

By: Phillips

H.B. No. 2138

Substitute the following for H.B. No. 2138:

By: Deshotel

C.S.H.B. No. 2138

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the acquisition, construction, maintenance, operation,
3 and provision of toll facilities and a transit system by a regional
4 mobility authority, and the transfer to a regional mobility
5 authority of the toll facilities, transit system, and related
6 assets of a regional tollway authority or transit provider or of
7 certain counties; providing criminal penalties; authorizing a tax.

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

9 SECTION 1. Subchapter A, Chapter 284, Transportation Code,
10 is amended by adding Section 284.011 to read as follows:

11 Sec. 284.011. TRANSFER OF ASSETS. (a) A county, acting
12 through the commissioners court of the county, may submit a request
13 to the commission for authorization to create a regional mobility
14 authority under Chapter 370 and to transfer all projects under this
15 chapter to the regional mobility authority if:

16 (1) the creation of the regional mobility authority
17 and transfer of projects is not prohibited under the bond
18 proceedings applicable to the projects;

19 (2) adequate provision has been made for the
20 assumption by the regional mobility authority of all debts,
21 obligations, and liabilities of the county arising out of the
22 transferred projects; and

23 (3) the commissioners courts of any additional
24 counties to be part of the regional mobility authority have

1 approved the request.

2 (b) The county may submit to the commission a proposed
3 structure for the initial board of directors of the regional
4 mobility authority and a method for appointment to the board of
5 directors at the creation of the regional mobility authority.
6 Subsequent appointments to the board of directors are subject to
7 the requirements of Subchapter F, Chapter 370.

8 (c) After commission authorization, the county may transfer
9 each of its projects under this chapter to the regional mobility
10 authority to the extent authorized by the Texas Constitution if
11 property and contract rights in the projects and bonds issued for
12 the projects are not affected unfavorably.

13 (d) The commission shall adopt rules governing the creation
14 of a regional mobility authority and the transfer of projects under
15 this section.

16 SECTION 2. Section 366.004(a), Transportation Code, is
17 amended to read as follows:

18 Sec. 366.004. CONSTRUCTION COSTS DEFINED. (a) The cost of
19 acquisition, construction, improvement, extension, or expansion of
20 a turnpike project or system under this chapter includes the cost
21 of:

22 (1) the actual acquisition, construction,
23 improvement, extension, or expansion of the turnpike project or
24 system;

25 (2) the acquisition of real property, rights-of-way,
26 property rights, easements, and other interests in real property;

27 (3) machinery and equipment;

1 (4) interest payable before, during, and after
2 acquisition, construction, improvement, extension, or expansion as
3 provided in the bond proceedings;

4 (5) traffic estimates, revenue estimates, engineering
5 and legal services, plans, specifications, surveys, appraisals,
6 construction cost estimates, and other expenses necessary or
7 incidental to determining the feasibility of the construction,
8 improvement, extension, or expansion;

9 (6) necessary or incidental administrative, legal,
10 and other expenses;

11 (7) compliance with laws, regulations, and
12 administrative rulings;

13 (8) financing; ~~and~~

14 (9) the assumption of debts, obligations, and
15 liabilities of an entity relating to a turnpike project or system
16 transferred to an authority by that entity; and

17 (10) [~~9~~] expenses related to the initial operation
18 of the turnpike project or system.

19 SECTION 3. Section 366.033, Transportation Code, is amended
20 by adding Subsection (k) to read as follows:

21 (k) An authority, acting through its board, may agree with
22 another entity to acquire a turnpike project or system from that
23 entity, and to assume any debts, obligations, and liabilities of
24 the entity relating to a turnpike project or system transferred to
25 the authority.

