

BILL ANALYSIS

C.S.H.B. 300
By: Isett
Transportation
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The predecessor to the Texas Department of Transportation (TxDOT), the Texas Highway Department, was created in 1917 to direct county road construction programs. Since then, the Department's mission has evolved to delivering a 21st century transportation system by providing for the safe, efficient, and effective means for the movement of people and goods throughout the state.

TxDOT is subject to the Sunset Act and will be abolished on September 1, 2009, unless continued by the Legislature. The Sunset Commission determined that trust in the Department needs to be restored before it can be effective in meeting the State's growing transportation needs. To this end, the Sunset Commission's recommendations in this bill strengthen the Legislature's oversight of TxDOT and address the demand for more transparency, accountability, and responsiveness from the Department.

As proposed, C.S.H.B. 300 changes the membership of the five-member Texas Transportation Commission, establishes a Transportation Legislative Oversight Committee, and continues TxDOT for four years to ensure that needed changes have occurred. The bill requires the department to create a statewide transportation program and budget. The bill also creates a new agency, the Texas Department of Motor Vehicles, and transfers TxDOT's motor vehicle divisions to this new agency to provide a clearer focus on these activities while also allowing TxDOT to concentrate on its core mission of financing and building roads. The bill makes several additional statutory modifications.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Transportation Commission in SECTION 1.15, SECTION 2.02, SECTION 3.01, SECTION 6.02, SECTION 6.06, SECTION 6.09, SECTION 6.10, SECTION 6.14, SECTION 6.17, SECTION 6.20, SECTION 8.2L.04, SECTION 12.01, SECTION 13.01, and SECTION 13.02 of this bill.

Rulemaking authority is expressly granted to the Texas Department of Transportation (department) in SECTION 2.02, SECTION 3.01, SECTION 4.01, SECTION 6.02, and SECTION 6.14 of this bill.

Rulemaking authority is expressly granted to the board of the Texas Department of Motor Vehicles (board) in SECTION 5.03, SECTION 5.05, SECTION 8.1.01, SECTION 8.2U.02, SECTION 13.01, and SECTION 13.02 of this bill.

Rulemaking authority is transferred from the Texas Department of Transportation to the Texas Department of Motor Vehicles in SECTION 5.01, SECTION 8.2H.01, SECTION 8.2M.01, SECTION 8.2Q.01, SECTION 8.3F.01, SECTION 8.3H.04, and SECTION 8.4.01 of this bill.

Rulemaking authority is transferred from the Texas Transportation Commission to the board of the Texas Department of Motor Vehicles in SECTION 8.2F.02, SECTION 8.2J.02, SECTION 8.2J.08, SECTION 8.2J.09, SECTION 8.2L.07, SECTION 8.2L.08, SECTION 8.2L.10, SECTION 8.2U.03, SECTION 8.2V.04, SECTION 8.2V.05, SECTION 8.2V.06, and 8.4.01 of this bill.

Rulemaking authority is expressly granted to the Texas Department of Motor Vehicles in SECTION 5.01.

Rulemaking authority is expressly granted to the board of a Border Region Higher-Speed Rail Authority in SECTION 9.03 of this bill.

ANALYSIS

Continues TxDOT for four years, and changes the membership of the Texas Transportation Commission and alignment of the Department's districts

C.S.H.B. 300 amends the Transportation Code to continue TxDOT for four years, and to establish that the Texas Transportation Commission consists of five members, three of whom, rather than all five, are appointed by the governor with the advice and consent of the senate; one is appointed by the lieutenant governor; and one is appointed by the governor with the advice and consent of the senate from a list provided by the speaker of the house of representatives. The bill specifies that the member required to reside in a rural area is one of the members appointed by the governor with the advice and consent of the senate. C.S.H.B. 300 also removes the requirement that the TxDOT executive director be a registered professional engineer.

C.S.H.B. 300 requires the commission to align the districts' boundaries along the boundaries of regional planning commissions created under Chapter 391, Local Government Code, and to consider all costs and benefits, including highway activity in determining the number of employees required for the proposed districts. The bill authorizes the commission to vary from the boundaries of a regional planning commission to avoid significant adverse economic impact, cost inefficiency, and workforce disruptions, and requires the commission to report to the legislature if it does.

