**1371-S.E AMH BARK H2650.1 - NOT FOR FLOOR USE**

**ESHB 1371** - H AMD **783**

By Representative Barkis

**ADOPTED 02/08/2024**

Strike everything after the enacting clause and insert the following:

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

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

(1) A credit is allowed against taxes due under this chapter for expenditures made by an eligible taxpayer pursuant to subsection (2) of this section. The credit is subject to a maximum annual credit amount set forth in subsection (3) of this section.

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

(a) For qualified short line railroad maintenance expenditures, a credit is allowed against the taxes due under this chapter in an amount equal to 50 percent of the qualified short line railroad maintenance expenditures. The amount of the credit earned in a calendar year may not exceed an amount equal to $3,500 multiplied by the number of miles of railroad track owned or leased in the state by the eligible taxpayer as of the close of the calendar year.

(b) For qualified new rail development expenditures, a credit is allowed against the taxes due under this chapter in an amount equal to 50 percent of the new rail development expenditures of an eligible taxpayer.

(c) For qualified railroad modernization and rehabilitation expenditures, a credit is allowed against the taxes due under this chapter in an amount equal to 50 percent of the qualified railroad modernization and rehabilitation expenditures by an eligible taxpayer.

(3) The total credit amount approved under subsection (2) of this section and section 6(2) of this act may not exceed $1,000,000 for each eligible taxpayer in a calendar year. Credits are available on a first-in-time basis. The department must disallow any credits, or portions thereof, that would cause the total amount of credits approved under subsection (2) of this section and section 6(2) of this act to exceed $15,000,000 during any calendar year.

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

(5)(a) An eligible taxpayer may transfer all or a portion of the credit approved under this section to any taxpayer subject to the tax imposed under this chapter at any time during the calendar year in which the credit is approved by the department and for five calendar years following the year that the credit is approved.

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

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

(ii) The amount of the credit being transferred;

(iii) The year the credit was originally approved by the department for use by the transferring taxpayer;

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

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

(c) No credit or portion thereof may be transferred more than once.

(6) The department must administer the credit. To claim or transfer a credit under this section, the taxpayer applying must complete an application for credit based on qualified expenditures incurred by the eligible taxpayer the previous calendar year. The department must rule on applications within 60 days of receipt. The department may extend the time of processing an application upon notice to the taxpayer and by providing the taxpayer an explanation on why the application processing cannot be completed on time.

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

(a) "Class I railroad" means a railroad that is classified by the United States surface transportation board as a class I railroad, as defined in 49 C.F.R. Sec. 1201.1-1(a), as in effect on January 1, 2024.

(b) "Eligible taxpayer" means:

(i) Any railroad subject to the tax under this chapter that is classified by the United States surface transportation board as a class II or class III railroad, as defined in 49 C.F.R. Sec. 1201.1-1(a), as in effect on January 1, 2024;

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

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

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

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

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

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

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

(8) Qualified expenditures, as defined in subsection (7)(d), (e), and (f) of this section, do not include expenditures used to generate a federal tax credit or expenditures funded by a state or federal grant.

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

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

(11) To claim a credit under this chapter, a taxpayer must electronically file with the department all returns, forms, and other information the department requires in an electronic format as provided and approved by the department. Any return, form, or information required to be filed in an electronic format under this section is not filed until received by the department in an electronic format. For purposes of this subsection, "returns" has the same meaning as "return" in RCW 82.32.050.

(12) The ability to earn credits for qualifying expenditures under this section expires January 1, 2036. No credit may be claimed on tax returns filed for reporting periods beginning on or after January 1, 2042.

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

(1) Any company that recycles railroad material is eligible for a credit as provided in this section if, on or after the effective date of this section, the company transfers to an eligible taxpayer rail, ties, tie plates, joint bars, fasteners, switches, ballast, or other equipment or materials that are part of the rail infrastructure to be installed on tracks used by class II and class III railroads.