26 SECTION 4. Subchapter B, Chapter 366, Transportation Code,
27 is amended by adding Section 366.036 to read as follows:

1 Sec. 366.036. TRANSFER OF TURNPIKE PROJECT OR SYSTEM. (a)

2 An authority may transfer any of its turnpike projects or systems to
3 one or more local governmental entities if:

4 (1) the authority has commitments from the governing
5 bodies of the local governmental entities to assume jurisdiction
6 over the transferred projects or systems;

7 (2) property and contract rights in the transferred
8 projects or systems and bonds issued for the projects or systems are
9 not affected unfavorably;

10 (3) the transfer is not prohibited under the bond
11 proceedings applicable to the transferred projects or systems;

12 (4) adequate provision has been made for the
13 assumption of all debts, obligations, and liabilities of the
14 authority relating to the transferred projects or systems by the
15 local governmental entities assuming jurisdiction over the
16 transferred projects or systems;

17 (5) the local governmental entities are authorized to
18 assume jurisdiction over the transferred projects or systems, and
19 to assume the debts, obligations, and liabilities of the authority
20 relating to the transferred projects or systems; and

21 (6) the transfer has been approved by the
22 commissioners court of each county that is part of the authority.

23 (b) An authority may transfer to one or more local
24 governmental entities any traffic estimates, revenue estimates,
25 plans, specifications, surveys, appraisals, and other work product
26 developed by the authority in determining the feasibility of the
27 construction, improvement, extension, or expansion of a turnpike

1 project or system, and the authority's rights and obligations under
2 any related agreements, if the requirements of Subsection (a)(1)
3 and (6) are met.

4 (c) A local governmental entity shall, using any lawfully
5 available funds, reimburse any expenditures made by an authority
6 from its feasibility study fund or otherwise pay the costs of work
7 product transferred to the local governmental entity under
8 Subsection (b), and any other amounts expended under related
9 agreements transferred to the local governmental entity. The
10 reimbursement may be made over time, as determined by the local
11 governmental entity and the authority.

12 SECTION 5. Section 370.003, Transportation Code, is amended
13 by amending Subdivision (14) and adding Subdivisions (16), (17),
14 (18), and (19) to read as follows:

15 (14) "Transportation project" means:

16 (A) a turnpike project;

17 (B) a system;

18 (C) a passenger or freight rail facility,
19 including:

20 (i) tracks;

21 (ii) a rail line;

22 (iii) switching, signaling, or other
23 operating equipment;

24 (iv) a depot;

25 (v) a locomotive;

26 (vi) rolling stock;

27 (vii) a maintenance facility; and

1 (viii) other real and personal property
2 associated with a rail operation;

3 (D) a roadway with a functional classification
4 greater than a local road or rural minor collector;

5 (E) a ferry;

6 (F) an airport;

7 (G) a pedestrian or bicycle facility;

8 (H) an intermodal hub;

9 (I) an automated conveyor belt for the movement
10 of freight;

11 (J) a border crossing inspection station;

12 (K) an air quality improvement initiative;

13 (L) a public utility facility; ~~and~~

14 (M) a transit system; and

15 (N) if applicable, projects and programs listed
16 in the most recently approved state implementation plan for the
17 area covered by the authority, including an early action compact.

18 (16) "Mass transit" means the transportation of
19 passengers and hand-carried packages or baggage of a passenger by
20 any means of surface, overhead, or underground transportation,
21 other than an aircraft or taxicab.

22 (17) "Service area" means the county or counties in
23 which an authority or transit provider has established a transit
24 system.

25 (18) "Transit provider" means an entity that provides
26 mass transit for the public and that was created under Chapter 451,
27 452, 453, 454, 457, 458, or 460.

1 (19) "Transit system" means:

2 (A) property owned or held by an authority for
3 mass transit purposes; and

4 (B) facilities necessary, convenient, or useful
5 for:

6 (i) the use of or access to mass transit by
7 persons or vehicles; or

8 (ii) the protection or environmental
9 enhancement of mass transit.

