



PERMANENT ADMINISTRATIVE ORDER

RD 10-2025

CHAPTER 741

DEPARTMENT OF TRANSPORTATION

RAIL DIVISION

FILED

11/13/2025 9:50 AM
ARCHIVES DIVISION
SECRETARY OF STATE
& LEGISLATIVE COUNSEL

FILING CAPTION: Standards to Determine Project Eligibility and Application Procedures for Shortline Railroad Rehabilitation Tax Credits

EFFECTIVE DATE: 11/18/2025

AGENCY APPROVED DATE: 11/13/2025

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RULES:

741-030-0020, 741-030-0060

AMEND: 741-030-0020

RULE TITLE: Definitions

NOTICE FILED DATE: 09/19/2025

RULE SUMMARY: Clarifies the costs that are eligible for this tax credit.

RULE TEXT:

For the purposes of this division of administrative rules, the following terms shall have the following definitions, unless the context clearly indicates otherwise:

- (1) "Costs that are directly related to the work necessary to maintain, reconstruct or replace infrastructure" include costs for materials, labor, and equipment. It does not include fees or costs imposed by the Department for work relating to the preliminary or final certification process, or general maintenance of way costs. To be eligible, rehabilitation costs must be related to one or more specific projects that are described in the preliminary and final certification applications.
- (2) "Department" is as defined in ORS 184.610(2).
- (3) "Director" is as defined in ORS 184.610(3).
- (4) "Infrastructure" includes items listed in ORS 315.591(1) and also includes signals, tunnels, structures, and other ancillary items adjacent to the main line track, sidings, or industrial leads.
- (5) "Main line track" means a segment of track used for the movement of trains between the initial and final terminals of a railroad.
- (6) "Person" is as defined in ORS 174.100(6).
- (7) "Program" means the Short Line Railroad Rehabilitation Tax Credit program as authorized by ORS 315.591 - 315.603 and implemented by Chapter 741, Division 30 of the administrative rules to administer the Short Line Rehabilitation Tax Credit.
- (8) "Short line railroad" is as defined in ORS 315.591(2).
- (9) "Short line railroad rehabilitation project costs" is as defined in ORS 315.591(4).

(10) "Short line railroad track" means an applicant's main line track within the state of Oregon.

STATUTORY/OTHER AUTHORITY: ORS 184.619, 823.011, 315.593, 315.597

STATUTES/OTHER IMPLEMENTED: ORS 315.591 - 315.603

AMEND: 741-030-0060

RULE TITLE: Final Certification Application and Review

NOTICE FILED DATE: 09/19/2025

RULE SUMMARY: Final Certification Application and Review

RULE TEXT:

(1) The following requirements must be met in order for the applicant to receive final certification:

(a) Applicants with completed projects must have a valid preliminary certification for a short line railroad rehabilitation tax credit. The short line railroad rehabilitation project must be completed as described in the preliminary certification, and in accordance with ORS 315.591 - 315.603 and Chapter 741, Division 30 of the administrative rules. Any changes to a preliminary certification must be made through the amendment process outlined in these rules and must be completed prior to the project completion date.

(b) Applicants must apply on the Department-approved form (Short Line Railroad Rehabilitation Tax Credit Application for Final Certification).

(c) Applicants may submit their application annually for final certification, but the application must be received by the Department no later than May 1 following the end of the year in which the work is completed.

(d) The application must include a certification, executed by an authorized representative of the short line railroad, that certifies that the applicant's project meets the requirements for a short line railroad project set forth in ORS 315.591 - 315.603 and this division of administrative rules. The representative's certification must be a sworn statement attesting to the truth of the certification and attesting to the following:

(A) That the railroad is a short line railroad;

(B) That the leased or owned infrastructure on which the rehabilitation tax credit would be based is located in Oregon;

(C) The railroad mileposts that are adjacent to the leased or owned infrastructure;

(D) That the rehabilitation project costs are not funded by or used to qualify for any state or federal grants, or used to claim a federal tax credit (Regardless of whether the applicant applies for the federal tax credit under section 45G of the Internal Revenue Code, the amount applicant is eligible to qualify for under the federal tax credit shall be deducted from the applicant's rehabilitation project costs before calculating the applicant's Oregon tax credit.);

(E) The actual eligible costs of the completed maintenance, reconstruction or replacement of infrastructure in Oregon; and

(F) That the applicant is current on all state and local taxes, fees and assessments.

(e) Applicants must provide documentation of rehabilitation project actual costs indicating the date they were paid or incurred, which may include canceled checks, invoices or receipts, binding contracts or agreements, or other documentation that evidence that such costs were properly paid or incurred for the project described in the preliminary certification and represent eligible costs under these rules.

(2) The Department may inspect the infrastructure, at the Department's discretion, to ensure the project is eligible for the tax credit.

(3) After an application for final certification is received, the Department will determine whether the application is complete. An application is incomplete if it does not include information needed to demonstrate substantive compliance with any applicable standards and preliminary certification conditions adopted by the Department. If it is incomplete, the Department will provide the applicant a written explanation describing deficiencies. Upon receipt of a request for additional information from the Department, applicants will have 15 business days to respond. If the application is complete, the Department will process the application. Within 60 days after a completed application for final certification is received, the Department will either approve or deny the application.

(4) If the Department approves the application, the Department will issue a final certification, which states the amount of certified costs and the amount of the tax credit.

(5) An applicant that has been awarded a final certification may transfer the credit as provided in ORS 315.591 - 315.603.

STATUTORY/OTHER AUTHORITY: ORS 184.619, 823.011, 315.593, 315.597

STATUTES/OTHER IMPLEMENTED: ORS 315.591 - 315.603