

AN ACT

relating to pass-through financing and the designation and operation of transportation reinvestment zones.

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

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

(d-1) 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, in any state fiscal year that begins on or after September 1, 2007, the amount the department agrees to pay under agreements entered into under this section as reimbursement to a public or private entity for project costs may not be less than the yearly average of such amounts from the date of the creation by the commission of the pass-through toll program. This subsection expires September 1, 2009.

(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.

SECTION 2. 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. PURPOSES. The purposes of Sections 222.106

1 and 222.107 are to:

2 (1) promote public safety;

3 (2) facilitate the development or redevelopment of
4 property;

5 (3) facilitate the movement of traffic; and

6 (4) enhance a local entity's ability to sponsor a
7 project authorized under Section 222.104.

8 Sec. 222.106. MUNICIPAL TRANSPORTATION REINVESTMENT ZONES.

9 (a) In this section:

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

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

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

24 (b) This section applies only to a municipality the
25 governing body of which intends to enter into an agreement with the
26 department under Section 222.104.

27 (c) If the governing body determines an area to be

1 unproductive and underdeveloped and that action under this section
2 will further the purposes stated in Section 222.105, the governing
3 body of the municipality by ordinance may designate a contiguous
4 geographic area in the jurisdiction of the municipality to be a
5 transportation reinvestment zone to promote a transportation
6 project described by Section 222.104 that cultivates development or
7 redevelopment of the area.

8 (d) The governing body must comply with all applicable laws
9 in the application of this chapter.

10 (e) Not later than the 30th day before the date the
11 governing body of the municipality proposes to adopt an ordinance
12 designating an area as a transportation reinvestment zone under
13 this section, the governing body must hold a public hearing on the
14 designation of the zone and its benefits to the municipality and to
15 property in the proposed zone. At the hearing an interested person
16 may speak for or against the creation of the zone or its boundaries.
17 Not later than the seventh day before the date of the hearing,
18 notice of the hearing and the intent to create the zone must be
19 published in a newspaper having general circulation in the
20 municipality.

21 (f) Compliance with the requirements of this section
22 constitutes designation of an area as a transportation reinvestment
23 zone without further hearings or other procedural requirements.

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

26 (1) describe the boundaries of the zone with
27 sufficient definiteness to identify with ordinary and reasonable

1 certainty the territory included in the zone;

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

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

10 (4) establish an ad valorem tax increment account for
11 the zone; and

12 (5) contain findings that promotion of the
13 transportation project will cultivate development or redevelopment
14 of the zone.

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

18 (i) Money deposited to a tax increment account must be used
19 to fund projects authorized under Section 222.104, including the
20 repayment of amounts owed under an agreement entered into under
21 that section.

22 (j) Except as provided by Subsection (k), a transportation
23 reinvestment zone terminates on December 31 of the year in which the
24 municipality complies with a contractual requirement, if any, that
25 included the pledge of money deposited to a tax increment account or
26 the repayment of money owed under the agreement under Section
27 222.104 in connection with which the zone was designated.

1 (k) A transportation reinvestment zone terminates on
2 December 31 of the 10th year after the year the zone was designated,
3 if before that date the municipality has not used the zone for the
4 purpose for which it was designated.

5 (l) Any surplus remaining on termination of a zone may be
6 used for transportation projects of the municipality in or outside
7 of the zone.

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

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

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

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

24 (b) This section applies only to a county the commissioners
25 court of which intends to enter into a pass-through toll agreement
26 with the department under Section 222.104.

27 (c) The commissioners court of the county, after

1 determining that an area is unproductive and underdeveloped and
2 that action under this section would further the purposes described
3 by Section 222.105, by order or resolution may designate a
4 contiguous geographic area in the jurisdiction of the county to be a
5 transportation reinvestment zone to promote a transportation
6 project described by Section 222.104 that cultivates development or
7 redevelopment of the area and for the purpose of abating ad valorem
8 taxes imposed by the county on real property located in the zone.

9 (d) The commissioners court must comply with all applicable
10 laws in the application of this chapter.

11 (e) Not later than the 30th day before the date the
12 commissioners court proposes to designate an area as a
13 transportation reinvestment zone under this section, the
14 commissioners court must hold a public hearing on the creation of
15 the zone, its benefits to the county and to property in the proposed
16 zone, and the abatement of ad valorem taxes imposed by the county on
17 real property located in the zone. At the hearing an interested
18 person may speak for or against the designation of the zone, its
19 boundaries, or the abatement of county taxes on real property in the
20 zone. Not later than the seventh day before the date of the
21 hearing, notice of the hearing and the intent to create a zone must
22 be published in a newspaper having general circulation in the
23 county.

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

26 (1) describe the boundaries of the zone with
27 sufficient definiteness to identify with ordinary and reasonable

1 certainty the territory included in the zone;

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

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

9 (g) Compliance with the requirements of this section
10 constitutes designation of an area as a transportation reinvestment
11 zone without further hearings or other procedural requirements.

12 (h) The commissioners court by order or resolution may enter
13 into an agreement with the owner of any real property located in the
14 transportation reinvestment zone to abate a portion of the ad
15 valorem taxes imposed by the county on the owner's property. All
16 abatements granted by the commissioners court in a transportation
17 reinvestment zone must be equal in rate. In the alternative, the
18 commissioners court by order or resolution may elect to abate a
19 portion of the ad valorem taxes imposed by the county on all real
20 property located in the zone. In any ad valorem tax year, the total
21 amount of the taxes abated under this section may not exceed the
22 amount calculated under Subsection (a)(1) for that year.

23 (i) To assist the county in developing a project authorized
24 under Section 222.104, if authorized by the commission under
25 Chapter 441, a road utility district may be formed under that
26 chapter that has the same boundaries as a transportation
27 reinvestment zone created under this section.

1 (j) In any ad valorem tax year, a road utility district
2 formed as provided by Subsection (i) may impose taxes on property in
3 the district at a rate that when applied to the property in the
4 district would impose taxes in an amount equal to the amount of
5 taxes abated by the commissioners court of the county under
6 Subsection (h). Notwithstanding Section 441.192(a), an election is
7 not required to approve the imposition of the taxes.

8 (k) A road utility district formed as provided by Subsection
9 (i) may enter into an agreement with the county to assume the
10 obligation, if any, of the county to fund a project under Section
11 222.104 or to repay funds owed to the department under Section
12 222.104. Any amount paid for this purpose is considered to be an
13 operating expense of the district. Any taxes collected by the
14 district that are not paid for this purpose may be used for any
15 district purpose.

16 (l) Except as provided by Subsection (m), a tax abatement
17 agreement entered into under Subsection (h), or an order or
18 resolution on the abatement of taxes under that subsection,
19 terminates on December 31 of the year in which the county completes
20 any contractual requirement that included the pledge of money
21 collected under this section.

22 (m) A transportation reinvestment zone terminates on
23 December 31 of the 10th year after the year the zone was designated,
24 if before that date the county has not used the zone for the purpose
25 for which it was designated.

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

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1266 passed the Senate on April 12, 2007, by the following vote: Yeas 31, Nays 0; May 25, 2007, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 26, 2007, House granted request of the Senate; May 26, 2007, Senate adopted Conference Committee Report by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1266 passed the House, with amendments, on May 16, 2007, by the following vote: Yeas 141, Nays 0, two present not voting; May 26, 2007, House granted request of the Senate for appointment of Conference Committee; May 27, 2007, House adopted Conference Committee Report by the following vote: Yeas 142, Nays 1, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor