

BILL ANALYSIS

C.S.H.B. 2705
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 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 1479.001 of the Government Code permits a county to pledge pass-through tolls paid to it by TxDOT towards the payment of bonds issued by the county to design, develop, finance, construct, operate, extend, expand or improve a facility on the State highway system.

Section 1479.001(a) allows a county to issue bonds to design, develop, finance, construct, operate, extend, expand or improve a facility on the State highway system in the county or as a continuation of the facility in adjacent counties.

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

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

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

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. 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 differs from the original bill in that the substitute is a Legislative Council draft.

