

HB190 INTRODUCED



1 HB190
2 SLZZB77-1
3 By Representative Baker
4 RFD: Ways and Means Education
5 First Read: 13-Jan-26



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4 SYNOPSIS:

5 Under existing law, there exists the Railroad
6 Modernization Act of 2019, which allows a tax credit
7 against the state income tax of an eligible taxpayer's
8 qualified railroad reconstruction or replacement
9 expenditures within the state that is owned or leased
10 by the eligible taxpayer.

11 This bill would amend the Railroad Modernization
12 Act of 2019 to increase the per mile credit amount; to
13 increase the annual cap on income tax credits; and to
14 extend the sunset date.

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17 A BILL
18 TO BE ENTITLED
19 AN ACT

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21 Relating to the Railroad Modernization Act of 2019; to
22 amend Sections 37-11C-4 and 37-11C-6, Code of Alabama 1975, to
23 increase the per mile credit amount; to increase the annual
24 cap on income tax credits; and to extend the sunset date.

25 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

28 "§37-11C-4



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56 ~~(e)~~ (d) There is created within the Education Trust Fund



57 a separate account named the Railroad Rehabilitation Income
58 Tax Credit Account. The Commissioner of Revenue shall certify
59 to the state Comptroller the amount of income tax credits
60 under this section, and the state Comptroller shall transfer
61 into the Railroad Rehabilitation Income Tax Credit Account
62 only the amount from sales tax revenues within the Education
63 Trust Fund that is sufficient for the Department of Revenue to
64 use to cover the income tax credits for the applicable tax
65 year. The commissioner shall distribute the funds in the
66 Railroad Rehabilitation Income Tax Credit Account pursuant to
67 this section.

68 ~~(d)~~ (e) The entire tax credit may be claimed by the
69 taxpayer in the taxable year in which the qualified railroad
70 rehabilitation expenditures are completed and placed into
71 service. Where the taxes owed by the eligible taxpayer are
72 less than the tax credit, the eligible taxpayer may be
73 entitled to claim a refund for the difference.

74 ~~(e)~~ (f) For the calendar years 2020, 2021, and 2022, the
75 aggregate amount of all tax credits that may be reserved in
76 any one of such years by the department upon certification of
77 rehabilitation plans shall not exceed three million seven
78 hundred thousand dollars (\$3,700,000) plus any amount of
79 previous reservations of tax credits that were rescinded
80 during the tax year. However, if all of the allowable tax
81 credit amount for any tax year is not requested and reserved,
82 any unreserved tax credits may be utilized by the department
83 in awarding tax credits in subsequent years, ~~is~~ provided,
84 ~~however,~~ that in no event shall a total of more than eleven



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85 million one hundred thousand dollars (\$11,100,000) be reserved
86 by the department during the period of August 1, 2019, through
87 August 1, 2022. For purposes of this chapter, "tax year" shall
88 mean the calendar year.

89 ~~(f)~~ (g) For the calendar years 2023 through 2027, the
90 aggregate amount of all tax credits that may be reserved in
91 any one of such years by the department upon certification of
92 rehabilitation plans shall not exceed four million five
93 hundred thousand dollars (\$4,500,000) plus any amount of
94 previous reservations of tax credits that were rescinded
95 during the tax year. However, if all of the allowable tax
96 credit amount for any tax year is not requested and reserved,
97 any unreserved tax credits may be utilized by the department
98 in awarding tax credits in subsequent years, provided,
99 ~~however,~~ that in no event shall a total of more than
100 twenty-two million five hundred thousand dollars (\$22,500,000)
101 be reserved by the department during the period of August 1,
102 2022, through August 1, 2027. For the purposes of this chapter
103 "tax year" shall mean the calendar year.

104 (h) For the calendar years 2028 through 2032, the
105 aggregate amount of all tax credits that may be reserved in
106 any one of such years by the department upon certification of
107 rehabilitation plans shall not exceed five million five
108 hundred thousand dollars (\$5,500,000) plus any amount of
109 previous reservations of tax credits that were rescinded
110 during the tax year. However, if all of the allowable tax
111 credit amount for any tax year is not requested and reserved,
112 any unreserved tax credits may be utilized by the department



113 in awarding tax credits in subsequent years, provided that in
114 no event shall a total of more than twenty-seven million five
115 hundred thousand dollars (\$27,500,000) be reserved by the
116 department during the period of August 1, 2027, through August
117 1, 2032. For the purposes of this chapter "tax year" shall
118 mean the calendar year.

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

123 (h)(j) All or any portion of the income tax credit
124 authorized under this section may be transferable and
125 assignable by written transfer agreement and subject to any
126 notice and verification requirements to be determined by the
127 Department of Revenue. Any tax credits transferred shall be at
128 a value of at least ~~eighty-five~~⁸⁵ percent~~—(85%)~~ of the present
129 value of the credits. However, once a credit is transferred,
130 only the transferee may utilize the credit and the credit may
131 not be transferred again. An eligible transferee of the credit
132 may use the amount of credits transferred to offset any income
133 tax due under Chapter 18 of Title 40. The department, by rule,
134 shall adopt a written transfer agreement form. The transfer
135 statement form shall include the name and federal taxpayer
136 identification number of the transferor and each transferee
137 listed therein along with the amount of the tax credit to be
138 transferred to each transferee listed on the form. The
139 transfer statement form shall also contain such other
140 information as the department may from time to time reasonably

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141 require. For each transfer, the transferor shall file with the
142 department: (1) a completed transfer statement form; (2) a
143 copy of the executed written transfer agreement; and (3) a
144 transfer fee payable to the department in the amount of one
145 thousand dollars (\$1,000) per transferee listed on the
146 transfer statement form. Within 30 days after the department's
147 receipt of the fully executed written transfer agreement, the
148 department shall issue a tax credit certificate to each
149 transferee listed in the agreement in the amount of the tax
150 credit so transferred. ~~Such~~The certificate shall be used by
151 the transferee in claiming the tax credit. The department may
152 adopt ~~such~~ additional rules as are necessary to permit
153 verification of the ownership of the tax credits but shall not
154 adopt any rules that unduly restrict or hinder the transfer of
155 the tax credits."

156 "§37-11C-6

157 The tax credit allowed under this chapter shall be
158 effective for the 2020 tax year and shall continue through the
159 ~~2027~~2032 tax year, ~~unless extended by act of the Legislature.~~"

160 Section 2. This act shall become effective on June 1,
161 2026.