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## Congress of the United States

JOINT COMMITTEE ON TAXATION  
502 FORD HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6453  
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CHRISTOPHER P. GIOSA  
DEPUTY CHIEF OF STAFF

July 29, 2025

Honorable Mike Kelly  
United States House of Representatives  
1707 Longworth House Office Building  
Washington, D.C. 20515

Dear Mr. Kelly:

This letter is a response to your request dated February 28, 2025, for a revenue estimate of a bill increasing the railroad track maintenance credit.

Under present law, eligible taxpayers, defined under Section 45G of the Internal Revenue Code (“the Code”) as Class II or Class III railroad<sup>1</sup> and any person who transports property using the rail facilities of Class II or Class III railroad, may receive a railroad track maintenance credit (“RTMC”) for qualified railroad track maintenance expenditures (“QRTMEs”). QRTMEs include gross expenditures paid or incurred to maintain railroad track roadbed, bridges and related track structures, for railroad track miles owned or leased as of January 1, 2015 (the “QRTME date”), by a Class II or Class III railroad by the eligible taxpayer. While the RTMC amount is generally equal to 40 percent of QRTMEs, it may not exceed \$3,500 (the “RTMC ceiling amount”) multiplied by the sum of (1) the number of railroad miles owned or leased by the eligible taxpayer and (2) the number of railroad miles assigned to the eligible taxpayer by another Class II or Class III railroad that owns or leases such railroad track.

Your proposal amends section 45G by (1) increasing the RTMC ceiling amount to \$6,100, adjusted for inflation, and (2) changing the QRTME date to January 1, 2024. The proposal applies to expenditures paid or incurred in taxable years beginning after December 31, 2024.

For the purposes of the revenue estimate we assume an enactment date of December 31, 2025. We estimate that your proposal will have the following effect on Federal fiscal year receipts:

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<sup>1</sup> The Surface Transportation Board characterizes Class I, Class II, and Class III railroads, based largely on their annual carrier operating revenues. See Sec. 45G(e) and 49 CFR Part 1201, 1-1(a).

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United States House of Representatives

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Fiscal Years [Millions of Dollars]												
<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2025-30</u>	<u>2025-35</u>
-79	-160	-164	-170	-177	-184	-191	-199	-207	-215	-224	-934	-1,970

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**NOTE:** Details do not add to totals due to rounding.

I hope this information is helpful to you. If we can be of further assistance in this matter, please let me know.

Sincerely,



Thomas A. Barthold