10 SECTION 6. Section 370.004(a), Transportation Code, is
11 amended to read as follows:

12 Sec. 370.004. CONSTRUCTION COSTS DEFINED. (a) The cost of
13 acquisition, construction, improvement, extension, or expansion of
14 a transportation project under this chapter includes the cost of:

15 (1) the actual acquisition, construction,
16 improvement, extension, or expansion of the transportation
17 project;

18 (2) the acquisition of real property, rights-of-way,
19 property rights, easements, and other interests in real property;

20 (3) machinery and equipment;

21 (4) interest payable before, during, and for not more
22 than three years after acquisition, construction, improvement,
23 extension, or expansion as provided in the bond proceedings;

24 (5) traffic estimates, revenue estimates, engineering
25 and legal services, plans, specifications, surveys, appraisals,
26 construction cost estimates, and other expenses necessary or
27 incidental to determining the feasibility of the acquisition,

1 construction, improvement, extension, or expansion;

2 (6) necessary or incidental administrative, legal,
3 and other expenses;

4 (7) compliance with laws, regulations, and
5 administrative rulings, including any costs associated with
6 necessary environmental mitigation measures;

7 (8) financing; ~~and~~

8 (9) the assumption of debts, obligations, and
9 liabilities of an entity relating to a transportation project
10 transferred to an authority by that entity; and

11 (10) [~~(9)~~] expenses related to the initial operation
12 of the transportation project.

13 SECTION 7. Section 370.031, Transportation Code, is amended
14 by adding Subsection (c) to read as follows:

15 (c) A municipality that borders the United Mexican States
16 and has a population of 500,000 or more has the same authority as a
17 county to create and participate in an authority. A municipality
18 creating or participating in an authority has the same powers and
19 duties as a county participating in an authority, the governing
20 body of the municipality has the same powers and duties as the
21 commissioners court of a county participating in an authority, and
22 an elected member of the municipality's governing body has the same
23 powers and duties as a commissioner of a county that is
24 participating in an authority.

25 SECTION 8. Section 370.033, Transportation Code, is amended
26 by amending Subsection (m) and adding Subsections (o) and (p) to
27 read as follows:

1 (m) If an authority receives money from the general revenue
2 fund, the Texas Mobility Fund, or the state highway fund it may use
3 the money only to acquire, design, finance, construct, operate, or
4 maintain a turnpike project under Section 370.003(14)(A) or (D), or
5 a transit system under Section 370.351.

6 (o) Except as provided in Subchapter J, an authority may not
7 provide mass transit services in the service area of another
8 transit provider that has taxing authority and has implemented it
9 anywhere in the service area unless the service is provided under a
10 written agreement with the transit provider or under Section
11 370.186.

12 (p) An authority, acting through its board, may agree with
13 another entity to acquire a transportation project or system from
14 that entity, and to assume any debts, obligations, and liabilities
15 of the entity relating to a transportation project or system
16 transferred to the authority.

17 SECTION 9. Subchapter B, Chapter 370, Transportation Code,
18 is amended by adding Section 370.039 to read as follows:

19 Sec. 370.039. TRANSFER OF TRANSPORTATION PROJECT OR SYSTEM.

20 (a) An authority may transfer any of its transportation projects or
21 systems to one or more governmental entities if:

22 (1) the authority has commitments from the governing
23 bodies of the governmental entities to assume jurisdiction over the
24 transferred projects or systems;

25 (2) property and contract rights in the transferred
26 projects or systems and bonds issued for the projects or systems are
27 not affected unfavorably;

1 (3) the transfer is not prohibited under the bond
2 proceedings applicable to the transferred projects or systems;

3 (4) adequate provision has been made for the
4 assumption of all debts, obligations, and liabilities of the
5 authority relating to the transferred projects or systems by the
6 governmental entities assuming jurisdiction over the transferred
7 projects or systems;

8 (5) the governmental entities are authorized to assume
9 jurisdiction over the transferred projects or systems, and to
10 assume the debts, obligations, and liabilities of the authority
11 relating to the transferred projects or systems; and

12 (6) the transfer has been approved by the
13 commissioners court of each county that is part of the authority.

14 (b) An authority may transfer to one or more governmental
15 entities any traffic estimates, revenue estimates, plans,
16 specifications, surveys, appraisals, and other work product
17 developed by the authority in determining the feasibility of the
18 construction, improvement, extension, or expansion of a
19 transportation project or system, and the authority's rights and
20 obligations under any related agreements, if the requirements of
21 Subsection (a)(1) and (6) are met.

