

**INDIVIDUAL INCOME TAX  
CORPORATE FRANCHISE TAX  
INSURANCE PREMIUMS TAX  
Short Line Railroad Credit**

February 26, 2024

	<b>Yes</b>	<b>No</b>
DOR Administrative Costs/Savings		<b>x</b>

Department of Revenue

Analysis of S.F. 1155 (Weber) As Proposed to Be Amended (SCS1155A-3)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2024</u></b>	<b><u>F.Y. 2025</u></b>	<b><u>F.Y. 2026</u></b>	<b><u>F.Y. 2027</u></b>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective retroactively beginning with tax year 2023.

**EXPLANATION OF THE BILL**

**Current Law:** Beginning with tax year 2023, a credit is allowed against the individual income tax, corporate franchise tax, and insurance gross premiums tax equal to 50% of qualified costs for maintenance, reconstruction, or replacement of railroad infrastructure, not to exceed \$3,000 per mile of track owned or leased by the railroad in Minnesota for which the railroad made qualified expenditures.

The credit is nonrefundable but may be carried forward for up to five years. Any excess unused credit may be transferred under written agreement during the 5-year period.

**Proposed Law:** The bill would require a taxpayer to apply for a credit certificate from the Commissioner of Transportation to qualify for the credit. The certificate must include the number of miles of qualified railroad expenditures in the tax year and the credit amount. The Commissioner of Transportation would provide a copy of the certificate to the Commissioner of Revenue. Only one credit certificate could be issued per taxpayer per tax year.

The bill would allow any amount of the credit stated in the certificate to be transferred by written agreement before any remainder of the credit is claimed, or the entire credit carryover amount may be transferred in each of the next five years.

**REVENUE ANALYSIS DETAIL**

- The bill would have no revenue impact. It is assumed that the transferred credits would be claimed in the same fiscal year as under current law.

Minnesota Department of Revenue  
Tax Research Division  
<https://www.revenue.state.mn.us/revenue-analyses>