A bill for an act

relating to taxation; income; providing a credit for railroad track maintenance; proposing coding for new law in Minnesota Statutes, chapter 290.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[290.0693] RAILROAD TRACK MAINTENANCE CREDIT.**

Subdivision 1. **Credit allowed.** An eligible taxpayer is allowed a credit against the tax imposed by this chapter in an amount equal to 50 percent of the qualified railroad track maintenance expenditures, not to exceed the product of $3,500, multiplied by the sum of:

(1) the number of miles of railroad track in this state owned or leased by the eligible taxpayer as of the close of the taxable year; and

(2) the number of miles of railroad track in this state assigned for purposes of this section to the eligible taxpayer by a Class II or Class III railroad which owns or leases the railroad track as of the close of the taxable year.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Eligible taxpayer" means:

(1) any Class II or Class III railroad; or

(2) any person who transports property using the rail facilities of a Class II or Class III railroad or who furnishes railroad-related property or services to a Class II or Class III railroad, but only with respect to miles of railroad track assigned to the person by a Class II or Class III railroad as determined in subdivision 3.

(c) "Class II railroad" and "Class III railroad" have the meanings given by the Surface Transportation Board.

(d) "Qualified railroad track maintenance expenditures" means gross expenditures for maintaining railroad track in this state, including roadbed, bridges, and related track structures, owned or leased as of January 1, 2011, by a Class II or Class III railroad.

Subd. 3. **Assignments of railroad track.** For purposes of subdivision 1, clause (2), any assignment of a mile of railroad track:

(1) may be made only once per taxable year by the Class II or Class III railroad and shall be treated as made as of the close of the taxable year;

(2) may not be taken into account under this section by the Class II or Class III railroad for purposes of subdivision 1, clause (1); and

(3) shall be taken into account by the assignee for the taxable year that the assignment is made.

Subd. 4. **Limitation; carryover.** The credit for the taxable year shall not exceed the liability for the tax imposed by this chapter. If the amount of the credit determined under this section for any taxable year exceeds the limitation, the excess shall be a credit carryover to each of the seven succeeding taxable years. The entire amount of the excess unused credit for the taxable year shall be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010.