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State of Minnesota

HOUSE OF REPRESENTATIVES

A bill for an act

relating to taxation; income and corporate franchise tax; allowing a tax credit for

certain expenditures related to railroad crossings; proposing coding for new law

H. F. No. 186 NINETY-FIRST SESSION

01/17/2019

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The bill was read for the first time and referred to the Committee on Taxes

in Minnesota Statutes, chapter 290.

1.5	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
1.6	Section 1. [290.0683] TAX CREDIT; RAILROAD CROSSING IMPROVEMENTS.
1.7	Subdivision 1. Credit allowed. An individual or entity operating a railroad is allowed
1.8	a credit against the liability for tax equal to 50 percent of qualified costs during the taxable
1.9	<u>year.</u>
1.10	Subd. 2. Definitions. (a) For purposes of this section, the following terms have the
1.11	meanings given them.
1.12	(b) "Crossing" means a grade crossing as defined in section 219.16.
1.13	(c) "Liability for tax" means the sum of the tax imposed under sections 290.06,
1.14	subdivision 1 or 2c; 290.091; and 290.0921 for the taxable year, reduced by the sum of the
1.15	nonrefundable credits allowed under this chapter.
1.16	(d) "Qualified costs" means amounts expended to improve a priority crossing that:
1.17	(1) increase the safety of the crossing by installing, facilitating the installation of, or
1.18	improving the quality of active traffic signals or controls or by assisting in implementing
1.19	grade separation for the crossing;
1.20	(2) would qualify for depreciation deductions under section 167(a) of the Internal Revenue
1.21	Code without regard to whether the improvements are property of the taxpayer; and

Section 1. 1

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(3) are not required by law to be made by the railroad.
(e) "Railroad" means a Class I or Class II railroad as defined in United States Code, title
49, section 20102, as amended.
(f) "Priority crossing" means a crossing that is designated by the commissioner of
transportation under subdivision 5.
Subd. 3. Carryover. The credit for a taxable year must not exceed the taxpayer's liability
for tax. If the credit for a taxable year exceeds the liability for tax, the excess is a carryover
to each of the 15 succeeding taxable years. The entire amount of the excess unused credit
for the taxable year must 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.
The amount of the unused credit that may be added under this subdivision must not exceed
the liability for tax less the credit for the taxable year.
Subd. 4. Partnerships and S corporations. For a railroad operated as a partnership, a
limited liability company taxed as a partnership, or an S corporation, the credit under this
section is passed through to each partner, member, or shareholder in proportion to their
share of the entity's net income for the taxable year.
Subd. 5. Designation of priority crossings. (a) By October 1, 2019, the commissioner
of transportation shall designate a list of at least 15 priority crossings that qualify for the
tax credit under this section and publish the list on the website of the Department of
Transportation. The list establishes priority crossings, expenditures for which qualify for
the tax credit under this section. The commissioner may revise the list of priority crossings
as the commissioner determines appropriate, based on changing conditions and circumstances.
(b) In establishing a list of priority crossings, the commissioner of transportation shall
use a methodology for evaluating the priority for and cost-effectiveness of expenditures for
improving public safety following or similar to the methods used in preparing the study
required by Laws 2014, chapter 312, article 10, section 10, with any modifications or
improvements the commissioner determines appropriate.
(c) Actions of the commissioner of transportation in establishing a list of priority crossings
under this subdivision are not an administrative rule subject to the Administrative Procedure
Act in chapter 14, including section 14.386.
EFFECTIVE DATE. This section is effective for taxable years beginning after December
31, 2018, and applies to expenditures made after October 1, 2019.

Section 1. 2