

STATE OF MINNESOTA
COUNTY OF HENNEPIN

TAX COURT
REGULAR DIVISION

Soo Line Railroad Company,
Appellant,

vs.

Commissioner of Revenue,
Appellee.

**ORDER ON CROSS MOTIONS
FOR SUMMARY JUDGMENT**

Docket Nos. 9557-R, 9558-R

Filed: February 7, 2024

This matter came on for hearing before the Honorable Jane N. Bowman, Chief Judge of the Minnesota Tax Court, on the parties' cross motions for summary judgment.

Timothy M. Kelley, Stinson LLP, represents petitioner Soo Line Railroad Company.

Jennifer A. Kitchak, Assistant Minnesota Attorney General, represents appellee Commissioner of Revenue.

These consolidated matters involve Soo Line Railroad Company's appeal of the Commissioner of Revenue's orders adjusting its corporate franchise tax for tax years 2013, and 2015-2017. The court, having heard and considered the evidence and the arguments of counsel, and upon all the files, records, and proceedings herein, now makes the following:

FINDINGS OF FACT

1. These consolidated matters involve Soo Line Railroad Company's appeal of the Commissioner of Revenue's orders adjusting its corporate franchise tax for (a) the tax year 2013, Docket 9557-R and (b) the tax years 2015, 2016, and 2017, Docket 9558-R.

2. At all times relevant herein, the Soo Line Railroad Company owned and operated railroads in the central and eastern United States and Canada.

3. On its federal consolidated income tax returns for tax years 2005 through 2017, the Railroad claimed the federal Railroad Track Maintenance Credit (“RTMC”), which provides a credit for “qualified railroad track maintenance expenditures paid or incurred by an eligible taxpayer during the taxable year.” 26 U.S.C. § 45G(a).

4. At all relevant times, Minnesota used federal taxable income as the starting point for calculating the Railroad’s state income tax liability. Minn. Stat. § 290.01, subd. 19 (2022). Minnesota did not provide a credit like or the same as the RTMC.

5. In 2013, Minnesota Statutes section 290.01, subdivision 19d was amended to include, for the first time, a Minnesota subtraction from federal taxable income for “the amount of expenses not allowed for federal tax purposes due to claiming the railroad track maintenance credit under section 45G(a) of the Internal Revenue Code.” Minn. Stat. § 290.01, subd. 19d(18) (2013). The amendment to section 290.01, subdivision 19d “is effective for taxable years beginning after December 31, 2012.”

6. For tax years 2013, 2015, 2016, and 2017, the Railroad filed Minnesota Forms M4X, Amended Franchise Tax Returns/Claims for Refund. In its Amended Returns, the Railroad sought, for Minnesota tax purposes, to subtract from its federal taxable income the amount of depreciation expenses it claimed were not allowed for federal income tax purposes due to claiming the RTMC under section 45G of the Internal Revenue Code.

7. Some of the depreciation expenses the Railroad sought to subtract in its Amended Returns related to assets that were purchased before 2013, and for which the RTMC was claimed in years before the 2013 tax year.

8. Upon review of the Amended Returns, the Commissioner of Revenue agreed the Railroad was permitted to subtract depreciation expenses not allowed for federal income tax

purposes due to claiming a RTMC, but only expenses that relate to assets that Railroad purchased on or after January 1, 2013, and for which the Railroad claimed the RTMC. The Commissioner did not agree that the Railroad was permitted to subtract depreciation expenses claimed in connection with assets it had purchased before 2013, and for which the Railroad claimed a RTMC.

CONCLUSION OF LAW

1. The plain meaning of Minn. Stat. § 290.01, subd. 19d(18) allows the Railroad, when calculating its state income tax liability, to use the Minnesota subtraction for depreciation expenses not allowed for federal income tax purposes beginning in taxable year 2013 or later, regardless of the year the Railroad purchased the asset to support the RTMC.

ORDER FOR JUDGMENT

1. The Railroad's motion for summary judgement is granted.
 - a. The Railroad is entitled to additional tax refunds (before interest) as follows:

\$75,929.00 for the 2013 tax year; \$50,945.00 for the 2015 tax year; \$25,955.00 for the 2016 tax year; and \$23,369.00 for the 2017 tax year.
2. The Commissioner's motion for summary judgment is denied.

IT IS SO ORDERED. THIS IS A FINAL ORDER. LET JUDGMENT BE ENTERED ACCORDINGLY.