22 (c) A governmental entity shall, using any lawfully
23 available funds, reimburse any expenditures made by an authority
24 from its feasibility study fund or otherwise to pay the costs of
25 work product transferred to the governmental entity under
26 Subsection (b), and any other amounts expended under related
27 agreements transferred to the governmental entity. The

1 reimbursement may be made over time, as determined by the
2 governmental entity and the authority.

3 SECTION 10. Section 370.186, Transportation Code, is
4 amended by amending Subsection (a) and adding Subsections (c) and
5 (d) to read as follows:

6 (a) Except as provided by Subsection (c), an [An] authority
7 may not construct, maintain, or operate a turnpike or toll project
8 in an area having a governmental entity established under Chapter
9 284 or 366 unless the governmental entity and the authority enter
10 into a written agreement specifying the terms and conditions under
11 which the project shall be undertaken. An authority may not
12 construct, maintain, or operate a transportation project that
13 another governmental entity has determined to be a project under
14 Chapter 451, 452, or 460 unless the governmental entity and the
15 authority enter into a written agreement specifying the terms and
16 conditions under which the project shall be undertaken.

17 (c) Subsection (a) does not apply to a turnpike or toll
18 project located in a county in which a regional tollway authority
19 has transferred under Section 366.036 or Section 366.172:

20 (1) all turnpike projects of the regional tollway
21 authority that are located in the county; and

22 (2) all work product developed by the regional tollway
23 authority in determining the feasibility of the construction,
24 improvement, extension, or expansion of a turnpike project to be
25 located in the county.

26 (d) An authority may not construct, maintain, or operate a
27 passenger rail facility within the boundaries of an intermunicipal

1 commuter rail district created under Article 6550c-1, Vernon's
2 Texas Civil Statutes, as those boundaries existed on September 1,
3 2005, unless the district and the authority enter into a written
4 agreement specifying the terms and conditions under which the
5 project will be undertaken.

6 SECTION 11. Chapter 370, Transportation Code, is amended by
7 adding Subchapters I and J to read as follows:

8 SUBCHAPTER I. TRANSIT SYSTEMS

9 Sec. 370.351. TRANSIT SYSTEMS. (a) An authority may
10 construct, own, operate, and maintain a transit system.

11 (b) An authority shall determine each transit route,
12 including transit route changes.

13 (c) This chapter does not prohibit an authority,
14 municipality, or transit provider from providing any service that
15 complements a transit system, including providing parking garages,
16 special transportation for persons who are disabled or elderly, or
17 medical transportation services.

18 Sec. 370.352. PUBLIC HEARING ON FARE AND SERVICE CHANGES.

19 (a) In this section:

20 (1) "Service change" means any addition or deletion
21 resulting in the physical realignment of a transit route or a change
22 in the type or frequency of service provided in a specific,
23 regularly scheduled transit route.

24 (2) "Transit revenue vehicle mile" means one mile
25 traveled by a transit vehicle while the vehicle is available to
26 public passengers.

27 (3) "Transit route" means a route over which a transit

1 vehicle travels that is specifically labeled or numbered for the
2 purpose of picking up or discharging passengers at regularly
3 scheduled stops and intervals.

4 (4) "Transit route mile" means one mile along a
5 transit route regularly traveled by transit vehicles while
6 available to public passengers.

7 (b) Except as provided by Section 370.353, an authority
8 shall hold a public hearing on:

9 (1) a fare change;

10 (2) a service change involving:

11 (A) 25 percent or more of the number of transit
12 route miles of a transit route; or

13 (B) 25 percent or more of the number of transit
14 revenue vehicle miles of a transit route, computed daily, for the
15 day of the week for which the change is made; or

16 (3) the establishment of a new transit route.

17 (c) An authority shall hold the public hearing required by
18 Subsection (b) before the cumulative amount of service changes in a
19 fiscal year equals a percentage amount described in Subsection
20 (b)(2)(A) or (B).

21 Sec. 370.353. PUBLIC HEARING ON FARE AND SERVICE CHANGES:
22 EXCEPTIONS. (a) In this section, "experimental service change"
23 means an addition of service to an existing transit route or the
24 establishment of a new transit route.

