

By: Carona

S.B. No. 531

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the cessation of tolls on a toll project under certain
3 circumstances.

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

5 SECTION 1. Section 222.075, Transportation Code, is amended
6 by amending Subsection (h) and adding Subsection (h-1) to read as
7 follows:

8 (h) Revenue bonds shall:

9 (1) be dated;

10 (2) bear interest at the rate or rates authorized by
11 law;

12 (3) mature at the time or times, serially, as term,
13 revenue bonds, or otherwise not more than 50 years after their
14 dates, except as provided by Subsection (h-1);

15 (4) be called before stated maturity on the terms and
16 at the prices, be in the denominations, be in the form, either
17 coupon or registered, carry registration privileges as to principal
18 only or as to both principal and interest and as to successive
19 exchange of coupon for registered bonds or one denomination for
20 bonds of other denominations, and successive exchange of registered
21 revenue bonds for coupon revenue bonds, be executed in the manner,
22 and be payable at the place or places inside or outside the state,
23 as provided in the order;

24 (5) be issued in temporary or permanent form;

1 (6) be issued in one or more installments and from time
2 to time as required and sold at a price or prices and under terms
3 determined by the commission to be the most advantageous reasonably
4 obtainable; and

5 (7) be issued on a parity with and be secured in the
6 manner as other revenue bonds authorized to be issued by this
7 section or be issued without parity and secured differently from
8 other revenue bonds.

9 (h-1) Bonds issued to finance a toll project under Chapter
10 228 must mature not more than 30 years after their dates of
11 issuance.

12 SECTION 2. Section 228.053(f), Transportation Code, is
13 amended to read as follows:

14 (f) The revenue and disbursements for each toll project or
15 system shall be kept separately. The revenue from one project may
16 not be used to pay the cost of another project except as authorized
17 by Section [~~Sections~~] 228.0055 [~~and 228.006~~].

18 SECTION 3. Section 228.104(a), Transportation Code, is
19 amended to read as follows:

20 (a) The principal of, interest on, and any redemption
21 premium on bonds issued by the commission under this subchapter are
22 payable solely from:

23 (1) the revenue of the toll project or system for which
24 the bonds are issued, including tolls pledged to pay the bonds;

25 (2) the proceeds of bonds issued for the project or
26 system;

27 (3) the amounts deposited in a debt service reserve

1 fund as required by the trust agreement securing bonds issued for
2 the project or system;

3 (4) amounts received under a credit agreement relating
4 to the project or system for which the bonds are issued; and

5 (5) [~~surplus revenue of another project or system as~~
6 ~~authorized by Section 228.006; and~~

7 [~~(6)~~] amounts received by the department:

8 (A) as pass-through tolls under Section 222.104;

9 (B) under an agreement with a local governmental
10 entity entered into under Section 228.254;

11 (C) under other agreements with a local
12 governmental entity relating to the project or system for which the
13 bonds are issued; and

14 (D) under a comprehensive development agreement
15 entered into under Section 223.201.

16 SECTION 4. Section 228.105, Transportation Code, is amended
17 to read as follows:

18 Sec. 228.105. SOURCES OF PAYMENT OF AND SECURITY FOR TOLL
19 REVENUE BONDS. Notwithstanding any other provisions of this
20 subchapter, toll revenue bonds issued by the commission may:

21 (1) be payable from and secured by:

22 (A) payments made under an agreement with a local
23 governmental entity as provided by Section 228.254;

24 (B) the proceeds of bonds issued for the toll
25 project or system; or

26 (C) amounts deposited in a debt service reserve
27 fund as required by the trust agreement securing bonds issued for

1 the project or system[~~or~~

2 [~~(D) surplus revenue of another toll project or~~
3 ~~system as authorized by Section 228.006]; and~~

4 (2) state on their faces any pledge of revenue or taxes
5 and any security for the bonds under the agreement.

6 SECTION 5. Section 284.031(c), Transportation Code, is
7 amended to read as follows:

8 (c) The bonds issued under this chapter may be authorized by
9 bond resolution at one time or from time to time and shall mature on
10 or before the 30th [~~40th~~] anniversary of their date.