Strengthens TxDOT's internal controls

C.S.H.B. 300 establishes the position of chief financial officer to report directly to the commission. The bill also requires the commission, executive director, and the chief financial officer to certify in writing that they are responsible for establishing and maintaining the department's internal controls, have evaluated the effectiveness of the controls, presented conclusions about the effectiveness of the controls, and complied with all applicable legislative mandates. The bill requires the transportation legislative oversight committee to recommend to the 82nd Legislature penalties for failing to submit these certifications.

C.S.H.B. 300 requires all TxDOT employees to annually affirm their adherence to of the department's ethics policy, and requires the department to establish and operate an ethics hotline for reporting violations of the ethics policy. The bill also requires TxDOT staff to deliver the Department's legislative appropriations request to the commission in an open meeting 30 days before its adoption and submission to the Legislative Budget Board.

C.S.H.B. 300 requires the commission and the executive director to consider whether the employee should be terminated if an annual performance evaluation of an employee indicates that the employee's performance is unsatisfactory. The bill also requires the performance evaluations to include evaluation of an employee's professionalism, diligence, and responsiveness to directives and requests from the commission and legislature.

Establishes a Transportation Legislative Oversight Committee and an Inspector General to provide ongoing oversight of the Department

C.S.H.B. 300 establishes a six-member Transportation Legislative Oversight Committee made up of the Chairs of the Senate Committee on Transportation and Homeland Security and House Transportation Committee, two members of the Senate appointed by the Lieutenant Governor, and two members of the House of Representatives appointed by the Speaker. C.S.H.B. 300 directs the committee to provide objective research, analysis, and recommendations on the operation and needs of the state transportation system. The bill prohibits the committee from recommending any specific projects or funding for specific projects. The bill also requires TxDOT to present its entire research program to the committee for review and comment, and to periodically update the committee on the progress of its research projects and activities. The bill also authorizes the committee to request assistance from a Texas university transportation

research program in conducting research and evaluating the transportation system. It also authorizes a university transportation research program to initiate and propose research projects.

C.S.H.B. 300 authorizes the committee to contract with an outside management consulting firm to evaluate and recommend changes regarding an effective and efficient organizational structure for the department. The bill specifies the functions of the consulting firm in conducting the evaluation and requires the committee to submit a report to the Legislature containing the suggested recommendations. The bill requires the committee to oversee the implementation of the recommendations in making the department more efficient, transparent, and accountable, including reducing staff and streamlining process. The bill also provides a mechanism for the department's progress in these areas to be considered in the appropriations process. C.S.H.B. 300 authorizes the committee to hire staff or contract with suitable entities to assist the committee in carrying out its duties, and provides for the transfer of staff and funding from TxDOT's government and public affairs research section to the committee.

C.S.H.B. 300 requires the commission to appoint an inspector general who reports to the commission. The bill specifies the responsibilities of the inspector general regarding the department, including the requirement to audit its financial condition and the efficiency of its business practices; evaluate the efficiency of its administrative practices and performance, and the need for standardization; identify the need and opportunities for reductions in staff and for a better or differently skilled workforce; study commitment-based budgeting or outcome-based business planning; identify ways to streamline the environmental approval process; evaluate compliance with applicable laws and legislative intent; and evaluate the efficient use of available funding, personnel, equipment, and office space.

C.S.H.B. 300 adds a temporary provision, set to expire August 31, 2013, to require the legislative oversight committee on transportation to appoint the inspector general who would be subject to removal for good cause by the commission. The bill provides that if the Supreme Court of Texas determines such an appointment to be unconstitutional, the commission would appoint the inspector general from a list provided by the oversight committee. The bill requires the appointment of an inspector general by December 1, 2009.

C.S.H.B. 300 provides for coordination between the inspector general and the state auditor and specifies that an inspector general's review does not take precedence over the state auditor's review. The bill provides for the sharing of information between the two and entitles the state auditor to access all information maintained by the inspector general and specifies the information is confidential and not subject to disclosure under the Public Information Act. The bill requires the inspector general to prepare a final report for each review, including a summary of the activities performed in conducting the review and a description of any findings in connection with the review. The bill provides that these reports are subject to disclosure under the Public Information Act.

