

SHB 1371 - H AMD 399

By Representative Barkis

ADOPTED AS AMENDED 03/16/2023

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that railroads play
4 a crucial role in economic development, serving nearly every
5 industrial, wholesale, retail, and resource-based sector in
6 Washington's economy. The legislature further finds that freight
7 railroad infrastructure is an essential link in the supply chain and
8 provides an efficient way to connect Washington's economy to national
9 and international markets. The legislature further finds that
10 maintenance and improvements to the railroad system are needed to
11 support modern 286,000 pound railcars, foster economic development,
12 increase infrastructure resiliency, avoid supply chain disturbances,
13 and meet carbon reduction goals for transportation greenhouse gases.
14 The legislature intends to provide incentives to the rail industry
15 that can lead to a more effective short line rail system.

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04
17 RCW to read as follows:

18 (1) A credit is allowed against taxes due under this chapter for
19 expenditures made by an eligible taxpayer pursuant to subsection (2)
20 of this section.

21 (2) Qualified expenditures incurred by an eligible taxpayer may
22 be used to generate a credit for the following amounts:

23 (a) For qualified short line railroad maintenance expenditures, a
24 credit is allowed against the taxes due under this chapter in an
25 amount equal to 50 percent of the qualified short line railroad
26 maintenance expenditures. The amount of the credit may not exceed an
27 amount equal to \$5,000 multiplied by the number of miles of railroad
28 track owned or leased in the state by the eligible taxpayer as of the
29 close of the calendar year.

30 (b) For qualified new rail development expenditures, a credit is
31 allowed against the taxes due under this chapter in an amount equal

1 to 100 percent of the new rail development expenditures of an
2 eligible taxpayer. The amount of credit earned for new rail
3 development expenditures may not exceed \$2,000,000 for each eligible
4 taxpayer in a calendar year. Credits are available on a first-in-time
5 basis. The department must disallow any credits, or portions thereof,
6 that would cause the total amount of credits claimed under this
7 subsection (2)(b) during any calendar year to exceed \$15,000,000.

8 (c) For qualified railroad modernization and rehabilitation
9 expenditures, a credit is allowed against the taxes due under this
10 chapter in an amount equal to 100 percent of the qualified railroad
11 modernization and rehabilitation expenditures by an eligible
12 taxpayer.

13 (3) The credit claimed may not exceed the tax that would
14 otherwise be due under this chapter. Refunds may not be granted in
15 the place of credits. Any amount of credit earned under this section
16 not claimed by the person in one calendar year may be carried forward
17 for no more than five calendar years immediately following the year
18 that the credit was earned.

19 (4)(a) An eligible taxpayer may assign distribution of all or a
20 portion of the unused credit earned under this section to any
21 taxpayer subject to the tax imposed under this chapter at any time
22 during the year in which the credit is earned and five years
23 following the year that the credit is earned.

24 (b) To transfer all or any portion of an unused credit earned,
25 the taxpayer originally allowed the credit, and the subsequent
26 transferee must jointly file a credit transfer agreement with the
27 department. The application must include:

28 (i) The names, addresses, and taxpayer identification numbers of
29 the parties to the transfer;

30 (ii) The amount of the credit being transferred;

31 (iii) The year the credit was originally earned by the
32 transferring taxpayer;

33 (iv) The tax year or years for which the credit may be claimed;
34 and

35 (v) Any other information or documents the department may
36 require.

37 (c) No credit transfer applications under (b) of this subsection
38 (4) may be submitted after January 1, 2035.

1 (5) The department shall administer the credit. The department
2 shall provide a simple credit application form that the department
3 shall post on its website.

4 (6) No new credits may be earned for qualifying expenditures
5 after January 1, 2035.

6 (7) For the purposes of this section, the following definitions
7 apply:

8 (a) "Class I railroad" means a railroad that is classified by the
9 United States surface transportation board as a class I railroad, as
10 defined in 49 C.F.R. Sec. 1201.1-1(a), as in effect on January 1,
11 2023.

12 (b) "Eligible taxpayer" means:

13 (i) Any railroad subject to the tax under this chapter that is
14 classified by the United States surface transportation board as a
15 class II or class III railroad, as defined in 49 C.F.R. Sec.
16 1201.1-1(a), as in effect on January 1, 2023;

17 (ii) Any railroad owned by a port, city, or county in the state
18 of Washington; or

19 (iii) Any owner or lessee of rail siding, industrial spur, or
20 industry track located on or adjacent to a class II or class III
21 railroad in the state of Washington.

