

KANSAS SHORT LINE RAILROAD TAX CREDIT



For the taxable year beginning _____, 20 ____; ending _____, 20 ____

Name of taxpayer (as shown on return)	Social Security Number or Employer ID Number (EIN)
If partner, shareholder or member, enter name of partnership, S corporation, LLC or LLP	Employer ID Number (EIN)

PART A –GENERAL INFORMATION

Certificate Number: _____

☐ Check here if this credit is the result of a transfer credit from an eligible taxpayer.

PART B –RAILROAD TRACK INFORMATION

1. Number of miles of railroad track owned or leased in Kansas for the above taxable year..... 1. _____
2. Amount of credit for expenditures to maintain railroad track. Enter total credit from the tax credit certificate.. 2. _____

PART C – RAIL SIDING INFORMATION

3. Number of rail sidings owned or leased in Kansas for the above taxable year3. _____
4. Amount of credit for expenditures to maintain rail siding. Enter total credit from the tax credit certificate4. _____

PART D – COMPUTATION OF CREDIT AVAILABLE

5. Total credit issued by the Department of Revenue (add lines 2 and 4). 5. _____
6. Proportionate share percentage (see instructions)..... 6. _____
7. Your share of the credit (multiply line 5 by line 6)..... 7. _____

PART E – COMPUTATION OF CREDIT CARRY FORWARD

8. Total amount of carry forward available on this return. Enter the amount of available carry forward from the prior year's Schedule K-29 8. _____
9. Amount of credit received from a transferor in this tax year 9. _____
10. Amount of credit transferred to a transferee in this tax year..... 10. _____
11. Total tax credit available (add lines 7, 8, 9 and subtract line 10) 11. _____
12. Amount of your Kansas tax liability for this tax year after all credits other than this credit 12. _____
13. Credit this tax year (enter the lesser of line 11 or line 12) 13. _____
Enter this amount on the appropriate line of Form K-40, K-41 or K-120.
14. Credit available for carry forward to next year's schedule K-29 14. _____
(subtract line 13 from line 11; cannot be less than zero)

INSTRUCTIONS FOR SCHEDULE K-29

GENERAL INFORMATION

K.S.A. 79-32,297 provides an income tax credit for 50% of qualified railroad track maintenance expenditures made by eligible taxpayers. An eligible taxpayer may be either: (1) any railroad subject to the Kansas income tax that is classified by the United States surface transportation board a Class II or Class III railroad, as defined by 49 C.F.R. § 1201.1-1(a), as in effect on January 1, 2022; or (2) any owner or lessee of a rail siding located on or adjacent to a Class II or Class III railroad in Kansas.

Qualified railroad track maintenance expenditures are gross expenditures for maintenance, reconstruction or replacement of railroad track, including roadbed, bridges, industrial leads and side-track, and related track structures to the extent the expenditures are on track located in Kansas and the track was owned or leased by an eligible taxpayer as of January 1, 2022. Qualified railroad track maintenance expenditures do not include expenditures used to generate a federal tax credit or expenditures funded by a state or federal grant.

To apply for the credit an eligible taxpayer must complete and submit Form K-205, Short Line Railroad Tax Credit Application, which is available from the Department of Revenue's website at: ksrevenue.gov. All qualified railroad track maintenance expenditures must be approved before any credit will be certified and allowed to be applied against an eligible taxpayer's income tax liability.

The amount of the credit is limited to \$5,000 per mile of track or per rail siding owned or leased within the state of Kansas by the eligible taxpayer as of the close of the taxable year. A mile of track may be taken into account only once in each taxable year. The total amount of credits allowed for all eligible taxpayers for each taxable year shall not exceed \$8,720,000.

Any credit not used by an eligible taxpayer in the year it is allowed can be carried forward for up to five taxable years immediately following the taxable year for which the credit was allowed. The credit is not refundable.

A credit not used by an eligible taxpayer may be transferred, by written agreement, from an eligible taxpayer to an eligible customer or eligible vendor. An eligible customer is a business that: (1) uses Class II or Class III short line railroads or railroad related property, facilities, or structures located wholly or partly within Kansas to transport property, commodities, or goods directly or indirectly; (2) is served by a Class II or Class III short line railroad; or (3) stores rail cars on the Class II or Class III short line railroad. An eligible vendor is a person who provides railroad related services directly to an eligible taxpayer. Railroad related services include, but are not limited to, transport of freight by rail; loading and unloading of freight transported by rail; railroad bridge services; railroad track construction; provision of railroad track material or equipment; locomotive or freight train car leasing or rental; maintenance of a railroad's right-of-way, including vegetation control; and freight train car repair, rehabilitation or re-manufacturing repair services. A Class I railroad is not an eligible customer or vendor.

