

**HB190 ENGROSSED**



1      HB190  
2      6YEMF31-2  
3      By Representative Baker  
4      RFD: Ways and Means Education  
5      First Read: 13-Jan-26



1

2

3

4

5

6

7

8

A BILL

TO BE ENTITLED

## AN ACT

9 Relating to the Railroad Modernization Act of 2019; to  
10 amend Sections 37-11C-4 and 37-11C-6, Code of Alabama 1975, to  
11 extend the current per mile credit amount; to extend the  
12 current annual cap on income tax credits; and to extend the  
13 sunset date.

14 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

15 Section 1. Sections 37-11C-4 and 37-11C-6, Code of  
16 Alabama 1975, are amended to read as follows:

17 "§37-11C-4

27 (b) For tax years beginning after December 31, 2022,  
28 through December 31, 2027, there is a credit allowed against



29 the state income tax levied by Section 40-18-2 equal to 50  
30 percent of an eligible taxpayer's qualified railroad  
31 rehabilitation expenditures. The tax credit allowed under this  
32 section may not exceed four thousand one hundred dollars  
33 (\$4,100) multiplied by the number of miles of railroad track  
34 owned or leased within the state by the eligible taxpayer at  
35 the close of the taxable year.

36 (c) For tax years beginning after December 31, 2027,  
37 through December 31, 2032, there is a credit allowed against  
38 the state income tax levied by Section 40-18-2 equal to 50  
39 percent of an eligible taxpayer's qualified railroad  
40 rehabilitation expenditures. The tax credit allowed under this  
41 section may not exceed four thousand one hundred dollars  
42 (\$4,100) multiplied by the number of miles of railroad track  
43 owned or leased within the state by the eligible taxpayer at  
44 the close of the taxable year.

45 ~~(e)~~ (d) There is created within the Education Trust Fund  
46 a separate account named the Railroad Rehabilitation Income  
47 Tax Credit Account. The Commissioner of Revenue shall certify  
48 to the state Comptroller the amount of income tax credits  
49 under this section, and the state Comptroller shall transfer  
50 into the Railroad Rehabilitation Income Tax Credit Account  
51 only the amount from sales tax revenues within the Education  
52 Trust Fund that is sufficient for the Department of Revenue to  
53 use to cover the income tax credits for the applicable tax  
54 year. The commissioner shall distribute the funds in the  
55 Railroad Rehabilitation Income Tax Credit Account pursuant to  
56 this section.



57           (d)(e) The entire tax credit may be claimed by the  
58 taxpayer in the taxable year in which the qualified railroad  
59 rehabilitation expenditures are completed and placed into  
60 service. Where the taxes owed by the eligible taxpayer are  
61 less than the tax credit, the eligible taxpayer may be  
62 entitled to claim a refund for the difference.

63           (e)(f) For the calendar years 2020, 2021, and 2022, the  
64 aggregate amount of all tax credits that may be reserved in  
65 any one of such years by the department upon certification of  
66 rehabilitation plans shall not exceed three million seven  
67 hundred thousand dollars (\$3,700,000) plus any amount of  
68 previous reservations of tax credits that were rescinded  
69 during the tax year. However, if all of the allowable tax  
70 credit amount for any tax year is not requested and reserved,  
71 any unreserved tax credits may be utilized by the department  
72 in awarding tax credits in subsequent years, ;—provided,  
73 however, that in no event shall a total of more than eleven  
74 million one hundred thousand dollars (\$11,100,000) be reserved  
75 by the department during the period of August 1, 2019, through  
76 August 1, 2022. For purposes of this chapter, "tax year" shall  
77 mean the calendar year.

78           (f)(g) For the calendar years 2023 through 2027, the  
79 aggregate amount of all tax credits that may be reserved in  
80 any one of such years by the department upon certification of  
81 rehabilitation plans shall not exceed four million five  
82 hundred thousand dollars (\$4,500,000) plus any amount of  
83 previous reservations of tax credits that were rescinded  
84 during the tax year. However, if all of the allowable tax



85 credit amount for any tax year is not requested and reserved,  
86 any unreserved tax credits may be utilized by the department  
87 in awarding tax credits in subsequent years, provided,  
88 however, that in no event shall a total of more than  
89 twenty-two million five hundred thousand dollars (\$22,500,000)  
90 be reserved by the department during the period of August 1,  
91 2022, through August 1, 2027. For the purposes of this chapter  
92 "tax year" shall mean the calendar year.

