

By: Brimer, Shapleigh

S.B. No. 1266

A BILL TO BE ENTITLED

AN ACT

relating to pass-through financing and the creation and operation of the transportation reinvestment fund.

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

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

Sec. 222.105. 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 222.106 or 222.107. Any amount deposited to the credit of the fund may be used only for the purpose of funding projects authorized by Section 222.104, as determined by the department.

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;

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

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

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

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

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

23               (1) use the criteria established by Section  
24 311.005(a), Tax Code; or

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

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

11       (f) Designation of an area as a transportation reinvestment  
12 zone under this section constitutes designation of the area as a  
13 reinvestment zone under Chapters 311 and 312, Tax Code, without  
14 further hearings or other procedural requirements.

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

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

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

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

1           (4) establish an ad valorem tax increment fund for the  
2 zone; and

3           (5) contain findings that:

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

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

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

11           (i) The governing body of the municipality, by ordinance or  
12 resolution, may enter into an agreement with the department under  
13 which not more than one-half of the money deposited to the credit of  
14 the tax increment fund established for the transportation  
15 reinvestment zone will be used to reimburse the department an  
16 amount that is not greater than 50 percent of the aggregate amount  
17 of any payments made by the department to the municipality under the  
18 agreement under Section 222.104. Any remaining amount in the tax  
19 increment fund may be used for any municipal purpose in the zone.

20           (j) Money received by the department under Subsection (i)  
21 shall be deposited to the credit of the transportation reinvestment  
22 fund under Section 222.105 and may be used only for a purpose  
23 specified by that section and, until the eighth anniversary of the  
24 date the transportation reinvestment zone was created, used only in  
25 connection with a project that is located in the department  
26 district in which the zone is located.

27           (k) A transportation reinvestment zone terminates on

1 December 31 of the year in which the municipality ceases to be  
2 required to make reimbursement payments to the department under  
3 Subsection (i). Any surplus remaining on termination of the zone  
4 may be used for transportation projects of the municipality in or  
5 outside of the zone.

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

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

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

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

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

25 (c) The commissioners court of the county by order or  
26 resolution may designate a contiguous geographic area in the  
27 jurisdiction of the county to be a transportation reinvestment zone

1 to promote a transportation project described by Section 222.104  
2 that cultivates development or redevelopment of the area and for  
3 the purpose of abating ad valorem taxes imposed by the county on  
4 real property located in the zone.

5 (d) Not later than the seventh day before the date the  
6 commissioners court proposes to designate an area as a  
7 transportation reinvestment zone under this section, the  
8 commissioners court must hold a public hearing on the creation of  
9 the zone, its benefits to the county and to property in the proposed  
10 zone, and the abatement of ad valorem taxes imposed by the county on  
11 real property located in the zone. At the hearing an interested  
12 person may speak for or against the creation of the zone, its  
13 boundaries, or the abatement of county taxes on real property in the  
14 zone. Not later than the seventh day before the date of the  
15 hearing, notice of the hearing must be published in a newspaper  
16 having general circulation in the county.

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

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

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

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

1 consecutively in the order of their creation.

2 (f) Designation of an area as a transportation reinvestment  
3 zone under this section constitutes designation of the area as a  
4 reinvestment zone under Chapters 311 and 312, Tax Code, without  
5 further hearings or other procedural requirements.

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

16 (h) To assist the county in complying with the terms or  
17 conditions of an agreement with the department under Section  
18 222.104, a road utility district may be formed under Chapter 441  
19 that has the same boundaries as a transportation reinvestment zone  
20 created under this section.

21 (i) In any ad valorem tax year, a road utility district  
22 formed as provided by Subsection (h) may impose taxes on property in  
23 the district at a rate that when applied to the property in the  
24 district would impose taxes in an amount equal to the amount of  
25 taxes abated by the commissioners court of the county under  
26 Subsection (g). Notwithstanding Section 441.192(a), an election is  
27 not required to approve the imposition of the taxes.

1       (j) A road utility district formed as provided by Subsection  
2 (h) may enter into an agreement with the county to assume the  
3 obligation, if any, of the county to reimburse the department an  
4 amount that is not greater than 50 percent of the aggregate amount  
5 of any payments made by the department to the county under an  
6 agreement under Section 222.104. Any amount paid to the department  
7 under this subsection is considered to be an operating expense of  
8 the district. Any taxes collected by the district that are not paid  
9 to the department under this subsection may be used for any district  
10 purpose.

11       (k) Money received by the department under Subsection (j)  
12 shall be deposited to the credit of the transportation reinvestment  
13 fund under Section 222.105 and may be used only for a purpose  
14 specified by that section and, until the eighth anniversary of the  
15 date the road utility district was created, used only in connection  
16 with a project that is located in the department district in which  
17 the road utility district is located.

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

23       SECTION 2. This Act takes effect immediately if it receives  
24 a vote of two-thirds of all the members elected to each house, as  
25 provided by Section 39, Article III, Texas Constitution. If this  
26 Act does not receive the vote necessary for immediate effect, this  
27 Act takes effect September 1, 2007.