

BILL ANALYSIS

C.S.H.B. 2652
By: Krusee
Transportation
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The United States Congress is currently considering the re-authorization of TEA-21. As part of the draft federal legislation is a \$15 billion authorization for Private Activity Bonds (PAB's) for transportation and freight rail projects. This will be the first time that PAB's would be allowed for use with highway and rail projects. The federal proposal removes the \$15 billion authorization from the state caps.

CSHB 2652 amends Subchapter B, Chapter 222, Transportation Code by adding Section 222.035 Private Activity Bonds. This new section creates a program, subject to the United States Congress enacting legislation amending the Internal Revenue Code to include highway and surface freight rail facilities among the types of facilities for which PAB's may be used, for TxDOT to develop a process and administer the use of PAB's in Texas.

The PAB's approved by TxDOT and issued for highway facilities or surface rail freight facilities would be governed by Chapter 1372, Government Code.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Department of Transportation in SECTION 1 of this bill.

ANALYSIS

Section 1. Amends Section 222, Transportation Code by adding new section 222.035 which defines Private Activity Bonds according to Section 141 (a), Internal Revenue Code (26 U.S.C. Section 141 (a)). This Section includes the contingency language which allows for PAB's based on the United States Congress amending the Internal Revenue Code. The attorney general's office makes this determination and publishes it in the Texas Register. This Section further explains that subsections (d), (e) and (f) take effect the 30th day after the attorney general's office publishes in the Texas Register and the attorney general shall monitor the federal legislation for the purposes of this section. Subsection (d) states that TxDOT shall administer a program for PAB's. Subsection (e) sets forth the process for the issuance of PAB's.

Section 2. Governs the effective date of the Bill.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute removes language in Section 1 which would require TxDOT's approval of an application under this section.