

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 26, 2007

TO: Honorable Mike Krusee, Chair, House Committee on Transportation

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3722 by Krusee (Relating to pass-through financing and the creation and operation of the Transportation Reinvestment Fund.), **As Introduced**

Because the number of projects and the underlying terms of any agreement is unknown, the fiscal impact of the bill to the state cannot be estimated.

Although the bill would not make an appropriation, it would establish the basis for an appropriation.

The bill would amend Subchapter E of Chapter 222, Transportation Code, to create the Transportation Reinvestment Fund as an account within the state treasury. The fund would be administered by the Comptroller of Public Accounts for the benefit of a transportation reinvestment zone established by a municipality. The fund would consist of reimbursements from municipalities and counties derived from pass-through tolls and limited to use in the geographic regions, generating the reimbursements for the sole purpose of providing funding for authorized projects. The fund would be exempt from application of Section 403.095, Government Code, in which expenditures of revenue in dedicated accounts are limited to amounts appropriated. Interest earned on the fund would be credited to the fund. Amounts deposited into the fund would be limited to use in the geographic regions described in the bill for the sole purpose of providing funding for authorized projects.

The bill would authorize the governing body of a municipality that has entered into a pass-through toll agreement with the Texas Department of Transportation (TxDOT) by ordinance to designate a contiguous geographic area within its jurisdiction to be a Transportation Reinvestment Zone to promote authorized pass-through toll transportation projects that cultivate development or redevelopment of an area the governing body determines is unproductive, underdeveloped, or blighted. A public hearing would be required regarding adopting an ordinance for the creation of the zone and notice of the public hearing must be published.

A municipality would be authorized to dedicate a tax increment in the zone to reimburse up to 50 percent of the aggregate amount of pass-through toll payments made to TxDOT. All collected reimbursements would be deposited to the credit of the Transportation Reinvestment Fund.

The commissioners court of a county that has entered into a pass-through financing agreement with TxDOT may by ordinance or other official action designate a contiguous geographic area within its jurisdiction to be a Transportation Reinvestment Zone within which certain ad valorem taxes may be abated. A public hearing would be required to be held and notice published. A road utility district may be created within the zone to satisfy any obligation to reimburse TxDOT for a portion of the pass-through financing provided to the county. The roadside utility district would be authorized to impose a property tax within the zone.

The bill would take effect immediately if it were to receive the required two-thirds vote in each house; otherwise, it would take effect September 1, 2007.

Note: The bill would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.094,

consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993, and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

It is anticipated that a municipality or county would create a Transportation Reinvestment Zone only if the governing body were to determine that sufficient needs existed and that the methods of financing provided by the bill would assist in off-setting costs and in meeting obligations related to pass-through toll agreements with TxDOT.

Source Agencies: 304 Comptroller of Public Accounts, 601 Department of Transportation

LBB Staff: JOB, KJG, MW, DB, TG