

By: Merritt

H.B. No. 51

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the creation, administration, powers, duties,
3 operations, and financing of a border region high-speed rail
4 authority for the Texas-Louisiana and the Texas-Mexico border
5 regions; granting the power to issue bonds; imposing a tax;
6 granting the power of eminent domain.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

8 SECTION 1. Chapter 13, Title 112, Revised Statutes, is
9 amended by adding Article 6550c-4 to read as follows:

10 Art. 6550c-4. BORDER REGION HIGH-SPEED RAIL AUTHORITIES

11 Sec. 1. DEFINITIONS. In this article:

12 (1) "Authority" means a border region high-speed rail
13 authority created under this article.

14 (2) "Authority property" means all property an
15 authority owns or leases under a long-term lease.

16 (3) "Border region" means the Texas-Louisiana border
17 region or the Texas-Mexico border region, as defined by Section
18 2056.002, Government Code.

19 (4) "Commission" means the Texas Transportation
20 Commission.

21 (5) "Department" means the Texas Department of
22 Transportation.

23 (6) "High-speed rail" means the rail technology that
24 permits the operation of rolling stock between scheduled stops at

1 speeds greater than 70 miles per hour.

2 (7) "High-speed rail facility" means any property
3 necessary for the transportation of passengers and baggage between
4 points in a border region by high-speed rail. The term includes
5 rolling stock, locomotives, stations, parking areas, and rail
6 lines.

7 (8) "System" means all of the high-speed rail and
8 intermodal facilities leased or owned by or operated on behalf of an
9 authority.

10 Sec. 2. CREATION OF AUTHORITIES. The commission by order
11 may authorize the creation of an authority in each border region for
12 the purposes of financing, acquiring property for, constructing,
13 maintaining, and operating a high-speed rail system in each border
14 region.

15 Sec. 3. GOVERNING BODY. (a) The governing body of an
16 authority is a board of directors consisting of representatives of
17 each county in the border region for which the authority is created.
18 The board is composed of 11 members appointed by the governor.

19 (b) The members of the board shall elect one member as
20 presiding officer. The presiding officer may select another member
21 to preside in the absence of the presiding officer.

22 (c) The presiding officer shall call at least one meeting of
23 the board each year and may call other meetings as the presiding
24 officer determines are appropriate.

25 (d) A member of the board is not entitled to compensation
26 for serving as a member but is entitled to reimbursement for
27 reasonable expenses incurred while serving as a member.

1 (e) The board shall adopt rules for its proceedings and
2 appoint an executive committee. The board may employ and
3 compensate persons to carry out the powers and duties of the
4 authority.

5 (f) Chapter 171, Local Government Code, applies to a member
6 of the board.

7 Sec. 4. POWERS AND DUTIES OF AUTHORITY. (a) An authority
8 is a public body and a political subdivision of the state exercising
9 public and essential governmental functions and has all the powers
10 necessary or convenient to carry out the purposes of this article.
11 An authority, in the exercise of powers under this article, is
12 performing only governmental functions and is a governmental unit
13 within the meaning of Chapter 101, Civil Practice and Remedies
14 Code.

15 (b) An authority is subject every 12th year to review under
16 Chapter 325, Government Code (Texas Sunset Act).

17 (c) An authority may sue and be sued in all courts, may
18 institute and prosecute suits without giving security for costs,
19 and may appeal from a judgment without giving a supersedeas or cost
20 bond. An action at law or in equity against an authority must be
21 brought in the county in which a principal office of the authority
22 is located, except that in an eminent domain proceeding involving
23 an interest in land, suit must be brought in the county in which the
24 land is located.

25 (d) An authority may acquire by grant, purchase, gift,
26 devise, lease, or otherwise and may hold, use, sell, lease, or
27 dispose of real and personal property, licenses, patents, rights,

1 and interests necessary, convenient, or useful for the full
2 exercise of its powers.