Statewide Transportation Planning and Funding Allocation

C.S.H.B. 300 changes statutory references to the statewide transportation plan to instead reflect a statewide transportation program and budget with planning and funding allocation largely involving planning organizations which are defined as a metropolitan planning organization, a rural planning organization, or the department for an area that is not in the boundaries of a metropolitan planning organization (MPO). The bill establishes the purpose of the new provisions.

C.S.H.B. 300 authorizes the creation of rural planning organizations (RPOs) to serve areas that are located in the boundaries of a council of government and outside the boundaries of an MPO. The governing bodies of the local government with at least 75 percent of the area's population adopt a resolution agreeing to the creation of the organization. The bill specifies a governance structure for RPOs comprising local elected officials and the district engineer and specifies that at least 75 percent of the board members be elected officials from within the boundaries of the RPO and that for the RPO to be eligible to receive funds for transportation projects from the commission's funding allocation formulas, only elected officials may be voting members. The bill also specifies that an RPO may be dissolved by official action of its board and requires an RPO, as soon as practicable after its creation or dissolution, to send notice of its creation or dissolution to the commission.

C.S.H.B. 300 also provides for the operations of RPOs, including the use of money in the state highway fund for their operations, subject to restrictions on the use of funds for operating costs. The bill requires RPOs to develop transportation plans and programs for the service areas and authorizes them to make recommendations concerning the selection of transportation projects, systems, or programs to be undertaken within boundaries. The bill provides that if the RPO does not make such recommendations, the department is to seek input from an RPO, municipal and county officials, and transportation officials regarding transportation projects, systems, or programs to be undertaken.

The bill requires the department's chief financial officer, on September 1 of each odd-numbered year, to issue a cash flow forecast for each method and category of funding covering at least 10 years, and identifying all sources of funding available for transportation projects, including bond proceeds. The bill requires the first two years of the forecast to be based on the appropriation of funds in the General Appropriations Act for the department for that biennium. The bill requires the commission to use the cash flow forecast to allocate funding to the planning organizations according to funding formulas and it requires the funds to be deposited into subaccounts for each region in the state highway fund, with the balances carried forward from year to year for the benefit of the region.

C.S.H.B. 300 requires each planning organization to develop a 10-year transportation plan for the use of the funding allocated to the region and requires the first four years of the plan to be developed to meet the transportation improvement plan requirements of federal law. The bill requires the department to compile the planning organizations' project selections to develop the statewide transportation plan in accordance with federal law. The bill requires the planning organizations to collaborate with one another and the department to develop mutually acceptable assumptions for funding forecasts and to use those assumptions to guide long-term planning.

The bill requires each MPO, RPO, or applicable department district with local input to select projects and order them in priority for the area in its boundaries. The bill authorizes an MPO or RPO to delegate to the applicable department district, the authority to select any category of projects and order them in priority. The bill requires the process for developing the plans and programs to consider all modes of transportation; be continuing, cooperative, and comprehensive; and consider statewide connectivity of transportation services and infrastructure.

The bill authorizes a planning organization to prepare and periodically update a long-range transportation plan for its region, with the first 10 years of the plan being identical to the 10-year transportation plan required elsewhere. The bill requires the planning organization to provide opportunity for public comment before approving a long-range transportation plan and to make each of its long-range transportation plans available for public review and to deliver the plans to the commission. The bill requires certain participation in developing plans, including seeking the opinions and assistance of the appropriate transportation officials, entering into a memorandum of understanding between the department and an MPO relating to the planning of transportation services, requiring department review to ensure compliance with federal law and to correct deficiencies. The bill requires plans to be financially constrained and to identify transportation projects and projects for any other mode of transportation not included in the definition of "transportation project."

The bill requires the commission to adopt rules to allow a planning organization to move projects forward or delay projects depending on the availability of funds. The bill requires a plan under these provisions to include a component for evaluating transportation improvements based on performance measures, such as delay reductions or travel time improvements, that the planning organization must consider in selecting transportation improvements.

C.S.H.B. 300 requires the department to use the planning organizations' project lists to create the statewide transportation program and budget and specifies timeframes for its adoption and amendment and the scope of such amendments. The bill requires the statewide transportation program and budget to include the department's operating budget, the official cash flow forecast, the regions' allocations of funds, the projects selected by the planning organization, and the work plan required by the bill's provisions. The bill requires the statewide transportation program and

budget to be organized first by region, then by mode of transportation, followed by the year of the project, and requires summary tables to summarize the statewide project cost by mode and by year, and to be made available online.

