

# State of South Dakota

SEVENTY-EIGHTH SESSION  
LEGISLATIVE ASSEMBLY, 2003

743I0576

## SENATE BILL NO. 188

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.

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

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

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



1 the first year following certification; thirty-three and one-third percent of such an amount shall  
2 carry forward into the second year following certification; and thirty-three and one-third percent  
3 shall carry forward into the third year following certification. Each year's carryover shall be  
4 accumulated as a tax credit with other years' annual tax credits. No credit may be given for the  
5 repair or replacement of railway line necessitated by washout, fire, or train derailment. No rail  
6 line carrying over ten million gross ton miles per mile annually may receive a credit pursuant to  
7 this section. Any rail line which carries between five million and ten million gross ton miles per  
8 mile annually shall receive a credit for only one-half of the expenses certified pursuant to this  
9 section.