22 (c) "Industrial spur" means a secondary track used by railroads
23 and customers at a location to load and unload railcars without
24 interfering with other railroad operations.

25 (d) "Qualified new rail development expenditures" means
26 expenditures for new rail development by an eligible taxpayer, which
27 includes the construction of new track, industrial leads, switches,
28 industrial spurs, sidings, rail loading docks, and transloading
29 structures involved with providing rail services to new customer
30 locations or existing customer expansions in the state by an eligible
31 taxpayer.

32 (e) "Qualified railroad modernization and rehabilitation
33 expenditures" means expenditures by an eligible taxpayer to upgrade
34 less than 90 pound rail and switches, 286,000 capacity rail upgrades
35 to the mainline track, major rail and tie replacement projects, track
36 capacity enhancements, bridge rehabilitation or bridge replacement
37 projects, or other track-related projects determined to enhance or
38 modernize the existing track infrastructure in the state by an
39 eligible taxpayer.

1 (f) "Qualified short line railroad maintenance expenditures"
2 means expenditures for railroad infrastructure including, but not
3 limited to, rail, ties, tie plates, joint bars, fasteners, switches,
4 ballast, subgrade, roadbed, bridges, industrial leads, sidings,
5 signs, safety barriers, crossing signals and gates, and related track
6 structures owned or leased by a class II or class III railroad.

7 (g) "Siding" means a short section of track, distinct from a
8 mainline, branch line, or spur, connected by switches to a main track
9 and used for storage, passing, or other purposes.

10 (8) This section does not apply to class I railroads or short
11 line railroads owned by a class I railroad or any of its
12 subsidiaries.

13 (9) No person may claim a credit against taxes due under both
14 this chapter and chapter 82.16 RCW for the same qualified
15 expenditures.

16 (10) This section expires January 1, 2040.

17 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.04
18 RCW to read as follows:

19 (1) Any owner or operator of a class I railroad, or owner of a
20 company that recycles railroad material, is eligible for an exemption
21 from the tax under this chapter in the form of a credit as provided
22 in this section if:

23 (a) The class I railroad transfers to an eligible taxpayer
24 railroad rail, ties, tie plates, joint bars, fasteners, switches,
25 ballast, or other equipment or materials that are part of the rail
26 infrastructure it has removed from use on the main railroad line to
27 be installed on tracks used by class II and class III railroads; or

28 (b) The owner of a company that recycles railroad materials
29 transfers to an eligible taxpayer rail, ties, fasteners, switches,
30 ballast, or other equipment or materials that are part of the rail
31 infrastructure to be installed on tracks used by class II and class
32 III railroads.

33 (2) The credit is equal to the fair market value of the donated
34 materials used for track maintenance, expansion, or modernization.
35 Materials must be given to a qualifying recipient without
36 consideration to receive a credit.

37 (3) (a) An owner or operator of a class I railroad, or owner of a
38 company that recycles railroad material, may assign distribution of
39 all or a portion of the unused credit earned under this section to

1 any taxpayer subject to the tax imposed under this chapter at any
2 time during the year in which the credit is earned and five years
3 following the year that the credit is earned.

4 (b) To transfer all or any portion of an unused credit earned,
5 the taxpayer originally allowed the credit and the subsequent
6 transferee must jointly file a credit transfer application with the
7 department. The application must include:

8 (i) The names, addresses, and taxpayer identification numbers of
9 the parties to the transfer;

10 (ii) The amount of the credit being transferred;

11 (iii) The year the credit was originally earned by the
12 transferring taxpayer;

13 (iv) The tax year or years for which the credit may be claimed;
14 and

15 (v) Any other information or documents the department may
16 require.

17 (c) No credit transfer applications under (b) of this subsection
18 (3) may be submitted after January 1, 2035.

19 (4) The department shall administer the credit. The department
20 shall provide a simple credit application form that the department
21 shall post on its website.

22 (5) The credit claimed may not exceed the tax that would
23 otherwise be due under this chapter. Refunds may not be granted in
24 the place of credits. Any amount of credit earned under this section
25 not claimed by the person in one calendar year may be carried forward
26 for no more than five calendar years immediately following the year
27 that the credit was earned.

28 (6) No new credits may be earned for qualifying expenditures
29 after January 1, 2035.

