

# State of Wisconsin



2025 Assembly Bill 219

Date of enactment:  
Date of publication\*:

## 2025 WISCONSIN ACT

**AN ACT** to amend 71.05 (6) (a) 15., 71.21 (4) (a), 71.26 (2) (a) 4., 71.34 (1k) (g) and 71.45 (2) (a) 10.; to create 71.07 (8t), 71.07 (8v), 71.10 (4) (cu), 71.10 (4) (cv), 71.28 (8t), 71.28 (8v), 71.30 (3) (cu), 71.30 (3) (cv), 71.47 (8t), 71.47 (8v), 71.49 (1) (cu), 71.49 (1) (cv), 189.02 (8) and 238.309 of the statutes; **relating to:** a rail infrastructure modernization credit and a rail infrastructure maintenance credit.

*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, as affected by 2025 Wisconsin Act 15, 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), (5f), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8t), (8v), 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 certified to receive tax benefits under s. 238.309 (2) (a).
2. "Qualified new rail infrastructure expenditures" means capital expenditures for rail infrastructure and improvements in this state placed in service after December 31, 2025, including expenditures for the acquisition of right-of-way; engineering; construction of new track such as industrial leads, switches, spurs, and sid-

ings; rehabilitation of existing inactive track to reinstate operation; loading dock improvements; and transloading structures involved with servicing customer locations or expansions.

(b) *Filing claims.* For taxable years beginning after December 31, 2025, and before January 1, 2031, and subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.02, up to the amount of those taxes, an amount equal to 50 percent of the qualified new rail infrastructure expenditures made by the claimant during the taxable year to which the claim relates.

(c) *Limitations.* 1. No claimant may use an expenditure to claim both a credit under this subsection and a credit under sub. (8v).

2. The total amount of the credits under this subsection and ss. 71.28 (8t) and 71.47 (8t) for a claimant for a taxable year may not exceed \$2,000,000 per credit application approved and verified under s. 238.309.

3. No credit may be allowed under this subsection unless the claimant includes with the claimant's return a copy of the claimant's verification under s. 238.309.

4. Partnerships, tax-option corporations, and limited liability companies may not claim a credit under this subsection, but the eligibility for, and the amount of,

\* Section 991.11, WISCONSIN STATUTES: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication."

the credit are based on their expenditures made under par. (b). A partnership, tax-option corporation, or limited liability company shall compute the amount of the credit that each of its partners, shareholders, or members may claim and shall provide that information to each of them. Partners of a partnership, shareholders of tax-option corporations, and members of limited liability companies may claim the credit in proportion to their ownership interest.

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

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

(e) *Transfer.* 1. Any person may sell or otherwise transfer a credit claimed under par. (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 approves the transfer. The transferor may file a claim for a credit under par. (b) on a form prescribed by the department at the time of the transfer request. Subject to subd. 2. b., 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.

2. a. If a person's certification under s. 238.309 (2) (a) is revoked by the Wisconsin Economic Development Corporation and the person used the certification to claim a credit under this subsection and transferred the credit under subd. 1., the person shall add to the person's liability for taxes imposed under s. 71.02 the total amount of the credits that were credited against Wisconsin income or franchise taxes by the person or by any person to whom the credits were transferred.

b. If a person's certification under s. 238.309 (2) (a) is revoked by the Wisconsin Economic Development Corporation and the person used the certification to claim a credit under this subsection and transferred the credit under subd. 1., the transferee may not use the credit to offset Wisconsin income or franchise taxes.

**SECTION 3.** 71.07 (8v) of the statutes is created to read:

71.07 (8v) RAIL INFRASTRUCTURE MAINTENANCE CREDIT. (a) *Definitions.* In this subsection:

1. "Claimant" means a person certified to receive tax benefits under s. 238.309 (2) (b).

2. "Qualified short line railroad maintenance expenditures" means all of the following:

a. Gross expenditures for railroad infrastructure rehabilitation or maintenance improvements located in this state, including rail, tie plates, joint bars, fasteners, switches, ballast, subgrade, roadbed, industrial leads, sidings, signs, safety barriers, crossing signals and gates, and related track structures.

b. Gross expenditures for 3rd-party labor related to expenditures described in subd. 2. a.

c. Gross expenditures for wages paid to employees in positions directly related to maintenance activities for expenditures described in subd. 2. a.

