

By: Senator(s) Harkins, Branning

To: Finance

SENATE BILL NO. 2477

1 AN ACT TO REENACT SECTION 27-7-22.42, MISSISSIPPI CODE OF  
2 1972, WHICH AUTHORIZES AN INCOME TAX CREDIT FOR QUALIFIED RAILROAD  
3 RECONSTRUCTION OR REPLACEMENT EXPENDITURES AND QUALIFIED NEW RAIL  
4 INFRASTRUCTURE EXPENDITURES, AND WHICH WAS REPEALED BY OPERATION  
5 OF LAW ON JANUARY 1, 2024; TO AMEND REENACTED SECTION 27-7-22.42,  
6 MISSISSIPPI CODE OF 1972, TO EXTEND THE DATE OF THE REPEALER ON  
7 THE SECTION; AND FOR RELATED PURPOSES.

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

9 **SECTION 1.** Section 27-7-22.42, Mississippi Code of 1972,  
10 which was repealed by operation of law on January 1, 2024, is  
11 reenacted and amended as follows:

12 27-7-22.42. (1) The following words and phrases shall have  
13 the meanings as defined in this section unless the context clearly  
14 indicates otherwise:

15 (a) "Eligible taxpayer" means any railroad that is  
16 classified by the United States Surface Transportation Board as a  
17 Class II or Class III railroad.

18 (b) "Eligible transferee" means any taxpayer having a  
19 liability for taxes under this chapter.



20 (c) "Qualified railroad reconstruction or replacement  
21 expenditures" means gross expenditures for maintenance,  
22 reconstruction or replacement of railroad infrastructure,  
23 including track, roadbed, bridges, industrial leads and sidings,  
24 and track-related structures owned or leased by a Class II or  
25 Class III railroad in Mississippi as of January 1, 2022.

26 (d) "Qualified new rail infrastructure expenditures"  
27 means gross expenditures for new construction of industrial leads,  
28 switches, spurs and sidings and extensions of existing sidings,  
29 for serving new customer locations or expansions in Mississippi,  
30 by a Class II or Class III railroad located in Mississippi.

31 (2) Subject to the provisions of this section, an eligible  
32 taxpayer making qualified railroad reconstruction or replacement  
33 expenditures shall be allowed a credit against the taxes imposed  
34 under this chapter. The credit shall be for an amount equal to  
35 the lesser of fifty percent (50%) of an eligible taxpayer's  
36 qualified railroad reconstruction or replacement expenditures for  
37 the taxable year or the product of Five Thousand Dollars  
38 (\$5,000.00) multiplied by the number of miles of railroad track  
39 owned or leased within the State of Mississippi by the eligible  
40 taxpayer as of the close of the taxable year. For qualified new  
41 rail infrastructure expenditures, the credit shall be for an  
42 amount equal to the lesser of fifty percent (50%) of an eligible  
43 taxpayer's qualified new rail infrastructure expenditures for the  
44 taxable year, capped at One Million Dollars (\$1,000,000.00) per



45 new rail-served customer project. However, the tax credit shall  
46 not exceed the amount of tax imposed upon the taxpayer for the  
47 taxable year reduced by the sum of all other credits allowable to  
48 the taxpayer under this chapter, except credit for tax payments  
49 made by or on behalf of the taxpayer. Any tax credit claimed  
50 under this section but not used in any taxable year may be carried  
51 forward for five (5) consecutive years from the close of the  
52 taxable year in which the credit was earned. The aggregate amount  
53 of credits that may be claimed by all taxpayers claiming a credit  
54 under this section during a calendar year shall not exceed Eight  
55 Million Dollars (\$8,000,000.00). In addition, an eligible  
56 taxpayer may transfer by written agreement any unused tax credit  
57 to an eligible transferee at any time during the year in which the  
58 credit is earned and the five (5) years following the taxable year  
59 in which the qualified railroad reconstruction or replacement  
60 expenditures or the qualified new rail infrastructure expenditures  
61 are made. The eligible taxpayer and the eligible transferee must  
62 jointly file a copy of the written transfer agreement with the  
63 Department of Revenue within thirty (30) days of the transfer.  
64 The written agreement must contain the: (a) name, address, and  
65 taxpayer identification number of the parties to the transfer; (b)  
66 taxable year the eligible taxpayer incurred the qualified railroad  
67 reconstruction or replacement expenditures or the qualified new  
68 rail infrastructure expenditures; (c) amount of credit being



69 transferred; and (d) taxable year or years for which the credit  
70 may be claimed by the eligible transferee.

71 This section shall stand repealed on January 1, \* \* \* 2028.

72 **SECTION 2.** This act shall take effect and be in force from  
73 and after January 1, 2024.

