

By: Representative Steverson

To: Ways and Means

HOUSE BILL NO. 717

1 AN ACT TO AMEND SECTION 27-7-22.42, MISSISSIPPI CODE OF 1972,
2 WHICH AUTHORIZES AN INCOME TAX CREDIT FOR QUALIFIED RAILROAD
3 RECONSTRUCTION OR REPLACEMENT EXPENDITURES AND QUALIFIED NEW RAIL
4 INFRASTRUCTURE EXPENDITURES, TO EXTEND THE DATE OF THE REPEALER ON
5 THAT SECTION; AND FOR RELATED PURPOSES.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

7 **SECTION 1.** Section 27-7-22.42, Mississippi Code of 1972, is
8 amended as follows:

9 27-7-22.42. (1) The following words and phrases shall have
10 the meanings as defined in this section unless the context clearly
11 indicates otherwise:

12 (a) "Eligible taxpayer" means any railroad that is
13 classified by the United States Surface Transportation Board as a
14 Class II or Class III railroad.

15 (b) "Eligible transferee" means any taxpayer having a
16 liability for taxes under this chapter.

17 (c) "Qualified railroad reconstruction or replacement
18 expenditures" means gross expenditures for maintenance,
19 reconstruction or replacement of railroad infrastructure,



including track, roadbed, bridges, industrial leads and sidings, and track-related structures owned or leased by a Class II or Class III railroad in Mississippi as of January 1, 2022.

(d) "Qualified new rail infrastructure expenditures" means gross expenditures for new construction of industrial leads, switches, spurs and sidings and extensions of existing sidings, for serving new customer locations or expansions in Mississippi, by a Class II or Class III railroad located in Mississippi.

(2) Subject to the provisions of this section, an eligible taxpayer making qualified railroad reconstruction or replacement expenditures shall be allowed a credit against the taxes imposed under this chapter. The credit shall be for an amount equal to the lesser of fifty percent (50%) of an eligible taxpayer's qualified railroad reconstruction or replacement expenditures for the taxable year or the product of Five Thousand Dollars (\$5,000.00) multiplied by the number of miles of railroad track owned or leased within the State of Mississippi by the eligible taxpayer as of the close of the taxable year. For qualified new rail infrastructure expenditures, the credit shall be for an amount equal to the lesser of fifty percent (50%) of an eligible taxpayer's qualified new rail infrastructure expenditures for the taxable year, capped at One Million Dollars (\$1,000,000.00) per new rail-served customer project. However, the tax credit shall not exceed the amount of tax imposed upon the taxpayer for the taxable year reduced by the sum of all other credits allowable to



the taxpayer under this chapter, except credit for tax payments made by or on behalf of the taxpayer. Any tax credit claimed under this section but not used in any taxable year may be carried forward for five (5) consecutive years from the close of the taxable year in which the credit was earned. The aggregate amount of credits that may be claimed by all taxpayers claiming a credit under this section during a calendar year shall not exceed Eight Million Dollars (\$8,000,000.00). In addition, an eligible taxpayer may transfer by written agreement any unused tax credit to an eligible transferee at any time during the year in which the credit is earned and the five (5) years following the taxable year in which the qualified railroad reconstruction or replacement expenditures or the qualified new rail infrastructure expenditures are made. The eligible taxpayer and the eligible transferee must jointly file a copy of the written transfer agreement with the Department of Revenue within thirty (30) days of the transfer. The written agreement must contain the: (a) name, address, and taxpayer identification number of the parties to the transfer; (b) taxable year the eligible taxpayer incurred the qualified railroad reconstruction or replacement expenditures or the qualified new rail infrastructure expenditures; (c) amount of credit being transferred; and (d) taxable year or years for which the credit may be claimed by the eligible transferee.

This section shall stand repealed on January 1, * * * 2030.



69 **SECTION 2.** This act shall take effect and be in force from
70 and after July 1, 2026.

