

1 **“SEC. 45I. RAILROAD TRACK MAINTENANCE CREDIT.**

2 “(a) **GENERAL RULE.**—For purposes of section 38,
3 the railroad track maintenance credit determined under
4 this section for the taxable year is an amount equal to
5 30 percent of the qualified railroad track maintenance ex-
6 penditures paid or incurred by an eligible taxpayer during
7 the taxable year.

8 “(b) **LIMITATION.**—The credit allowed under sub-
9 section (a) for any taxable year shall not exceed the prod-
10 uct of—

11 “(1) \$3,500, and

12 “(2) the number of miles of railroad track
13 owned or leased by the eligible taxpayer as of the
14 close of the taxable year.

15 “(c) **ELIGIBLE TAXPAYER.**—For purposes of this sec-
16 tion, the term ‘eligible taxpayer’ means—

17 “(1) any Class II or Class III railroad, and

18 “(2) any person who transports property using
19 the rail facilities of a person described in paragraph
20 (1) or who furnishes railroad-related property or
21 services to such a person.

22 “(d) **QUALIFIED RAILROAD TRACK MAINTENANCE**
23 **EXPENDITURES.**—For purposes of this section, the term
24 ‘qualified railroad track maintenance expenditures’ means
25 expenditures (whether or not otherwise chargeable to cap-
26 ital account) for maintaining railroad track (including

1 roadbed, bridges, and related track structures) owned or
2 leased as of January 1, 2005, by a Class II or Class III
3 railroad.

4 “(e) OTHER DEFINITIONS AND SPECIAL RULES.—

5 “(1) CLASS II OR CLASS III RAILROAD.—For
6 purposes of this section, the terms ‘Class II railroad’
7 and ‘Class III railroad’ have the meanings given
8 such terms by the Surface Transportation Board.

9 “(2) CONTROLLED GROUPS.—Rules similar to
10 the rules of paragraph (1) of section 41(f) shall
11 apply for purposes of this section.

12 “(3) BASIS ADJUSTMENT.—For purposes of
13 this subtitle, if a credit is allowed under this section
14 with respect to any railroad track, the basis of such
15 track shall be reduced by the amount of the credit
16 so allowed.

17 “(f) APPLICATION OF SECTION.—This section shall
18 apply to qualified railroad track maintenance expenditures
19 paid or incurred during taxable years beginning after De-
20 cember 31, 2004, and before January 1, 2008.”.

21 (b) LIMITATION ON CARRYBACK.—Section 39(d) (re-
22 lating to transition rules), as amended by this Act, is
23 amended by adding at the end the following new para-
24 graph:

1 “(14) NO CARRYBACK OF RAILROAD TRACK
2 MAINTENANCE CREDIT BEFORE EFFECTIVE DATE.—
3 No portion of the unused business credit for any
4 taxable year which is attributable to the railroad
5 track maintenance credit determined under section
6 45I may be carried to a taxable year beginning be-
7 fore January 1, 2005.”.

8 (e) CONFORMING AMENDMENTS.—

9 (1) Section 38(b) (relating to general business
10 credit), as amended by this Act, is amended by
11 striking “plus” at the end of paragraph (18), by
12 striking the period at the end of paragraph (19) and
13 inserting “, plus”, and by adding at the end the fol-
14 lowing new paragraph:

15 “(20) the railroad track maintenance credit de-
16 termined under section 45I(a).”.

17 (2) Subsection (a) of section 1016, as amended
18 by this Act, is amended by striking “and” at the end
19 of paragraph (28), by striking the period at the end
20 of paragraph (29) and inserting “, and”, and by
21 adding at the end the following new paragraph:

22 “(30) in the case of railroad track with respect
23 to which a credit was allowed under section 45I, to
24 the extent provided in section 45I(e)(3).”.

1 (d) CLERICAL AMENDMENT.—The table of sections
2 for subpart D of part IV of subchapter A of chapter 1,
3 as amended by this Act, is amended by inserting after the
4 item relating to section 45F the following new item:

“Sec. 45I. Railroad track maintenance credit.”.

