

52 (g) The commissioner shall promulgate such forms, rules, and regulations as are necessary  
53 to implement and administer the provisions of this Code section.

54 (h) This Code section shall be automatically repealed on January 1, ~~2027~~ 2028."

55

## SECTION 2.

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