3 (e) An authority may acquire, construct, develop, own,
4 operate, and maintain intermodal and high-speed rail facilities to
5 connect political subdivisions in the applicable border region.
6 For this purpose and with the consent of a municipality, county, or
7 other political subdivision, an authority may use streets, alleys,
8 roads, highways, and other public ways of the municipality, county,
9 or other political subdivision and may relocate, raise, reroute,
10 change the grade of, or alter, at the expense of the authority, the
11 construction of any street, alley, highway, road, railroad,
12 electric lines and facilities, telegraph and telephone properties
13 and facilities, pipelines and facilities, conduits and facilities,
14 and other properties, whether publicly or privately owned, as
15 necessary or useful in the construction, reconstruction, repair,
16 maintenance, and operation of the system. An authority may not use
17 or alter a road or highway that is part of the state highway system
18 without the permission of the commission or a railroad without
19 permission of the railroad. An authority may acquire by purchase
20 any interest in real property for the acquisition, construction, or
21 operation of a high-speed rail facility on terms and at a price as
22 agreed to between the authority and the owner. The governing body
23 of a municipality, county, other political subdivision, or public
24 agency may convey title or rights and easements to any property
25 needed by an authority to effect its purposes in connection with the
26 acquisition, construction, or operation of the system.

27 (f) An authority has the right of eminent domain to acquire

1 real property in fee simple or an interest in real property less
2 than fee simple in, on, under, or above land, including an easement,
3 right-of-way, or right of use of airspace or subsurface space. The
4 power of eminent domain under this section does not apply to land
5 under the jurisdiction of the department or a rail line owned by a
6 common carrier or municipality. An authority shall, to the extent
7 possible, use existing rail or intermodal transportation corridors
8 for the alignment of its system. A proceeding for the exercise of
9 the power of eminent domain is begun by the adoption by the board of
10 a resolution declaring the public necessity for the acquisition by
11 an authority of the property or interest described in the
12 resolution and that the acquisition is necessary and proper for the
13 construction, extension, improvement, or development of high-speed
14 rail facilities and is in the public interest. The resolution of an
15 authority is conclusive evidence of the public necessity of the
16 proposed acquisition and that the real or personal property or
17 interest in property is necessary for public use.

18 (g) With the consent of the property owner, instead of
19 paying for real property with a single fixed payment, an authority
20 may pay the owner in the form of:

21 (1) an intangible legal right to receive a percentage
22 of identified fees related to the applicable segment of the system;
23 or

24 (2) an exclusive or nonexclusive right to use or
25 operate a part of the system.

26 (h) An authority may make agreements with a public utility,
27 private utility, communication system, common carrier, state

1 agency, or transportation system for the joint use of facilities,
2 installations, or properties inside or outside the border region
3 and establish through routes and joint fares.

4 (i) An authority may adopt rules to govern the operation of
5 the authority, its employees, the system, service provided by the
6 authority, and any other necessary matter concerning its purposes,
7 including rules relating to health, safety, alcohol or beverage
8 service, food service, and telephone and utility services, to
9 protect the health, safety, and general welfare of residents of the
10 border region and people who use the authority's services.

11 (j) An authority may enter into a joint ownership agreement
12 with any person.

13 (k) An authority shall establish and maintain rates or other
14 compensation for the use of the facilities of the system acquired,
15 constructed, operated, regulated, or maintained by the authority
16 that is reasonable and nondiscriminatory and, together with grants
17 received by the authority, is sufficient to produce revenues
18 adequate:

19 (1) to pay all expenses necessary for the operation
20 and maintenance of the properties and facilities of the authority;

21 (2) to pay the interest on and principal of bonds
22 issued by the authority and payable in whole or in part from the
23 revenues, as they become due and payable; and

24 (3) to comply with the terms of an agreement made with
25 the holders of bonds or with any person in their behalf.

26 (l) An authority may make contracts, leases, and agreements
27 with, and accept grants and loans from, the United States, this

1 state, agencies and political subdivisions of this state, and other
2 persons and entities and may perform any act necessary for the full
3 exercise of the powers vested in it. The commission may enter into
4 an interlocal agreement with an authority under which the authority
5 may exercise a power or duty of the commission for the development
6 and efficient operation of an intermodal corridor in the border
7 region. An authority may acquire rolling stock or other property
8 under conditional sales contracts, leases, equipment trust
9 certificates, or any other form of contract or trust agreement. A
10 revenue bond indenture may limit the exercise of the powers granted
11 by this section, and a limit applies as long as the revenue bonds
12 issued under the indenture are outstanding and unpaid.

13 (m) An authority by resolution may adopt rules governing the
14 use, operation, and maintenance of the system and may determine or
15 change a routing as the board considers advisable.