BY THE COURT:

**Jane N.
Bowman**

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Jane N. Bowman, Chief Judge
MINNESOTA TAX COURT

Dated: February 7, 2024

MEMORANDUM

I. FACTUAL AND PROCEDURAL BACKGROUND

These consolidated matters involve Soo Line Railroad Company's appeal of the Commissioner of Revenue's orders adjusting its corporate franchise tax for (a) the tax year 2013, Docket 9557-R and (b) the tax years 2015, 2016, and 2017, Docket 9558-R.¹

The Railroad and the Federal Railroad Track Maintenance Credit

At all times relevant herein, the Soo Line Railroad Company owned and operated railroads in the central and eastern United States and Canada. Its affiliates include the Dakota, Minnesota & Eastern Railroad Company ("DM&E") and Delaware and Hudson Railroad Company, Inc. ("D&H"). Soo Line Railroad Company, DM&E and D&H are collectively referred to as the "Railroad."²

On its federal consolidated income tax returns for tax years 2005 through 2017, the Railroad claimed the federal Railroad Track Maintenance Credit ("RTMC"), which provides a credit for "qualified railroad track maintenance expenditures paid or incurred by an eligible taxpayer during the taxable year." 26 U.S.C. § 45G(a).³

The amount of qualified railroad track maintenance expenditures ("QRTME") is used to calculate the amount of the RTMC:

[T]he railroad track maintenance credit determined under this section for the taxable year is an amount equal to 40 percent (50 percent in the case of any taxable year beginning before January 1, 2023) of the [QRTME] paid or incurred by an eligible taxpayer during the taxable year.

¹ Stip. Facts ¶ 1 (filed Aug. 24, 2023).

² Stip. Facts ¶ 2.

³ Stip. Facts ¶ 3.

26 U.S.C. § 45G(a).⁴

Section 45G(e)(3) then requires an adjustment to the basis of any railroad track for which the RTMC is taken, as follows:

For purposes of this subtitle, if a credit is allowed under this section with respect to any railroad track, the basis of such track shall be reduced by the amount of the credit so allowed.⁵

As a result of the basis-reduction required by section 45G(e)(3), a taxpayer claiming the RTMC for federal income tax purposes in one year will forgo certain deductions of depreciation expenses for federal income tax purposes. For example, when an asset's basis is reduced by \$100,000.00 because of taking a RTMC in a taxable year, then the forgone depreciation expenses that would otherwise have been deductible for federal income tax purposes, assuming a five-year asset with straight-line depreciation, is \$20,000 per year for five taxable years, beginning in the taxable year that the Railroad claimed the RTMC.⁶ For example:

Expenses by Tax Year								
		Pre-Law Change	Post-Law Change					Total Depreciation
		2012	2013	2014	2015	2016	2017	
Asset Basis	300k	280k	240k	200k	160k	120k	100k	
COR disallowed expense from 2012	100K	20k	20k	20k	20k	20k		\$100k
COR allowed expense from 2013	100k		20k	20k	20k	20k	20k	\$100k

⁴ Stip. Facts ¶ 4.

⁵ Stip. Facts ¶ 5.

⁶ Stip. Facts ¶ 6.

The Minnesota Subtraction for Railroad Track Maintenance Expenses

As described above, the Railroad claimed and received a RTMC on its federal consolidated income tax returns for tax years 2005 through 2017.⁷ At all relevant times, Minnesota used federal taxable income as the starting point for calculating the Railroad's state income tax liability. Minn. Stat. § 290.01, subd. 19 (2022).⁸ Minnesota did not provide a credit like or the same as the RTMC.⁹

In 2013, Minnesota Statutes section 290.01, subdivision 19d was amended to include, for the first time, a Minnesota subtraction from federal taxable income for "the amount of expenses not allowed for federal tax purposes due to claiming the railroad track maintenance credit under section 45G(a) of the Internal Revenue Code." Minn. Stat. § 290.01, subd. 19d(18) (2013) (the "Minnesota subtraction"). The amendment to section 290.01, subdivision 19d "is effective for taxable years beginning after December 31, 2012."¹⁰

The new Minnesota subtraction, which was initially codified in section 290.01, subdivision 19d(18) (2013), in later years was provided in section 290.01, subdivision 19d(17) (2015) and in section 290.0134, subdivision 16 (2016 and 2017). The substance of the subtraction did not change as part of the recodifications.¹¹

⁷ Stip. Facts ¶ 7.

⁸ Stip. Facts ¶ 8.

⁹ Stip. Facts ¶ 9.

¹⁰ Stip. Facts ¶ 10.

