

Amend SB 1266 (house committee printing) by striking all below the enacting clause and substituting the following:

SECTION 1. Subchapter E, Chapter 222, Transportation Code, is amended by adding Sections 222.105, 222.106, 222.107, and 222.108 to read as follows:

Sec. 222.105. PURPOSES. The purposes of this chapter are to:

- (1) promote public safety;
- (2) facilitate the movement of traffic;
- (3) preserve the public's financial investment in highways by requiring the Texas Department of Transportation to provide incentives for local governments to participate in the development of highway infrastructure projects through the option to create Transportation Reinvestment Zones provided for under this chapter; and
- (4) create a fund in the state treasury, the Transportation Reinvestment Fund, to serve as a central depository for any local revenue generated by the development of a Transportation Reinvestment Zone with the intent to partially finance pass through highway projects in this state.

Sec. 222.106. TRANSPORTATION REINVESTMENT FUND. (a) In this section, "fund" means the transportation reinvestment fund.

(b) The fund is a special account in the state treasury administered by the comptroller. The fund is exempt from the application of Section 403.095, Government Code. Interest earned on money in the fund shall be credited to the fund.

(c) The fund consists of money received under Section 222.107 or 222.108.

(d) Any amount deposited to the credit of the fund may be used only for the purpose of funding projects authorized by Section 222.104.

(e) The fund shall be limited to providing not greater than 40 percent of eligible project costs for projects authorized by the department under Section 222.104, and the department shall provide

any remaining necessary funding from any available source.

(f) For all projects approved by the department under the provisions of Sections 222.104 and 222.106, the department shall:

- (1) fund eligible project costs at a level of ninety percent or greater for sponsoring entities establishing a transportation reinvestment zone as defined by 222.107 or 222.108; and
- (2) negotiate a deposit to the credit of the fund from revenue collected under 222.107 or
- 222.108 of not greater than 50 percent of the aggregate amount of any payments made by the department to the municipality or county under the agreement negotiated under Section 222.104.

(g) Money deposited to the fund shall be:

- (1) used only for a purpose specified by this section;
- (2) reserved for future projects authorized under 222.104 sponsored by the originating entity for a period of ten years; and

(3) reserved for future projects authorized under 222.104, after the expiration of the tenth anniversary of a deposit to the fund, only in connection with a project that is located in the department district in which the transportation reinvestment zone is located.

(h) Projects that have received Transportation Commission approval prior to the effective date of this Section are exempted from any provisions defined in this Section.

Sec. 222.106. MUNICIPAL TRANSPORTATION REINVESTMENT ZONES.

(a) In this section:

- (1) the amount of a municipality's tax increment for a year is the amount of ad valorem taxes levied and collected by the municipality for that year on the captured appraised value of real property taxable by the
- municipality and located in a transportation reinvestment zone under this section;
- (3) the captured appraised value of real property taxable by a municipality for a year is the total appraised value of

all real property taxable by the municipality and located in a transportation reinvestment zone for that year less the tax increment base of the municipality; and

(4) the tax increment base of a municipality is the total appraised value of all real property taxable by the municipality and located in a transportation reinvestment zone for the year in which the zone was designated under this section.

(b) This section applies only to a municipality the governing body of which has entered into an agreement with the department under Section 222.104.

(c) If the governing body determines the area to be unproductive, underdeveloped, or blighted, the governing body of the municipality by ordinance may designate a contiguous geographic area in the jurisdiction of the municipality to be a transportation reinvestment zone to promote a transportation project described by Section 222.104 that cultivates development or redevelopment of the area.

(d) In determining whether an area is unproductive, underdeveloped, or blighted, the governing body of the municipality may:

(1) use the criteria established by Section 311.005(a), Tax Code; or

(2) use other criteria that the governing body reasonably determines, in good faith, provide a basis for making the determination.

(e) Not later than the seventh day before the date the governing body of the municipality proposes to adopt an ordinance designating an area as a transportation reinvestment zone under this section, the governing body must hold a public hearing on the creation of the zone and its benefits to the municipality and to property in the proposed zone. At the hearing an interested person may speak for or against the creation of the zone or its boundaries. Not later than the seventh day before the date of the hearing, notice of the hearing must be published in a newspaper having general circulation in the municipality.

(f) Fulfilling the requirements of this section shall constitute designation of an area as a transportation reinvestment

zone without further hearings or other procedural requirements.

(g) The ordinance designating an area as a transportation reinvestment zone must:

(1) describe the boundaries of the zone with sufficient definiteness to identify with ordinary and reasonable certainty the territory included in the zone;

(2) provide that the zone takes effect immediately on passage of the ordinance;

(3) assign a name to the zone for identification, with the first zone created by a municipality designated as "Transportation Reinvestment Zone Number One, City (or Town, as applicable) of (name of municipality)," and subsequently created zones assigned names in the same form, numbered consecutively in the order of their creation;

(4) establish a local ad valorem tax increment account for the zone; and

(5) contain findings that:

(A) promotion of the transportation project will cultivate development or redevelopment of the zone; and

(B) the zone meets the requirements of Subsection (d).