5 (e) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2004.

8 **SEC. 636. RAILROAD REVITALIZATION AND SECURITY IN-**
9 **VESTMENT CREDIT.**

10 (a) RAILROAD REVITALIZATION AND SECURITY IN-
11 VESTMENT CREDIT.—

12 (1) IN GENERAL.—Subpart D of part IV of
13 subchapter A of chapter 1 (relating to business-re-
14 lated credits), as amended by this Act, is amended
15 by adding at the end the following new section:

16 **“SEC. 45J. RAILROAD REVITALIZATION AND SECURITY IN-**
17 **VESTMENT CREDIT.**

18 “(a) GENERAL RULE.—For purposes of section 38,
19 the railroad revitalization and security investment credit
20 determined under this section for the taxable year is the
21 amount equal to 50 percent of the qualified project ex-
22 penditures paid or incurred by the taxpayer during the
23 taxable year.

24 “(b) QUALIFIED PROJECT EXPENDITURES.—

1 “(1) IN GENERAL.—For purposes of this sec-
2 tion, the term ‘qualified project expenditures’ means,
3 with respect to any project for intercity passenger
4 rail transportation (as defined under section 24102
5 of title 49, United States Code) which is included in
6 a State rail plan, expenditures (whether or not oth-
7 erwise chargeable to capital account) for—

8 “(A) planning,

9 “(B) environmental review and environ-
10 mental impact mitigation,

11 “(C) track and track structure rehabilita-
12 tion, relocation, improvement, and development,

13 “(D) railroad safety and security improve-
14 ments,

15 “(E) communications and signaling im-
16 provements,

17 “(F) intercity passenger rail equipment ac-
18 quisition, and

19 “(G) rail station and intermodal facilities
20 development.

21 “(2) EXCEPTIONS.—An expenditure shall not
22 be treated as a qualified project expenditure unless
23 all persons which conduct rail operations over the in-
24 frastructure with respect to which such an expendi-
25 ture is made—

1 “(A) are employers for purposes of the
2 Railroad Retirement Act of 1974 and are car-
3 riers for purposes of the Railway Labor Act
4 (unless such a person is an operator with re-
5 spect to commuter rail passenger transportation
6 (as defined in section 24102(4) of title 49,
7 United States Code) of a State or local govern-
8 ment authority (as such terms are defined in
9 section 5302 of such title) eligible to receive fi-
10 nancial assistance under section 5307 of such
11 title, a contractor performing services in con-
12 nection with the operations with respect to com-
13 muter rail passenger transportation (as so de-
14 fined), or the Alaska Railroad or its contrac-
15 tors),

16 “(B) provide assurances to the State that
17 any collective bargaining agreements with such
18 a person’s employees (including terms regu-
19 lating the contracting of work) will remain in
20 full force and effect according to the terms of
21 the agreements for work performed for such a
22 person on the railroad transportation corridor,
23 and

24 “(C) comply with the protective agree-
25 ments established under section 504 of the

1 Railroad Revitalization and Regulatory Reform
2 Act of 1976 with respect to employees affected
3 by actions taken in connection with the project.

4 “(c) LIMITATION.—

5 “(1) IN GENERAL.—The amount of the credit
6 allowed under subsection (a) for any taxable year
7 with respect to any project for which qualified
8 project expenditures are made shall not exceed the
9 limitation allocated to such project under this sub-
10 section for the calendar year in which the taxable
11 year begins.

12 “(2) STATE LIMITATION.—

13 “(A) IN GENERAL.—There is a State rail-
14 road revitalization and security investment
15 credit limitation for each calendar year. Such
16 limitation is the amount which bears the same
17 ratio to \$165,000,000 as the allocation number
18 for such State bears to the allocation number
19 for all States.

20 “(B) ALLOCATION NUMBER.—For pur-
21 poses of subparagraph (A), the allocation num-
22 ber is, with respect to any State, the sum of the
23 following:

1 “(i) The number of railroad and pub-
2 lic road grade crossings on intercity pas-
3 senger rail routes within the State.