16 (n) An authority may lease all or part of the high-speed
17 rail facilities to, or contract for the use or operation of all or
18 part of the high-speed rail facilities by, an operator. An
19 authority shall encourage to the maximum extent practicable the
20 participation of private enterprise in the operation of high-speed
21 rail facilities. The term of an operating contract under this
22 subsection may not exceed 20 years.

23 (o) An authority may contract with a county or other
24 political subdivision of this state for the authority to provide
25 high-speed rail transportation services to an area outside the
26 border region on the terms and conditions agreed to by the parties.

27 (p) An authority may purchase an additional insured

1 provision to any liability insurance contract.

2 (g) Before beginning the operation of high-speed rail
3 facilities, the board shall adopt an annual operating budget
4 specifying the anticipated revenues and expenses of the authority
5 for the remainder of the fiscal year. Each year the board shall
6 adopt an operating budget for the authority. The fiscal year of an
7 authority ends September 30 unless changed by the board. The board
8 shall hold a public hearing before adopting a budget other than the
9 initial budget. Notice of each hearing must be published at least
10 seven days before the date of the hearing in a newspaper of general
11 circulation in each county in the applicable border region. A
12 budget may be amended at any time if notice of the proposed
13 amendment is given in the notice of the meeting at which the
14 amendment will be considered. An expenditure that is not budgeted
15 may not be made.

16 (r) An authority is eligible to participate in the Texas
17 County and District Retirement System.

18 (s) The board shall by resolution name one or more banks for
19 the deposit of authority funds. Authority funds are public funds
20 and may be invested in securities permitted by Chapter 2256,
21 Government Code. To the extent funds of an authority are not
22 insured by the Federal Deposit Insurance Corporation or its
23 successor, they shall be collateralized in the manner provided for
24 county funds.

25 (t) To provide tax benefits to another party that are
26 available with respect to property under the laws of a foreign
27 country or to encourage private investment with a transportation

1 authority in the United States, and notwithstanding any other
2 provision of this chapter, an authority may enter into and execute,
3 as it considers appropriate, contracts, agreements, notes,
4 security agreements, conveyances, bills of sale, deeds, leases as
5 lessee or lessor, and currency hedges, swap transactions, or
6 agreements relating to foreign and domestic currency. The
7 agreements or instruments may have the terms, maturities, duration,
8 provisions as to governing law, indemnities, and other provisions
9 that are approved by the board. In connection with any transaction
10 authorized by this subsection, the authority shall deposit in
11 trust, escrow, or similar arrangement cash or lawful investments or
12 securities, or shall enter into one or more payment agreements,
13 financial guarantees, or insurance contracts with counterparties
14 having either a corporate credit or debt rating in any form, a
15 claims-paying ability, or a rating for financial strength of "AA"
16 or better by Moody's Investors Service, Inc., or by Standard &
17 Poor's Corporation or "A-" or better by BEST's rating system that,
18 by their terms, including interest to be earned on any cash or
19 securities, are sufficient in amount to pay when due all amounts
20 required to be paid by the authority as rent over the full term of
21 the transaction plus any optional purchase price due under the
22 transaction. A certification in advance by an independent
23 financial expert, banker, or certified public accountant, who is
24 not an employee of the authority, certifying compliance with this
25 requirement constitutes conclusive evidence of compliance.
26 Property sold, acquired, or otherwise transferred under this
27 subsection is considered for all purposes to be property owned and

1 held by the authority and used for public purposes.

2 Sec. 5. BONDS AND NOTES. (a) An authority may issue
3 revenue bonds and notes in amounts the board considers necessary or
4 appropriate for the acquisition, purchase, construction,
5 reconstruction, repair, equipping, improvement, or extension of
6 the authority's high-speed rail facilities. A bond or note is fully
7 negotiable and may be made redeemable before maturity, at the
8 option of the authority and at the price and under the terms the
9 board determines in the resolution authorizing the bond or note and
10 may be sold at public or private sale, as the board determines.

11 (b) An authority shall submit all bonds and notes and the
12 record of proceedings relating to their issuance to the attorney
13 general for examination before delivery. If the attorney general
14 determines that they have been issued in accordance with the
15 constitution and this article and that they will be binding
16 obligations of the authority, the attorney general shall approve
17 them, and the comptroller shall register them. A bond or note
18 issued under this article is incontestable after approval,
19 registration, and sale and delivery of the bond or note to the
20 purchaser.

