

Amend **SB 1266** (second reading engrossment) by striking all below the enacting clause and substituting the following:

SECTION 1. Section 222.104(e) is amended as follows:

(e) The department may use any available funds for the purpose of making a pass-through toll payment under this section except funds derived from the issuance of bonds under Section 201.943.

(g-1) Notwithstanding Subsection (g), as added by Chapter 994, Acts of the 79th Legislature, Regular Session, 2005, or any other provision of this section, in any state fiscal year that begins on or after September 1, 2007, the commission shall enter into one or more agreements with public or private entities that provide for the payment of pass-through tolls to the public and private entities as reimbursement for the design, development, financing, construction, maintenance, or operation of toll and nontoll facilities in a total amount that is not less than the yearly average of the total amount of such agreements in effect before September 1, 2007. This subsection expires September 1, 2009.

SECTION 2. 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 development or redevelopment of property;
- (3) facilitate the movement of traffic; and
- (4) enhance a local entity's ability to sponsor a project authorized under Section 222.104.

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;
- (2) 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

(3) 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 intends to enter into an agreement with the department under Section 222.104.

(c) If the governing body determines an area to be unproductive and underdeveloped and that it meets the criteria under section 222.105, 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) The governing body must abide by all current and future laws in the application of this chapter.

(e) Not later than the thirtieth 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 and the intent to create the zone 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 a "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 promotion of the transportation project will cultivate development or redevelopment of the zone.

(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) Moneys deposited to the local tax increment account may be used to fund projects authorized under Section 222.104, including to repay amounts owed under any agreement entered into pursuant to Section 222.104.

(j) A transportation reinvestment zone terminates on December 31 of the year in which the municipality fulfills any contractual requirement which included the pledge of moneys deposited to the local tax increment account or the repayment of money owed under the agreement under Sec. 222.104 for which the zone was created.

(k) A transportation reinvestment zone terminates if the municipality does not use the zone for its intended purpose within ten years.

(1) 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 intends to enter into a pass-through toll agreement with the department under Section 222.104.

(c) The commissioners court of the county, after determining that an area is unproductive and underdeveloped and meets the criteria under section 222.105, 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) The governing body must abide by all applicable laws in the application of this chapter.

(e) Not later than the thirtieth 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 and the intent to create a zone must be published in a newspaper having general circulation in the county.

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

(1) describe the boundaries of the zone with sufficient definiteness to identity 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.

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

(h) 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. All abatements granted by the commissioners court must be of equal rate to all property owners. 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.

(i) To assist the county in developing a project authorized 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.

(j) In any ad valorem tax year, a road utility district formed as provided by Subsection (i) 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 (h). Notwithstanding Section 441.192(a), an election is not required to approve the imposition of the taxes.

(k) A road utility district formed as provided by Subsection (i) may enter into an agreement with the county to assume the obligation, if any, of the county to fund a project under Sections 222.104 or to repay funds owed to the department under Section 222.104. Any amount paid for this purpose is considered to be an operating expense of the district. Any taxes collected by the district that are not paid for this purpose may be used for any district purpose.

(l) A tax abatement agreement entered into under Subsection (h), or an order or resolution on the abatement of taxes under that subsection, terminates on December 31 of the year in which the county fulfills any contractual requirement which included the pledge of moneys collected under this subsection or within ten years of the abatement is not used for its intended purpose.

SECTION 3. This Act takes effect September 1, 2007.