30 (7) For purposes of this section, the following definitions
31 apply:

32 (a) "Class I railroad" means a railroad that is classified by the
33 United States surface transportation board as a class I railroad, as
34 defined in 49 C.F.R. Sec. 1201.1-1(a), as in effect on January 1,
35 2023.

36 (b) "Eligible taxpayer" means:

37 (i) Any railroad subject to the tax under this chapter that is
38 classified by the United States surface transportation board as a
39 class II or class III railroad, as defined in 49 C.F.R. Sec.
40 1201.1-1(a), as in effect on January 1, 2023;

1 (ii) Any railroad owned by a port, city, or county in the state
2 of Washington; or

3 (iii) Any owner or lessee of rail siding, industrial spur, or
4 industry track located on or adjacent to a class II or class III
5 railroad in the state of Washington.

6 (c) "Industrial spur" means a secondary track used by railroads
7 and customers at a location to load and unload railcars without
8 interfering with other railroad operations.

9 (d) "Siding" means a short section of track, distinct from a
10 mainline, branch line, or spur, connected by switches to a main track
11 and used for storage, passing, or other purposes.

12 (8) Refunds are not allowed for the credits created in this
13 section.

14 (9) This section does not apply to short line railroads owned by
15 a class I railroad or any of its subsidiaries.

16 (10) No person may claim a credit against taxes due under both
17 this chapter and chapter 82.16 RCW for the same donated materials
18 used for track maintenance, expansion, or modernization.

19 (11) This section expires January 1, 2040.

20 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.08
21 RCW to read as follows:

22 (1) The tax levied by RCW 82.08.020 does not apply to sales of
23 materials required for track maintenance to:

24 (a) Owners and operators of class II or class III railroads;

25 (b) Any railroad or freight rail facility owned by a port, city,
26 or county in the state of Washington; or

27 (c) Any owner or lessee of a rail siding, industrial spur, or
28 industry track located on or adjacent to a class II or class III
29 railroad in the state of Washington.

30 (2) For the purposes of this section, the following definitions
31 apply:

32 (a) "Class I railroad" means a railroad that is classified by the
33 United States surface transportation board as a class I railroad, as
34 defined in 49 C.F.R. Sec. 1201.1-1(a), as in effect on January 1,
35 2023.

36 (b) "Class II or class III railroad" means railroads that are
37 classified by the United States surface transportation board as a
38 class II or class III railroad, as defined in 49 C.F.R. Sec.
39 1201.1-1(a), as in effect on January 1, 2023.

1 (c) "Freight rail facilities" means the infrastructure used to
2 transport freight by rail, specifically to rail yards, terminals,
3 sidings, and marshalling yards that play an important role in the
4 transportation and distribution and shipping of goods over long
5 distances.

6 (d) "Industrial spur" means a secondary track used by railroads
7 and customers at a location to load and unload railcars without
8 interfering with other railroad operations.

9 (e) "Materials required for track maintenance" means rail, ties,
10 tie plates, joint bars, fasteners, switches, ballast, subgrade,
11 roadbed, bridges, industrial leads, sidings, signs, safety barriers,
12 crossing signals and gates, and track.

13 (f) "Siding" means a short section of track, distinct from a
14 mainline, branch line, or spur, connected by switches to a main track
15 and used for storage, passing, or other purposes.

16 (3) This section does not apply to class I railroads or short
17 line railroads owned by a class I railroad or any of its
18 subsidiaries.

19 (4) This section expires January 1, 2035.

20 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.12
21 RCW to read as follows:

22 (1) The provisions of this chapter do not apply with respect to
23 materials required for track maintenance to:

24 (a) Owners and operators of class II or class III railroads;

25 (b) Any railroad or freight rail facility owned by a port, city,
26 or county in the state of Washington; or

27 (c) Any owner or lessee of a rail siding, industrial spur, or
28 industry track located on or adjacent to a class II or class III
29 railroad in the state of Washington.

30 (2) For purposes of this section, the following definitions
31 apply:

32 (a) "Class I railroad" means a railroad that is classified by the
33 United States surface transportation board as a class I railroad, as
34 defined in 49 C.F.R. Sec. 1201.1-1(a), as in effect on January 1,
35 2023.

36 (b) "Class II or class III railroad" means railroads that are
37 classified by the United States surface transportation board as a
38 class II or class III railroad, as defined in 49 C.F.R. Sec.
39 1201.1-1(a), as in effect on January 1, 2023.

1 (c) "Freight rail facilities" means the infrastructure used to
2 transport freight by rail, specifically to rail yards, terminals,
3 sidings, and marshalling yards that play an important role in the
4 transportation and distribution and shipping of goods over long
5 distances.