11 SECTION 6. Sections 366.111(a), (b), and (f),
12 Transportation Code, are amended to read as follows:

13 (a) An authority, by adoption of a bond resolution, may
14 authorize the issuance of bonds to pay all or part of the cost of a
15 turnpike project or system or[~~or~~] to refund any bonds previously
16 issued for the turnpike project or system[~~or to pay for all or~~
17 ~~part of the cost of a turnpike project or system that will become a~~
18 ~~part of another system].~~

19 (b) As determined in the bond resolution, the bonds of each
20 issue shall:

21 (1) be dated;

22 (2) bear interest at the rate or rates and beginning on
23 the dates, as authorized by law, or bear no interest;

24 (3) mature at the time or times, not exceeding 30 [~~40~~]
25 years from their date or dates; and

26 (4) be made redeemable before maturity at the price or
27 prices and under the terms provided by the bond resolution.

1 (f) If the proceeds of a bond issue exceed the cost of the
2 turnpike project or system for which the bonds were issued, the
3 surplus shall be segregated from the other money of the authority
4 and used only for the purposes specified in the bond resolution. The
5 bond resolution:

6 (1) may authorize the deposit of the surplus to a
7 surplus revenue trust fund under Section 371.053; and

8 (2) may not authorize the surplus to be used for a
9 purpose other than payment of:

10 (A) an authority's debt service requirements for
11 the project or system, including the redemption or purchase price
12 of bonds subject to redemption or purchase as provided in the
13 applicable bond proceedings;

14 (B) coverage requirements of a bond indenture for
15 the project or system;

16 (C) costs of operation and maintenance for the
17 project or system;

18 (D) cost of repair, expansion, or improvement of
19 the project or system;

20 (E) amounts allocated for feasibility studies;
21 or

22 (F) necessary reserves as determined by the
23 authority.

24 SECTION 7. Section 366.113(a), Transportation Code, is
25 amended to read as follows:

26 (a) The principal of, interest on, and any redemption
27 premium on bonds issued by an authority are payable solely from:

1 (1) the revenue of the turnpike project or system for
2 which the bonds are issued, including tolls pledged to pay the
3 bonds;

4 (2) payments made under an agreement with the
5 commission or a local governmental entity as provided by Subchapter
6 G;

7 (3) money derived from any other source available to
8 the authority, other than money derived from a turnpike project
9 that is not part of the same system or money derived from a
10 different system~~[, except to the extent that the surplus revenue of~~
11 ~~a turnpike project or system has been pledged for that purpose];~~
12 and

13 (4) amounts received under a credit agreement relating
14 to the turnpike project or system for which the bonds are issued.

15 SECTION 8. Sections 370.111(a), (b), and (f),
16 Transportation Code, are amended to read as follows:

17 (a) An authority, by bond resolution, may authorize the
18 issuance of bonds to pay all or part of the cost of a transportation
19 project, to refund any bonds previously issued for the
20 transportation project, or, if the project is not a turnpike
21 project, to pay for all or part of the cost of a transportation
22 project that will become a part of another system. An authority may
23 not authorize the issuance of bonds to pay all or part of the cost of
24 a turnpike project that will become a part of another system.

25 (b) As determined in the bond resolution, the bonds of each
26 issue shall:

27 (1) be dated;

1 (2) bear interest at the rate or rates provided by the
2 bond resolution and beginning on the dates provided by the bond
3 resolution and as authorized by law, or bear no interest;

4 (3) mature at the time or times provided by the bond
5 resolution, not exceeding 30 [~~40~~] years from their date or dates;
6 and

7 (4) be made redeemable before maturity at the price or
8 prices and under the terms provided by the bond resolution.

9 (f) If the proceeds of a bond issue exceed the cost of the
10 transportation project for which the bonds were issued, the surplus
11 shall be segregated from the other money of the authority and used
12 only for the purposes specified in the bond resolution. If the
13 transportation project is a turnpike project, the bond resolution:

14 (1) may authorize the deposit of the surplus to the
15 surplus revenue trust fund under Section 371.053; and

16 (2) may not authorize the surplus to be used for a
17 purpose other than payment of:

18 (A) an authority's debt service requirements for
19 the project, including the redemption or purchase price of bonds
20 subject to redemption or purchase as provided in the applicable
21 bond proceedings;

22 (B) coverage requirements of a bond indenture for
23 the project;

24 (C) costs of operation and maintenance for the
25 project; or

26 (D) cost of repair, expansion, or improvement of
27 the project.

