

## **BILL ANALYSIS**

S.B. 404  
By: Madla  
Transportation  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Current law allows the imposition of a sales and use tax for advanced transportation purposes. The board of a transit authority may create an advanced transportation district within its boundaries and may propose an increase in the sales and use tax at a rate of 0.25 percent. SB 404 expands the definition of “advanced transportation” and adds the definition of “mobility enhancement.” This bill increases the maximum allowable tax rate of an advanced transportation district, and establishes requirements regarding the use of the tax revenue. The bill also requires geographic equity when funding projects that will utilize matching monies collected under this bill.

### **RULEMAKING AUTHORITY**

It is the committee’s opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

SECTION 1. Amends Section 451.701, Transportation Code, by amending Subdivision (1) and adding Subdivision (4), as follows:

- (1) Redefines “advanced transportation.”
- (4) Adds the definition of “mobility enhancement.”

SECTION 2. Amends Section 451.702, Transportation Code, by amending Subsections (a), (d), and (e) and adding Subsections (f)-(j), as follows:

- (a) Includes mobility enhancement among the reasons for which the board of a transportation authority may impose a sales and use tax. Requires the governing body of the district to set the rate of the sales and use tax at one of four specified percentages.
- (d) Provides that the proposition on the election ballot shall read: “ The creation of an advanced transportation district and the imposition of a sales and use tax for advanced transportation and mobility enhancement within the district at the rate to be set by the governing body of the advanced transportation district.” Makes a conforming change.
- (e) Requires that the proceeds of the sales and use tax imposed under this section be used by the district only for certain purposes.
- (f) Requires the district to use one-half of the proceeds of the sales and use tax only for advanced transportation purposes as determined by the governing body of the district.
- (g) Requires the governing body of the district to remit a set portion of the proceeds of the sales and use tax to each participating unit. Authorizes a participating unit to use proceeds received only for advanced transportation or mobility enhancement purposes in the territory of

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the authority.

(h) Requires payments under Subsection (g) to be made at a certain time.

(i) Requires the governing body of the district to place one-fourth of the sales and use tax proceeds in a separate account. Authorizes the governing body of the district to use funds in the account, together with interest or other revenues earned on those funds, only to provide the appropriate amount to the Texas Department of Transportation as the local share of a state or federal grant for advanced transportation or mobility enhancement purposes in the territory of the district.

(j) Requires the governing body of the district to follow certain guidelines for projects to be funded under Subsection (i).

SECTION 3. Effective date: upon passage or September 1, 2003.

**EFFECTIVE DATE**

Upon passage, or if the Act does not receive the necessary vote, the Act takes effect September 1, 2003.

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