4 “(ii) The number of intercity pas-
5 senger rail miles within the State.

6 “(iii) The number of intercity embar-
7 kations and disembarkations for each pas-
8 senger within the State.

9 “(3) UNUSED CREDIT CARRYOVERS ALLOCATED
10 AMONG CERTAIN STATES.—

11 “(A) IN GENERAL.—The unused credit
12 carryover for all States for any calendar year
13 shall be reallocated to each qualified State in an
14 amount which bears the same ratio to the un-
15 used credit carryover for all States for the cal-
16 endar as the allocation number for such quali-
17 fied State bears to the allocation number for all
18 qualified States.

19 “(B) UNUSED CREDIT CARRYOVER.—For
20 purposes of this paragraph, the term ‘unused
21 credit carryover’ means, with respect to any
22 State, the excess of the State limitation (deter-
23 mined under paragraph (2)) for the calendar
24 year over the amount allocated by the State
25 under paragraph (4) for such calendar year.

1 “(C) QUALIFIED STATES.—For purposes
2 of this paragraph, the term ‘qualified State’
3 means any State—

4 “(i) which allocated its entire State
5 limitation amount under paragraph (4) for
6 the calendar year, and

7 “(ii) for which a request is made to
8 receive an allocation under this paragraph.

9 “(4) ALLOCATION WITHIN STATES.—Each
10 State shall allocate the limitation amount allocated
11 to such State under paragraphs (2) and (3) to
12 projects for intercity passenger rail transportation
13 which are included in the State rail plan of such
14 State.

15 “(5) NEW YORK CITY RAIL PROJECTS.—

16 “(A) IN GENERAL.—In addition to the
17 amounts allocated under paragraph (2), the
18 Secretary shall allocate a limitation of
19 \$200,000,000 to New York City, New York, for
20 qualified project expenditures within the New
21 York Liberty Zone (as defined in section
22 1400L(h)) for the period described in sub-
23 section (h).

1 “(B) ALLOCATION AMONG PROJECTS.—Of
2 the limitation allocated under subparagraph
3 (A)—

4 “(i) \$100,000,000 shall be allocated
5 to projects designated by the Mayor of
6 New York City, New York, and

7 “(ii) \$100,000,000 shall be allocated
8 to projects designated by the Governor of
9 New York.

10 “(C) SPECIAL RULE REGARDING QUALI-
11 FIED PROJECT EXPENDITURES.—For purposes
12 of this paragraph, a qualified project expendi-
13 ture shall include any expenditure for improve-
14 ments to subway systems, for commuter rail
15 systems, for rail links to airports, and for public
16 infrastructure improvements in the vicinity of
17 rail or subway stations.

18 “(d) STATE RAIL PLAN.—For purposes of this sec-
19 tion, the term ‘State rail plan’ means a plan prepared and
20 maintained in accordance with chapter 225 of title 49,
21 United States Code.

22 “(e) BASIS ADJUSTMENT.—For purposes of this sub-
23 title, if a credit is allowed under this section with respect
24 to any property, the basis of such property shall be re-
25 duced by the amount of the credit so allowed.

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1 “(f) NO DOUBLE BENEFIT.—No credit shall be al-
2 lowed under this section with respect to any expenditures
3 for which a credit is allowed under section 45I.

4 “(g) CREDIT TRANSFERABILITY.—Any credit allow-
5 able under this section may be transferred (but not more
6 than once) if—

7 “(1) the credit exceeds the tax liability of the
8 taxpayer for the taxable year, or

9 “(2) the taxpayer is not subject to any tax im-
10 posed by this chapter by reason of having a tax-ex-
11 empt status.

12 “(h) APPLICATION OF SECTION.—This section shall
13 apply to qualified project expenditures paid or incurred
14 during taxable years beginning after December 31, 2004,
15 and before January 1, 2008.”.

16 (2) LIMITATION ON CARRYBACK.—Section
17 39(d) (relating to transition rules), as amended by
18 this Act, is amended by adding at the end the fol-
19 lowing new paragraph:

20 “(15) NO CARRYBACK OF SECTION 45J CREDIT
21 BEFORE EFFECTIVE DATE.—No portion of the un-
22 used business credit for any taxable year which is
23 attributable to the credit determined under section
24 45J(a) may be carried back to any taxable year be-
25 ginning before January 1, 2005.”.

1 (3) CONFORMING AMENDMENTS.—

2 (A) Section 38(b) (relating to general busi-
3 ness credit), as amended by this Act, is amend-
4 ed by striking “plus” at the end of paragraph
5 (19), by striking the period at the end of para-
6 graph (20) and inserting “, plus”, and by add-
7 ing at the end the following new paragraph:

8 “(21) the railroad revitalization and security in-
9 vestment credit determined under section 45J(a).”.

10 (B) Subsection (a) of section 1016, as
11 amended by this Act, is amended by striking
12 “and” at the end of paragraph (29), by striking
13 the period at the end of paragraph (30) and in-
14 serting “, and”, and by adding at the end the
15 following new paragraph:

16 “(31) in the case of property with respect to
17 which a credit was allowed under section 45J, to the
18 extent provided in section 45J(e).”.

19 (4) CLERICAL AMENDMENT.—The table of sec-
20 tions for subpart D of part IV of subchapter A of
21 chapter 1, as amended by this Act, is amended by
22 inserting after the item relating to section 45I the
23 following new item:

“Sec. 45J. Railroad revitalization and security invest-
ment credit.”.

1 (5) **EFFECTIVE DATE.**—The amendments made
2 by this section shall apply to taxable years beginning
3 after December 31, 2004.

4 (b) **STATE RAIL PLANS.**—

5 (1) **IN GENERAL.**—Part B of subtitle V of title
6 49, United States Code, is amended by adding at
7 the end the following:

8 **“CHAPTER 225—STATE RAIL PLANS**

“Sec.

“22501. Authority.

“22502. Purposes.

“22503. Transparency; coordination.

“22504. Content.

“22505. Approval.

“22506. Definitions.

9 **“§ 22501. Authority**

10 “(a) **IN GENERAL.**—Each State may prepare and
11 maintain a State rail plan in accordance with the provi-
12 sions of this chapter.

13 “(b) **REQUIREMENTS.**—For the preparation and peri-
14 odic revision of a State rail plan, a State shall—

15 “(1) establish or designate a State rail trans-
16 portation authority to prepare, maintain, coordinate,
17 and administer the plan;

18 “(2) establish or designate a State rail plan ap-
19 proval authority to approve the plan;

1 “(3) make the State’s approved plan available
2 to the public and transmit a copy to the Secretary
3 of Transportation; and

4 “(4) revise the plan no less frequently than
5 once every 5 years.

6 **“§ 22502. Purposes**

7 “(a) PURPOSES.—The purposes of a State rail plan
8 are as follows:

9 “(1) To set forth State policy involving freight
10 and passenger rail transportation, including com-
11 muter rail operations, in the State.

12 “(2) To present priorities and strategies to en-
13 hance rail service in the State that benefits the pub-
14 lic.

15 “(3) To serve as the basis for Federal and
16 State rail investments within the State.

17 “(b) CONTENT.—The State rail plan shall establish
18 the period covered by such plan.

19 “(c) CONSISTENCY WITH STATE TRANSPORTATION
20 EFFORTS.—A State rail plan shall be consistent with the
21 State transportation planning goals and programs and
22 shall set forth rail transportation’s role within the State
23 transportation system.

1 **“§ 22503. Transparency; coordination**

2 “(a) PREPARATION.—A State shall provide adequate
3 and reasonable notice and opportunity for comment and
4 other input on a proposed State rail plan under this chap-
5 ter to the following:

6 “(1) The public.

7 “(2) Rail carriers.

