



Rail Infrastructure Maintenance Tax Credit (RR-MNT)

Program Guidelines for Calendar Year 2026
Lead Division: Business and Community Development
<input checked="" type="checkbox"/> New (4/28/2026) <input type="checkbox"/> Revised
<input type="checkbox"/> Grant <input type="checkbox"/> Loan <input checked="" type="checkbox"/> Tax Credit <input type="checkbox"/> Technical Assistance

Introduction

Background Information: The Rail Infrastructure Maintenance Tax Credit (RR-MNT) Program was created by 2026 Wisconsin Act 242. The program provides income and franchise tax credits to eligible entities for rehabilitating or maintaining certified rail infrastructure. Starting in 2026, alongside its companion Rail Infrastructure Modernization Tax Credit (RR-MOD) Program. The Wisconsin Department of Transportation (WisDOT) and the Office of the Commissioner of Railroads (OCR) are historically the primary state resources responsible for supporting rail infrastructure in the state.

Program’s Purpose: The purpose of the RR-MNT Program is to incent projects involving investments in maintenance of Wisconsin’s rail system.

Eligibility Requirements

Certification: WEDC may certify an entity as eligible to earn tax credits under the Program if it meets the following requirements:¹

- Class II Railroad Owners or Carriers.
- Class III Railroad Owners or Carriers.

For taxable years beginning after December 31, 2025, and before January 1, 2031, applicants may be certified to claim Rail Maintenance credit for qualified short line maintenance expenditures.²

WEDC shall enter into a contract with any applicant certified to claim Rail Infrastructure Maintenance Tax Credit credits.³

Applicants cannot be certified to claim both the Rail Maintenance credit and the Rail Modernization credit for the same expenditure, nor for any expenditure outside of the eligible Tax Years.⁴

WEDC will verify applicant eligibility and consult with OCR or WisDOT to verify that the

¹ Wis. Stat. § 238.09(2)(b).

² Wis. Stat. § 71.07(8v)(b).

³ Wis. Stat. § 238.309(2)(d).

⁴ Wis. Stat. §§ 71.07(8t)(b)-(c)1., 71.07(8v)(b)-(c)2.



applicant meets the conditions in § 238.309(2)(a) or (b).⁵

Rail Infrastructure Maintenance Tax Credit credits are transferable to another person within the original claimant's applicable tax year(s) and carryforward window. The credit transfer must be authorized by the Department of Revenue.

Certification Revocation: WEDC shall revoke the certification to claim tax benefits if the person does any of the following:

- Supplies false or misleading information to obtain tax benefits.
- OCR or WisDOT verify that the claimant is no longer eligible.
- The claimant ceases operations in the state.
- The claimant places an inactive or abandoned status on the rail infrastructure for which credits were certified within a reasonable period as defined in the contract.

In the event of a certification revocation, WEDC will notify DOR within 30 days.⁶ DOR will determine if there is a repayment due for any tax benefits claimed or transferred to another person.

Tax Credit Calculation:

An entity may be verified for an amount up to 50% of the qualified short line railroad maintenance expenditures made by the entity during the taxable year to which the claim relates. The amount WEDC verifies the entity to claim 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.

The following improvement costs are eligible to be certified as qualified short line maintenance expenditures:

- Rail, tie plates, joint bars, fasteners, ballast, roadbed, subgrade, track;⁷
- Switches, crossing signals and gates, safety equipment;⁹
- Industrial leads and sidings;¹⁰
- 3rd-party labor costs for railroad infrastructure rehabilitation or maintenance improvements;
- Wages for employees doing railroad infrastructure rehabilitation or maintenance work.

Expenditures prior to certification are ineligible. Expenditures used to claim a federal or state¹¹ tax incentive, including but not limited to the federal 45G Short Line Tax Credit Modernization, are also ineligible.¹² Expenditures paid for with state and/or federal grant funds are also¹³ ineligible for certification,¹⁴ including but not limited to WisDOT FRPP grants, WisDOT TEA grants, FRA CRISI grants, federal BUILD/RAISE grants, and federal STB/rail-related infrastructure grants.

⁵ Wis. Stat. §§ 238.309(2)(e), 189.02(8).

⁶ Wis. Stat. § 238.309(6)(c).

⁷ Wis. Stat. § 238.09(1)(c)1.

⁹ *Id.*

¹⁰ *Id.*

¹² Wis. Stat. §§ 71.07(8v)(c)1., 71.28(8v)(c)1., 71.47(8v)(c)1

¹⁴ *Id.*

Available Incentives

CY26: No annual allocation cap.¹⁵

Activities and Expected Outcomes

Assist 5 rail maintenance projects.

Impact: The Program is expected to incentivize the maintenance and preservation of existing rail infrastructure in Wisconsin. Communities with maintained rail access support railroad companies looking to sustain or even expand their business in Wisconsin. This program is specifically beneficial for Class II and Class III railroads by assisting in the preservation of existing rail lines and corresponding infrastructure and overall supporting the maintenance of in-state freight rail transportation. This program also supports the wages of rail maintenance workers within the state.

Metrics: As both a real estate development and tax credit verification program, performance reporting metrics for Rail Maintenance Tax Credits are focused on measuring eligible site work cost and as well as verification eligibility to acquire Rail Maintenance Tax Credits. RR-MNT Program metrics include the following list, and each project will include one or more of these metrics in its reporting requirements depending on the project's specified use of funds.

Program metrics may include the following:

- Capital Investment
- Site Work – Infrastructure
- Leverage – Total
- Transportation Corridor Rehabilitation

Application Guideline

Timeline: The Program has a continuous first come, first serve application process.¹⁶

Review Considerations: WEDC may take the following into account when evaluating applicants:

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.

How to Apply: An interested applicant should contact a WEDC Account Manager to determine if their project is right for the program. An application must be submitted to WEDC for each taxable year that a qualified new rail expenditure(s) is made in order to be certified to claim any potential tax benefits.

¹⁵ See Wis. Stat. §§ 238.309(4), 71.07(8v)(c)3., 71.28(8v)(c)3., 71.47(8v)(c)3.

¹⁶ Wis. Stat. § 238.309(2)(c).



Award Process: The completed application will be assigned to an underwriter and go through the award review process.

Claimant must be certified for each taxable year in which eligible expenditures are made to qualify for credits. After the initial application and contract, WEDC may extend the certification upon determining that the Claimant still meets all eligibility criteria. DOR and WEDC may review or audit records following the verification of a Rail Infrastructure Maintenance Tax Credit to ensure continued statutory compliance.

Performance Reporting: Recipients will be required to submit a performance report at the end of each annually certified period.

WEDC annually selects awards on a sample basis for audit. All backup documentation to the performance report is required to be maintained for the life of the award as detailed in the contract with WEDC.

WEDC may impose additional reporting requirements to evaluate Project performance and to ensure compliance with contract deliverables.

Helpful Information:

Definitions

“Claimant” means a person certified to receive tax benefits under § 238.309(2)(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.¹⁷

“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.

“Rail infrastructure maintenance credit” or “rail maintenance credit” means the income and franchise tax credits under ss. 71.07 (8v), 71.28 (8v), and 71.47 (8v).

“Rail infrastructure modernization credit” or “rail modernization credit” means the income and franchise tax credits under ss. 71.07 (8t), 71.28 (8t), and 71.47 (8t).

Revision History

Program Inception – 2026 Wisconsin Act 242 – Calendar Year 2026

¹⁷ Wis. Stat. § 238.309(1)(a).