§ 489-ii. Local reproduction cost. 1. The commissioner shall determine the local reproduction cost for each railroad company in each assessing unit as follows:

(a) Ascertain in each assessing unit the cost of reproduction new less depreciation of the railroad real property other than land;

(b) Ascertain in each assessing unit the value of the land portion of railroad real property and the value of rights in land in, above and under any public street, highway or parkway used by such railroad company;

(c) Add the amounts ascertained under paragraphs (a) and (b) above for each assessing unit. The result shall be the local reproduction cost.

2. Local reproduction cost and the state equalization rates used in establishing railroad ceilings shall be based so far as practicable upon the same period price levels.

3. In making determinations under this section, the commissioner shall classify the real property of each railroad company as either transportation or non-transportation so far as may be practicable and shall consider the manner in which such property is classified as property used for transportation purposes in accounts maintained pursuant to the uniform system of accounts for railroad companies as prescribed by the interstate commerce commission and the commissioner of transportation and in the publication of the interstate commerce commission entitled "Elements of Value of Property Used in Common Carrier Service" as well as information available from other sources, including reports required pursuant to section four hundred eighty-nine-nn of this chapter.

4. In ascertaining depreciation of property under this section, consideration may be given to physical condition, average service lives of groups of property and other factors, which however, shall not include earnings.

5. As used in this section, the term "value of land" means the value of similar land in the immediate vicinity used for other than railroad transportation purposes and the term "value of rights in land in, above

and under any public street, highway or parkway" means ten per cent of the value of land in the immediate vicinity used for other than railroad transportation purposes.

6. The determinations made under this section shall reflect so far as may be practicable the status of the property as of December thirty-first of the preceding year.

7. In determining local reproduction cost for purposes of railroad ceilings determined for assessment rolls filed on or after January first, two thousand three, grading shall be deemed a depreciable asset. The allowance for depreciation of grading shall be eighteen percent for each year in service up to a total of ninety percent.

8. In determining local reproduction cost for purposes of railroad ceilings determined for assessment rolls filed on or after January first, two thousand three, the commissioner shall not include a factor for any construction overhead in its calculation, nor shall such overhead costs be included for any new construction begun on or after the effective date of this subdivision.

9. In determining a local reproduction cost for purposes of railroad ceilings established for assessment rolls filed in two thousand three, the commissioner shall allow for increased depreciation of railroad track. For high speed/high tonnage track and medium speed/high tonnage track, whether main track or side track, depreciation shall be increased to seventy-five percent. For low speed/medium tonnage track, whether main track or side track, depreciation shall be increased to eighty-five percent. For low speed/low tonnage track, whether main track or side track, depreciation shall be increased to ninety percent. Such increased depreciation shall only be granted for railroad ceilings established for assessment rolls filed in two thousand four upon application of a railroad company. Any increased depreciation shall be granted to all the tracks owned by the railroad in this state not otherwise exempt from inclusion in the calculation of railroad ceilings. The commissioner shall, in consultation with the department of transportation and the division of the budget, establish by rule and regulation the schedules

for increased depreciation and standards for improved service that shall be met in order for a railroad company to receive such increased depreciation for railroad ceilings established for assessment rolls filed in two thousand four and thereafter. A railroad company that has failed to file an application or failed to meet the standards for improved services contained in the rules and regulations of the commissioner prior to the establishment of railroad ceilings for assessment rolls filed in two thousand four shall receive one-half of the benefit for increased depreciation that it would have received had such application been made or such standards been met in a timely fashion. The standards for increased depreciation shall be based upon increased tonnage, increased level of passenger service, increased number of passenger trains and/or improved on-time performance, increased average speed, and any other factors indicating improved rail service as the commissioner and the department of transportation shall specify.