8 “(3) Commuter and transit authorities oper-
9 ating in, or affected by rail operations within, the
10 State.

11 “(4) Units of local government.

12 “(5) Other parties interested in the preparation
13 and review of the State rail plan.

14 “(b) INTERGOVERNMENTAL COORDINATION.—A
15 State shall review the freight and passenger rail service
16 activities and initiatives of regional planning agencies, re-
17 gional transportation authorities, and municipalities with-
18 in the State, or in the region in which the State is located,
19 while preparing the plan, and shall include any rec-
20 ommendations made by such agencies, authorities, and
21 municipalities as deemed appropriate by the State.

22 **“§ 22504. Content**

23 “(a) IN GENERAL.—Each State rail plan shall con-
24 tain the following:

25 “(1) An inventory of the existing overall rail
26 transportation system and rail services and facilities

1 within the State and an analysis of the role of rail
2 transportation within the State's surface transpor-
3 tation system.

4 “(2) A comprehensive review of all rail lines
5 within the State, including proposed high speed rail
6 corridors and significant rail line segments not cur-
7 rently in service.

8 “(3) A statement of the State's passenger rail
9 service objectives, including minimum service levels,
10 for intercity passenger rail transportation routes in
11 the State.

12 “(4) A general analysis of rail's transportation,
13 economic, and environmental impacts in the State,
14 including congestion mitigation, trade and economic
15 development, air quality, land-use, energy-use, and
16 community impacts.

17 “(5) A long-range rail investment program for
18 current and future freight and passenger infrastruc-
19 ture in the State that meets the requirements of
20 subsection (b).

21 “(6) A statement of public financing issues for
22 rail projects and service in the State, including a list
23 of current and prospective public capital and oper-
24 ating funding resources, public subsidies, State tax-

1 ation, and other financial policies relating to rail in-
2 frastructure development.

3 “(7) An identification of rail infrastructure
4 issues within the State that reflects consultation
5 with all relevant stake holders.

6 “(8) A review of major passenger and freight
7 intermodal rail connections and facilities within the
8 State, including seaports, and prioritized options to
9 maximize service integration and efficiency between
10 rail and other modes of transportation within the
11 State.

12 “(9) A review of publicly funded projects within
13 the State to improve rail transportation safety and
14 security, including all major projects funded under
15 section 130 of title 23.

16 “(10) A performance evaluation of passenger
17 rail services operating in the State, including pos-
18 sible improvements in those services, and a descrip-
19 tion of strategies to achieve those improvements.

20 “(11) A compilation of studies and reports on
21 high-speed rail corridor development within the
22 State not included in a previous plan under this
23 chapter, and a plan for funding any recommended
24 development of such corridors in the State.

1 “(12) A statement that the State satisfies the
2 conditions set forth in section 22102.

3 “(b) LONG-RANGE SERVICE AND INVESTMENT PRO-
4 GRAM.—

5 “(1) PROGRAM CONTENT.—A long-range rail
6 investment program included in a State rail plan
7 under subsection (a)(5) shall include the following
8 matters:

9 “(A) Two lists for rail capital projects, 1
10 list for freight rail capital projects and 1 list for
11 intercity passenger rail capital projects.

12 “(B) A detailed funding plan for the
13 projects.

14 “(2) PROJECT LIST CONTENT.—The lists of
15 freight and intercity passenger rail capital projects
16 shall contain—

17 “(A) a description of the anticipated public
18 and private benefits of each such project; and

19 “(B) a statement of the correlation
20 between—

21 “(i) public funding contributions for
22 the projects; and

23 “(ii) the public benefits.

24 “(3) CONSIDERATIONS FOR PROJECT LIST.—In
25 preparing the list of freight and intercity passenger

1 rail capital projects, a State rail transportation au-
2 thority shall take into consideration the following
3 matters:

4 “(A) Contributions made by non-Federal
5 and non-State sources through user fees,
6 matching funds, or other private capital involve-
7 ment.

8 “(B) Rail capacity and congestion effects.