A transfer from an eligible taxpayer to an eligible customer or eligible vendor must occur during the five years immediately following the taxable year for which the credit is allowed. A copy of the written transfer agreement must be jointly filed with the Department of Revenue by the eligible taxpayer originally allowed the credit and the transferee within 30 days of the transfer. The written agreement must contain the name, address and taxpayer identification number of the parties to the transfer, the amount of unused credit being transferred, the taxable year the credit was originally allowed to the eligible taxpayer and the taxable year or years for which the credit may be claimed.

The eligible taxpayer transferring a credit and the transferee receiving a credit must notify the Kansas Department of Revenue of the transfer by submitting Form K-260, Tax Credit Transfer Notification Form. The eligible taxpayer transferring the credit must complete the Transferor portion of the Notification Form, sign the form, and then provide the form to the transferee receiving the credit. The transferee must then complete the Transferee portion of the Notification Form, sign the form, and then submit the completed form to the Department of Revenue. The form is available through the Department's website at: ksrevenue.gov.

No transfer can occur until form K-205, Short Line Railroad Tax Credit Application has been submitted and the credit certified and approved.

K.S.A. 74-50,227 requires the collection of certain tax incentive information for publication on a database managed by the Kansas Department of Commerce. Information collected will include the name and address, including county of the recipient receiving the benefits from the tax incentive program, the annual amount of incentive claimed, distributed or received, qualification criteria for the incentive, and required benchmarks for continued participation in the program and progress made towards the benchmarks.

SPECIFIC LINE INSTRUCTIONS

Enter all requested information at the top of this schedule.

PART A - GENERAL INFORMATION

Enter the certificate number from the Tax Credit Certificate issued by the Department of Revenue. Indicate, by checking the box, if this tax credit has been transferred to you.

PART B – RAILROAD TRACK INFORMATION

LINE 1 – Enter the number of miles of railroad track owned or leased in Kansas for this tax year for which the credit is based.

LINE 2 – Enter the total credit for expenditures to maintain railroad track. This total credit will be referenced on the Tax Credit Certificate issued by the Kansas Department of Revenue.

PART C – RAIL SIDING INFORMATION

LINE 3 – Enter the number of rail sidings owned or leased in Kansas for this tax year for which this credit is based.

LINE 4 – Enter the total credit for expenditures to maintain rail siding. This total credit will be referenced on the Tax Credit Certificate issued by the Kansas Department of Revenue.

PART D– COMPUTATION OF CREDIT AVAILABLE

LINE 5 – Add lines 2 and 4. This is the total credit issued by the Department.

LINE 6 – Enter your proportionate share percentage. Partners, shareholders or members of pass through entities, enter the percentage that represents your proportionate share in the partnership, S Corporation, LLC or LLP. All other taxpayers, enter 100%.

LINE 7 – Multiply line 5 by line 6. This is your share of the credit.

PART E – COMPUTATION OF CREDIT CARRY FORWARD

LINE 8 – Enter amount of available carry forward from prior year's Schedule K-29.

LINE 9 – Enter the amount of short line railroad credit received from a transferor in this tax year.

LINE 10 – Enter the amount of short line railroad credit transferred to a transferee in this tax year.

LINE 11 – Add lines 7, 8, 9 and subtract line 10. This is the total credit available.

LINE 12 – Enter the amount of your Kansas tax liability for this tax year after all other credits other than this credit.

LINE 13 – Enter the lesser of line 11 or line 12. Enter here and on the appropriate line of Form K-40, K-41 or K-120.

LINE 14 – Subtract line 13 from line 11 and enter the result. This amount cannot be less than zero. Enter this amount on next year's Schedule K-29.

TAXPAYER ASSISTANCE

For assistance in completing this schedule contact the Kansas Department of Revenue:

Taxpayer Assistance Center
Scott Office Building
120 SE 10th Ave
PO Box 750260
Topeka KS 66699-0260

Phone: 785-368-8222
Fax: 785-296-8989

Additional copies of this credit schedule and other tax forms are available from our website at: **ksrevenue.gov**.