

DEPARTMENT OF TAXATION

2006 Fiscal Impact Statement

1. **Patron** Benjamin L. Cline

3. **Committee** House Finance

4. **Title** Income Tax; Railroad Company Tax Credit

2. **Bill Number** HB 5075

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would grant a corporate income tax credit to railroads for the direct costs to improve intermodal use rail lines that run parallel to Interstate 81 or US Route 29. The total credits can not exceed \$2.5 million over the five year life of the program. The credit is available for tax years beginning on or after January 1, 2007 and before January 1, 2012.

6. Fiscal Impact Estimates are: Not available. (See Line 8.)

7. Budget amendment necessary: No

8. Fiscal implications:

The magnitude of the loss generated by this credit is unknown. The bill limits the total revenue loss to \$2.5 million over a five-year period.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No

11. Other comments:

This bill gives a corporate income tax credit to railroads that improve intermodal use rail lines located in the western part of the Commonwealth. Specifically the credit is for improvements to rail lines that are parallel to Interstate 81 and US Route 29. The credit is for direct costs incurred in undertaking the rail improvements. The credit is available for tax years beginning on or after January 1, 2007 and before January 1, 2012. The credit is limited to \$2.5 million over five taxable years between 2007 and 2011.

cc : Secretary of Finance
Date: 09/22/2006 JOC