(2) The credit is equal to the fair market value of the donated materials used for track maintenance, expansion, or modernization. Materials must be given to a qualifying recipient without consideration to receive a credit. The department must provide in rule a standard for determining the fair market value of donated materials under this section.

(3)(a) A company that recycles railroad material may transfer all or a portion of the credit earned under this section to any taxpayer subject to the tax imposed under this chapter at any time during the year in which the credit is earned and five years following the year that the credit is earned.

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

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

(ii) The amount of the credit being transferred;

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

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

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

(c) No credit or portion thereof may be transferred more than once.

(d) No credit transfer applications under (b) of this subsection (3) may be submitted for qualifying materials donated after December 31, 2036.

(4) The department must administer the credit.

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

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

(a) "Class I railroad" means a railroad that is classified by the United States surface transportation board as a class I railroad, as defined in 49 C.F.R. Sec. 1201.1-1(a), as in effect on January 1, 2024.

(b) "Eligible taxpayer" means:

(i) Any railroad subject to the tax under this chapter that is classified by the United States surface transportation board as a class II or class III railroad, as defined in 49 C.F.R. Sec. 1201.1-1(a), as in effect on January 1, 2024;

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

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

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

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

(7) Credit under this section may not be earned for donations to short line railroads owned by a class I railroad or any of its subsidiaries.

(8) No person may claim a credit against taxes due under both this chapter and chapter 82.16 RCW for the same donated materials.

(9) To claim a credit under this chapter, a person must electronically file with the department all returns, forms, and other information the department requires in an electronic format as provided and approved by the department. Any return, form, or information required to be filed in an electronic format under this section is not filed until received by the department in an electronic format. For purposes of this subsection, "returns" has the same meaning as "return" in RCW 82.32.050.

(10) The ability to earn credits for qualifying expenditures under this section expires January 1, 2036. No credit may be claimed on tax returns filed for reporting periods beginning on or after January 1, 2042.

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

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

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

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

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

(2) Sellers making tax-exempt sales under this section must obtain an exemption certificate from the buyer in a form and manner prescribed by the department. The seller must retain a copy of the exemption certificate for the seller's files. Instead of an exemption certificate, a seller may capture the relevant data elements as allowed under the streamlined sales and use tax agreement.

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

(a) "Class I railroad" means a railroad that is classified by the United States surface transportation board as a class I railroad, as defined in 49 C.F.R. Sec. 1201.1-1(a), as in effect on January 1, 2024.

(b) "Class II or class III railroad" means railroads that are classified by the United States surface transportation board as a class II or class III railroad, as defined in 49 C.F.R. Sec. 1201.1-1(a), as in effect on January 1, 2024.

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

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

(e) "Materials required for track maintenance" means the following items when used for purposes of track maintenance: Rail, ties, tie plates, joint bars, fasteners, switches, ballast, subgrade, roadbed, bridges, industrial leads, sidings, signs, safety barriers, crossing signals and gates, and track.

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

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

(5) This section expires January 1, 2036.

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

(1) The provisions of this chapter do not apply to the use of materials required for track maintenance by:

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

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

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

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

(a) "Class I railroad" means a railroad that is classified by the United States surface transportation board as a class I railroad, as defined in 49 C.F.R. Sec. 1201.1-1(a), as in effect on January 1, 2024.

(b) "Class II or class III railroad" means railroads that are classified by the United States surface transportation board as a class II or class III railroad, as defined in 49 C.F.R. Sec. 1201.1-1(a), as in effect on January 1, 2024.

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

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

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

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

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

(4) This section expires January 1, 2036.

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

(1) A credit is allowed against taxes due under this chapter for expenditures made by an eligible taxpayer pursuant to subsection (2) of this section. The credit is subject to a maximum annual credit amount set forth in subsection (3) of this section.

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

(a) For qualified short line railroad maintenance expenditures, a credit is allowed against the taxes due under this chapter in an amount equal to 50 percent of the qualified short line railroad maintenance expenditures. The amount of the credit earned in a calendar year may not exceed an amount equal to $3,500 multiplied by the number of miles of railroad track owned or leased in the state by the eligible taxpayer as of the close of the calendar year.