(b) *Filing claims.* For taxable years beginning after December 31, 2025, and before January 1, 2031, and subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.02, up to the amount of those taxes, an amount equal to 50 percent of the qualified short line railroad maintenance expenditures made by the claimant during the taxable year to which the claim relates.

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

2. No claimant may use an expenditure to claim both a credit under this subsection and a credit under sub. (8t).

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

4. No credit may be allowed under this subsection unless the claimant submits an application under s. 238.309 and includes with the claimant's return a copy of the claimant's verification under s. 238.309.

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

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

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

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

(e) *Transfer.* 1. Any person may sell or otherwise transfer a credit claimed under par. (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 approves the transfer. The transferor may file a claim for a credit under par. (b) on a form prescribed by the department at the time of the transfer request. Subject to subd. 2. b., 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.

2. a. If a person's certification under s. 238.309 (2) (b) is revoked by the Wisconsin Economic Development Corporation and the person used the certification to claim a credit under this subsection and transferred the credit under subd. 1., the person shall add to the person's liability for taxes imposed under s. 71.02 the total amount of the credits that were credited against Wisconsin income or franchise taxes by the person or by any person to whom the credits were transferred.

b. If a person's certification under s. 238.309 (2) (b) is revoked by the Wisconsin Economic Development Corporation and the person used the certification to claim a credit under this subsection and transferred the credit under subd. 1., the transferee may not use the credit to offset Wisconsin income or franchise taxes.

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

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

**SECTION 5.** 71.10 (4) (cv) of the statutes is created to read:

71.10 (4) (cv) Rail infrastructure maintenance credit under s. 71.07 (8v).

**SECTION 6.** 71.21 (4) (a) of the statutes, as affected by 2025 Wisconsin Act 15, is amended to read:

71.21 (4) (a) The amount of the credits computed by a partnership under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t), (3w), (3wm), (3y), (4k), (4n), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8t), (8v), and (10) and passed through to partners shall be added to the partnership's income.

**SECTION 7.** 71.26 (2) (a) 4. of the statutes, as affected by 2025 Wisconsin Act 15, 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), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8t), (8v), 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 8.** 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 certified to receive tax benefits under s. 238.309 (2) (a).

2. "Qualified new rail infrastructure expenditures" means capital expenditures for rail infrastructure and improvements in this state placed in service after December 31, 2025, 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.

(b) *Filing claims.* For taxable years beginning after December 31, 2025, and before January 1, 2031, and subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.23, up to the amount of those taxes, an amount equal to 50 percent of the qualified new rail infrastructure expenditures made by the claimant during the taxable year to which the claim relates.

(c) *Limitations.* 1. No claimant may use an expenditure to claim both a credit under this subsection and a credit under sub. (8v).

2. The total amount of the credits under this subsection and ss. 71.07 (8t) and 71.47 (8t) for a claimant for a taxable year may not exceed \$2,000,000 per credit application approved and verified under s. 238.309.

3. No credit may be allowed under this subsection unless the claimant includes with the claimant's return a copy of the claimant's verification under s. 238.309.

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

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

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

(e) *Transfer.* 1. Any person may sell or otherwise transfer a credit claimed under par. (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 approves the transfer. The transferor may file a claim for a credit under par. (b) on a form prescribed by the department at the time of the transfer request. Subject to subd. 2. b., 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.

2. a. If a person's certification under s. 238.309 (2) (a) is revoked by the Wisconsin Economic Development Corporation and the person used the certification to claim a credit under this subsection and transferred the credit under subd. 1., the person shall add to the person's liability for taxes imposed under s. 71.23 the total amount of the credits that were credited against Wisconsin income or franchise taxes by the person or by any person to whom the credits were transferred.

b. If a person's certification under s. 238.309 (2) (a) is revoked by the Wisconsin Economic Development Corporation and the person used the certification to claim a credit under this subsection and transferred the credit under subd. 1., the transferee may not use the credit to offset Wisconsin income or franchise taxes.

**SECTION 9.** 71.28 (8v) of the statutes is created to read:

71.28 (8v) RAIL INFRASTRUCTURE MAINTENANCE CREDIT. (a) *Definitions.* In this subsection:

1. "Claimant" means a person certified to receive tax benefits under s. 238.309 (2) (b).

