

BILL ANALYSIS

C.S.H.B. 2704
By: Krusee
Transportation
Committee Report (Substituted)

BACKGROUND AND PURPOSE

HB 3588, passed during the 78th legislative session, authorized local governmental entities to finance a transportation project and be paid back over time by TxDOT through pass-through tolls. The effect is that local governmental entities may finance a project themselves in order to have the project built sooner than TxDOT's pay-as-you-go system would otherwise permit. The local government is then paid back by TxDOT based on the number of vehicles using the facility.

This bill will assist in the implementation of pass-through tolling by allowing local governments, through a local government corporation, the ability to issue bonds secured by pass-through tolls. This avoids local governments having to initially fund the transportation project exclusively through debt secured by property taxes.

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. The new section 791.033 of the Government Code permits local governments to pledge pass-through tolls to a local government corporation (LGC) for that LGC to pay off bonds issued by the LGC.

791.033(a) allows a local government to enter into an agreement with an LGC whereby the local government makes payments to the LGC based on a contract with TxDOT to develop a facility on the state highway system. The agreement to develop the facility referenced in the preceding sentence is the underlying agreement that allows TxDOT to pay the pass-through tolls.

Section (b) allows the local government to pledge revenues from any source, including pass-through tolls and taxes, to the LGC for payment of the bonds issued.

Section (c) limits the term of the agreement to forty years.

Section (d) requires the local government to comply with election laws applicable to the pledge of any revenue described in (b).

Section (e) allows a county or government acting under this section to make use of certain debt structures permitted under Chapter 1371, Government Code (e.g. variable rate debt).

Section (f) makes it clear that this section controls with respect to all authority for local governments to act under these provisions of the Government Code.

SECTION 2. Effective date.

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 differs from the original in that it is now a legislative council draft. It also adds language which states that an agreement under this section must be approved by TxDOT.