

BILL ANALYSIS

Senate Research Center

S.B. 1266
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Transportation & Homeland Security
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under the current pass-through financing program, local entities, including cities and counties, may be designated to finance costs and oversee construction of certain roads and be reimbursed by the state for costs over a period of time. The success of this program has led to concerns about availability of funding for future projects to sustain the pass-through financing model.

S.B. 1266 creates a transportation reinvestment fund and authorizes local governments to dedicate a portion of revenue from the development of road projects to the fund in order to sustain the pass-through financing program and fund future projects and programs.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 222.104, Transportation Code, by adding Subsection (d-1) and amending Subsection (e), as follows:

(d-1) Prohibits the amount the Texas Department of Transportation (TxDOT) agrees to pay under agreements entered into under this section as reimbursement to a public or private entity for project costs, in any state fiscal year that begins on or after September 1, 2007, unless there is an insufficient number of approved proposals for projects to be developed under an agreement providing for the payment of pass-through tolls, from being less than the yearly average of such amounts from the date of the creation by the commission of the pass-through toll program. Provides that this subsection expires September 1, 2009.

(e) Authorizes TxDOT to 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 (Pledge of State's Full Faith and Credit).

SECTION 2. Amends Subchapter E, Chapter 222, Transportation Code, by adding Sections 222.105, 222.106, and 222.107, as follows:

Sec. 222.105. PURPOSES. Provides that the purposes of Sections 222.106 and 222.107 are to promote public safety, facilitate the development or redevelopment of property, facilitate the movement of traffic, and enhance a local entity's ability to sponsor a project authorized under Section 222.104 (Pass-through Tolls).

Sec. 222.106. MUNICIPAL TRANSPORTATION REINVESTMENT ZONES. (a) Sets forth the tax increment amount for a year, the captured appraisal value of certain real property, and the tax increment base of a municipality for the purposes of this section.

(b) Provides that this section applies only to a municipality the governing body of which intends to enter into a pass-through toll agreement (agreement) with TxDOT under Section 222.104.

(c) Authorizes the governing body of a municipality, if it determines an area to be unproductive and underdeveloped and that action under this section will further the purposes stated in Section 222.105, to designate a contiguous geographic area within its jurisdiction to be a transportation reinvestment zone (zone) to promote certain transportation projects.

(d) Requires the governing body to comply with all applicable laws in the application of this chapter.

(e) Requires the governing body to hold a public hearing on the designation of the zone and its benefits to the municipality and to the property in the proposed zone not later than the 30th day before the date the governing body of the municipality proposes to adopt an ordinance designating an area as a zone. Authorizes an interested person at the hearing to speak for or against the creation of the zone or its boundaries. Requires notice of the public hearing and the intent to create the zone to be published in a newspaper having general circulation in the municipality not later than the seventh day before the public hearing.

(f) Provides that compliance with the requirements of this section constitutes designation of an area as a zone without further hearings or other procedural requirements.

(g) Sets forth the content requirements of an ordinance designating an area as a zone.

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

(i) Requires money deposited to a tax increment account to be used to fund projects authorized under Section 222.104, including the repayment of amounts owed under an agreement entered into under that section.

(j) Provides that a zone terminates on December 31 of the year in which the municipality complies with a contractual requirement, if any, that included the pledge of money deposited to a tax increment account or the repayment of money owed under the agreement under Section 222.104 in connection with which the zone was designated, except as provided by Subsection (k).

(k) Provides that a zone terminates on December 31 of the 10th year after the year the zone was designated if before that date the municipality has not used the zone for the purpose for which it was designated.

(l) Authorizes any surplus remaining on the termination of a zone to be used for transportation projects of the municipality in or outside the zone.

Sec. 222.107. COUNTY TRANSPORTATION REINVESTMENT ZONES; TAX ABATEMENTS; ROAD UTILITY DISTRICTS. (a) Sets forth the tax increment amount for a year, the captured appraisal value of certain real property, and the tax increment base of a county for the purposes of this section.

(b) Provides that this section applies only to a county the commissioners court of which intends to enter into an agreement with TxDOT under Section 222.104.

(c) Authorizes the commissioners court of a county, after , determining that an area is unproductive and underdeveloped and that action under this section would further the purposes described by Section 222.105, by order or resolution to designate a contiguous geographic area within its jurisdiction to be a zone to promote certain transportation projects.

- (d) Requires the commissioners court to comply with all applicable laws in the application of this chapter
- (e) Requires the commissioners court of a county to hold a public hearing on the creation of the zone, its benefits to the municipality and to the property in the proposed zone, and the abatement of ad valorem taxes imposed by the county on certain real property, not later than the seventh day before the date the commissioners court of the county proposes to designate an area as a zone. Authorizes an interested person at the hearing to speak for or against the designation of the zone or its boundaries. Requires notice of the public hearing and the intent to create a zone to be published in a newspaper having general circulation in the county not later than the seventh day before the public hearing.
- (f) Sets forth the content requirements for an order or resolution designating an area as a zone.
- (g) Provides that compliance with the requirements of this section constitutes designation of an area as a zone without further hearings or other procedural requirements.
- (h) Authorizes the commissioners court, by order or resolution, to enter into an agreement with the owner of any real property located in the zone to abate a portion of the ad valorem taxes imposed by the county on the owner's property. Requires all abatements granted by the commissioners court in a transportation reinvestment zone to be equal in rate. Authorizes the commissioners court, in the alternative, by resolution or order, to elect to abate a portion of the ad valorem taxes imposed by the county on all real property in the zone. Prohibits the total amount of taxes abated under this section, in any ad valorem tax year, from exceeding the amount calculated under Subsection (a) for that year.
- (i) Authorizes a road utility district to be formed under that chapter that has the same geographic boundaries as a zone created under this section in order to assist a county in developing a project authorized by Section 222.104, if authorized by the Texas Transportation Commission under Chapter 441 (Municipal Utility Districts).
- (j) Authorizes a road utility district formed as provided by Subsection (i) to impose a tax on property within the zone at a rate which is equal to the amount of ad valorem taxes abated by the commissioners court of a county under Subsection (h). Provides that, notwithstanding Section 441.192(a) (Maintenance Tax), an election is not required to approve the imposition of the taxes.
- (k) Authorizes a road utility district formed as provided by Subsection (i) to enter into an agreement with the county to assume the obligation, if any, of the county to fund a project under 222.104 or to repay funds owed to TxDOT under that section. Provides that any amount paid for this purpose is considered to be an operating expense of the district. Authorizes any taxes collected by the district that are not paid for this purpose to TxDOT under this subsection to be used for any district purpose.
- (l) Provides that a tax abatement agreement or an order or resolution on the abatement of taxes, terminates on December 31 of the year in which the county completes any contractual requirement that included the pledge of money collected under this section, except as provided by Subsection (m).
- (m) Provides that a zone terminates on December 31 of the 10th year after the year it was designated, if before that date the county has not used the zone for the purpose for which it was designated

SECTION 5. Effective date: September 1, 2007.