



2025 SENATE BILL 213

April 16, 2025 - Introduced by Senators QUINN, FEYEN and TOMCZYK, cosponsored by Representatives NOVAK, TRANEL, ARMSTRONG, DONOVAN, FRANKLIN, GUNDRUM, MELOTIK, MURSAU, PRONSCHINSKE and SWEARINGEN. Referred to Committee on Agriculture and Revenue.

1 **AN ACT to amend** 71.05 (6) (a) 15., 71.21 (4) (a), 71.26 (2) (a) 4., 71.34 (1k) (g)
2 and 71.45 (2) (a) 10.; **to create** 71.07 (8t), 71.10 (4) (cu), 71.28 (8t), 71.30 (3)
3 (cu), 71.47 (8t), 71.49 (1) (cu) and 73.03 (78) of the statutes; **relating to:** a tax
4 credit for rail infrastructure modernization.

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit for railroads that make rail infrastructure and railroad maintenance expenditures. Under the bill, a claimant that is classified by the U.S. Surface Transportation Board as a class II or class III railroad may claim a rail infrastructure modernization credit that is equal to the sum of the following amounts:

1. Fifty percent of the qualified short line railroad maintenance expenditures made by the railroad. This portion of the credit is limited to an amount equal to \$5,000 multiplied by the number of miles of railroad track owned or leased by the railroad. The bill defines “qualified short line railroad maintenance expenditures” as gross expenditures for railroad infrastructure rehabilitation or maintenance improvements located in this state.

2. Fifty percent of the railroad’s qualified new rail infrastructure expenditures. This portion of the credit is limited to \$2,000,000 per project. The bill defines “qualified new rail infrastructure expenditures” as expenditures for rail

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infrastructure and improvements in this state placed in service after December 31, 2024.

A claimant that owns or leases a rail siding, industrial spur, or industry track may claim the portion of the credit described above for the claimant's qualified new rail infrastructure expenditures.

Before claiming a credit under the bill, a claimant must first apply to and receive approval from the Department of Revenue to claim the credit. DOR may approve up to \$10,000,000 in total credits for qualified new rail infrastructure expenditures for each tax year, and DOR must approve applications for credits on a first-come, first-served basis.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 71.05 (6) (a) 15. of the statutes is amended to read:

71.05 **(6)** (a) 15. The amount of the credits computed under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t), (3w), (3wm), (3y), (4k), (4n), (5i), (5j), (5k), (5r), (5rm), (6n), (8t), and (10) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

SECTION 2. 71.07 (8t) of the statutes is created to read:

71.07 **(8t)** RAIL INFRASTRUCTURE MODERNIZATION CREDIT. (a) *Definitions.* In this subsection:

1. "Claimant" means a person who files a claim under this subsection and who is one of the following:

a. A railroad company located wholly or partly in this state that is classified by the federal surface transportation board as a class II or class III railroad for the taxable year to which the claim applies.

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1 b. An owner or lessee of a rail siding, industrial spur, or industry track on or
2 adjacent to a railroad in this state during the taxable year to which the claim
3 applies.

4 2. “Qualified new rail infrastructure expenditures” means expenditures for
5 rail infrastructure and improvements in this state placed in service after December
6 31, 2024, including expenditures for the acquisition of right-of-way; engineering;
7 construction of new track such as industrial leads, switches, spurs, and sidings;
8 rehabilitation of existing inactive track to reinstate operation; loading dock
9 improvements; and transloading structures involved with servicing customer
10 locations or expansions.

11 3. “Qualified short line railroad maintenance expenditures” means gross
12 expenditures for railroad infrastructure rehabilitation or maintenance
13 improvements located in this state, including but not limited to rail, tie plates, joint
14 bars, fasteners, switches, ballast, subgrade, roadbed, industrial leads, sidings,
15 signs, safety barriers, crossing signals and gates, and related track structures.

16 (b) *Filing claims.* For taxable years beginning after December 31, 2024, and
17 before January 1, 2035, and subject to the limitations provided in this subsection, a
18 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
19 amount of those taxes, all of the following:

20 1. An amount equal to 50 percent of the qualified short line railroad
21 maintenance expenditures made by the claimant during the taxable year to which
22 the claim relates if the claimant is classified by the federal surface transportation
23 board as a class II or class III railroad for the taxable year.

24 2. An amount equal to 50 percent of the qualified new rail infrastructure

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1 expenditures made by the claimant during the taxable year to which the claim
2 relates.

3 (c) *Limitations.* 1. No credit may be claimed under par. (b) 1. for any qualified
4 short line railroad maintenance expenditures that are used to claim a tax credit
5 under federal law or that are funded by a federal or state grant.