(h) From taxes collected on property in the zone, the municipality shall pay into the local tax increment account for a zone an amount equal to the tax increment produced by the municipality.

(i) The governing body of the municipality, by ordinance or resolution, may enter into an agreement with the department under Section 222.106(f) of this chapter, authorizing a percentage of the money deposited to the credit of the local tax increment account established for the transportation reinvestment zone to be deposited to the credit of the transportation reinvestment fund. Any remaining amount in the tax increment fund may be used for any municipal purpose in the zone.

(j) A transportation reinvestment zone terminates on December 31 of the year in which the municipality ceases to be required to make reimbursement payments to the department under

Subsection (i). Any surplus remaining on termination of the zone may be used for transportation projects of the municipality in or outside of the zone.

Sec. 222.107. COUNTY TRANSPORTATION REINVESTMENT ZONES; TAX ABATEMENTS; ROAD UTILITY DISTRICTS. (a) In this section:

(1) the amount of a county's tax increment for a year is the amount of ad valorem taxes levied and collected by the county for that year on the captured appraised value of real property taxable by the county and located in a transportation reinvestment zone under this section;

(2) the captured appraised value of real property taxable by a county for a year is the total appraised value of all real property taxable by the county and located in a transportation reinvestment zone for that year less the tax increment base of the county; and

(3) the tax increment base of a county is the total appraised value of all real property taxable by the county and located in a transportation reinvestment zone for the year in which the zone was designated under this section.

(b) This section applies only to a county the commissioners court of which has entered into a pass-through toll agreement with the department under Section 222.104.

(c) The commissioners court of the county by order or resolution may designate a contiguous geographic area in the jurisdiction of the county to be a transportation reinvestment zone to promote a transportation project described by Section 222.104 that cultivates development or redevelopment of the area and for the purpose of abating ad valorem taxes imposed by the county on real property located in the zone.

(d) Not later than the seventh day before the date the commissioners court proposes to designate an area as a transportation reinvestment zone under this section, the commissioners court must hold a public hearing on the creation of the zone, its benefits to the county and to property in the proposed zone, and the abatement of ad valorem taxes imposed by the county on real property located in the zone. At the hearing an interested person may speak for or against the creation of the zone, its

boundaries, or the abatement of county taxes on real property in the zone. Not later than the seventh day before the date of the hearing, notice of the hearing must be published in a newspaper having general circulation in the county.

(e) The order or resolution designating an area as a transportation reinvestment zone must:

(1) describe the boundaries of the zone with sufficient definiteness to identify with ordinary and reasonable certainty the territory included in the zone;

(2) provide that the zone takes effect immediately on adoption of the order or resolution; and

(3) assign a name to the zone for identification, with the first zone created by a county designated as "Transportation Reinvestment Zone Number One, County of (name of county)," and subsequently created zones assigned names in the same form numbered consecutively in the order of their creation.

(f) Fulfilling the requirements of this section shall constitute designation of an area as a transportation reinvestment zone without further hearings or other procedural requirements.

(g) The commissioners court by order or resolution may enter into an agreement with the owner of any real property located in the transportation reinvestment zone to abate a portion of the ad valorem taxes imposed by the county on the owner's property. In the alternative, the commissioners court by order or resolution may elect to abate a portion of the ad valorem taxes imposed by the county on all real property located in the zone. In any ad valorem tax year, the total amount of the taxes abated under this section may not exceed the amount calculated under Subsection (a)(1) for that year.

(h) To assist the county in complying with the terms or conditions of an agreement with the department under Section 222.104, a road utility district may be formed under Chapter 441 that has the same boundaries as a transportation reinvestment zone created under this section.

(i) In any ad valorem tax year, a road utility district formed as provided by Subsection (h) may impose taxes on property in

the district at a rate that when applied to the property in the district would impose taxes in an amount equal to the amount of taxes abated by the commissioners court of the county under Subsection (g). Notwithstanding Section 441.192(a), an election is not required to approve the imposition of the taxes.

(j) A road utility district formed as provided by Subsection (h) may enter into an agreement with the county to assume the obligation, if any, of the county to fulfill an agreement with the department under Sections 222.104 and 222.106 of this chapter. Any amount paid to the credit of the transportation reinvestment fund under this subsection is considered to be an operating expense of the district. Any taxes collected by the district that are not paid to the department under this subsection may be used for any district purpose.

(k) A tax abatement agreement entered into under Subsection (g), or an order or resolution on the abatement of taxes under that subsection, terminates on December 31 of the year in which the county ceases to be required to make reimbursement payments to the department under the agreement entered into under Section 222.104.

SECTION 2. This Act takes effect September 1, 2007.