

By: Brimer

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. The heading to Section 222.104, Transportation Code, is amended to read as follows:

Sec. 222.104. PASS-THROUGH [~~TOLLS~~] FINANCING.

SECTION 2. Subchapter E, Chapter 222, Transportation Code, is amended by adding Section 222.105 to read as follows:

Sec. 222.105. CREATION OF THE TRANSPORTATION REINVESTMENT FUND. (a) The Transportation Reinvestment Fund is an account in the state treasury.

(b) The fund is administered by the comptroller for the benefit of the plan established under section 222.106 of this chapter. The fund is exempt from the application of Section 403.095, Government Code. Interest earned on the fund shall be credited to the fund.

(c) The fund consists of revenue collected under Section 222.106 of this chapter. Any revenue deposited to this account shall be limited to use in the geographic regions described in Sections 222.106 and 222.107 for the sole purpose of providing funding for projects authorized under Section 222.104 as determined by the department.

SECTION 3. Subchapter E, Chapter 222, Transportation Code,

1 is amended by adding Section 222.106 to read as follows:

2 Sec. 222.106. CREATION OF TRANSPORTATION REINVESTMENT
3 ZONES BY A MUNICIPALITY. (a) The governing body of a municipality
4 which has entered into a pass-through toll agreement with the
5 department may by ordinance designate a contiguous geographic area
6 within its jurisdiction to be a Transportation Reinvestment Zone to
7 promote transportation projects authorized under Section 222.104
8 which cultivate development or redevelopment of an area the
9 governing body determines to be unproductive, underdeveloped, or
10 blighted. In making this determination the governing body of the
11 municipality may utilize the criteria defined in Tax Code Section
12 311.005(a) or may utilize its own criteria that reasonably support
13 a finding that an area is unproductive, underdeveloped, or
14 blighted.

15 (b) Not later than the seventh day before the adoption of
16 the ordinance referred to in subsection (a), the governing body of
17 the municipality must hold a public hearing on the creation of the
18 zone and its benefits to the municipality and to property in the
19 proposed zone. Notice of the public hearing must be published in a
20 newspaper of general circulation in the municipality not later than
21 the seventh day before the public hearing. Designation of an area
22 as a Transportation Reinvestment Zone by adoption of an ordinance
23 constitutes designation of the area as a reinvestment zone under
24 Chapters 311 and 312, Tax Code, without further hearings or
25 procedural requirements.

26 (c) For property located within a Transportation
27 Reinvestment Zone the municipality may determine the increase in

1 assessed property value resulting from the transportation project
2 developed through a pass-through financing agreement with the
3 department under Section 222.104.

4 (d) A municipality may, by affirmative vote of its governing
5 body, dedicate the tax increment to reimburse up to fifty percent of
6 the aggregate amount of pass-through toll payments made by the
7 department to the municipality pursuant to an agreement under
8 Section 222.104. All reimbursements collected under this section
9 must be deposited to the credit of the Transportation Reinvestment
10 Fund to be used only for purposes identified in Section 222.105 and
11 only within the department district where the zone is located. The
12 maximum duration for the existence of a zone created hereunder
13 shall be for a term of years from the date of the ordinance creating
14 the zone until the obligation to reimburse the department pursuant
15 to an agreement under Section 222.104 has been satisfied.

16 SECTION 4. Subchapter E, Chapter 222, Transportation Code,
17 is amended by adding Section 222.107 to read as follows:

18 Sec. 222.107. TAX ABATEMENTS AND RELATED ACTIONS OF A
19 COUNTY. (a) The commissioners court of a county which has entered
20 into a pass-through financing agreement with the department may by
21 ordinance or other official action designate a contiguous
22 geographic area within its jurisdiction to be a Transportation
23 Reinvestment Zone within which certain ad valorem taxes may be
24 abated to promote transportation projects authorized under sec.
25 222.104 which encourage development or redevelopment and
26 improvement of the property.

27 (b) Not later than the seventh day before the adoption of

1 the ordinance or other official action referred to in subsection
2 (a), the commissioners court must hold a public hearing on the
3 creation of the zone, the abatement of taxes, and benefits to the
4 county and to property in the proposed zone. Notice of the public
5 hearing must be published in a newspaper of general circulation in
6 the county not later than the seventh day before the public hearing
7 and must be delivered in writing to the presiding officer of the
8 governing body of each taxing unit that includes in its boundaries
9 property to be located in the zone. Notice is deemed delivered when
10 mailed. Designation of an area as a Transportation Reinvestment
11 Zone by adoption of an ordinance or other official action
12 constitutes designation of the area as a reinvestment zone under
13 Chapters 311 and 312, Tax Code, without further hearings or
14 procedural requirements. Notice of the adoption of an ordinance or
15 other official action regarding an abatement of taxes must be
16 delivered in writing to the presiding officer of the governing body
17 of each taxing unit that includes in its boundaries property to be
18 located in the zone. Notice is deemed delivered when mailed.

19 (c) For property within a Transportation Reinvestment Zone
20 a county may determine the increase in assessed property value
21 resulting from the transportation project developed through a
22 pass-through financing agreement with the department, and may agree
23 to abate a portion of the increment of ad valorem taxes attributable
24 to the increased value.

25 (d) Notwithstanding any law to the contrary, including
26 without limitation Tax Code, Chapter 312, an agreement to abate
27 taxes within a zone created under this section does not require a

1 separate agreement with each property owner. The abatement of
2 taxes may last no longer than the period required for a road utility
3 district to satisfy any obligation to reimburse the department for
4 a portion of the pass-through financing provided to the county
5 under an agreement under Section 222.104.

6 (e) In order to assist a county in satisfying its
7 obligations under a pass-through financing agreement with the
8 department under Section 222.104 a road utility district may be
9 formed under Transportation Code Chapter 441 with the same
10 geographic boundaries as a zone created under this section.

11 (f) A road utility district formed with the same geographic
12 boundaries as a zone created under this section may impose a tax on
13 property within the zone at a rate which does not exceed the amount
14 of ad valorem taxes abated under an agreement of the county under
15 subsection (c).

16 (g) A road utility district formed for the purpose set forth
17 in subsection (e) may assume the obligations, if any, of a county to
18 make payments to the department to reimburse up to fifty percent of
19 funding provided to the county under a pass-through financing
20 agreement. Such payments shall be considered an operating expense
21 of the district. All reimbursement payments received by the
22 department under this section must be deposited to the credit to the
23 Transportation Reinvestment Fund to be used within the department
24 district where the zone is located for any purpose identified in
25 Section 222.105. The obligation to make such payments shall cease
26 when the amount to be reimbursed to the department has been paid or,
27 if sooner, when the period of the abatement under subsection (d)

1 terminates.

2 SECTION 5. This Act takes effect immediately if it receives
3 a vote of two-thirds of all the members elected to each house, as
4 provided by Section 39, Article III, Texas Constitution. If this
5 Act does not receive the vote necessary for immediate effect, this
6 Act takes effect September 1, 2007.