6 2. The total amount of the credits under par. (b) 1. and ss. 71.28 (8t) (b) 1. and
7 71.47 (8t) (b) 1. for a claimant for a taxable year may not exceed an amount equal to
8 \$5,000 multiplied by the number of miles of railroad track owned or leased by the
9 claimant in this state on December 31 of the taxable year to which the claim
10 applies.

11 3. The total amount of the credits under par. (b) 2. and ss. 71.28 (8t) (b) 2. and
12 71.47 (8t) (b) 2. for a claimant for a taxable year may not exceed \$2,000,000 per
13 project application approved by the department.

14 4. No credit may be allowed under this subsection unless the claimant
15 submits an application to the department, at the time and in the manner
16 prescribed by the department, and the department approves the application. The
17 claimant shall submit a copy of the approved application with the claimant's
18 return.

19 5. Partnerships, tax-option corporations, and limited liability companies may
20 not claim a credit under this subsection, but the eligibility for, and the amount of,
21 the credit are based on their expenditures made under par. (b). A partnership, tax-
22 option corporation, or limited liability company shall compute the amount of the
23 credit that each of its partners, shareholders, or members may claim and shall
24 provide that information to each of them. Partners of a partnership, shareholders

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1 of tax-option corporations, and members of limited liability companies may claim
2 the credit in proportion to their ownership interest.

3 (d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), as it applies to the
4 credit under s. 71.28 (4), applies to the credit under this subsection.

5 2. If a credit computed under this subsection is not entirely offset against
6 Wisconsin income or franchise taxes otherwise due, the unused balance may be
7 carried forward and credited against Wisconsin income or franchise taxes
8 otherwise due for the following 5 taxable years to the extent not offset by these
9 taxes otherwise due in all intervening years between the year in which the
10 expenditure was made and the year in which the carry-forward credit is claimed.

11 (e) *Transfer.* Any person may sell or otherwise transfer the credit under par.
12 (b), in whole or in part, to another person who is subject to the taxes imposed under
13 s. 71.02, 71.23, or 71.43, if the person notifies the department of the transfer, and
14 submits with the notification a copy of the transfer documents, and the department
15 certifies ownership of the credit with each transfer. The transferor may file a claim
16 for more than one taxable year on a form prescribed by the department to compute
17 all years of the credit under par. (b) at the time of the transfer request. The
18 transferee may first use the credit to offset tax in the taxable year of the transferor
19 in which the transfer occurs, and may use the credit only to offset tax in taxable
20 years otherwise allowed to be claimed and carried forward by the original claimant.

21 **SECTION 3.** 71.10 (4) (cu) of the statutes is created to read:

22 71.10 (4) (cu) Rail infrastructure modernization credit under s. 71.07 (8t).

23 **SECTION 4.** 71.21 (4) (a) of the statutes is amended to read:

24 71.21 (4) (a) The amount of the credits computed by a partnership under s.

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71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t), (3w), (3wm), (3y), (4k), (4n), (5g), (5i), (5j), (5k), (5r), (5rm), (6n), (8t) and (10) and passed through to partners shall be added to the partnership's income.

SECTION 5. 71.26 (2) (a) 4. of the statutes is amended to read:

71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dm), (1dx), (1dy), (3g), (3h), (3n), (3q), (3t), (3w), (3wm), (3y), (5g), (5i), (5j), (5k), (5r), (5rm), (6n), (8t) and (10) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, limited liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

SECTION 6. 71.28 (8t) of the statutes is created to read:

71.28 (8t) RAIL INFRASTRUCTURE MODERNIZATION CREDIT. (a) *Definitions.* In this subsection:

1. "Claimant" means a person who files a claim under this subsection and who is one of the following:

a. A railroad company located wholly or partly in this state that is classified by the federal surface transportation board as a class II or class III railroad for the taxable year to which the claim applies.

b. An owner or lessee of a rail siding, industrial spur, or industry track on or adjacent to a railroad in this state during the taxable year to which the claim applies.

2. "Qualified new rail infrastructure expenditures" means expenditures for rail infrastructure and improvements in this state placed in service after December 31, 2024, including expenditures for the acquisition of right-of-way; engineering;

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1 construction of new track such as industrial leads, switches, spurs, and sidings;
2 rehabilitation of existing inactive track to reinstate operation; loading dock
3 improvements; and transloading structures involved with servicing customer
4 locations or expansions.

5 3. “Qualified short line railroad maintenance expenditures” means gross
6 expenditures for railroad infrastructure rehabilitation or maintenance
7 improvements located in this state, including but not limited to rail, tie plates, joint
8 bars, fasteners, switches, ballast, subgrade, roadbed, industrial leads, sidings,
9 signs, safety barriers, crossing signals and gates, and related track structures.