¹¹ Stip. Facts ¶ 11. To avoid confusion, the court cites to Minn. Stat. § 290.01, subd. 19d(18) throughout this decision when referencing the Minnesota subtraction when claiming the FTME, even though it was later codified elsewhere.

The Tax Appeals

For tax years 2013, 2015, 2016, and 2017, the Railroad filed Minnesota Forms M4X, Amended Franchise Tax Returns/Claims for Refund (collectively, “Amended Returns”).¹² In its Amended Returns, the Railroad sought, for Minnesota tax purposes, to subtract from its federal taxable income the amount of depreciation expenses it claimed were not allowed for federal income tax purposes due to claiming the RTMC under section 45G of the Internal Revenue Code.¹³

The Railroad’s Amended Returns also made other revisions that are not at issue here.¹⁴

Some of the depreciation expenses the Railroad sought to subtract in its Amended Returns related to assets that were purchased before 2013, and for which the RTMC was claimed in years before the 2013 tax year. The Railroad, however, did not seek to subtract any depreciation expenses attributable to a taxable year prior to the 2013 tax year.¹⁵

Upon review of the Amended Returns, the Commissioner of Revenue (“Commissioner”) agreed the Railroad was permitted to subtract depreciation expenses not allowed for federal income tax purposes due to claiming a RTMC, but only expenses that relate to assets that Railroad purchased on or after January 1, 2013, and for which the Railroad claimed the RTMC.¹⁶ The Commissioner did not agree that the Railroad was permitted to subtract depreciation expenses claimed in connection with assets it had purchased *before* 2013, and for which the Railroad claimed a RTMC.¹⁷

¹² Stip. Facts ¶ 12.

¹³ Stip. Facts ¶ 12.

¹⁴ Stip. Facts ¶ 14.

¹⁵ Stip. Facts ¶ 15.

¹⁶ Stip. Facts ¶ 16.

¹⁷ Stip. Facts ¶ 17.

The Commissioner paid the refunds to the Railroad, including interest, with respect to these allowed expenses for the 2013, 2015, 2016, and 2017 tax years.¹⁸ The Railroad timely requested administrative appeals of the Commissioner's determinations.¹⁹ The parties' representatives exchanged correspondence about the issue raised on administrative appeal.²⁰

On administrative appeal, the Commissioner made no changes to his determinations about the expense subtractions permitted for the 2013, 2015, 2016, and 2017 tax years. Exhibit J13 is the Commissioner's Notice of Determination on (Administrative) Appeal for the 2013 tax year. Submitted as J14 is the Commissioner's Notice of Determination on (Administrative) Appeal for the 2015, 2016, and 2017 tax years.²¹ The Railroad timely appealed from the Commissioner's Notices of Determination on (Administrative) Appeal.²² Exhibit J15 is the Railroad's Answers to Commissioner of Revenue's Interrogatories (Set One).²³ Exhibit J16 is the Railroad's Amended Answer to the Commissioner of Revenue's Interrogatory No. 10.²⁴

Agreed Amounts

Based upon their additional review of the Railroad's multiple amended returns and supporting information for the 2013, 2015, 2016, and 2017 tax years, the parties agree that the correct amounts of Minnesota railroad track maintenance subtractions at issue for these years are as follows:²⁵

¹⁸ Stip. Facts ¶ 18, Exs. J6, J7.

¹⁹ Stip. Facts ¶ 19, Ex. J8.

²⁰ Stip. Facts ¶ 20, Exs. J9-12.

²¹ Stip. Facts ¶ 21, Exs. J13, J14.

²² Stip. Facts ¶ 22.

²³ Stip. Facts ¶ 23, Ex. J15.

²⁴ Stip. Facts ¶ 24, Ex. J16.

²⁵ Stip. Facts ¶ 25.

TAX YEAR	SUBTRACTION REQUESTED BY RAILROAD	SUBTRACTION COMMISSIONER WILL ALLOW	AMOUNT OF SUBTRACTION IN DISPUTE
2013	\$8,933,708	\$1,514,698	\$7,419,010
2014	\$8,782,161	\$4,704,815	\$4,077,346
2015	\$7,041,647	\$4,868,383	\$2,173,264
2017	\$6,861,787	\$5,816,616	\$1,045,171

Based upon the subtraction amounts set forth in the foregoing paragraph, the parties also agree that the following tax refunds or additional tax due will be due as follows:²⁶

- a. If the Court affirms the Commissioner's interpretation of the Minnesota railroad track maintenance subtraction, then the Railroad is not entitled to receive any additional tax refunds for the 2013 and 2015 tax years; Railroad is entitled to an additional refund of \$220.00 (before interest) for the 2016 tax year; and Railroad is entitled to an additional refund of \$12,190.00 (before interest) for the 2017 tax year.
- b. If the Court agrees with the Railroad's interpretation of the Minnesota railroad track maintenance subtraction, then the Railroad is entitled to additional tax refunds (before interest) as follows: \$75,929.00 for the 2013 tax year; \$50,945.00 for the 2015 tax year; \$25,955.00 for the 2016 tax year; and \$23,369.00 for the 2017 tax year.