6 (d) "Industrial spur" means a secondary track used by railroads
7 and customers at a location to load and unload railcars without
8 interfering with other railroad operations.

9 (e) "Materials required for track maintenance" has the same
10 meaning as in section 4 of this act.

11 (f) "Siding" means a short section of track, distinct from a
12 mainline, branch line, or spur, connected by switches to a main track
13 and used for storage, passing, or other purposes.

14 (3) This section does not apply to class I railroads or short
15 line railroads owned by a class I railroad or any of its
16 subsidiaries.

17 (4) This section expires January 1, 2035.

18 NEW SECTION. **Sec. 6.** A new section is added to chapter 82.16
19 RCW to read as follows:

20 (1) A credit is allowed against taxes due under this chapter for
21 expenditures made by an eligible taxpayer pursuant to subsection (2)
22 of this section.

23 (2) Qualified expenditures incurred by an eligible taxpayer may
24 be used to generate a credit for the following amounts:

25 (a) For qualified short line railroad maintenance expenditures, a
26 credit is allowed against the taxes due under this chapter in an
27 amount equal to 50 percent of the qualified short line railroad
28 maintenance expenditures. The amount of the credit may not exceed an
29 amount equal to \$5,000 multiplied by the number of miles of railroad
30 track owned or leased in the state by the eligible taxpayer as of the
31 close of the calendar year.

32 (b) For qualified new rail development expenditures, a credit is
33 allowed against the taxes due under this chapter in an amount equal
34 to 100 percent of the new rail development expenditures of an
35 eligible taxpayer. The amount of credit earned for new rail
36 development expenditures may not exceed \$2,000,000 for each eligible
37 taxpayer in a calendar year. Credits are available on a first-in-time
38 basis. The department must disallow any credits, or portions thereof,

1 that would cause the total amount of credits claimed under this
2 subsection (2)(b) during any calendar year to exceed \$15,000,000.

3 (c) For qualified railroad modernization and rehabilitation
4 expenditures, a credit is allowed against the taxes due under this
5 chapter in an amount equal to 100 percent of the qualified railroad
6 modernization and rehabilitation expenditures by an eligible
7 taxpayer.

8 (3) The credit claimed may not exceed the tax that would
9 otherwise be due under this chapter. Refunds may not be granted in
10 the place of credits. Any amount of credit earned under this section
11 not claimed by the person in one calendar year may be carried forward
12 for no more than five calendar years immediately following the year
13 that the credit was earned.

14 (4)(a) An eligible taxpayer may assign distribution of all or a
15 portion of the unused credit earned under this section to any
16 taxpayer subject to the tax imposed under this chapter at any time
17 during the year in which the credit is earned and five years
18 following the year that the credit is earned.

19 (b) To transfer all or any portion of an unused credit earned,
20 the taxpayer originally allowed the credit and the subsequent
21 transferee must jointly file a credit transfer application with the
22 department. The application must include:

23 (i) The names, addresses, and taxpayer identification numbers of
24 the parties to the transfer;

25 (ii) The amount of the credit being transferred;

26 (iii) The year the credit was originally earned by the
27 transferring taxpayer;

28 (iv) The tax year or years for which the credit may be claimed;
29 and

30 (v) Any other information or documents the department may
31 require.

32 (c) No credit transfer applications under (b) of this subsection
33 (4) may be submitted after January 1, 2035.

34 (5) The department shall administer the credit. The department
35 shall provide a simple credit application form that the department
36 shall post on its website.

37 (6) No new credits may be earned for qualifying expenditures
38 after January 1, 2035.

39 (7) For the purposes of this section, the following definitions
40 apply:

1 (a) "Class I railroad" means a railroad that is classified by the
2 United States surface transportation board as a class I railroad, as
3 defined in 49 C.F.R. Sec. 1201.1-1(a), as in effect on January 1,
4 2023.

5 (b) "Eligible taxpayer" means:

6 (i) Any railroad subject to the tax under this chapter that is
7 classified by the United States surface transportation board as a
8 class II or class III railroad, as defined in 49 C.F.R. Sec.
9 1201.1-1(a), as in effect on January 1, 2023;

10 (ii) Any railroad owned by a port, city, or county in the state
11 of Washington; or

12 (iii) Any owner or lessee of rail siding, industrial spur, or
13 industry track located on or adjacent to a class II or class III
14 railroad in the state of Washington.