(b) For qualified new rail development expenditures, a credit is allowed against the taxes due under this chapter in an amount equal to 50 percent of the new rail development expenditures of an eligible taxpayer.

(c) For qualified railroad modernization and rehabilitation expenditures, a credit is allowed against the taxes due under this chapter in an amount equal to 50 percent of the qualified railroad modernization and rehabilitation expenditures by an eligible taxpayer.

(3) The total credit amount approved under subsection (2) of this section and section 2(2) of this act may not exceed $1,000,000 for each eligible taxpayer in a calendar year. Credits are available on a first-in-time basis. The department must disallow any credits, or portions thereof, that would cause the total amount of credits approved under subsection (2) of this section and section 2(2) of this act to exceed $15,000,000 during any calendar year.

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

(5)(a) An eligible taxpayer may transfer all or a portion of the credit approved under this section to any taxpayer subject to the tax imposed under this chapter at any time during the calendar year in which the credit is approved by the department and five calendar years following the year that the credit is approved.

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

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

(ii) The amount of the credit being transferred;

(iii) The year the credit was originally approved by the department for use by the transferring taxpayer;

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

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

(c) No credit or portion thereof may be transferred more than once.

(6) The department must administer the credit. To claim or transfer a credit under this section, the taxpayer applying must complete an application for credit based on qualified expenditures incurred by the eligible taxpayer the previous calendar year. The department must rule on applications within 60 days of receipt. The department may extend the time of processing any application upon notice to the taxpayer and by providing the taxpayer an explanation on why the application processing cannot be completed on time.

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

(a) "Class I railroad" means a railroad that is classified by the United States surface transportation board as a class I railroad, as defined in 49 C.F.R. Sec. 1201.1-1(a), as in effect on January 1, 2024.

(b) "Eligible taxpayer" means:

(i) Any railroad subject to the tax under this chapter that is classified by the United States surface transportation board as a class II or class III railroad, as defined in 49 C.F.R. Sec. 1201.1-1(a), as in effect on January 1, 2024;

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

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

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

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

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

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

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

(8) Qualified expenditures, as defined in subsection (7)(d), (e), and (f) of this section, do not include expenditures used to generate a federal tax credit or expenditures funded by a state or federal grant.

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

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

(11) To claim a credit under this chapter, a taxpayer must electronically file with the department all returns, forms, and other information the department requires in an electronic format as provided and approved by the department. Any return, form, or information required to be filed in an electronic format under this section is not filed until received by the department in an electronic format. For purposes of this subsection, "returns" has the same meaning as "return" in RCW 82.32.050.

(12) The ability to earn credits for qualifying expenditures under this section expires January 1, 2036. No credit may be claimed on tax returns filed for reporting periods beginning on or after January 1, 2042.

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

(1) Any company that recycles railroad material is eligible for a credit as provided in this section if, on or after the effective date of this section, the company transfers to an eligible taxpayer rail, ties, tie plates, joint bars, fasteners, switches, ballast, or other equipment or materials that are part of the rail infrastructure to be installed on tracks used by class II and class III railroads.

(2) The credit is equal to the fair market value of the donated materials used for track maintenance, expansion, or modernization. Materials must be given to a qualifying recipient without consideration to receive a credit. The department must provide in rule a standard for determining the fair market value of donated materials under this section.

(3)(a) A company that recycles railroad material may transfer all or a portion of the credit earned under this section to any taxpayer subject to the tax imposed under this chapter at any time during the year in which the credit is earned and five years following the year that the credit is earned.

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

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

(ii) The amount of the credit being transferred;

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

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

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

(c) No credit or portion thereof may be transferred more than once.

(d) No credit transfer applications under (b) of this subsection (3) may be submitted for qualifying materials donated after December 31, 2036.

(4) The department must administer the credit.

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

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

(a) "Class I railroad" means a railroad that is classified by the United States surface transportation board as a class I railroad, as defined in 49 C.F.R. Sec. 1201.1-1(a), as in effect on January 1, 2024.