10 (b) *Filing claims.* For taxable years beginning after December 31, 2024, and
11 before January 1, 2035, and subject to the limitations provided in this subsection, a
12 claimant may claim as a credit against the tax imposed under s. 71.23, up to the
13 amount of those taxes, all of the following:

14 1. An amount equal to 50 percent of the qualified short line railroad
15 maintenance expenditures made by the claimant during the taxable year to which
16 the claim relates if the claimant is classified by the federal surface transportation
17 board as a class II or class III railroad for the taxable year.

18 2. An amount equal to 50 percent of the qualified new rail infrastructure
19 expenditures made by the claimant during the taxable year to which the claim
20 relates.

21 (c) *Limitations.* 1. No credit may be claimed under par. (b) 1. for any qualified
22 short line railroad maintenance expenditures that are used to claim a tax credit
23 under federal law or that are funded by a federal or state grant.

24 2. The total amount of the credits under par. (b) 1. and ss. 71.07 (8t) (b) 1. and

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1 71.47 (8t) (b) 1. for a claimant for a taxable year may not exceed an amount equal to
2 \$5,000 multiplied by the number of miles of railroad track owned or leased by the
3 claimant in this state on December 31 of the taxable year to which the claim
4 applies.

5 3. The total amount of the credits under par. (b) 2. and ss. 71.07 (8t) (b) 2. and
6 71.47 (8t) (b) 2. for a claimant for a taxable year may not exceed \$2,000,000 per
7 project application approved by the department.

8 4. No credit may be allowed under this subsection unless the claimant
9 submits an application to the department, at the time and in the manner
10 prescribed by the department, and the department approves the application. The
11 claimant shall submit a copy of the approved application with the claimant's
12 return.

13 5. Partnerships, tax-option corporations, and limited liability companies may
14 not claim a credit under this subsection, but the eligibility for, and the amount of,
15 the credit are based on their expenditures made under par. (b). A partnership, tax-
16 option corporation, or limited liability company shall compute the amount of the
17 credit that each of its partners, shareholders, or members may claim and shall
18 provide that information to each of them. Partners of a partnership, shareholders
19 of tax-option corporations, and members of limited liability companies may claim
20 the credit in proportion to their ownership interest.

21 (d) *Administration.* 1. Subsection (4) (e), (g), and (h), as it applies to the credit
22 under sub. (4), applies to the credit under this subsection.

23 2. If a credit computed under this subsection is not entirely offset against
24 Wisconsin income or franchise taxes otherwise due, the unused balance may be

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1 carried forward and credited against Wisconsin income or franchise taxes
2 otherwise due for the following 5 taxable years to the extent not offset by these
3 taxes otherwise due in all intervening years between the year in which the
4 expenditure was made and the year in which the carry-forward credit is claimed.

5 (e) *Transfer*. Any person may sell or otherwise transfer the credit under par.
6 (b), in whole or in part, to another person who is subject to the taxes imposed under
7 s. 71.02, 71.23, or 71.43, if the person notifies the department of the transfer, and
8 submits with the notification a copy of the transfer documents, and the department
9 certifies ownership of the credit with each transfer. The transferor may file a claim
10 for more than one taxable year on a form prescribed by the department to compute
11 all years of the credit under par. (b) at the time of the transfer request. The
12 transferee may first use the credit to offset tax in the taxable year of the transferor
13 in which the transfer occurs, and may use the credit only to offset tax in taxable
14 years otherwise allowed to be claimed and carried forward by the original claimant.

15 **SECTION 7.** 71.30 (3) (cu) of the statutes is created to read:

16 71.30 (3) (cu) Rail infrastructure modernization credit under s. 71.28 (8t).

17 **SECTION 8.** 71.34 (1k) (g) of the statutes is amended to read:

18 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
19 corporation under s. 71.28 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3q), (3t), (3w),
20 (3wm), (3y), (4), (5), (5g), (5i), (5j), (5k), (5r), (5rm), (6n), (8t), and (10) and passed
21 through to shareholders.

22 **SECTION 9.** 71.45 (2) (a) 10. of the statutes is amended to read:

23 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
24 computed under s. 71.47 (1dm) to (1dy), (3g), (3h), (3n), (3q), (3w), (3y), (5g), (5i),

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(5j), (5k), (5r), (5rm), (6n), (8t), and (10) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, limited liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47 (3), (3t), (4), (4m), and (5).

SECTION 10. 71.47 (8t) of the statutes is created to read:

71.47 **(8t)** RAIL INFRASTRUCTURE MODERNIZATION CREDIT. (a) *Definitions.* In this subsection:

1. "Claimant" means a person who files a claim under this subsection and who is one of the following:

a. A railroad company located wholly or partly in this state that is classified by the federal surface transportation board as a class II or class III railroad for the taxable year to which the claim applies.

b. An owner or lessee of a rail siding, industrial spur, or industry track on or adjacent to a railroad in this state during the taxable year to which the claim applies.