25 (b) A public hearing under Section 370.352 is not required
26 for:

27 (1) a reduced or free promotional fare that is

1 instituted daily or periodically over a period of not more than 180
2 days;

3 (2) a headway adjustment of not more than five minutes
4 during peak-hour service and not more than 15 minutes during
5 nonpeak-hour service;

6 (3) a standard seasonal variation unless the number,
7 timing, or type of the standard seasonal variation changes; or

8 (4) an emergency or experimental service change in
9 effect for 180 days or less.

10 (c) A hearing on an experimental service change in effect
11 for more than 180 days may be held before or while the experimental
12 service change is in effect and satisfies the requirement for a
13 public hearing if the hearing notice required by Section 370.354
14 states that the change may become permanent at the end of the
15 effective period. If a hearing is not held before or while the
16 experimental service change is in effect, the service that existed
17 before the change must be reinstated at the end of the 180th day
18 after the change became effective and a public hearing must be held
19 in accordance with Section 370.352 before the experimental service
20 change may be continued.

21 Sec. 370.354. NOTICE OF HEARING ON FARE OR SERVICE CHANGE.

22 (a) After calling a public hearing required by Section 370.352, the
23 authority shall:

24 (1) at least 30 days before the date of the hearing,
25 publish notice of the hearing at least once in a newspaper of
26 general circulation in the territory of the authority; and

27 (2) post notice in each transit vehicle in service on

1 any transit route affected by the proposed change for at least two
2 weeks within 30 days before the date of the hearing.

3 (b) The notice must contain:

4 (1) a description of each proposed fare or service
5 change, as appropriate;

6 (2) the time and place of the hearing; and

7 (3) if the hearing is required under Section
8 370.352(c), a description of the latest proposed change and the
9 previous changes.

10 (c) The requirement for a public hearing under Section
11 370.352 is satisfied at a public hearing required by federal law if:

12 (1) the notice requirements of this section are met;
13 and

14 (2) the proposed fare or service change is addressed
15 at the meeting.

16 Sec. 370.355. CRIMINAL PENALTIES. (a) An authority by
17 resolution may prohibit the use of the transit system by a person
18 who fails to possess evidence showing that the appropriate fare for
19 the use of the system has been paid and may establish reasonable and
20 appropriate methods, including using peace officers under Section
21 370.181(c), to ensure that persons using the transit system pay the
22 appropriate fare for that use.

23 (b) An authority by resolution may provide that a fare for
24 or charge for the use of the transit system that is not paid incurs a
25 penalty, not to exceed \$100.

26 (c) The authority shall post signs designating each area in
27 which a person is prohibited from using the transit system without

1 possession of evidence showing that the appropriate fare has been
2 paid.

3 (d) A person commits an offense if:

4 (1) the person or another for whom the person is
5 criminally responsible under Section 7.02, Penal Code, uses the
6 transit system and does not possess evidence showing that the
7 appropriate fare has been paid; and

8 (2) the person fails to pay the appropriate fare or
9 other charge for the use of the transit system and any penalty on
10 the fare on or before the 30th day after the date the authority
11 notifies the person that the person is required to pay the amount of
12 the fare or charge and the penalty.

13 (e) The notice required by Subsection (d)(2) may be included
14 in a citation issued to the person by a peace officer under Article
15 14.06, Code of Criminal Procedure, in connection with an offense
16 relating to the nonpayment of the appropriate fare or charge for the
17 use of the transit system.

18 (f) An offense under Subsection (d) is a Class C
19 misdemeanor.

20 (g) An offense under Subsection (d) is not a crime of moral
21 turpitude.

22 [Sections 370.356-370.360 reserved for expansion]

23 SUBCHAPTER J. ACQUIRING TRANSIT SYSTEMS

24 Sec. 370.361. TRANSFER OF TRANSIT SYSTEMS. (a) In this
25 section, "unit of election" means a political subdivision that
26 previously voted to join the service area of a transit provider.

27 (b) An authority may request in writing a transit provider

1 to transfer the provider's transit system and taxing authority to
2 the authority if the board determines that the traffic needs of the
3 counties in which the authority operates could be most efficiently
4 and economically met by the transfer.