9 “(C) Effects to highway, aviation, and
10 maritime capacity, congestion, or safety.

11 “(D) Regional balance.

12 “(E) Environmental impact.

13 “(F) Economic and employment impacts.

14 “(G) Projected ridership and other service
15 measures for passenger rail projects.

16 **“§ 22505. Approval**

17 “The State rail plan approval authority established
18 or designated under section 22501(b)(2) may approve a
19 State rail plan for the purposes of this chapter if—

20 “(1) the plan meets all of the requirements ap-
21 plicable to State plans under this chapter;

22 “(2) for each ready-to-commence project listed
23 on the ranked list of freight and intercity passenger
24 rail capital improvement projects under the plan—

1 “(A) the project meets all safety and envi-
2 ronmental requirements, including those pre-
3 scribed under the National Environmental Pol-
4 icy Act of 1969 (42 U.S.C. 4331 et seq.) that
5 are applicable to the project under law; and

6 “(B) the State has entered into an agree-
7 ment with any owner of rail infrastructure or
8 right-of-way directly affected by the project that
9 provides for the State to proceed with the
10 project and includes assurances regarding ca-
11 pacity and compensation for use of such infra-
12 structure or right-of-way, if applicable; and

13 “(3) the content of the plan is coordinated with
14 State transportation plans developed pursuant to
15 section 135 of title 23.

16 **“§ 22506. Definitions**

17 “In this chapter:

18 “(1) PRIVATE BENEFIT.—The term ‘private
19 benefit’—

20 “(A) means a benefit accrued to a person
21 or private entity, other than the National Rail-
22 road Passenger Corporation, that directly im-
23 proves the economic and competitive condition
24 of that person or entity through improved as-

1 sets, cost reductions, service improvements, or
2 other means; and

3 “(B) shall be determined on a project-by-
4 project basis, based upon an agreement between
5 the State and the affected persons or private
6 entities.

7 “(2) PUBLIC BENEFIT.—The term ‘public
8 benefit’—

9 “(A) means a benefit accrued to the public
10 in the form of enhanced mobility of people or
11 goods, environmental protection or enhance-
12 ment, congestion mitigation, enhanced trade
13 and economic development, improved air quality
14 or land use, more efficient energy use, enhanced
15 public safety or security, reduction of public ex-
16 penditures due to improved transportation effi-
17 ciency or infrastructure preservation, and other
18 positive community effects; and

19 “(B) shall be determined on a project-by-
20 project basis, based upon an agreement between
21 the State and the persons or private entities in-
22 volved in the project.

23 “(3) STATE.—The term ‘State’ means any of
24 the 50 States and the District of Columbia.

1 “(4) STATE RAIL TRANSPORTATION AUTHOR-
 2 ITY.—The term ‘State rail transportation authority’
 3 means the State agency or official responsible under
 4 the direction of the Chief Executive of the State or
 5 a State law for preparation, maintenance, coordina-
 6 tion, and administration of the State rail plan under
 7 this chapter.”.

8 (2) CLERICAL AMENDMENT.—The table of
 9 chapters at the beginning of subtitle V of title 49,
 10 United States Code, is amended by inserting after
 11 the item relating to chapter 223 the following:

“225. STATE RAIL PLANS22501.”.

12 **SEC. 637. MODIFICATION OF TARGETED AREAS DES-**
 13 **IGNATED FOR NEW MARKETS TAX CREDIT.**

14 (a) IN GENERAL.—Paragraph (2) of section 45D(e)
 15 is amended to read as follows:

16 “(2) TARGETED POPULATIONS.—The Secretary
 17 shall prescribe regulations under which 1 or more
 18 targeted populations (within the meaning of section
 19 3(20) of the Riegle Community Development and
 20 Regulatory Improvement Act of 1974 (12 U.S.C.
 21 4702(20))) may be treated as low-income commu-
 22 nities. Such regulations shall include procedures for
 23 determining which entities are qualified active low-
 24 income community businesses with respect to such
 25 populations.”.