2. "Qualified new rail infrastructure expenditures" means expenditures for rail infrastructure and improvements in this state placed in service after December 31, 2024, including expenditures for the acquisition of right-of-way; engineering; construction of new track such as industrial leads, switches, spurs, and sidings; rehabilitation of existing inactive track to reinstate operation; loading dock improvements; and transloading structures involved with servicing customer locations or expansions.

3. "Qualified short line railroad maintenance expenditures" means gross

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1 expenditures for railroad infrastructure rehabilitation or maintenance
2 improvements located in this state, including but not limited to rail, tie plates, joint
3 bars, fasteners, switches, ballast, subgrade, roadbed, industrial leads, sidings,
4 signs, safety barriers, crossing signals and gates, and related track structures.

5 (b) *Filing claims.* For taxable years beginning after December 31, 2024, and
6 before January 1, 2035, and subject to the limitations provided in this subsection, a
7 claimant may claim as a credit against the tax imposed under s. 71.43, up to the
8 amount of those taxes, all of the following:

9 1. An amount equal to 50 percent of the qualified short line railroad
10 maintenance expenditures made by the claimant during the taxable year to which
11 the claim relates if the claimant is classified by the federal surface transportation
12 board as a class II or class III railroad for the taxable year.

13 2. An amount equal to 50 percent of the qualified new rail infrastructure
14 expenditures made by the claimant during the taxable year to which the claim
15 relates.

16 (c) *Limitations.* 1. No credit may be claimed under par. (b) 1. for any qualified
17 short line railroad maintenance expenditures that are used to claim a tax credit
18 under federal law or that are funded by a federal or state grant.

19 2. The total amount of the credits under par. (b) 1. and ss. 71.07 (8t) (b) 1. and
20 71.28 (8t) (b) 1. for a claimant for a taxable year may not exceed an amount equal to
21 \$5,000 multiplied by the number of miles of railroad track owned or leased by the
22 claimant in this state on December 31 of the taxable year to which the claim
23 applies.

24 3. The total amount of the credits under par. (b) 2. and ss. 71.07 (8t) (b) 2. and

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1 71.28 (8t) (b) 2. for a claimant for a taxable year may not exceed \$2,000,000 per
2 project application approved by the department.

3 4. No credit may be allowed under this subsection unless the claimant
4 submits an application to the department, at the time and in the manner
5 prescribed by the department, and the department approves the application. The
6 claimant shall submit a copy of the approved application with the claimant's
7 return.

8 5. Partnerships, tax-option corporations, and limited liability companies may
9 not claim a credit under this subsection, but the eligibility for, and the amount of,
10 the credit are based on their expenditures made under par. (b). A partnership, tax-
11 option corporation, or limited liability company shall compute the amount of the
12 credit that each of its partners, shareholders, or members may claim and shall
13 provide that information to each of them. Partners of a partnership, shareholders
14 of tax-option corporations, and members of limited liability companies may claim
15 the credit in proportion to their ownership interest.

16 (d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), as it applies to the
17 credit under s. 71.28 (4), applies to the credit under this subsection.

18 2. If a credit computed under this subsection is not entirely offset against
19 Wisconsin income or franchise taxes otherwise due, the unused balance may be
20 carried forward and credited against Wisconsin income or franchise taxes
21 otherwise due for the following 5 taxable years to the extent not offset by these
22 taxes otherwise due in all intervening years between the year in which the
23 expenditure was made and the year in which the carry-forward credit is claimed.

24 (e) *Transfer.* Any person may sell or otherwise transfer the credit under par.

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(b), in whole or in part, to another person who is subject to the taxes imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department of the transfer, and submits with the notification a copy of the transfer documents, and the department certifies ownership of the credit with each transfer. The transferor may file a claim for more than one taxable year on a form prescribed by the department to compute all years of the credit under par. (b) at the time of the transfer request. The transferee may first use the credit to offset tax in the taxable year of the transferor in which the transfer occurs, and may use the credit only to offset tax in taxable years otherwise allowed to be claimed and carried forward by the original claimant.

SECTION 11. 71.49 (1) (cu) of the statutes is created to read:

71.49 (1) (cu) Rail infrastructure modernization credit under s. 71.47 (8t).

SECTION 12. 73.03 (78) of the statutes is created to read:

73.03 (78) (a) To implement a program to approve applications for purposes of ss. 71.07 (8t), 71.28 (8t), and 71.47 (8t). Application shall be made to the department for each taxable year for which a credit is desired.

(b) 1. The department shall process applications under this subsection in the order of receipt, and the department shall approve applications under this subsection on a first-come, first-served basis.

2. The department may approve up to \$10,000,000 in total credits under ss. 71.07 (8t) (b) 2., 71.28 (8t) (b) 2., and 71.47 (8t) (b) 2. for each taxable year.

(END)