

# State of South Dakota

SEVENTY-EIGHTH SESSION  
LEGISLATIVE ASSEMBLY, 2003

743I0576

## HOUSE ENGROSSED NO. **SB 188** - 03/04/2003

Introduced by: Senators Diedrich (Larry), Abdallah, Brown, Duxbury, Jaspers, McCracken, Moore, Olson (Ed), Schoenbeck, Sutton (Duane), and Symens and Representatives Dykstra, Begalka, Burg, Hargens, Konold, Peterson (Jim), Sebert, Solum, and Williamson

1 FOR AN ACT ENTITLED, An Act to provide a credit against certain taxes paid by railroads  
2 for the replacement and repair of rail lines and to revise certain provisions regarding the  
3 distribution of the assessed value of a railroad.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

5 Section 1. That chapter 10-28 be amended by adding thereto a NEW SECTION to read as  
6 follows:

7 Any publicly operated railroad or railway corporation operating over rail lines located within  
8 this state may claim a credit against the tax levied on such rail lines for amounts that the railroad  
9 or railway corporation has certified as having been expended in the replacement and repair of  
10 such rail lines. Only those expenses of a capital nature may be certified as an expense eligible for  
11 a credit pursuant to this section. The certification required by this section shall be on forms  
12 provided by the Department of Revenue. The labor and material expenses certified pursuant to  
13 this section shall be itemized separately. The credit provided in this section shall be applied  
14 proportionally across the railroad's entire mainline within this state. The credit shall be applied



1 to tax liability over a three-year period in an amount equal to thirty-three and one-third percent  
2 the first year following certification; thirty-three and one-third percent of such an amount shall  
3 carry forward into the second year following certification; and thirty-three and one-third percent  
4 shall carry forward into the third year following certification. Each year's carryover shall be  
5 accumulated as a tax credit with other years' annual tax credits. No credit may be given for the  
6 repair or replacement of railway line necessitated by washout, fire, or train derailment. If any rail  
7 line goes over ten million gross ton miles per mile annually in a calendar year, the rail line may  
8 not receive a credit pursuant to this section in the following calendar year.

9 Section 2. That § 10-28-16 be amended to read as follows:

10 10-28-16. The Department of Revenue shall, on or before the fourth Monday in August, each  
11 year, transmit to the county auditor of each county through which any railroad runs, a statement  
12 showing the length of main track, of main line or lines, and the branches thereof and sidetracks  
13 within such county, and the assessed value based on a statewide formula that weights traffic (ton  
14 miles) ~~thirty-three and one-third~~ fifty percent and miles of track in the county by ~~sixty-six and~~  
15 ~~two-thirds~~ fifty percent. The county auditor shall then distribute the value to each taxing district  
16 where the line runs on a per mile basis within the county.