21 (c) To secure the payment of the bond or note, an authority
22 may encumber and pledge all or any part of the revenues of its
23 high-speed rail facilities, may mortgage and encumber all or part
24 of the property of the high-speed rail facilities and any thing
25 pertaining to them that is acquired or to be acquired, and may
26 prescribe the terms and provisions of the bond or note in any manner
27 not inconsistent with this article. If not prohibited by the

1 resolution or indenture relating to outstanding bonds or notes, an
2 authority may encumber separately any item of real or personal
3 property.

4 (d) A bond or note is a legal and authorized investment for
5 banks, trust companies, savings and loan associations, and
6 insurance companies. The bond or note is eligible to secure the
7 deposit of public funds of this state or a municipality, county,
8 school district, or other political corporation or subdivision of
9 this state. The bond or note is lawful and sufficient security for
10 the deposits to the extent of the principal amount or market value
11 of the bond or note, whichever is less.

12 Sec. 6. COMPETITIVE BIDS. A contract in the amount of more
13 than \$15,000 for the construction of improvements or the purchase
14 of material, machinery, equipment, supplies, or any other property
15 other than real property may be let only on competitive bids after
16 notice published, at least 15 days before the date set for receiving
17 bids, in a newspaper of general circulation in each county in the
18 applicable border region. The board may adopt rules governing the
19 taking of bids and the awarding of contracts. This section does not
20 apply to:

21 (1) personal or professional services;
22 (2) the acquisition of an existing rail transportation
23 system; or

24 (3) a contract with a common carrier to construct
25 lines or to operate high-speed rail service on lines owned in whole
26 or in part by the carrier.

27 Sec. 7. EXEMPTION FROM TAXES. The property, material

1 purchases, revenues, and income of an authority and the interest on
2 a bond or note issued by an authority are exempt from all taxes
3 imposed by this state or a political subdivision of this state.

4 Sec. 8. SALES AND USE TAX. (a) A sales and use tax is
5 imposed on items sold on authority property. The sales and use tax
6 shall be imposed at the rate of the highest combination of local
7 sales and use taxes imposed at the time of the authority's creation
8 in any local governmental jurisdiction in the applicable border
9 region. The comptroller shall remit to the authority the local
10 sales and use tax collected on the authority's property. All other
11 local sales and use taxes that would otherwise be imposed on
12 authority property are abolished by the imposition of this tax.

13 (b) The comptroller shall administer, collect, and enforce
14 a tax imposed under this article. Chapter 321, Tax Code, governs
15 the computation, administration, governance, and use of the tax
16 except as inconsistent with this article.

17 (c) An authority shall notify the comptroller in writing by
18 registered or certified mail of the authority's creation and of its
19 intent to impose the sales and use tax under this article. The
20 authority shall provide to the comptroller all information required
21 to implement the tax, including:

22 (1) an adequate map showing the property boundaries of
23 the authority; and

24 (2) a certified copy of the resolution of the
25 authority board adopting the tax.

26 (d) Not later than the 30th day after the date the
27 comptroller receives the notice, map, and other information, the

1 comptroller shall inform the authority of whether the comptroller
2 is prepared to administer the tax.

3 (e) At the same time an authority notifies the comptroller
4 under Subsection (c) of this section, the authority shall notify
5 each affected local governmental unit of the authority's creation
6 and provide each with an adequate map showing the property
7 boundaries of the authority.

8 (f) Not later than the 30th day after the date an authority
9 adds territory to the authority, the authority shall notify the
10 comptroller and each affected local governmental unit of the
11 addition. The authority must include with each notification an
12 adequate map showing the new boundaries of the authority and the
13 date the additional territory was added. Not later than the 30th
14 day after the date the comptroller receives the notice under this
15 subsection, the comptroller shall inform the authority of whether
16 the comptroller is prepared to administer the tax in the additional
17 territory.

18 (g) A tax imposed under this section or the abolition of a
19 tax under Subsection (a) of this section takes effect on the first
20 day of the first complete calendar quarter that occurs after the
21 expiration of the first complete calendar quarter that occurs after
22 the date the comptroller receives a notice of the action as required
23 by this section.

24 SECTION 2. This Act takes effect December 1, 2003.