15 (c) "Industrial spur" means a secondary track used by railroads
16 and customers at a location to load and unload railcars without
17 interfering with other railroad operations.

18 (d) "Qualified new rail development expenditures" means
19 expenditures for new rail development by an eligible taxpayer, which
20 includes the construction of new track, industrial leads, switches,
21 industrial spurs, sidings, rail loading docks, and transloading
22 structures involved with providing rail services to new customer
23 locations or existing customer expansions in the state by an eligible
24 taxpayer.

25 (e) "Qualified railroad modernization and rehabilitation
26 expenditures" means expenditures by an eligible taxpayer to upgrade
27 less than 90 pound rail and switches, 286,000 capacity rail upgrades
28 to the mainline track, major rail and tie replacement projects, track
29 capacity enhancements, bridge rehabilitation or bridge replacement
30 projects, or other track-related projects determined to enhance or
31 modernize the existing track infrastructure in the state by an
32 eligible taxpayer.

33 (f) "Qualified short line railroad maintenance expenditures"
34 means expenditures for railroad infrastructure including, but not
35 limited to, rail, ties, tie plates, joint bars, fasteners, switches,
36 ballast, subgrade, roadbed, bridges, industrial leads, sidings,
37 signs, safety barriers, crossing signals and gates, and related track
38 structures owned or leased by a class II or class III railroad.

1 (g) "Siding" means a short section of track, distinct from a
2 mainline, branch line, or spur, connected by switches to a main track
3 and used for storage, passing, or other purposes.

4 (8) This section does not apply to class I railroads or short
5 line railroads owned by a class I railroad or any of its
6 subsidiaries.

7 (9) No person may claim a credit against taxes due under both
8 this chapter and chapter 82.04 RCW for the same qualified
9 expenditures.

10 (10) This section expires January 1, 2040.

11 NEW SECTION. **Sec. 7.** A new section is added to chapter 82.16
12 RCW to read as follows:

13 (1) Any owner or operator of a class I railroad, or owner of a
14 company that recycles railroad material, is eligible for an exemption
15 from the tax under this chapter in the form of a credit as provided
16 in this section if:

17 (a) The class I railroad transfers to an eligible taxpayer rail,
18 ties, tie plates, joint bars, fasteners, switches, ballast, or other
19 equipment or materials that are part of the rail infrastructure it
20 has removed from use on the main railroad line to be installed on
21 tracks used by class II and class III railroads; or

22 (b) The owner of a company that recycles railroad materials
23 transfers to an eligible taxpayer rail, ties, tie plates, joint bars,
24 fasteners, switches, ballast, or other equipment or materials that
25 are part of the rail infrastructure to be installed on tracks used by
26 class II and class III railroads.

27 (2) The credit is equal to the fair market value of the donated
28 materials used for track maintenance, expansion, or modernization.
29 Materials must be given to a qualifying recipient without
30 consideration to receive a credit.

31 (3) (a) An owner or operator of a class I railroad, or owner of a
32 company that recycles railroad material, may assign distribution of
33 all or a portion of the unused credit earned under this section to
34 any taxpayer subject to the tax imposed under this chapter at any
35 time during the year in which the credit is earned and five years
36 following the year that the credit is earned.

37 (b) To transfer all or any portion of an unused credit earned,
38 the taxpayer originally allowed the credit, and the subsequent

1 transferee must jointly file a credit transfer application with the
2 department. The application must include:

3 (i) The names, addresses, and taxpayer identification numbers of
4 the parties to the transfer;

5 (ii) The amount of the credit being transferred;

6 (iii) The year the credit was originally earned by the
7 transferring taxpayer;

8 (iv) The tax year or years for which the credit may be claimed;
9 and

10 (v) Any other information or documents the department may
11 require.

12 (c) No credit transfer applications under (b) of this subsection
13 (3) may be submitted after January 1, 2035.

14 (4) The department shall administer the credit. The department
15 shall provide a simple credit application form that the department
16 shall post on its website.

17 (5) The credit claimed may not exceed the tax that would
18 otherwise be due under this chapter. Refunds may not be granted in
19 the place of credits. Any amount of credit earned under this section
20 not claimed by the person in one calendar year may be carried forward
21 for no more than five calendar years immediately following the year
22 that the credit was earned.

23 (6) No new credits may be earned for qualifying expenditures
24 after January 1, 2035.