II. GOVERNING LAW

A. Summary Judgment

“The court shall grant summary judgment if the movant shows that there is no genuine issue as to any material fact and the movant is entitled to judgment as a matter of law.” Minn. R. Civ. P. 56.01. Summary judgment is a suitable vehicle for addressing the application of law to undisputed facts. *DLH, Inc. v. Russ*, 566 N.W.2d 60, 69 (Minn. 1997) (noting summary judgment

²⁶ Stip. Facts ¶ 26.

is proper where no genuine dispute of material fact exists, and the moving party is entitled to judgment as a matter of law). The parties stipulated to the relevant facts.²⁷ When parties file cross-motions for summary judgment, they “tacitly agree that there exist no genuine issues of material fact.” *Remodeling Dimensions, Inc. v. Integrity Mut. Ins. Co.*, 819 N.W.2d 602, 610 (Minn. 2012) (cleaned up). The court agrees with the parties that the issue is ripe for summary judgment.

B. The Track Maintenance Credits

As described above, the federal RTMC provides a credit for “qualified railroad track maintenance expenditures paid or incurred by an eligible taxpayer during the taxable year.”²⁶ U.S.C. § 45G(a).

The amount of QRTME is used to calculate the amount of the RTMC:

[T]he railroad track maintenance credit determined under this section for the taxable year is an amount equal to 40 percent (50 percent in the case of any taxable year beginning before January 1, 2023) of the [QRTME] paid or incurred by an eligible taxpayer during the taxable year.

²⁶ U.S.C. § 45G(a).

Section 45G(e)(3) then requires an adjustment to the basis of any railroad track for which the RTMC is taken, as follows: “if a credit is allowed under this section with respect to any railroad track, the basis of such track shall be reduced by the amount of the credit so allowed.”²⁸ As a result of the basis reduction required by section 46G(e)(3), a taxpayer who claims the RTMC for federal income tax purposes in one year will permanently forgo corresponding depreciation expense deductions for federal income tax purposes.

²⁷ See generally Stip. Facts.

²⁸ Stip. Facts ¶ 5.

Minnesota uses a railroad's "federal taxable income" as the starting point for determining the railroad's Minnesota tax liability. Minn. Stat. § 290.01, subd. 19.²⁹ Prior to 2013, Minnesota did not provide a credit like or the same as the federal RTMC, meaning if a railroad reduced its basis because of taking the RTMC, that railroad could not then get a reduced tax liability in Minnesota from subtracting track depreciation.

However, in 2013, the Legislature codified the Minnesota subtraction at Minnesota Statutes section 290.01, subdivision 19d which offered a Minnesota subtraction from federal taxable income for "the amount of expenses not allowed for federal tax purposes due to claiming the railroad track maintenance credit under section 45G(a) of the Internal Revenue Code." Minn. Stat. § 290.01, subd. 19d(18) (2013). Important for this discussion, the amendment to section 290.01, subdivision 19d "is effective for taxable years beginning after December 31, 2012."

III. ANALYSIS

For the reasons described below, the court grants the Railroad's motion for summary judgment as we agree Minnesota statute does not limit the Railroad's subtraction to expenses that were incurred before the effective date. "The object of all interpretation and construction of laws is to ascertain and effectuate the intention of the legislature." Minn. Stat. § 645.16 (2022). To interpret a statute, the court first assesses "whether the statute's language, on its face, is clear or ambiguous." *Laase v. 2007 Chevrolet Tahoe*, 776 N.W.2d 431, 434 (Minn. 2009) (citing *Am.*

²⁹ "Where a corporation apportions its income under the provisions of section 290.191, the net operating loss deduction incurred in any taxable year shall be allowed to the extent of the apportionment ratio of the loss year." Minn. Stat. § 290.095, subd. 3(c) (2022); *see Nat'l Can Corp. v. Comm'r of Revenue*, 437 N.W.2d 416, 420-21 (Minn. 1989) ("Minnesota has a statute which explicitly provides that net operating loss carryovers are deductible only to the extent of the apportionment ratio of the loss year or the year to which the loss is carried, whichever is smaller."). "By requiring corporations to apportion their net operating loss carryovers, the state can achieve its purpose of fairly allocating tax burdens and allowing deductions on a proportionate basis to income." *Nat'l Can*, 437 N.W.2d at 421.