2. "Qualified short line railroad maintenance expenditures" means all of the following:

a. Gross expenditures for railroad infrastructure rehabilitation or maintenance improvements located in this state, including rail, tie plates, joint bars, fasteners, switches, ballast, subgrade, roadbed, industrial leads, sidings, signs, safety barriers, crossing signals and gates, and related track structures.

b. Gross expenditures for 3rd-party labor related to expenditures described in subd. 2. a.

c. Gross expenditures for wages paid to employees in positions directly related to maintenance activities for expenditures described in subd. 2. a.

(b) *Filing claims.* For taxable years beginning after December 31, 2025, and before January 1, 2031, and subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.23, up to the amount of those taxes, an amount equal to 50 percent of the qualified short line railroad maintenance expenditures made by the claimant during the taxable year to which the claim relates.

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

2. No claimant may use an expenditure to claim both a credit under this subsection and a credit under sub. (8t).

3. The total amount of the credits under this subsection and ss. 71.07 (8v) and 71.47 (8v) for a claimant for a taxable year may not exceed an amount equal to \$5,000 multiplied by the number of miles of railroad track owned or leased by the claimant in this state on December 31 of the taxable year to which the claim applies.

4. No credit may be allowed under this subsection unless the claimant submits an application under s. 238.309 and includes with the claimant's return a copy of the claimant's verification under s. 238.309.

5. Partnerships, tax-option corporations, and limited liability companies may not claim a credit under this subsection, but the eligibility for, and the amount of, the credit are based on their expenditures made under par. (b). A partnership, tax-option corporation, or limited liability company shall compute the amount of the credit that each of its partners, shareholders, or mem-

bers may claim and shall provide that information to each of them. Partners of a partnership, shareholders of tax-option corporations, and members of limited liability companies may claim the credit in proportion to their ownership interest.

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

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

(e) *Transfer.* 1. Any person may sell or otherwise transfer a credit claimed under par. (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 approves the transfer. The transferor may file a claim for a credit under par. (b) on a form prescribed by the department at the time of the transfer request. Subject to subd. 2. b., 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.

2. a. If a person's certification under s. 238.309 (2) (b) is revoked by the Wisconsin Economic Development Corporation and the person used the certification to claim a credit under this subsection and transferred the credit under subd. 1., the person shall add to the person's liability for taxes imposed under s. 71.23 the total amount of the credits that were credited against Wisconsin income or franchise taxes by the person or by any person to whom the credits were transferred.

b. If a person's certification under s. 238.309 (2) (b) is revoked by the Wisconsin Economic Development Corporation and the person used the certification to claim a credit under this subsection and transferred the credit under subd. 1., the transferee may not use the credit to offset Wisconsin income or franchise taxes.

**SECTION 10.** 71.30 (3) (cu) of the statutes is created to read:

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

**SECTION 11.** 71.30 (3) (cv) of the statutes is created to read:

71.30 (3) (cv) Rail infrastructure maintenance credit under s. 71.28 (8v).

**SECTION 12.** 71.34 (1k) (g) of the statutes, as affected by 2025 Wisconsin Act 15, is amended to read:

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

**SECTION 13.** 71.45 (2) (a) 10. of the statutes, as affected by 2025 Wisconsin Act 15, is amended to read:

71.45 (2) (a) 10. By adding to federal taxable income the amount of credit computed under s. 71.47 (1dm) to (1dy), (3g), (3h), (3n), (3q), (3w), (3y), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8t), (8v), 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 14.** 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 certified to receive tax benefits under s. 238.309 (2) (a).

2. "Qualified new rail infrastructure expenditures" means capital expenditures for rail infrastructure and improvements in this state placed in service after December 31, 2025, 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.

(b) *Filing claims.* For taxable years beginning after December 31, 2025, and before January 1, 2031, and subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.43, up to the amount of those taxes, an amount equal to 50 percent of the qualified new rail infrastructure expenditures made by the claimant during the taxable year to which the claim relates.

(c) *Limitations.* 1. No claimant may use an expenditure to claim both a credit under this subsection and a credit under sub. (8v).

2. The total amount of the credits under this subsection and ss. 71.07 (8t) and 71.28 (8t) for a claimant for a taxable year may not exceed \$2,000,000 per credit application approved and verified under s. 238.309.

3. No credit may be allowed under this subsection unless the claimant includes with the claimant's return a copy of the claimant's verification under s. 238.309.

