

By: Representative Stevens

To: Ways and Means

HOUSE BILL NO. 723

1 AN ACT TO PROVIDE AN INCOME AND CORPORATE FRANCHISE TAX
2 CREDIT FOR TAXPAYERS THAT PROVIDE FUNDS THROUGH GIFT, GRANT OR
3 DONATION TO A RAILROAD FOR ALL OR ANY PART OF CERTAIN CAPITAL
4 IMPROVEMENT PROJECTS; TO LIMIT THE AMOUNT OF THE INCOME AND
5 CORPORATE FRANCHISE TAX CREDIT; TO PROVIDE THAT A TAXPAYER MUST
6 PROVIDE CERTAIN INFORMATION TO THE STATE TAX COMMISSION TO RECEIVE
7 SUCH CREDIT; TO REQUIRE THE MISSISSIPPI DEPARTMENT OF ECONOMIC AND
8 COMMUNITY DEVELOPMENT TO REPORT ANNUALLY TO THE LEGISLATURE
9 REGARDING THE IMPACT OF THIS ACT; AND FOR RELATED PURPOSES.

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

11 SECTION 1. The Legislature of the State of Mississippi
12 declares that for the continued industrial and economic
13 development of the state, it is essential that viable rail service
14 for receipt and shipment of the products of business, industry,
15 and agriculture provided by small short line rail carriers be
16 readily available in the smaller communities and areas throughout
17 the state that are not served by the primary rail lines of Class I
18 rail carriers, and where branch lines of major railroads are
19 sought to be abandoned; that the Legislature is cognizant of the
20 fact that some of the short line rail carriers in the state
21 providing essential rail service have difficulty in generating
22 sufficient funds for track rehabilitation, upkeep and repair, and
23 a number of branch lines of Class I railroads which are candidates
24 for abandonment need to be rehabilitated to permit continuation of
25 rail operation thereon by a new short line carrier; that a variety
26 of public and private funding sources need to be provided and
27 encouraged for the construction, reconstruction, rehabilitation,
28 repair, and maintenance of such short line railroads and branch
29 lines; and that the allowance of a tax credit for private funds of

30 shippers and others invested in rehabilitation of the tracks and
31 facilities of needy short line rail carriers is in the best
32 interests of the citizens of the state.

33 SECTION 2. (1) As used in this act, the following words and
34 phrases shall have the meanings ascribed in this section unless
35 the context clearly requires otherwise:

36 (a) "Class I track" means railroad track that meets the
37 minimum qualifications for such track under the definition and
38 regulations of the Federal Railroad Administration as set forth in
39 Title 49, Code of Federal Regulations.

40 (b) "Executive director" means the Executive Director
41 of the Mississippi Department of Economic and Community
42 Development.

43 (c) "Rail improvement project" and "project" means the
44 construction, reconstruction, rehabilitation, renovation, repair
45 and maintenance of all or any designated segment of the roadbed,
46 tracks, signals, or related facilities of a railroad that is
47 necessary to enhance the rail line and permit continued safe and
48 reliable rail service thereon, to establish, keep and maintain the
49 track at or above the minimum standards for Class I track under
50 the regulations and classification of the Federal Railroad
51 Administration, to prevent the rail line from being abandoned or
52 service thereon reduced or discontinued, or to enable a new
53 railroad to assume rail service on a rail line or branch line
54 scheduled for reduction in service or abandonment.

55 (d) "Railroad" means a short line railroad corporation
56 organized under the laws of the State of Mississippi and providing
57 rail service therein that is classified as a Class III rail
58 carrier of freight under the regulations of the Surface
59 Transportation Board (successor of the Interstate Commerce
60 Commission), and which has an annual gross freight revenue per
61 mile of leased or mainline track in the State of Mississippi of
62 not more than Forty Thousand Dollars (\$40,000.00).

63 (e) "Taxpayer" means any person, firm, or corporation
64 that pays income or franchise taxes to the State of Mississippi,
65 other than a railroad.

66 (2) If any railroad in this state has a rail improvement

67 project for which a taxpayer (other than the railroad itself) has
68 agreed to provide funds by gift, grant, or donation for all or
69 part of the project, the railroad shall submit a description and
70 full information on the project and the financing proposed for it,
71 including detailed information relating to its funding by the
72 taxpayer to the executive director. The executive director shall
73 review the plans and determine whether the proposed project
74 qualifies under the provisions of this act and whether its
75 implementation will likely promote, continue or enhance rail
76 service in the service area of the railroad and tend to prevent
77 reduction or discontinuance of service on the rail line or
78 abandonment of the line. If the executive director determines
79 that the proposed project meets the necessary criteria, he shall
80 issue a certificate to that effect to the railroad and to the
81 taxpayer to be involved in the funding. The certificate shall
82 authorize the taxpayer to claim a credit, for the amount
83 contributed to financing of the project, against income and
84 franchise taxes as provided in subsection (3) of this section.

85 (3) Any taxpayer that provides funds through gift, grant, or
86 donation to a railroad for all or any part of a rail improvement
87 project certified by the executive director shall be entitled to
88 and allowed a credit, equal to the amount paid on the project,
89 against income and corporation franchise taxes imposed upon the
90 taxpayer under the laws of this State for the tax year in which
91 the funds are paid, subject to the limitations provided in
92 subsection (4) of this section.

93 (4) The credit provided for in this section shall not exceed
94 fifty percent (50%) of the amount of income tax and fifty percent
95 (50%) of the amount of corporation franchise tax imposed upon the
96 taxpayer for the taxable year reduced by the sum of all other
97 credits allowable to such taxpayer under the state income and
98 corporation franchise tax laws, except credit for tax payments
99 made by or on behalf of the taxpayer. Any unused portion of the

100 credit may be carried forward for the succeeding four (4) years.
101 The maximum cumulative credit that may be claimed by a taxpayer
102 pursuant to this act and for the period beginning on January 1,
103 1999, and ending on December 31, 2003, is limited to Five Hundred
104 Thousand Dollars (\$500,000.00).

105 (5) To obtain the credit provided for in this act, the
106 taxpayer must provide to the State Tax Commission proof of the
107 funds paid for the rail improvement project, a copy of the
108 certificate for the project issued by the executive director and
109 any other information required by the State Tax Commission.

110 SECTION 3. The Mississippi Department of Economic and
111 Community Development shall report annually to the Legislature
112 regarding the impact of the credit granted in Section 2 of this
113 act on short line railroad continuation, development and rail
114 service. The Department of Economic and Community Development
115 shall file a copy of such report with the Governor, the Secretary
116 of the Senate, the Clerk of the House of Representatives, the
117 Chairman of the House Ways and Means Committee and the Chairman of
118 the Senate Finance Committee. The State Tax Commission and the
119 Mississippi Department of Transportation shall cooperate with the
120 Department of Economic and Community Development in providing the
121 information required in the annual reports.

122 SECTION 4. Sections 1 through 3 of this act shall stand
123 repealed on December 31, 2003.

124 SECTION 5. This act shall take effect and be in force from
125 and after its passage.