Family Ins. Group v. Schroedl, 616 N.W.2d 273, 277 (Minn. 2000). “When the words of a law in their application to an existing situation are clear and free from all ambiguity, the letter of the law shall not be disregarded under the pretext of pursuing the spirit.” Minn. Stat. § 645.16. “If a statute is not ambiguous, then this court applies the statute as written.” *Ewald v. Nedrebo*, 999 N.W.2d 546, 550 (Minn. App. 2023) (citing *Christianson v. Henke*, 831 N.W.2d 532, 537 (Minn. 2013)). Within taxing statutes, it is “well-established [] that courts cannot supply that which the legislature purposely omits or inadvertently overlooks.” *Wallace v. Comm’r of Tax’n*, 289 Minn. 220, 230, 184 N.W.2d 588, 594 (1971) (holding certain medical expenses were deductible even though reimbursed by an insurer because the statute did not limit the deduction). Ultimately, it is for the taxpayer to show “by clear and express language that it is entitled to a deduction.” *Minneapolis Star & Trib. Co. v. Comm’r of Tax’n*, 287 Minn. 117, 126, 177 N.W.2d 33, 39 (1970). Indeed, both parties argue a plain meaning reading of the statute solves the present dispute.³⁰

The parties’ primary dispute is whether the Minnesota subtraction’s 2013 effective date allows for pre-2013 expenses to support a RTMC subtraction, if those pre-2013 expenses were “not allowed for federal income tax purposes.” Or, as the Commissioner argues, whether the subtraction’s 2013 effective date requires that *both* the expenses be incurred *and* “not allowed.” Again, the Minnesota subtraction “due to claiming” the RTMC was “effective for taxable years beginning after December 31, 2012.” Ch. 143, Art. 6, § 9 of the Laws of Minnesota, hanging paragraph.

The Minnesota subtraction is for “the amount of expenses not allowed for federal tax purposes *due to claiming* the [RTMC] under section 45G(a) of the Internal Revenue Code.” Minn.

³⁰ Appellee Mem. Supp. SJ 7-8 (filed Oct. 2, 2023); Appellant’s Mem. 9 (filed Oct. 2, 2023).

Stat. § 290.01, subd. 19d(18) (emphasis added). There is no parallel start date by when expenditures for the assets underpinning the subtraction must have been incurred. *Id.* The parties agree that the expense amounts claimed by the Railroad were not allowed for federal income tax purposes *due to claiming* the RTMC.³¹ The plain meaning of the statute allows the Railroad, when calculating its state income tax liability, to use the Minnesota subtraction for depreciation expenses not allowed for federal income tax purposes beginning in taxable year 2013 or later, regardless of the year the Railroad purchased the asset to support the RTMC. Put another way, although the amendment to section 290.01, subdivision 19d “is effective for taxable years beginning after December 31, 2012,” there is no such language limiting when the underpinning RTMC expenses must have been incurred, thereby allowing a Minnesota subtraction from federal taxable income for “the amount of expenses not allowed for federal tax purposes due to claiming the railroad track maintenance credit” *Id.*

IV. THE COMMISSIONER’S POSITION IS NOT SUPPORTED BY STATUTE

For his part, the Commissioner points to the RTMC’s enacting purpose statement, as found in the 2013 session laws, as the basis to exclude pre-2013 expenses. Session laws contain all the acts of a Legislature as passed in each year’s legislative session. Minn. Stat. § 3C.06, subd. 1 (2022). Permanent laws are codified into statute. Minn. Stat. § 3C.13 (2022). The Commissioner argues this court “*must* consider the Legislature’s ‘statement of intent expressed in the [2013] session laws ... along with the codified language of the statute when analyzing the state’s plain

³¹ Stip. Facts ¶¶ 13, 14. The Commissioner argues the Railroad cannot take a Minnesota RTMC for pre-2013 expenditures as those are “catch-up,” “resurrected,” or “forsaken” depreciation expenses. Appellee Mem. 2; Stip. Facts ¶ 6; Ex. J13. The statute does not define, nor does it limit “catch-up,” “resurrected,” or “forsaken” depreciation expenses from Minnesota’s credit; indeed, at the hearing on this matter, the Commissioner conceded these were not legal terms. Tr. 20-23 (Nov. 16, 2023).