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

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

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

(e) *Transfer.* 1. Any person may sell or otherwise transfer a credit claimed under par. (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 approves the transfer. The transferor may file a claim for a credit under par. (b) on a form prescribed by the department at the time of the transfer request. Subject to subd. 2. b., 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.

2. a. If a person's certification under s. 238.309 (2) (a) is revoked by the Wisconsin Economic Development Corporation and the person used the certification to claim a credit under this subsection and transferred the credit under subd. 1., the person shall add to the person's liability for taxes imposed under s. 71.43 the total amount of the credits that were credited against Wisconsin income or franchise taxes by the person or by any person to whom the credits were transferred.

b. If a person's certification under s. 238.309 (2) (a) is revoked by the Wisconsin Economic Development Corporation and the person used the certification to

claim a credit under this subsection and transferred the credit under subd. 1., the transferee may not use the credit to offset Wisconsin income or franchise taxes.

**SECTION 15.** 71.47 (8v) of the statutes is created to read:

71.47 (8v) RAIL INFRASTRUCTURE MAINTENANCE CREDIT. (a) *Definitions.* In this subsection:

1. "Claimant" means a person certified to receive tax benefits under s. 238.309 (2) (b).

2. "Qualified short line railroad maintenance expenditures" means all of the following:

a. Gross expenditures for railroad infrastructure rehabilitation or maintenance improvements located in this state, including rail, tie plates, joint bars, fasteners, switches, ballast, subgrade, roadbed, industrial leads, sidings, signs, safety barriers, crossing signals and gates, and related track structures.

b. Gross expenditures for 3rd-party labor related to expenditures described in subd. 2. a.

c. Gross expenditures for wages paid to employees in positions directly related to maintenance activities for expenditures described in subd. 2. a.

(b) *Filing claims.* For taxable years beginning after December 31, 2025, and before January 1, 2031, and subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.43, up to the amount of those taxes, an amount equal to 50 percent of the qualified short line railroad maintenance expenditures made by the claimant during the taxable year to which the claim relates.

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

2. No claimant may use an expenditure to claim both a credit under this subsection and a credit under sub. (8t).

3. The total amount of the credits under this subsection and ss. 71.07 (8v) and 71.28 (8v) for a claimant for a taxable year may not exceed an amount equal to \$5,000 multiplied by the number of miles of railroad track owned or leased by the claimant in this state on December 31 of the taxable year to which the claim applies.

4. No credit may be allowed under this subsection unless the claimant submits an application under s. 238.309 and includes with the claimant's return a copy of the claimant's verification under s. 238.309.

5. Partnerships, tax-option corporations, and limited liability companies may not claim a credit under this subsection, but the eligibility for, and the amount of, the credit are based on their expenditures made under

par. (b). A partnership, tax-option corporation, or limited liability company shall compute the amount of the credit that each of its partners, shareholders, or members may claim and shall provide that information to each of them. Partners of a partnership, shareholders of tax-option corporations, and members of limited liability companies may claim the credit in proportion to their ownership interest.

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

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

(e) *Transfer.* 1. Any person may sell or otherwise transfer a credit claimed under par. (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 approves the transfer. The transferor may file a claim for a credit under par. (b) on a form prescribed by the department at the time of the transfer request. Subject to subd. 2. b., 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.

2. a. If a person's certification under s. 238.309 (2) (b) is revoked by the Wisconsin Economic Development Corporation and the person used the certification to claim a credit under this subsection and transferred the credit under subd. 1., the person shall add to the person's liability for taxes imposed under s. 71.43 the total amount of the credits that were credited against Wisconsin income or franchise taxes by the person or by any person to whom the credits were transferred.

b. If a person's certification under s. 238.309 (2) (b) is revoked by the Wisconsin Economic Development Corporation and the person used the certification to claim a credit under this subsection and transferred the credit under subd. 1., the transferee may not use the credit to offset Wisconsin income or franchise taxes.

**SECTION 16.** 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 17.** 71.49 (1) (cv) of the statutes is created to read:

71.49 (1) (cv) Rail infrastructure maintenance credit under s. 71.47 (8v).

**SECTION 18.** 189.02 (8) of the statutes is created to read:

189.02 (8) The office or the department shall, upon request from the Wisconsin Economic Development Corporation under s. 238.309 (2) (e), verify that a person meets the conditions under s. 238.309 (2) (a) or (b).