25 (7) For purposes of this section, the following definitions
26 apply:

27 (a) "Class I railroad" means a railroad that is classified by the
28 United States surface transportation board as a class I railroad, as
29 defined in 49 C.F.R. Sec. 1201.1-1(a), as in effect on January 1,
30 2023.

31 (b) "Eligible taxpayer" means:

32 (i) Any railroad subject to the tax under this chapter that is
33 classified by the United States surface transportation board as a
34 class II or class III railroad, as defined in 49 C.F.R. Sec.
35 1201.1-1(a), as in effect on January 1, 2023;

36 (ii) Any railroad owned by a port, city, or county in the state
37 of Washington; or

38 (iii) Any owner or lessee of rail siding, industrial spur, or
39 industry track located on or adjacent to a class II or class III
40 railroad in the state of Washington.

1 (c) "Industrial spur" means a secondary track used by railroads
2 and customers at a location to load and unload railcars without
3 interfering with other railroad operations.

4 (d) "Siding" means a short section of track, distinct from a
5 mainline, branch line, or spur, connected by switches to a main track
6 and used for storage, passing, or other purposes.

7 (8) The credit claimed may not exceed the tax that would
8 otherwise be due under this chapter. Refunds may not be granted in
9 the place of credits. Any amount of credit earned under this section
10 not claimed by the person in one calendar year may be carried forward
11 for no more than five calendar years immediately following the year
12 that the credit was earned.

13 (9) This section does not apply to short line railroads owned by
14 a class I railroad or any of its subsidiaries.

15 (10) No person may claim a credit against taxes due under both
16 this chapter and chapter 82.04 RCW for the same donated materials
17 used for track maintenance, expansion, or modernization.

18 (11) This section expires January 1, 2040.

19 NEW SECTION. **Sec. 8.** (1) This section is the tax preference
20 performance statement for the tax preferences contained in
21 chapter . . ., Laws of 2023 (this act). This performance statement is
22 only intended to be used for subsequent evaluation of the tax
23 preferences. It is not intended to create a private right of action
24 by any party or be used to determine eligibility for preferential tax
25 treatment.

26 (2) The legislature categorizes the tax preferences in this act
27 as ones intended to accomplish a general purpose, as indicated in RCW
28 82.32.808(2)(f), which is to promote economic development throughout
29 Washington.

30 (3) It is the legislature's specific public policy objective to
31 encourage and expand economic development by incentivizing investment
32 in Washington's railroad infrastructure.

33 (4) The legislature intends to extend the expiration date of the
34 tax preferences in this act if a review finds that freight rail
35 system in the state has been maintained or improved. In conducting
36 its review under this section, the joint legislative audit and review
37 committee should consider, among other measures:

38 (a) The total miles capable of transporting 286,000-pound
39 railcars;

- 1 (b) The number of miles of track rehabilitated to 90-pound rail
2 or greater;
- 3 (c) The number of ties replaced;
- 4 (d) The amount of ballast replaced;
- 5 (e) The number of bridges returned from out of service or able to
6 operate heavier loaded equipment;
- 7 (f) The number of switches installed;
- 8 (g) Any related safety benefits of addressing at-grade crossings;
- 9 (h) The number of rail cars from increased economic activity;
- 10 (i) Any improvement in federal railroad administration track
11 classification designation up to and including class II track and the
12 ability to operate at greater speeds; and
- 13 (j) The amount of steel or ties made obsolete pursuant to section
14 2 of this act that are reused by a class II or class III railroad, as
15 defined in section 5 of this act, within Washington.
- 16 (5) In order to obtain the data necessary to perform a review in
17 subsection (4) of this section, the joint legislative audit and
18 review committee may refer to any data collected by the state.

19 NEW SECTION. **Sec. 9.** Sections 4, 5, and 8 of this act take
20 effect August 1, 2023.

21 NEW SECTION. **Sec. 10.** Sections 3 and 7 of this act take effect
22 July 1, 2024.

23 NEW SECTION. **Sec. 11.** Sections 1, 2, and 6 of this act take
24 effect January 1, 2025."

25 Correct the title.

EFFECT: (1) Provides clarifying and technical corrections to the substitute house bill for purposes of tax administration.

(2) Provides that a person cannot claim both the business and occupation credits and public utility credits for the same qualifying activities.

(3) Specifies the process by which a credit may be carried forward and limits the carry forward period to no more than five years.

(4) Allows the department to require taxpayers to submit a confidential tax information authorization to reassign any credit.

(5) Changes effective dates for certain sections.

--- **END** ---