

1-1 By: Ogden S.B. No. 2051
1-2 (In the Senate - Filed May 3, 2007; May 7, 2007, read first
1-3 time and referred to Committee on Transportation and Homeland
1-4 Security; May 11, 2007, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 8, Nays 0;
1-6 May 11, 2007, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 2051 By: Brimer

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

1-10 relating to authorizing the designation of an area adjacent to a
1-11 state highway project as a transportation finance zone and
1-12 requiring that the revenue from the state sales and use taxes
1-13 imposed in the zone be used to pay obligations issued in connection
1-14 with the project.

1-15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-16 SECTION 1. Subsections (e) and (f), Section 201.943,
1-17 Transportation Code, are amended to read as follows:

1-18 (e) Long-term obligations in the amount proposed to be
1-19 issued by the commission may not be issued unless the comptroller
1-20 projects in a comptroller's certification that the amount of money
1-21 dedicated to the fund pursuant to Sections [Section] 49-k(e) and
1-22 (e-1), Article III, Texas Constitution, and required to be on
1-23 deposit in the fund pursuant to Sections 49-k(e-1) and (f) [Section
1-24 49-k(f)], Article III, Texas Constitution, and the investment
1-25 earnings on that money, during each year of the period during which
1-26 the proposed obligations are scheduled to be outstanding will be
1-27 equal to at least 110 percent of the requirements to pay the
1-28 principal of and interest on the proposed long-term obligations
1-29 during that year.

1-30 (f) Short-term obligations in the amount proposed by the
1-31 commission may not be issued unless the comptroller, in a
1-32 comptroller's certification:

1-33 (1) assumes that the short-term obligations will be
1-34 refunded and refinanced to mature over a 20-year period with level
1-35 principal requirements and bearing interest at then current market
1-36 rates, as determined by the comptroller; and

1-37 (2) projects that the amount of money dedicated to the
1-38 fund pursuant to Sections [Section] 49-k(e) and (e-1), Article III,
1-39 Texas Constitution, and required to be on deposit in the fund
1-40 pursuant to Sections 49-k(e-1) and (f) [Section 49-k(f)], Article
1-41 III, Texas Constitution, and the investment earnings on that money,
1-42 during each year of the assumed 20-year period will be equal to at
1-43 least 110 percent of the requirements to pay the principal of and
1-44 interest on the proposed refunding obligations during that year.

1-45 SECTION 2. Subchapter M, Chapter 201, Transportation Code,
1-46 is amended by adding Section 201.9435 to read as follows:

1-47 Sec. 201.9435. TRANSPORTATION FINANCE ZONES. (a) This
1-48 section applies only to a state highway project in connection with
1-49 which the commission has issued or proposes to issue obligations
1-50 under Section 201.943.

1-51 (b) The commission by order or resolution may designate as a
1-52 transportation finance zone an area that is adjacent to the
1-53 right-of-way of an existing or proposed state highway project and
1-54 within two miles on either side of the center line of the state
1-55 highway. The area designated as a transportation finance zone may
1-56 extend more than two miles on either side of the center line of a
1-57 state highway if necessary to avoid the splitting of a location in
1-58 which the sale, storage, use, or other consumption of a taxable item
1-59 would be consummated.

1-60 (c) The designation of a transportation finance zone is not
1-61 effective until the legislature has reviewed and approved the
1-62 designation and boundaries of the zone.

1-63 (d) Notwithstanding Section 151.801(a), Tax Code, proceeds

from the collection of the taxes imposed by that chapter in connection with a sale, storage, use, or other consumption that is consummated in a transportation finance zone shall be deposited to the credit of a separate account in the fund.

(e) The proceeds from the collection of taxes deposited to the credit of the fund under Subsection (d) may be used only for the purpose of paying the principal of and interest on obligations issued in connection with the state highway project located in the transportation finance zone in which the taxes were collected or a related credit agreement.

(f) In any state fiscal year the comptroller may not deposit more than \$250 million to the credit of the fund under Subsection (d).

(g) A transportation finance zone terminates on the earlier of:

(1) the termination date, if any, specified in the order or resolution designating the zone; or

(2) the date on which the principal of and interest on the applicable obligations or related credit agreement are paid.

(h) The commission and the comptroller shall adopt rules to implement and administer this section.

SECTION 3. Subsection (a), Section 201.944, Transportation Code, is amended to read as follows:

(a) The commission may guarantee on behalf of the state the payment of any obligations and credit agreements issued under Section 201.943 by pledging the full faith and credit of the state to the payment of the obligations and credit agreements in the event the revenue and money dedicated to the fund pursuant to Sections [Section] 49-k(e) and (e-1), Article III, Texas Constitution, and on deposit in the fund pursuant to Sections 49-k(e-1) and (f) [Section 49-k(f)], Article III, Texas Constitution, are insufficient for that purpose.

SECTION 4. This Act takes effect January 1, 2008, but only if the constitutional amendment authorizing the legislature to permit the Texas Transportation Commission, subject to legislative review and approval, to designate the area adjacent to a state highway project as a transportation finance zone and dedicating the proceeds of the state sales and use taxes imposed in a transportation finance zone to the Texas Mobility Fund for certain purposes is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.

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