

**House File 2624 - Introduced**

HOUSE FILE 2624

BY JONES

**A BILL FOR**

1 An Act creating the railroad reconstruction or replacement tax  
2 credit available against the individual and corporate income  
3 taxes, the franchise tax, the insurance premiums tax, and  
4 the moneys and credits tax, and including effective date and  
5 retroactive applicability provisions.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 327I.1 Railroad reconstruction or  
2 replacement tax credit.

3 1. As used in this section:

4 a. "Department" means the department of revenue.

5 b. "Qualified expenditures" means gross expenditures in the  
6 taxable year for maintenance, reconstruction, or replacement  
7 of railroad infrastructure, including track, roadbed, bridges,  
8 industrial leads and sidings, and track-related structures  
9 owned or leased by a class II or class III railroad in this  
10 state as of January 1, 2021. "Qualified expenditures" also  
11 includes new construction of industrial leads, switches, spurs,  
12 and sidings and extensions of existing sidings in this state by  
13 a class II or class III railroad.

14 c. "Taxpayer" means any railroad that is classified by  
15 the surface transportation board as a class II or class III  
16 railroad.

17 2. A railroad reconstruction or replacement tax credit  
18 shall be allowed against the taxes imposed in chapter 422,  
19 subchapters II, III, and V, and in chapter 432, and against  
20 the moneys and credits tax imposed in section 533.329, for  
21 qualified expenditures.

22 3. A taxpayer who is an individual may claim a tax credit  
23 under this subsection of a partnership, limited liability  
24 company, S corporation, estate, or trust electing to have  
25 income taxed directly to the individual. The amount claimed  
26 by the individual shall be based upon the pro rata share of the  
27 individual's earnings from the partnership, limited liability  
28 company, S corporation, estate, or trust.

29 4. Any credit in excess of the tax liability is not  
30 refundable but the excess for the tax year may be credited  
31 to the tax liability for the following five years or until  
32 depleted, whichever is earlier.

33 5. For tax years beginning on or after January 1, 2024,  
34 but before January 1, 2032, a tax credit may be claimed that  
35 shall equal fifty percent of qualified expenditures made by

1 the taxpayer, not to exceed three thousand dollars per mile,  
2 multiplied by the number of miles of railroad track owned or  
3 leased within the state by the taxpayer for which the taxpayer  
4 made qualified expenditures upon during the applicable tax  
5 year.

6 6. *a.* To claim a tax credit, a taxpayer shall include one  
7 or more tax credit certificates with the taxpayer's return.

8 *b.* The tax credit certificate shall contain the taxpayer's  
9 name, address, tax identification number, the amount of the  
10 credit, any other information required by the department,  
11 and a place for the name and tax identification number of a  
12 transferee and the amount of the tax credit being transferred.

13 7. *a.* Tax credit certificates issued under this section may  
14 be transferred to any person. Within ninety days of transfer,  
15 the transferee shall submit the transferred tax credit  
16 certificate to the department of revenue along with a statement  
17 containing the transferee's name, tax identification number,  
18 address, the denomination that each replacement tax credit  
19 certificate is to carry, and any other information required by  
20 the department of revenue. However, tax credit certificate  
21 amounts of less than the minimum amount established by rule by  
22 the department of revenue shall not be transferable.

23 *b.* Within thirty days of receiving the transferred tax  
24 credit certificate and the transferee's statement, the  
25 department of revenue shall issue one or more replacement tax  
26 credit certificates to the transferee. Each replacement tax  
27 credit certificate must contain the information required for  
28 the original tax credit certificate and must have the same  
29 expiration date that appeared on the transferred tax credit  
30 certificate.

31 *c.* A tax credit shall not be claimed by a transferee  
32 under this section until a replacement tax credit certificate  
33 identifying the transferee as the proper holder has been  
34 issued. The transferee may use the amount of the tax credit  
35 transferred against the taxes imposed in chapter 422,

1 subchapters II, III, and V, and in chapter 432, and against the  
2 moneys and credits tax imposed in section 533.329 for any tax  
3 year the original transferor could have claimed the tax credit.  
4 Any consideration received for the transfer of the tax credit  
5 shall not be included as income under chapter 422, subchapters  
6 II, III, and V. Any consideration paid for the transfer of the  
7 tax credit shall not be deducted from income under chapter 422,  
8 subchapters II, III, and V.