5 (c) On receipt of a written request under Subsection (b),
6 the governing body of the transit provider may authorize the
7 authority to solicit public comment and conduct at least one public
8 hearing on the proposed transfer in each unit of election in the
9 transit provider's service area. Notice of a hearing must be
10 published in the Texas Register, one or more newspapers of general
11 circulation in the transit provider's service area, and a
12 newspaper, if any, published in the counties of the requesting
13 authority. The notice shall also solicit written comments on the
14 proposed transfer. The transit provider may participate fully with
15 the authority in conducting a public hearing.

16 (d) A board may approve the acquisition of the transit
17 provider if the governing body of the transit provider approves
18 transfer of its operations to the authority and dissolution of the
19 transit provider is approved in an election ordered under
20 Subsection (e). Before approving the acquisition, the board shall
21 consider public comments received under Subsection (c).

22 (e) After considering public comments received under
23 Subsection (c), the governing body of the transit provider may
24 order an election to dissolve the transit provider and transfer all
25 services, property, funds, assets, employees, debts, and
26 obligations to the authority. The governing body of the transit
27 provider shall submit to the qualified voters in the units of

1 election in the transit provider's service area a proposition that
2 reads substantially as follows: "Shall (name of transit provider)
3 be dissolved and its services, property, funds, assets, employees,
4 debts, and obligations be transferred to (name of regional mobility
5 authority)?"

6 (f) An election under Subsection (e) shall be conducted so
7 that votes are separately tabulated and canvassed in each
8 participating unit of election in the transit provider's service
9 area.

10 (g) The governing body of the transit provider shall canvass
11 the returns and declare the results of the election separately with
12 respect to each unit of election. If a majority of the votes
13 received in a unit of election are in favor of the proposition, the
14 proposition is approved in that unit of election. The transit
15 provider is dissolved and its services, property, funds, assets,
16 employees, debts, and obligations are transferred to the authority
17 only if the proposition is approved in every unit of election. If
18 the proposition is not approved in every unit of election, the
19 proposition does not pass and the transit provider is not
20 dissolved.

21 (h) A certified copy of the order or resolution recording
22 the results of the election shall be filed with the department, the
23 comptroller, and the governing body of each unit of election in the
24 transit provider's service area.

25 (i) The authority shall assume all debts or other
26 obligations of the transferred transit provider in connection with
27 the acquisition of property under Subsection (g). The authority

1 may not use revenue from sales and use tax collected under this
2 subchapter or other revenue of the transit system in a manner
3 inconsistent with any pledge of that revenue for the payment of any
4 outstanding bonds, unless provisions have been made for a full
5 discharge of the bonds.

6 Sec. 370.362. SALES AND USE TAX. (a) If an authority
7 acquires a transit provider with taxing authority, the authority
8 may impose a sales and use tax at a permissible rate that does not
9 exceed the rate approved by the voters who reside in the service
10 area of the transit provider's transit system at an election under
11 this subchapter.

12 (b) The authority by resolution may:

13 (1) decrease the rate of the sales and use tax to a
14 permissible rate; or

15 (2) call an election for the increase or decrease of
16 the sales and use tax to a permissible rate.

17 (c) If an authority orders an election, the authority shall
18 publish notice of the election in a newspaper of general
19 circulation in the territory of the authority at least once each
20 week for three consecutive weeks, with the first publication
21 occurring at least 21 days before the date of the election.

22 (d) A resolution ordering an election and the election
23 notice required by Subsection (c) must show, in addition to the
24 requirements of the Election Code, the hours of the election and
25 polling places in election precincts.

26 (e) A copy of the election notice required by Subsection (c)
27 shall be furnished to the commission and the comptroller.

1 (f) The permissible rates for a sales and use tax imposed
2 under this subchapter are:

3 (1) one-quarter of one percent;

4 (2) one-half of one percent;

5 (3) three-quarters of one percent; or

6 (4) one percent.

7 (g) Chapter 322, Tax Code, applies to a sales and use tax
8 imposed under this subchapter.