(b) "Eligible taxpayer" means:

(i) Any railroad subject to the tax under this chapter that is classified by the United States surface transportation board as a class II or class III railroad, as defined in 49 C.F.R. Sec. 1201.1-1(a), as in effect on January 1, 2024;

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

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

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

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

(7) Credit under this section may not be earned for donations to short line railroads owned by a class I railroad or any of its subsidiaries.

(8) No person may claim a credit against taxes due under both this chapter and chapter 82.04 RCW for the same donated materials.

(9) To claim a credit under this chapter, a person must electronically file with the department all returns, forms, and other information the department requires in an electronic format as provided and approved by the department. Any return, form, or information required to be filed in an electronic format under this section is not filed until received by the department in an electronic format. For purposes of this subsection, "returns" has the same meaning as "return" in RCW 82.32.050.

(10) The ability to earn credits for qualifying expenditures under this section expires January 1, 2036. No credit may be claimed on tax returns filed for reporting periods beginning on or after January 1, 2042.

NEW SECTION. **Sec.**  (1) This section is the tax preference performance statement for the tax preferences contained in chapter . . ., Laws of 2024 (this act). This performance statement is only intended to be used for subsequent evaluation of the tax preferences. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes the tax preferences in this act as ones intended to accomplish a general purpose, as indicated in RCW 82.32.808(2)(f).

(3) It is the legislature's specific public policy objective to promote economic development and reduce impacts of freight transportation on roads and the environment.

(4) In conducting its review under this section, the joint legislative audit and review committee should consider, among other measures:

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

(b) The number of miles of track rehabilitated to 90 pound rail or greater;

(c) The number of ties replaced;

(d) The amount of ballast replaced;

(e) The number of bridges returned from out of service or able to operate heavier loaded equipment;

(f) The number of switches installed;

(g) Any related safety benefits of addressing at-grade crossings;

(h) The number of rail cars from increased economic activity;

(i) Any improvement in federal railroad administration track classification designation up to and including class II track and the ability to operate at greater speeds;

(j) The amount of steel or ties made obsolete pursuant to section 2 of this act that are reused by a class II or class III railroad, as defined in section 5 of this act, within Washington;

(k) The number of prevailing wage jobs associated with new rail development, modernization, and rehabilitation projects by taxpayers using the tax preferences under this act; and

(l) The number of additional rail cars utilizing class I railroads as a result of new development, modernization, and rehabilitation projects by taxpayers using the tax preferences under this act.

(5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee may refer to any data collected by the state.

NEW SECTION. **Sec.**  If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2024, in the omnibus appropriations act, this act is null and void.

NEW SECTION. **Sec.**  Sections 4, 5, and 8 of this act take effect August 1, 2024.

NEW SECTION. **Sec.**  Sections 3 and 7 of this act take effect July 1, 2025.

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

Correct the title.

EFFECT: (1) Changes the maximum amount of the business and occupation and public utility credits for qualified short line railroad maintenance expenditures that may be earned in a calendar year to $3,500 multiplied by the number of miles of railroad track owned or leased in the state by the eligible taxpayer.

(2) Changes the business and occupation and public utility credits from 100 percent to 50 percent for qualified new rail development, modernization, and rehabilitation expenditures.

(3) Creates a total credit cap for all business and occupation and public utility credits for qualifying expenditures to $1 million per taxpayer and $15 million for all taxpayers per calendar year.

(4) Changes the expiration date for claiming the business and occupation and public utility credits for qualifying expenditures from January 1, 2040, to January 1, 2036.

(5) Adds that the business and occupation and public utility credits for qualifying expenditures may be carried over until January 1, 2042.

(6) Defines the materials that can be recycled and donated to qualify for the business and occupation tax and public utility credits for the fair market value of donated materials.

(7) Adds administrative procedures for the application, use, and transfer of tax credits.

(8) Modifies definitions.

(9) Adds a null and void clause.

(10) Updates effective and expiration dates.

(11) Makes other clarifying and technical changes.