9 8. This section is repealed January 1, 2037.

10 Sec. 2. NEW SECTION. 422.10C Railroad reconstruction or  
11 replacement tax credit.

12 1. The taxes imposed under this subchapter, less the credits  
13 allowed under section 422.12, shall be reduced by a railroad  
14 reconstruction or replacement tax credit allowed pursuant to  
15 section 327I.1.

16 2. This section is repealed January 1, 2037.

17 Sec. 3. Section 422.33, Code 2024, is amended by adding the  
18 following new subsection:

19 NEW SUBSECTION. 11. a. The taxes imposed under this  
20 subchapter shall be reduced by a railroad reconstruction or  
21 replacement tax credit allowed pursuant to section 327I.1.

22 b. This subsection is repealed January 1, 2037.

23 Sec. 4. Section 422.60, Code 2024, is amended by adding the  
24 following new subsection:

25 NEW SUBSECTION. 16. a. The taxes imposed under this  
26 subchapter shall be reduced by a railroad reconstruction or  
27 replacement tax credit allowed pursuant to section 327I.1.

28 b. This subsection is repealed January 1, 2037.

29 Sec. 5. NEW SECTION. 432.12P Railroad reconstruction or  
30 replacement tax credit.

31 1. The taxes imposed under this chapter shall be reduced  
32 by a railroad reconstruction or replacement tax credit allowed  
33 pursuant to section 327I.1.

34 2. This section is repealed January 1, 2037.

35 Sec. 6. Section 533.329, subsection 2, Code 2024, is amended

1 by adding the following new paragraph:

2 NEW PARAGRAPH. *n.* (1) The moneys and credits tax  
3 imposed under this section shall be reduced by a railroad  
4 reconstruction or replacement tax credit allowed pursuant to  
5 section 327I.1.

6 (2) This paragraph is repealed January 1, 2037.

7 Sec. 7. EFFECTIVE DATE. This Act, being deemed of immediate  
8 importance, takes effect upon enactment.

9 Sec. 8. RETROACTIVE APPLICABILITY. This Act applies  
10 retroactively to January 1, 2024, for tax years beginning on  
11 or after that date.

12 EXPLANATION

13 The inclusion of this explanation does not constitute agreement with  
14 the explanation's substance by the members of the general assembly.

15 This bill creates the railroad reconstruction or replacement  
16 tax credit available against the individual and corporate  
17 income taxes, the franchise tax, the insurance premiums tax,  
18 and the moneys and credits tax.

19 Under the bill, for tax years beginning on or after January  
20 1, 2024, but before January 1, 2032, a tax credit may be  
21 claimed equaling 50 percent of qualified expenditures made by  
22 a railroad classified as class I or class II, not to exceed  
23 \$3,000 per mile, multiplied by the number of miles of railroad  
24 track owned or leased within the state by the taxpayer for  
25 which the taxpayer made qualified expenditures upon during the  
26 applicable tax year.

27 The bill defines "qualified expenditures" to mean the  
28 maintenance, reconstruction, or replacement of railroad  
29 infrastructure, including track, roadbed, bridges, and  
30 industrial leads and sidings, owned or leased by a class II  
31 or class III railroad in this state as of January 1, 2021.  
32 "Qualified expenditures" also includes new construction of  
33 industrial leads, switches, spurs, and sidings and extensions  
34 of existing sidings.

35 Any credit in excess of the tax liability is not refundable

1 under the bill, but the excess may be credited to the tax  
2 liability for up to the next five tax years.

3 The bill repeals the tax credit from the Code on January 1,  
4 2037, to account for a taxpayer crediting excess tax liability  
5 for up to five additional tax years or until depleted,  
6 whichever is earlier.

7 The bill takes effect upon enactment and applies  
8 retroactively to tax years beginning on or after January 1,  
9 2024.