



## Rail Infrastructure Modernization Tax Credit (RR-MOD)

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

### Introduction

**Background Information:** The Rail Infrastructure Modernization Tax Credit (RR-MOD) Program was created by 2026 Wisconsin Act 242. The program provides income and franchise tax credits to eligible entities by modernizing or reactivating certified rail infrastructure. Starting in 2026, alongside its companion Rail Infrastructure Maintenance Tax Credit (RR-MNT) 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-MOD Program is to incent projects involving investments in the modernization 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:

- Class II Railroad Owners or Carriers.<sup>1</sup>
- Class III Railroad Owners or Carriers.<sup>2</sup>
- Owners/lessees of
  - Sidings;
  - Spurs;
  - Industry tracks on or adjacent to a railroad.<sup>3</sup>
- Local governments.<sup>4</sup>

For taxable years beginning after December 31, 2025, and before January 1, 2031, applicants may be certified by WEDC to claim Rail Modernization tax credits for qualified new rail expenditures.<sup>5</sup>

WEDC shall enter into a contract with any applicant certified to claim Rail Infrastructure Modernization Tax credits.<sup>6</sup>

<sup>1</sup> Wis. Stat. § 238.309(2)(a)1.

<sup>2</sup> Wis. Stat. § 238.309(2)(a)1.

<sup>3</sup> Wis. Stat. § 238.309(2)(a)2.

<sup>4</sup> Wis. Stat. § 238.309(2)(a)3.

<sup>5</sup> Wis. Stat. §§ 71.07(8t)(b), 71.28(8t)(b), 71.47(8t)(b), 238.309(2)(a).

<sup>6</sup> Wis. Stat. § 238.309(2)(d).



Applicants cannot be certified to claim both the Rail Modernization credit and the Rail Maintenance credit for the same expenditure, nor for any expenditure outside of the eligible Tax Years.<sup>7</sup>

WEDC will verify applicant eligibility and will consult with OCR or WisDOT to verify that the applicant meets the conditions in § 238.309(2)(a) or (b).<sup>8</sup>

Rail Modernization 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.

WEDC will notify DOR of each certification within 30 days of the certification.<sup>9</sup>

**Certification Revocation:** WEDC shall revoke the certification to claim tax benefits if the applicant 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 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 <sup>10</sup>days. □ DOR will determine if there is 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 new rail infrastructure expenditures made by the entity during the taxable year to which the claim relates. The amount WEDC verifies and/or certifies the entity to claim under this subsection may not exceed \$2,000,000. If the claimant's taxable year is different than the calendar year, tax benefits will be prorated by the number of days in the claimant's taxable year that fall within the calendar year.

"Qualified new rail infrastructure expenditures" must be capital expenditures for rail infrastructure and improvements placed into service after December 31, 2025.<sup>11</sup> The following costs are eligible to be certified as qualified new rail expenditures:

- Right of way acquisition;
- Engineering;<sup>12</sup>
- Construction of new track, such as industrial leads, sidings, spurs, switches;<sup>13</sup>
- Reactivation/rehabilitation of existing inactive track;<sup>14</sup>

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<sup>7</sup> Wis. Stat. §§ 71.07(8t)(c)1., 71.07(8v)(c)1.

<sup>8</sup> Wis. Stat. §§ 238.309(2)(e), § 189.02(8).

<sup>9</sup> Wis. Stat. § 238.309(6)(c).

<sup>10</sup> Wis. Stat. § 238.309(6)(c).

<sup>11</sup> Wis. Stat. §§ 238.309(1)(b), 71.07(8t)2., 71.28(8t)2., 71.47(8t)2..

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

- Transloading infrastructure,<sup>15</sup>
- Loading dock improvements.

Expenditures are ineligible if the expenditure was used to claim a WEDC Rail Infrastructure Maintenance credit.<sup>16</sup>

## Available Incentives

**CY26:** \$10,000,000

In accordance with 2026 Wisconsin Act 242, the total annual allocation for Rail Modernization credits is limited to \$10,000,000 per calendar year and unused annual allocation does not rollover.<sup>17</sup>

## Activities and Expected Outcomes

Assist 5 rail modernization projects.

**Impact:** The Program is expected to incentivize the modernization of rail infrastructure in Wisconsin. Communities with consistent and expanded rail access may be more attractive to companies looking to locate or expand their business in Wisconsin. This program benefits communities, businesses, and Class II and Class III by supporting investment in the expansion of industrial rail access and corresponding infrastructure for Wisconsin businesses and communities.

**Metrics:** As both a real estate development and tax credit verification program, performance reporting metrics for Rail Modernization are focused on measuring eligible site work cost and as well as verification eligibility to acquire either Rail Modernization tax credits. The program's 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
- Site Work – Renovation/Rehabilitation
- Leverage - Total
- Transportation Corridor Construction
- Transportation Corridor Rehabilitation

## Application Guideline

**Timeline:** The Program has a continuous first-come first-serve application process.<sup>18</sup>

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<sup>15</sup> *Id.*

<sup>16</sup> Wis. Stat. § 71.07(8t)(c)1.

<sup>17</sup> Wis. Stat. § 238.309(5)(a).

<sup>18</sup> Wis. Stat. § 238.309(2)(c).



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

The corporation shall, under § 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.

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

**Performance Reporting:** Recipients will be required to submit a performance report upon Project completion.

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.<sup>19</sup>

“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.<sup>20</sup>

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

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## **Revision History**

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<sup>19</sup> Wis. Stat § 238.309(1)(a).

<sup>20</sup> Wis. Stat § 238.309(1)(b).



**Program Inception** – 2026 Wisconsin Act 242 – Calendar Year 2026