

SB 1304

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THE STATE SENATE
Monday, February 27, 2006

Senate Bill No. 1304
As Amended

SENATE BILL NO. 1304 - By: GUMM of the Senate and CALVEY of the House.

[revenue and taxation - modifying tax credit - Railroad Modernization Act - effective date]

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY Section 8, Chapter 413, O.S.L. 2005 (68 O.S. Supp. 2005, Section 2357.104), is amended to read as follows:

Section 2357.104 A. For taxable years beginning after December 31, 2005, there shall be allowed a credit against the tax imposed by Section 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title equal to fifty percent (50%) of an eligible taxpayer's qualified railroad reconstruction or replacement expenditures.

B. In no event shall the amount of the credit exceed the product of Five Hundred Dollars (\$500.00) for tax year 2006 and Two Thousand Dollars (\$2,000.00) for tax years 2007 and beyond and the number of miles of railroad track owned or leased within this state by the eligible taxpayer as of the close of the taxable year.

C. The credit allowed pursuant to subsection A of this section but not used shall be freely transferable, by written agreement, to

1 subsequent transferees at any time during the five (5) years
2 following the year of qualification. An eligible transferee shall
3 be any taxpayer subject to the tax imposed by Section 2355 of ~~Title~~
4 ~~68 of the Oklahoma Statutes~~ this title. The person originally
5 allowed the credit and the subsequent transferee shall jointly file
6 a copy of the written credit transfer agreement with the Oklahoma
7 Tax Commission within thirty (30) days of the transfer. The written
8 agreement shall contain the name, address and taxpayer
9 identification number of the parties to the transfer, the amount of
10 credit being transferred, the year the credit was originally allowed
11 to the transferring person and the tax year or years for which the
12 credit may be claimed. The Tax Commission shall promulgate rules to
13 permit verification of the timeliness of a tax credit claimed upon a
14 tax return pursuant to this subsection but shall not promulgate any
15 rules which unduly restrict or hinder the transfers of such tax
16 credit. The Department of Transportation shall promulgate rules to
17 permit verification of the eligibility of an eligible taxpayer's
18 expenditures for the purpose of claiming the credit. The rules
19 shall provide for the approval of qualified railroad reconstruction
20 or replacement expenditures prior to commencement of a project and
21 provide a certificate of verification upon completion of a project
22 that uses qualified railroad reconstruction or replacement
23 expenditures. The certificate of verification shall satisfy all

1 requirements of the Tax Commission pertaining to the eligibility of
2 the person claiming the credit.

3 D. Any credits allowed pursuant to the provisions of subsection
4 A of this section but not used in any tax year may be carried over
5 in order to each of the five (5) years following the year of
6 qualification.

7 E. As used in this section:

8 1. "Class II and Class III railroad" means a railroad that is
9 classified by the United States Surface Transportation Board as a
10 Class II or Class III railroad;

11 2. "Eligible taxpayer" means any Class II or Class III
12 railroad; and

13 3. "Qualified railroad reconstruction or replacement
14 expenditures" means expenditures for:

15 a. reconstruction or replacement of railroad
16 infrastructure including track, roadbed, bridges,
17 industrial leads and track-related structures owned or
18 leased by a Class II or Class III railroad as of
19 January 1, 2006, or

20 b. new construction of industrial leads, switches, spurs
21 and sidings and extensions of existing sidings by a
22 Class II or Class III railroad.

23 SECTION 2. This act shall become effective November 1, 2006.

1 COMMITTEE REPORT BY: COMMITTEE ON FINANCE, dated 2-21-06 - DO PASS,
2 As Amended and Coauthored.