

1-1 By: Brimer S.B. No. 1266
1-2 (In the Senate - Filed March 6, 2007; March 14, 2007, read
1-3 first time and referred to Committee on Transportation and Homeland
1-4 Security; April 3, 2007, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 8, Nays 0;
1-6 April 3, 2007, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1266 By: Brimer

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to pass-through financing and the creation and operation
1-11 of the transportation reinvestment fund.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subchapter E, Chapter 222, Transportation Code,
1-14 is amended by adding Sections 222.105, 222.106, and 222.107 to read
1-15 as follows:

1-16 Sec. 222.105. TRANSPORTATION REINVESTMENT FUND. (a) In
1-17 this section, "fund" means the transportation reinvestment fund.

1-18 (b) The fund is a special account in the state treasury
1-19 administered by the comptroller. The fund is exempt from the
1-20 application of Section 403.095, Government Code. Interest earned
1-21 on money in the fund shall be credited to the fund.

1-22 (c) The fund consists of money received under Section
1-23 222.106 or 222.107. Any amount deposited to the credit of the fund
1-24 may be used only for the purpose of funding projects authorized by
1-25 Section 222.104, as determined by the department.

1-26 Sec. 222.106. MUNICIPAL TRANSPORTATION REINVESTMENT ZONES.

1-27 (a) In this section:

1-28 (1) the amount of a municipality's tax increment for a
1-29 year is the amount of ad valorem taxes levied and collected by the
1-30 municipality for that year on the captured appraised value of real
1-31 property taxable by the municipality and located in a
1-32 transportation reinvestment zone under this section;

1-33 (2) the captured appraised value of real property
1-34 taxable by a municipality for a year is the total appraised value of
1-35 all real property taxable by the municipality and located in a
1-36 transportation reinvestment zone for that year less the tax
1-37 increment base of the municipality; and

1-38 (3) the tax increment base of a municipality is the
1-39 total appraised value of all real property taxable by the
1-40 municipality and located in a transportation reinvestment zone for
1-41 the year in which the zone was designated under this section.

1-42 (b) This section applies only to a municipality the
1-43 governing body of which has entered into an agreement with the
1-44 department under Section 222.104.

1-45 (c) If the governing body determines the area to be
1-46 unproductive, underdeveloped, or blighted, the governing body of
1-47 the municipality by ordinance may designate a contiguous geographic
1-48 area in the jurisdiction of the municipality to be a transportation
1-49 reinvestment zone to promote a transportation project described by
1-50 Section 222.104 that cultivates development or redevelopment of the
1-51 area.

1-52 (d) In determining whether an area is unproductive,
1-53 underdeveloped, or blighted, the governing body of the municipality
1-54 may:

1-55 (1) use the criteria established by Section
1-56 311.005(a), Tax Code; or

1-57 (2) use other criteria that the governing body
1-58 reasonably determines, in good faith, provide a basis for making
1-59 the determination.

1-60 (e) Not later than the seventh day before the date the
1-61 governing body of the municipality proposes to adopt an ordinance
1-62 designating an area as a transportation reinvestment zone under
1-63 this section, the governing body must hold a public hearing on the

2-1 creation of the zone and its benefits to the municipality and to
2-2 property in the proposed zone. At the hearing an interested person
2-3 may speak for or against the creation of the zone or its boundaries.
2-4 Not later than the seventh day before the date of the hearing,
2-5 notice of the hearing must be published in a newspaper having
2-6 general circulation in the municipality.

2-7 (f) Designation of an area as a transportation reinvestment
2-8 zone under this section constitutes designation of the area as a
2-9 reinvestment zone under Chapters 311 and 312, Tax Code, without
2-10 further hearings or other procedural requirements.