meaning.”³² “Any bill that creates, renews, or continues a tax expenditure must include a statement of intent that clearly provides the purpose of the tax expenditure and a standard or goal against which its effectiveness may be measured.” Minn. Stat. § 3.192 (2022). The Commissioner further argues that when this court considers the statement of intent, it becomes clear the purpose of the Minnesota subtraction is to encourage *future* expenditures, and not reward *past* ones.³³ Indeed, “session laws are relevant when interpreting the plain language of a statute.” *State v. Boecker*, 893 N.W.2d 348, 353 (Minn. 2017).³⁴

The relevant session laws state:

Railroad track maintenance subtraction. The provisions of article 6 allowing an individual income and corporate franchise tax subtraction for the amount allowed under the federal credit for railroad maintenance expenses, are intended to increase the combined federal and state tax incentives available to Class II and Class III railroads for maintaining and upgrading track in Minnesota. The standard against which effectiveness is to be measured is the additional miles of track maintained or upgraded following allowance of the state tax subtraction in addition to the existing federal tax credit.

Act of May 22, 2013, ch. 143, art. 13, § 22, subd. 4, 2013 Minn. Laws 1635, 2679

Although relevant, the session law does not clearly manifest the Commissioner’s position. First, the session law encourages “maintaining and upgrading” railroad tracks, which implies on-

³² Appellee Mem. Opp. 2 (citing *State v. Boecker*, 893 N.W.2d 348, 353 (Minn. 2017) (filed Oct. 26, 2023)).

³³ Appellee Mem. Supp. SJ 9-10.

³⁴ While Soo Line argues that *Boecker* “is distinguishable because it does not involve a ‘purpose statement’ adopted under Minn. Stat. § 3.192,” Appellant Mem. Opp. Appellee SJ 5 (filed Oct. 26, 2023), it does not highlight any language in *Boecker* so formalizing a rule that a purpose statement adopted by the legislature under Minn. Stat. § 3.192 is distinguishable. Nor does Soo Line identify any case law to support its assertion that session laws are not relevant when adopted pursuant to the purpose statement statute. Although Soo Line is “not aware of any case that relies on Minn. Stat. § 3.192 or a similar purpose statement when applying the plain meaning of a statute,” it does not follow that a session law adopted pursuant to § 3.192 is therefore irrelevant. Appellant Reply Mem. Supp. SJ 2 (filed Nov. 9, 2023).

going maintenance, not prospective-only maintenance. Second, although we find the Commissioner’s argument concerning the effectiveness standard cogent,³⁵ it can also be read to include pre-2013 miles if the subtraction was properly taken after the date of enactment. Here, when considering the relevant session law, it does not change the court’s plain meaning interpretation.

V. THE LEGISLATURE KNOWS HOW TO LIMIT SUBTRACTIONS. IT DID NOT DO SO HERE.

Lastly, if the legislature had intended to exclude pre-2013 expenses from the RTMC, it could have so stated in statute. If we look to the legislature’s past practices to determine whether it intended a limitation in this statute to post-2013 investment in railroad track creation and maintenance without specifically so stating, we note the Minnesota legislature has previously added clear, limiting language for additions or deductions according to the timing of the corresponding expenditures. *See, e.g.*, Minn. Stat. 290.0134, subd. 10 (2022) (limiting a subtraction for disability access expenditures to only expenditures from “the taxable year”); Minn. Stat. § 290.095, subd. 2(c) (2022) (limiting net operating losses to 70% of net taxable income in a single tax year); Minn. Stat § 290.0131, subd. 5 (2022) (delineating an addition to income in a taxable year for “[t]he amount of income taxes paid or accrued *within the taxable year*” (emphasis added)); *Id.*, subd. 9(b) (limiting bonus depreciation deductions to only “*activity that in the taxable year* generates a deduction for depreciation.” (emphasis added)). The legislature knows how to limit subtractions when it desires; it did not do so here.

³⁵ Appellee Mem. Opp. 2-3 (noting the “standard against which effectiveness is to be measured is the additional miles of track maintained or upgraded following allowance of the state tax subtraction”).

For these reasons, we find use of the RTMC deduction is conditioned on the year the expenses were not allowed for federal income tax purposes, and not the year the expenditures were incurred.

J.N.B.H.