

## HB 3477 -3 STAFF MEASURE SUMMARY

### Joint Committee On Transportation

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**Prepared By:** Patrick Brennan, LPRO Analyst

**Sub-Referral To:** Joint Committee On Tax Expenditures

**Meeting Dates:** 4/4

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#### **WHAT THE MEASURE DOES:**

Eliminates tiers based on track length or public ownership of railroads that establish distinctions between types of short line railroads for the purpose of determining the amount of tax credit allowed for rehabilitation of short line railroads. Applies to tax years beginning January 1, 2024 or later. Takes effect on 91st day following adjournment sine die.

**NOTE - measure has subsequent referral to the Committee on Tax Expenditures**

#### **ISSUES DISCUSSED:**

#### **EFFECT OF AMENDMENT:**

-3 Changes allocation formula for tax credits in cases where total amount of potential tax credits exceeds limit in ORS 315.603 to limit each recipient to no more than \$400,000 per tax year, with any remainder allocated proportionally.

#### **BACKGROUND:**

Oregon is served by two Class I railroads - the Union Pacific Railroad and BNSF Railway - as well as a handful of short line railroads. The various short line railroads vary significantly in size and scope of operation, and have a variety of different owners, some private, some public. The Legislative Assembly created the Short Line Railroad Rehabilitation Tax Credit with the passage of House Bill 2164 (2019) as an incentive for short lines to rehabilitate their infrastructure.

Under the current program, short line railroads are separated into two tiers, based on ownership and track length. Tier 1 short line railroads are those with at least 200 track miles owned or leased in Oregon that is owned by a person or corporation; Tier 2 short line railroads include all railroads with fewer than 200 miles of owned or leased track, as well as all railroads owned or leased by the state, city, county, port, or other municipal corporation.

House Bill 3477 eliminates the two tiers of short line railroads with respect to the short line rehabilitation tax credit program.