

PRESCRIBED SPECIFIC INSTRUCTIONS FOR RAILWAY COMPANIES
REPORTING TO THE IOWA DIRECTOR OF REVENUE
UNDER IOWA CODE CHAPTER 434

All railroads that operate in the State of Iowa are required to report to the Iowa Department of Revenue for purposes of property taxation under Iowa Code chapter 434. The specific instructions detailed below shall be carefully followed when preparing the Railroad Annual Report for the calendar year ended December 31, 2024. Information contained in the annual report will be used to determine the January 1, 2025 value of the railroad's operating property. Taxes will be levied on this property in 2026 for collection in 2026-2027.

- Each section or schedule of the Railroad Annual Report form shall be completed. In the event it is necessary to report facts and figures for which no section or schedule is provided in the printed form, or where report form schedules do not provide sufficient space, then any supplemental schedules, riders or explanatory material shall be filed as a separate attachment on GovConnectIowa or in the mail.

Do not make any changes to the annual report. If you need to submit any additional information, submit it as a separate attachment.

The Department reserves the right to return these filings to the railroad for correction should the filing be incomplete or appear to be inaccurate.

- The railroad must supply the Department with a copy of the main track mileage reported to each county auditor. The total mileage of the various taxing jurisdictions in each county must agree with each county total reported on page 10. Mileage should be rounded to two decimal places (i.e. 15.63).
- The annual report contains one (1) Leased Equipment Schedule for reporting equipment leased to others, one (1) Leased Equipment Schedule for reporting equipment leased from others, one (1) Capital Lease Schedule, and one (1) Depreciated Lease Schedule. All leases, with the exception of trackage leases, are to be reported only on these schedules.

The depreciated lease schedule (page 14) pertains to operating leases only. The original cost and accumulated depreciation of each major class of property under heading I, Cost Information, must be detailed. If this information is unknown by the reporting railroad, it is the railroad's responsibility to contact the lessor for this information. The remainder of page 14 shall be completed for headings II, III, and IV.

Background information concerning the development of the discount rates used in determining the net present values on the various schedules shall be detailed on additional attachment(s).

- The annual report contains one (1) Track Abandonment Schedule for reporting trackage abandoned by the railroad in the State of Iowa during 2024. The railroad is required by Iowa law to list this abandoned property with the various county and city assessors having jurisdiction of this property. This property shall be listed with each assessor as of January 1st after official abandonment.

Pending proceedings before official bodies for the abandonment of railway trackage located in the State of Iowa shall be reported, and the status of those proceedings as of December 31, 2024, shall be described on the Track Abandonment Schedule.

- The railroad must furnish a computation of the "Best of the Best" for the year ended 2024. The computation shall include the specific railroad's obsolescence factor and the "Best of the Best" computations used to derive the obsolescence factor to be applied to the particular railroad. The calculation shall be based on current year-end data. Since this information is typically not obtainable at the time the annual report is to be filed, it shall be filed no later than July 31, 2025.
- Any 2024 additions or betterments to the railroads operating property shall be included in the schedules.
- If, during 2024, the reporting railroad became a participant to any sort of agreements in which additional operating railroad trackage was bought, leased, merged or operated as part of its system, details of these agreements must be reported as part of the annual report. The reporting railroad must file the Interstate Commerce Commission (I.C.C.) R-1's or other appropriate financial statements of these railroads.

Provide these as separate attachments in GovConnectIowa

Prescribed Railway Company Reporting and Instructions, page 2

- If the railroad feels that there are particular items that should not be reflected in net railway operating income for 2024, these items should be described together with the reason behind the proposed eliminations.
- The railroad should point out any items it regards to be non-operating in nature when computing the stock and debt value for 2024. The computations and reasons for proposed removal from the gross stock and debt value should be itemized.
- The railroad must file a complete copy of the Interstate Commerce Commission Form R-1. If this form is not required by that agency, the report to the Transportation Regulation Authority of the Iowa Department of Transportation must be submitted. Further required reports include

Stockholder's reports of the railroad and/or its parent company and SEC Form 10-K for the railroad and/or its parent company. If reports of this type are not prepared by the railroad, complete financial statements for the year ended December 31, 2024 must be filed in lieu of these regulatory reports.

- The original cost and accumulated depreciation of licensed vehicles for both the entire system and Iowa shall be reported. Licensed vehicles reported shall be only those stated in Iowa Code section 321.130.
- All information required on the Market Information Schedules (SCHEDULE B, C and D) must be completed.

If the securities are traded, you must detail the source of the prices used. If the securities are untraded you must indicate prices. The source or procedure used in the price determination must be noted in the source column. All supportive data used in the price development must accompany the Market Information Schedules.

Each security must be listed separately and in the appropriate column, Equipment Trusts and other securities that mature serially must be listed by series and the amount due each year must be noted (e.g. 7.5% series J, due 2024, \$11,500.00 due annually). If the amount due annually is variable, details of the amount due each year must accompany the Market Information Schedules.

The figure entered in the column entitled YTM is to be the "Yield to Maturity" based on the price, the coupon rate, years remaining to maturity and January 1, 2024, shall be used as the settlement date.

The percent to total shall be the market value of each security to the total market value of that security type (e.g. debt security to total debt securities, equipment trust security to total equipment trust securities).

Unit price shall be the sale price if available or the average of the bid and ask price.

The value shall be the sale price or average of the bid and ask price times the security's outstanding amount.

The rating shall be the current rating of the security.

The outstanding amount shall be as of December 31, 2024.

NOTE: If you submit a computer printed Market Data Sheet, all of the information as noted above must be included (EG, YTM, Percent to Total, etc.)

The Railroad Annual Report must be filed on or before April 1, 2025. The Director of Revenue may, at their discretion, grant extensions of time for filing the annual report. Such requests must be made in writing prior to April 1 setting forth the specific reasons for late filing. Extensions of time will not exceed thirty (30) calendar days.

Return the completed Railroad Annual Report and all additional information and reports:

Online: govconnect.iowa.gov

By Mail: Local Government Services Division
Iowa Department of Revenue
P.O. Box 10469
Des Moines Iowa 50309-0469

If you have any questions, please contact the Local Government Services Division at IDR-PropTax@iowa.gov or (515) 661-7715.