**SECTION 19.** 238.309 of the statutes is created to read:

**238.309 Rail infrastructure tax credits. (1) DEFINITIONS.** In this section:

(a) "Local government" means a city, village, town, county or American Indian band or tribe in this state or a unit or instrumentality of a city, village, town, or county.

(b) "Qualified new rail infrastructure expenditures" means capital expenditures for rail infrastructure and improvements in this state placed in service after December 31, 2025, 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.

(c) "Qualified short line railroad maintenance expenditures" means all of the following:

1. Gross expenditures for railroad infrastructure rehabilitation or maintenance improvements located in this state, including rail, tie plates, joint bars, fasteners, switches, ballast, subgrade, roadbed, industrial leads, sidings, signs, safety barriers, crossing signals and gates, and related track structures.

2. Gross expenditures for 3rd-party labor related to expenditures described in subd. 1.

3. Gross expenditures for wages paid to employees in positions directly related to maintenance activities for expenditures described in subd. 1.

(d) "Rail infrastructure maintenance credit" means the income and franchise tax credits under ss. 71.07 (8v), 71.28 (8v), and 71.47 (8v).

(e) "Rail infrastructure modernization credit" means the income and franchise tax credits under ss. 71.07 (8t), 71.28 (8t), and 71.47 (8t).

(2) **CERTIFICATION.** (a) The corporation may certify to claim tax benefits under sub. (3) any of the following:

1. A railroad company that has a railroad in this state and that is classified by the federal surface trans-

portation board as a class II or class III railroad for the taxable year to which the claim applies.

2. 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.

3. A local government.

(b) The corporation may certify to claim tax benefits under sub. (4) a railroad company that has a railroad 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.

(c) The corporation shall certify persons under pars. (a) and (b) on a first come, first serve basis.

(d) The corporation shall enter into a contract with each person certified under par. (a) or (b).

(e) The corporation shall, under s. 189.02 (8), consult with the office of the commissioner of railroads or the department of transportation to verify that a person seeking certification under par. (a) or (b) meets the conditions under par. (a) or (b), respectively.

**(3) RAIL INFRASTRUCTURE MODERNIZATION CREDIT.** A person certified under sub. (2) (a) may claim a rail infrastructure modernization credit in an amount equal to up to 50 percent of the qualified new rail infrastructure expenditures made by the person during the taxable year to which the claim relates. The amount the corporation certifies the person to claim under this subsection may not exceed \$2,000,000.

**(4) RAIL INFRASTRUCTURE MAINTENANCE CREDIT.** A person certified under sub. (2) (b) may claim a rail infrastructure maintenance credit in an amount equal to up to 50 percent of the qualified short line railroad maintenance expenditures made by the person during the taxable year to which the claim relates. The amount the corporation certifies the person to claim under this sub-

section may not exceed an amount equal to \$5,000 multiplied by the number of miles of railroad track owned or leased by the claimant in this state on December 31 of the taxable year to which the claim applies.

**(5) LIMITATIONS.** (a) The corporation may allocate up to \$10,000,000 in tax benefits under sub. (3) in each calendar year, including, if a person's taxable year begins or ends on a different date than the calendar year begins or ends, a portion of the person's tax benefits calculated based on the number of days in the person's taxable year that fall within the calendar year.

(b) The department of revenue has full power to administer tax credits transferred under s. 71.07 (8t) (e) or (8v) (e), 71.28 (8t) (e) or (8v) (e), or 71.47 (8t) (e) or (8v) (e) and may take any action, conduct any proceeding, and proceed as it is authorized in respect to income and franchise taxes imposed under ch. 71. The income and franchise tax provisions in ch. 71 relating to assessments, refunds, appeals, collection, interest, and penalties apply to tax credits transferred under s. 71.07 (8t) (e) or (8v) (e), 71.28 (8t) (e) or (8v) (e), or 71.47 (8t) (e) or (8v) (e).

**(6) DUTIES.** (a) The corporation shall establish policies and procedures for the administration of this section, including policies and procedures specifying conditions for revoking a certification to claim tax benefits under sub. (2) (a) or (b).

(b) The corporation shall verify, under s. 238.03 (2) (e), the information submitted to the corporation by the person for the purpose of claiming tax benefits under this section.

(c) The corporation shall notify the department of revenue of a certification for tax benefits under this section within 30 days after the certification.

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