

By: Pitts, Pickett, Harper-Brown

H.B. No. 1

A BILL TO BE ENTITLED

AN ACT

relating to certain sources of revenue for the funding of highways and transportation projects.

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

SECTION 1. Subchapter A, Chapter 222, Transportation Code, is amended by adding Section 222.004 to read as follows:

Sec. 222.004. ISSUANCE OF GENERAL OBLIGATION BONDS FOR HIGHWAY IMPROVEMENT PROJECTS. (a) In this section:

(1) "Bonds" means bonds, notes, and other public securities.

(2) "Credit agreement" has the meaning assigned by Section 1371.001, Government Code.

(3) "Improvement" includes acquisition of the highway, construction, reconstruction, and major maintenance, including any necessary design, and the acquisition of rights-of-way.

(b) The commission by order or resolution may issue general obligation bonds for the purposes provided in this section. The aggregate principal amount of the bonds that are issued may not exceed the amount specified by Section 49-p(a), Article III, Texas Constitution.

(c) The commission may enter into credit agreements relating to the bonds. A credit agreement entered into under this section may be secured by and payable from the same sources as the

1 bonds.

2 (d) The bonds shall be executed in the form, on the terms,  
3 and in the denominations, bear interest, and be issued in  
4 installments as prescribed by the commission, and must mature not  
5 later than 30 years after their dates of issuance, subject to any  
6 refundings or renewals. The bonds may be issued in multiple series  
7 and issues from time to time and may have the provisions the  
8 commission determines appropriate and in the interest of the state.

9 (e) The commission has all powers necessary or appropriate  
10 to carry out this section and to implement Section 49-p, Article  
11 III, Texas Constitution, including the powers granted to other  
12 bond-issuing governmental agencies and units and to nonprofit  
13 corporations by Chapters 1201, 1207, and 1371, Government Code.

14 (f) The bonds and the record of proceedings authorizing the  
15 bonds and any related credit agreements shall be submitted to the  
16 attorney general for approval as to their legality. If the attorney  
17 general finds that they will be issued in accordance with this  
18 section and other applicable law, the attorney general shall  
19 approve them and deliver them to the comptroller for registration.  
20 After approval by the attorney general, registration by the  
21 comptroller, and payment by the purchasers of the bonds in  
22 accordance with the terms of sale and after execution and delivery  
23 of the related credit agreements, the bonds and related credit  
24 agreements are incontestable for any cause.

25 (g) Bonds may be issued for one or more of the following  
26 purposes:

27 (1) to pay all or part of the costs of highway

1 improvement projects; and

2 (2) to pay:

3 (A) the costs of administering projects  
4 authorized under this section;

5 (B) the cost or expense of the issuance of the  
6 bonds; or

7 (C) all or part of a payment owed or to be owed  
8 under a credit agreement.

9 (h) The proceeds from the issuance and sale of the bonds may  
10 not be expended or used for the purposes authorized under this  
11 section unless those proceeds have been appropriated by the  
12 legislature.

13 (i) The comptroller shall pay the principal of the bonds as  
14 they mature and the interest as it becomes payable and shall pay any  
15 cost related to the bonds that becomes due, including payments  
16 under credit agreements.

17 SECTION 2. Rider No. 60, Article VII, S.B. No. 1, Acts of  
18 the 81st Legislature, Regular Session, 2009 (the General  
19 Appropriations Act appropriations to the Texas Department of  
20 Transportation, page VII-36), is amended to read as follows:

21 60. Contingency for legislation authorizing issuance of  
22 Proposition 12 bonds [~~Senate Bill 263~~] and Senate Bill 1350.

