

The House Committee on Ways and Means offers the following substitute to HB 735:

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 such credit to be freely assignable; to
5 provide for rules and regulations related to such income tax credit; to provide for certain
6 conditions and limitations; to require annual reporting of certain statistics related to such
7 credit; to provide for definitions; to provide for an effective date, applicability, and automatic
8 repeal; to repeal conflicting laws; and for other purposes.

9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

10 style="text-align:center">**SECTION 1.**

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

14 "48-7-40.34.

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

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

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

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 multiplied by each mile of railroad track owned
26 or leased in this state as of the close of the taxable year by such Class III railroad.

- 27 (c)(1) The credit given under this Code section shall only be allowed once for each mile
 28 of railroad track in each taxable year.
- 29 (2) Such credit shall be given for each taxable year through 2028 in which the conditions
 30 of this Code section have been met.
- 31 (d) If a credit is given under this Code section with respect to any railroad track, the basis
 32 of such railroad track shall be reduced by the amount of the credit so allowed.
- 33 (e) The tax credits given to a Class III railroad by this Code section that are not used by
 34 such Class III railroad shall be freely assignable one time between January 1, 2019, and
 35 January 1, 2029, by written agreement to a taxpayer subject to the tax imposed by this
 36 chapter.
- 37 (f) On or before September 1 of 2020 and annually thereafter, the commissioner shall issue
 38 a report to the chairpersons of the Senate Finance Committee and the House Committee on
 39 Ways and Means concerning the tax credit created by this Code section, which shall
 40 include the following statistics for the preceding taxable year:
- 41 (1) The total number of taxpayers that claimed a credit provided by this Code section;
 42 and
- 43 (2) The number and total value of all credits earned and all credits applied during such
 44 tax year pursuant to this Code section.
- 45 (g) The commissioner shall promulgate such forms, rules, and regulations as are necessary
 46 to implement and administer the provisions of this Code section.
- 47 (h) This Code section shall be automatically repealed on January 1, 2029."

48 **SECTION 2.**

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

52 **SECTION 3.**

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