2-11 (g) The ordinance designating an area as a transportation
2-12 reinvestment zone must:

2-13 (1) describe the boundaries of the zone with
2-14 sufficient definiteness to identify with ordinary and reasonable
2-15 certainty the territory included in the zone;

2-16 (2) provide that the zone takes effect immediately on
2-17 passage of the ordinance;

2-18 (3) assign a name to the zone for identification, with
2-19 the first zone created by a municipality designated as
2-20 "Transportation Reinvestment Zone Number One, City (or Town, as
2-21 applicable) of (name of municipality)," and subsequently created
2-22 zones assigned names in the same form, numbered consecutively in
2-23 the order of their creation;

2-24 (4) establish an ad valorem tax increment fund for the
2-25 zone; and

2-26 (5) contain findings that:

2-27 (A) promotion of the transportation project will
2-28 cultivate development or redevelopment of the zone; and

2-29 (B) the zone meets the requirements of Subsection

2-30 (d).

2-31 (h) From taxes collected on property in the zone, the
2-32 municipality shall pay into the tax increment fund for a zone an
2-33 amount equal to the tax increment produced by the municipality.

2-34 (i) The governing body of the municipality, by ordinance or
2-35 resolution, may enter into an agreement with the department under
2-36 which not more than one-half of the money deposited to the credit of
2-37 the tax increment fund established for the transportation
2-38 reinvestment zone will be used to reimburse the department an
2-39 amount that is not greater than 50 percent of the aggregate amount
2-40 of any payments made by the department to the municipality under the
2-41 agreement under Section 222.104. Any remaining amount in the tax
2-42 increment fund may be used for any municipal purpose in the zone.

2-43 (j) Money received by the department under Subsection (i)
2-44 shall be deposited to the credit of the transportation reinvestment
2-45 fund under Section 222.105 and may be used only for a purpose
2-46 specified by that section and, until the eighth anniversary of the
2-47 date the transportation reinvestment zone was created, used only in
2-48 connection with a project that is located in the department
2-49 district in which the zone is located.

2-50 (k) A transportation reinvestment zone terminates on
2-51 December 31 of the year in which the municipality ceases to be
2-52 required to make reimbursement payments to the department under
2-53 Subsection (i). Any surplus remaining on termination of the zone
2-54 may be used for transportation projects of the municipality in or
2-55 outside of the zone.

2-56 Sec. 222.107. COUNTY TRANSPORTATION REINVESTMENT ZONES;
2-57 TAX ABATEMENTS; ROAD UTILITY DISTRICTS. (a) In this section:

2-58 (1) the amount of a county's tax increment for a year
2-59 is the amount of ad valorem taxes levied and collected by the county
2-60 for that year on the captured appraised value of real property
2-61 taxable by the county and located in a transportation reinvestment
2-62 zone under this section;

2-63 (2) the captured appraised value of real property
2-64 taxable by a county for a year is the total appraised value of all
2-65 real property taxable by the county and located in a transportation
2-66 reinvestment zone for that year less the tax increment base of the
2-67 county; and

2-68 (3) the tax increment base of a county is the total
2-69 appraised value of all real property taxable by the county and

3-1 located in a transportation reinvestment zone for the year in which
 3-2 the zone was designated under this section.

3-3 (b) This section applies only to a county the commissioners
 3-4 court of which has entered into a pass-through toll agreement with
 3-5 the department under Section 222.104.

3-6 (c) The commissioners court of the county by order or
 3-7 resolution may designate a contiguous geographic area in the
 3-8 jurisdiction of the county to be a transportation reinvestment zone
 3-9 to promote a transportation project described by Section 222.104
 3-10 that cultivates development or redevelopment of the area and for
 3-11 the purpose of abating ad valorem taxes imposed by the county on
 3-12 real property located in the zone.

3-13 (d) Not later than the seventh day before the date the
 3-14 commissioners court proposes to designate an area as a
 3-15 transportation reinvestment zone under this section, the
 3-16 commissioners court must hold a public hearing on the creation of
 3-17 the zone, its benefits to the county and to property in the proposed
 3-18 zone, and the abatement of ad valorem taxes imposed by the county on
 3-19 real property located in the zone. At the hearing an interested
 3-20 person may speak for or against the creation of the zone, its
 3-21 boundaries, or the abatement of county taxes on real property in the
 3-22 zone. Not later than the seventh day before the date of the
 3-23 hearing, notice of the hearing must be published in a newspaper
 3-24 having general circulation in the county.