1 SECTION 9. The heading to Section 370.174, Transportation
2 Code, is amended to read as follows:

3 Sec. 370.174. USE OF SURPLUS REVENUE FROM TRANSPORTATION
4 PROJECTS OTHER THAN TURNPIKE PROJECTS.

5 SECTION 10. Section 370.174(a), Transportation Code, is
6 amended to read as follows:

7 (a) Each year, if an authority determines that it has
8 surplus revenue from a transportation project other than a turnpike
9 project [~~projects~~], it shall reduce tolls, spend the surplus
10 revenue on other transportation projects in the counties of the
11 authority in accordance with Subsection (b), or deposit the surplus
12 revenue to the credit of the Texas Mobility Fund. Surplus revenue
13 from a turnpike project is governed by Section 371.053.

14 SECTION 11. Subtitle G, Title 6, Transportation Code, is
15 amended by adding Chapter 371 to read as follows:

16 CHAPTER 371. PROVISIONS APPLICABLE TO MORE THAN

17 ONE TYPE OF TOLL PROJECT

18 SUBCHAPTER A. GENERAL PROVISIONS

19 Sec. 371.001. DEFINITIONS. In this chapter:

20 (1) "Toll project" means a toll project described by
21 Section 201.001(b), regardless of whether the toll project:

22 (A) is a part of the state highway system; or

23 (B) is subject to the jurisdiction of the
24 department.

25 (2) "Toll project entity" means an entity authorized
26 by law to acquire, design, construct, finance, operate, and
27 maintain a toll project, including:

1 (A) the department under Chapter 227 or 228;

2 (B) a regional tollway authority under Chapter
3 366;

4 (C) a regional mobility authority under Chapter
5 370; or

6 (D) a county under Chapter 284.

7 [Sections 371.002-371.050 reserved for expansion]

8 SUBCHAPTER B. CESSATION OF TOLLS AFTER PAYMENT OF BONDS

9 Sec. 371.051. CESSATION OF TOLLS; TRANSFER TO STATE HIGHWAY
10 SYSTEM. (a) Except as provided by Subsection (b), a toll project
11 becomes a part of the state highway system and the commission shall
12 maintain the project without tolls when:

13 (1) all of the bonds and interest on the bonds issued
14 for the project have been paid; or

15 (2) a sufficient amount for the payment of all bonds
16 and the interest on the bonds to maturity has been set aside in a
17 surplus revenue trust fund under Section 371.053.

18 (b) A county that constructs a toll project under Chapter
19 284 may, before construction on the project begins, request that
20 the commission adopt an order stating that the project will not
21 become part of the state highway system under Subsection (a). If
22 the commission adopts the order:

23 (1) Section 362.051 does not apply to the project;

24 (2) the project must be maintained by the county
25 without tolls; and

26 (3) the project will not become part of the state
27 highway system unless the entity transfers the project under

1 Section 284.011, as added by Chapter 281, Acts of the 79th
2 Legislature, Regular Session, 2005.

3 (c) This section applies to a toll project regardless of
4 whether bonds for the project were issued by the toll project entity
5 or a private entity.

6 Sec. 371.052. BOND TERM LIMIT. Notwithstanding any other
7 law, bonds secured by revenue of a toll project, including bonds
8 issued by a private entity that finances a toll project, may not be
9 for a term of more than 30 years.

10 Sec. 371.053. SURPLUS REVENUE TRUST FUND. For each toll
11 project of a toll project entity, the entity shall annually set
12 aside in a trust fund held for the benefit of the bondholders any
13 revenue that exceeds:

14 (1) the entity's debt service requirements for the
15 project, including the redemption or purchase price of bonds
16 subject to redemption or purchase as provided in the applicable
17 bond proceedings;

18 (2) coverage requirements of a bond indenture for the
19 project;

20 (3) costs of operation and maintenance for the
21 project;

22 (4) cost of repair, expansion, or improvement of the
23 project;

24 (5) amounts allocated for feasibility studies; and

25 (6) necessary reserves as determined by the entity.

26 SECTION 12. The following provisions of the Transportation
27 Code are repealed:

- 1 (1) Section 228.006;
- 2 (2) Section 228.109(d);
- 3 (3) Sections 284.008(c) and (d); and
- 4 (4) Section 366.175.

5 SECTION 13. The changes in law made by this Act apply only
6 to a proposed toll project for which bonds have not been issued on
7 or before the effective date of this Act.

8 SECTION 14. This Act takes effect September 1, 2007.