The bill authorizes the commission to adopt rules to allow a planning organization to loan funds to another planning organization at the lending organization's discretion. The bill establishes that funds may be loaned only to avoid the lapsing of federal appropriations authority, and it provides parameters governing such lending, including the senior position of the lending planning organization regarding future allocated funds of the borrowing planning organization, limitations on interest charged, and prohibiting and penalizing a planning organization in its performance measures if it successfully negotiates a loan with another planning organization. The bill authorizes the commission to be involved in the coordination of a loan of funds under these provisions.

C.S.H.B. 300 requires the commission to adopt rules with input of planning organizations and local officials to create funding formulas for transportation projects. The bill requires all funds received by the department for highways, including toll roads and toll road systems, that may be allocated in this state's or the department's discretion to be allocated by a formula to each planning organization, based on performance measures, including centerline miles; level of congestion; percentage of population below federal poverty level; population; safety; and vehicle miles traveled. The bill requires the commission to allocate to the planning organizations funding for the project costs of all transportation projects, and to adopt various formulas by rule for the different types of transportation projects. The bill authorizes funds allocated to a planning organization to be used to pay project costs, provide toll equity, or make payments under a pass-through toll agreement, for transportation projects; pay debt service; repay money borrowed from another region; or fund a planning organization's operations. The bill requires surplus revenue and contract payments to be allocated in accordance with state law, and establishes that funds associated with state highway toll projects are not considered revenue allocated by a formula under the bill's provisions. The bill requires the allocation of funds to be encumbered in an amount equal to the engineer's estimate of the project cost and reduced by the actual project cost when projects' payments are made, and if bond proceeds are used to advance a project, the allocation of funds to be encumbered by the annual cost of debt service and reduced when debt service payments are made.

C.S.H.B. 300 provides for the use of allocated funds to pay for the operations costs of planning organizations, but limits the amount that may be allocated to pay for the operations of the planning organization to the lesser of \$10 million or 10 percent of the planning organization's total funds if the MPO is operating in a transportation management area; the lesser of \$3 million or 10 percent of the planning organization's total funds if the MPO is not a transportation management area; and the lesser of \$1 million or 10 percent of the planning organization's total allocated funds if it is an RPO.

C.S.H.B. 300 authorizes the commission to annually set aside up to 10 percent of the total funds allocated to all districts, or \$250 million, whichever is less, to address emergencies or economic development opportunities that require transportation infrastructure. The bill allows the funds to be carried forward from year to year up to an accumulation of \$1 billion, and provides for the total amount of funds available for allocation to be reduced by the amount set aside. The bill requires the funds to be encumbered in an amount equal to the engineer's estimate of the project cost and reduced by the actual project cost when project payments are made, and if the bond proceeds are used to advance a project, the funds to be encumbered by the annual cost of debt service and reduced when debt service payments are made. The bill authorizes the commission to use these funds in the same manner as a planning organization may use money allocated under the bill's provisions, but limits the use of these funds to pay cost overruns and change orders only for projects selected by the commission under these provisions, and to make payments for pass-through toll projects or to provide toll equity only if the commission selects the projects using a competitive project selection process.

C.S.H.B. 300 requires the department to use the prioritized lists of projects from the planning organizations to develop a proposed 10-year business work plan. The bill requires the work plan to be adopted by August 31 of each even-numbered year and include a list of projects for which planning, permitting, design, right-of-way acquisition, or construction work will be conducted

during the period; the state fiscal quarter in which key milestones for environmental clearance, final engineering plans, right-of-way acquisition, letting to contract, and completion of construction for each project will be reached; and the funding allocated or estimated in each state fiscal year for each category of work for each project.

C.S.H.B. 300 requires each department district to develop a consistently formatted work program based on the department 10-year business work plan covering a period of four years that contains all projects that the district proposes to implement during that period. The bill requires the department to use the work program to monitor the performance of the district and evaluate the performance of district employees. The bill also requires the department to publish the work program in appropriate media and on the department's website.