23 a. Out of funds appropriated above in strategy A.1.2, Contracted  
24 Planning and Design, the amount of \$60,000,000 in fiscal year 2010,  
25 and in Strategy A.1.3, Right-of-way Acquisition, the amount of  
26 \$90,000,000 in fiscal year 2010, and in B.1.2, New Construction  
27 Contracts, \$250,000,000 in fiscal year 2010 and \$600,000,000 in

1 fiscal year 2011, and in Strategy B.1.3, Construction Grants &  
2 Services, \$1 billion in fiscal year 2011 in Proposition 12 General  
3 Obligation Bond proceeds and in strategy F.1.1, General Obligation  
4 Bonds, \$100 million in General Revenue are contingent upon the  
5 enactment of [~~SB 263, or similar~~] legislation relating to the  
6 issuance by the Texas Transportation Commission of general  
7 obligation bonds for highway improvement projects, by the  
8 Eighty-first Legislature, Regular Session, or by a called session  
9 of the Eighty-first Legislature. The amounts from Proposition 12  
10 General Obligation Bond Proceeds in Strategy B.1.2, New  
11 Construction Contracts, shall be used to make progress payments on  
12 a maximum of \$1,850,000,000 in new multi-year construction contract  
13 obligations for non-tolled highway projects.

14 b. Contingent upon the enactment of Senate Bill 1350 or similar  
15 legislation relating to the creation, administration, financing,  
16 and use of a Texas Transportation Revolving Fund by the  
17 Eighty-first Legislature, Regular Session, \$1 billion out of the  
18 contingent appropriation of Proposition 12 General Obligation Bond  
19 proceeds in Strategy B.1.3, Construction Grants & Services, in  
20 subsection (a) of this rider shall be used to capitalize the Texas  
21 Transportation Revolving Fund for the purpose of implementing the  
22 provisions of Senate Bill 1350 or similar legislation. If Senate  
23 Bill 1350 or similar legislation is not enacted, \$1 billion of the  
24 contingent appropriation from Proposition 12 General Obligation  
25 Bond proceeds in Strategy B.1.3, Construction Grants & Services, in  
26 subsection (a) of this rider shall be used to capitalize the State  
27 Infrastructure Bank for the purpose of making loans to public

1 entities; provided that money in the State Infrastructure Bank may  
2 not be used for the purpose of converting a nontolled road or  
3 highway to a tolled road or highway.

4 SECTION 3. Section 228.0111(p), Transportation Code, is  
5 amended to read as follows:

6 (p) A local toll project entity and the department may issue  
7 bonds, including revenue bonds and refunding bonds, or other  
8 obligations, and enter into credit agreements, to pay any costs  
9 associated with a project under this section, including the  
10 payments deposited to the applicable toll project subaccount, and  
11 the costs to construct, maintain, and operate additional  
12 transportation projects that the local toll project entity or the  
13 department commits to undertake in accordance with this section, as  
14 follows:

15 (1) the bonds or other obligations and the proceedings  
16 authorizing the bonds or other obligations must be submitted to the  
17 attorney general for review and approval as required by Chapter  
18 1202, Government Code;

19 (2) the bonds or other obligations may be payable from  
20 and secured by revenue of one or more projects of the local toll  
21 project entity or the department, including toll road system  
22 revenues, or such other legally available revenue or funding  
23 sources as the local toll project entity or department shall  
24 determine;

25 (3) the bonds or other obligations may mature serially  
26 or otherwise not more than 40 [~~30~~] years from their date of  
27 issuance;

1           (4) the bonds or other obligations are not a debt of  
2 and do not create a claim for payment against the revenue or  
3 property of the local toll project entity or the department, other  
4 than the revenue sources pledged for which the bonds or other  
5 obligations are issued; and

6           (5) the local toll project entity and the department  
7 may issue obligations and enter into credit agreements under  
8 Chapter 1371, Government Code, and for purposes of that chapter, a  
9 local toll project entity and the department shall be considered a  
10 public utility and any cost authorized to be financed in accordance  
11 with this subsection is an eligible project.

12           SECTION 4. This Act takes effect immediately if it receives  
13 a vote of two-thirds of all the members elected to each house, as  
14 provided by Section 39, Article III, Texas Constitution. If this  
15 Act does not receive the vote necessary for immediate effect, this  
16 Act takes effect on the 91st day after the last day of the  
17 legislative session.