93 (h) For the calendar years 2028 through 2032, the  
94 aggregate amount of all tax credits that may be reserved in  
95 any one of such years by the department upon certification of  
96 rehabilitation plans shall not exceed four million five  
97 hundred thousand dollars (\$4,500,000) plus any amount of  
98 previous reservations of tax credits that were rescinded  
99 during the tax year. However, if all of the allowable tax  
100 credit amount for any tax year is not requested and reserved,  
101 any unreserved tax credits may be utilized by the department  
102 in awarding tax credits in subsequent years, provided that in  
103 no event shall a total of more than twenty-two million five  
104 hundred thousand dollars (\$22,500,000) be reserved by the  
105 department during the period of August 1, 2027, through August  
106 1, 2032. For the purposes of this chapter "tax year" shall  
107 mean the calendar year.

108 (g)(i) Tax credits granted to a partnership, a limited  
109 liability company, S Corporations, trusts, or estates shall be  
110 claimed at the entity level and shall not pass through to the  
111 partners, members, or owners.

112 (h)(j) All or any portion of the income tax credit



113 authorized under this section may be transferable and  
114 assignable by written transfer agreement and subject to any  
115 notice and verification requirements to be determined by the  
116 Department of Revenue. Any tax credits transferred shall be at  
117 a value of at least ~~eighty-five~~<sup>85</sup> percent (85%) of the present  
118 value of the credits. However, once a credit is transferred,  
119 only the transferee may utilize the credit and the credit may  
120 not be transferred again. An eligible transferee of the credit  
121 may use the amount of credits transferred to offset any income  
122 tax due under Chapter 18 of Title 40. The department, by rule,  
123 shall adopt a written transfer agreement form. The transfer  
124 statement form shall include the name and federal taxpayer  
125 identification number of the transferor and each transferee  
126 listed therein along with the amount of the tax credit to be  
127 transferred to each transferee listed on the form. The  
128 transfer statement form shall also contain such other  
129 information as the department may from time to time reasonably  
130 require. For each transfer, the transferor shall file with the  
131 department: (1) a completed transfer statement form; (2) a  
132 copy of the executed written transfer agreement; and (3) a  
133 transfer fee payable to the department in the amount of one  
134 thousand dollars (\$1,000) per transferee listed on the  
135 transfer statement form. Within 30 days after the department's  
136 receipt of the fully executed written transfer agreement, the  
137 department shall issue a tax credit certificate to each  
138 transferee listed in the agreement in the amount of the tax  
139 credit so transferred. ~~Such~~ The certificate shall be used by  
140 the transferee in claiming the tax credit. The department may



141 adopt ~~such~~ additional rules as are necessary to permit  
142 verification of the ownership of the tax credits but shall not  
143 adopt any rules that unduly restrict or hinder the transfer of  
144 the tax credits."

145 "§37-11C-6

146 The tax credit allowed under this chapter shall be  
147 effective for the 2020 tax year and shall continue through the  
148 ~~2027~~2032 tax year, ~~unless extended by act of the Legislature.~~"

149 Section 2. This act shall become effective on June 1,  
150 2026.



HB190 Engrossed

151  
152  
153

## House of Representatives

154 Read for the first time and referred ..... 13-Jan-26  
155 to the House of Representatives  
156 committee on Ways and Means  
157 Education  
158  
159 Read for the second time and placed ..... 29-Jan-26  
160 on the calendar:  
161 1 amendment  
162  
163 Read for the third time and passed ..... 12-Feb-26  
164 as amended  
165 Yeas 103  
166 Nays 0  
167 Abstains 2  
168  
169  
170 John Treadwell  
171 Clerk  
172