9 Sec. 370.363. MAXIMUM TAX RATE. (a) An authority may not
10 adopt a sales and use tax rate, including a rate increase, that when
11 combined with the rates of all sales and use taxes imposed by all
12 political subdivisions of this state having territory in the
13 service area of the transferred transit system exceeds two percent
14 in any location in the service area.

15 (b) An election to approve a sales and use tax or increase
16 the rate of an authority's sales and use tax has no effect if:

17 (1) the voters in the service area approve the
18 authority's sales and use tax rate or rate increase at an election
19 held on the same day on which a municipality or county having
20 territory in the jurisdiction of the service area adopts a sales and
21 use tax or an additional sales and use tax; and

22 (2) the combined rates of all sales and use taxes
23 imposed by the authority and all political subdivisions of this
24 state would exceed two percent in any part of the territory in the
25 service area.

26 Sec. 370.364. ELECTION TO CHANGE TAX RATE. (a) At an
27 election ordered under Section 370.362(b)(2), the ballots shall be

1 printed to permit voting for or against the proposition: "The
2 increase (decrease) of the local sales and use tax rate for mass
3 transit to (percentage)."

4 (b) The increase or decrease in the tax rate becomes
5 effective only if it is approved by a majority of the votes cast.

6 (c) A notice of the election and a certified copy of the
7 order canvassing the election results shall be:

8 (1) sent to the commission and the comptroller; and

9 (2) filed in the deed records of the county.

10 Sec. 370.365. SALES TAX: EFFECTIVE DATES. (a) A sales and
11 use tax implemented under this subchapter takes effect on the first
12 day of the second calendar quarter that begins after the date the
13 comptroller receives a copy of the order required to be sent under
14 Section 370.364(c).

15 (b) An increase or decrease in the rate of a sales and use
16 tax implemented under this subchapter takes effect on:

17 (1) the first day of the first calendar quarter that
18 begins after the date the comptroller receives the notice provided
19 under Section 370.364(c); or

20 (2) the first day of the second calendar quarter that
21 begins after the date the comptroller receives the notice, if
22 within 10 days after the date of receipt of the notice the
23 comptroller gives written notice to the board that the comptroller
24 requires more time to implement tax collection and reporting
25 procedures.

26 SECTION 12. Section 451.554, Transportation Code, is
27 amended to read as follows:

1 Sec. 451.554. BOARD APPROVAL OF ANNEXATION: EFFECTIVE
2 DATE. (a) The addition of territory annexed under Section 451.551,
3 or approved under Section 451.552 or 451.553, does not take effect
4 if, before the effective date of the addition under Subsection (b),
5 the board of the authority gives written notice to the governing
6 body of the municipality that added new territory to the authority
7 by virtue of annexation, or to the governing body of the
8 municipality or the commissioners court of the county that held the
9 election, that the addition would create a financial hardship on
10 the authority because:

11 (1) the territory to be added is not contiguous to the
12 territory of the existing authority; or

13 (2) the addition of the territory would impair the
14 imposition of the sales and use tax authorized by this chapter.

15 (b) In the absence of a notice under Subsection (a), the
16 addition of territory takes effect on the 31st day after the date of
17 the:

18 (1) municipal ordinance, if annexed by a municipality
19 under Section 451.551; or

20 (2) election, if approved under Section 451.552 or
21 451.553 [~~approved under Section 451.552 or 451.553 takes effect on~~
22 ~~the 31st day after the date of the election~~].

23 SECTION 13. Section 370.161(b), Transportation Code, is
24 repealed.

25 SECTION 14. The changes in law made by this Act to Chapter
26 370, Transportation Code, apply to a regional mobility authority
27 created or participated in by a municipality described by Section

1 370.031(c), Transportation Code, as added by this Act, or Section
2 370.161(b), Transportation Code, as it existed before the effective
3 date of this Act, in the same manner as they apply to any other
4 entity that creates or participates in a regional mobility
5 authority.

6 SECTION 15. This Act takes effect immediately if it
7 receives a vote of two-thirds of all the members elected to each
8 house, as provided by Section 39, Article III, Texas Constitution.
9 If this Act does not receive the vote necessary for immediate
10 effect, this Act takes effect September 1, 2005.