3-25 (e) The order or resolution designating an area as a
 3-26 transportation reinvestment zone must:

3-27 (1) describe the boundaries of the zone with
 3-28 sufficient definiteness to identify with ordinary and reasonable
 3-29 certainly the territory included in the zone;

3-30 (2) provide that the zone takes effect immediately on
 3-31 adoption of the order or resolution; and

3-32 (3) assign a name to the zone for identification, with
 3-33 the first zone created by a county designated as "Transportation
 3-34 Reinvestment Zone Number One, County of (name of county)," and
 3-35 subsequently created zones assigned names in the same form numbered
 3-36 consecutively in the order of their creation.

3-37 (f) Designation of an area as a transportation reinvestment
 3-38 zone under this section constitutes designation of the area as a
 3-39 reinvestment zone under Chapters 311 and 312, Tax Code, without
 3-40 further hearings or other procedural requirements.

3-41 (g) The commissioners court by order or resolution may enter
 3-42 into an agreement with the owner of any real property located in the
 3-43 transportation reinvestment zone to abate a portion of the ad
 3-44 valorem taxes imposed by the county on the owner's property. In the
 3-45 alternative, the commissioners court by order or resolution may
 3-46 elect to abate a portion of the ad valorem taxes imposed by the
 3-47 county on all real property located in the zone. In any ad valorem
 3-48 tax year, the total amount of the taxes abated under this section
 3-49 may not exceed the amount calculated under Subsection (a)(1) for
 3-50 that year.

3-51 (h) To assist the county in complying with the terms or
 3-52 conditions of an agreement with the department under Section
 3-53 222.104, a road utility district may be formed under Chapter 441
 3-54 that has the same boundaries as a transportation reinvestment zone
 3-55 created under this section.

3-56 (i) In any ad valorem tax year, a road utility district
 3-57 formed as provided by Subsection (h) may impose taxes on property in
 3-58 the district at a rate that when applied to the property in the
 3-59 district would impose taxes in an amount equal to the amount of
 3-60 taxes abated by the commissioners court of the county under
 3-61 Subsection (g). Notwithstanding Section 441.192(a), an election is
 3-62 not required to approve the imposition of the taxes.

3-63 (j) A road utility district formed as provided by Subsection
 3-64 (h) may enter into an agreement with the county to assume the
 3-65 obligation, if any, of the county to reimburse the department an
 3-66 amount that is not greater than 50 percent of the aggregate amount
 3-67 of any payments made by the department to the county under an
 3-68 agreement under Section 222.104. Any amount paid to the department
 3-69 under this subsection is considered to be an operating expense of

4-1 the district. Any taxes collected by the district that are not paid
4-2 to the department under this subsection may be used for any district
4-3 purpose.

4-4 (k) Money received by the department under Subsection (j)
4-5 shall be deposited to the credit of the transportation reinvestment
4-6 fund under Section 222.105 and may be used only for a purpose
4-7 specified by that section and, until the eighth anniversary of the
4-8 date the road utility district was created, used only in connection
4-9 with a project that is located in the department district in which
4-10 the road utility district is located.

4-11 (l) A tax abatement agreement entered into under Subsection
4-12 (g), or an order or resolution on the abatement of taxes under that
4-13 subsection, terminates on December 31 of the year in which the
4-14 county ceases to be required to make reimbursement payments to the
4-15 department under the agreement entered into under Section 222.104.

4-16 SECTION 2. This Act takes effect immediately if it receives
4-17 a vote of two-thirds of all the members elected to each house, as
4-18 provided by Section 39, Article III, Texas Constitution. If this
4-19 Act does not receive the vote necessary for immediate effect, this
4-20 Act takes effect September 1, 2007.

4-21 * * * * *