C.S.H.B. 300 requires the department to work with planning organizations to develop a statewide connectivity plan. The bill requires the department, by rule, to establish criteria for designating statewide connectivity projects; and to develop benchmarks for evaluating the progress of these projects. The bill also requires the department to annually update the list of statewide connectivity projects and requires the commission to adopt the statewide connectivity plan.

C.S.H.B. 300 requires the department to measure the condition of the pavement for each highway under the department's jurisdiction and to establish a system to make this information available to planning organizations for use in determining transportation projects.

C.S.H.B. 300 also requires the department to finalize a project plan for the upcoming biennium by August 31 of each odd-numbered year that includes a project schedule with funding for each phase of each project; a consultant acquisition plan with a schedule for contract selections; a right-of-way acquisition plan; and a letting plan. The bill requires the department to develop a set of performance measures for the finalized biennial project plan to measure the execution of the work program; the efficiency and cost-effectiveness of its business practices; the preservation of the system investment; the addition of new capacity to the system; safety initiatives; and use of minority, disadvantaged, and small businesses. The bill lays out, at a minimum, 28 specific performance measures for evaluating these factors and requires the department to consult with the transportation legislative oversight committee in developing these performance measures.

C.S.H.B. 300 requires the commission to review the performance of the department's duties described in the finalized biennial project plan by December 1 of each odd-numbered year and make the review available to the public. The bill requires the review to include a report on the level of achievement of each of the performance measures for the finalized biennial project plan, statewide and by department district, and a status report on each major project under development.

Requires TxDOT to develop a reporting system for transportation projects and expenditures

C.S.H.B. 300 requires the department to make available in a central location on the department's website easily accessible and searchable information to enable the tracking of project development and the expenditure of funds in the department's statewide transportation program and budget. The bill requires the project information reporting system to contain information about each project, including the status of the project, each source of funding for the project, benchmarks for evaluating the progress of the project, and timelines for completing the project. The bill requires the reporting system to contain information about each construction work zone for a project that exceeds one month or \$5 million, including information about the number of lane miles that will remain open during the project's construction phase; the location and duration of each lane closure; the expected and actual traffic delay resulting from each lane closure. The bill requires the reporting system to include information about road maintenance projects, including the criteria for designating a project as a road maintenance project and the condition of each road before the road maintenance project. The bill also requires the reporting system to have information about the department's funds, including each source and each expenditure made by the department, reported by each department district; program funding category; and type of revenue, including revenue from a comprehensive development agreement.

C.S.H.B. 300 requires the department to develop an interactive web-based system for the tracking of planning organization allocations and projects under the statewide transportation planning and funding allocation provisions of the bill. The bill requires the planning

organizations to have access to the system through a secure site to input information regarding projects and the associated project costs. The bill requires the system to provide the planning organization information regarding the organization's funding allocation and the federal and state requirements for each source of funding. The bill requires the department to collaborate with the legislature, planning organizations, and members of the public in developing the project information reporting system. The bill also requires the department to make the statistical information provided under these provisions available on the department's website in more than one downloadable electronic format. The bill requires the department, as a component of the project information system, to conduct an annual review of the benchmarks and timelines of each project included in the department's statewide transportation program and budget to determine the completion rates of the projects and whether the projects were completed on time. The bill requires the department to continuously update the information contained in the project information reporting system.

C.S.H.B. 300 requires TxDOT to establish a process to identify and distinguish between the transportation projects required to maintain and projects to improve the state infrastructure. The bill requires the department to establish a transportation expenditure reporting system on the department's website that provides easily accessible and searchable information regarding the priorities of transportation expenditures for the identified transportation projects. The bill requires the system to include reports prepared by the department or an institution of higher education that evaluate the effectiveness of the department's expenditures on transportation projects, and information about the condition of pavement for each highway under the jurisdiction of the department; the condition of bridges; traffic congestion and delays; the effect of traffic congestion on motor vehicle travel and motor carriers; and the number of traffic accidents, injuries, and fatalities. The bill requires the department to provide information in the transportation expenditure reporting system in a format that allows a person to conduct searches for information regarding a specific county, highway, or class of road. The bill requires each department district or planning organization to enter information into the system including information about each project and its priority. The bill requires the transportation expenditure reporting system to allow a person to compare information produced by the system to information produced by the project information reporting system. The bill authorizes the department, to the extent practicable and to avoid duplication of reporting requirements, to combine required reports required under the provisions of the bill.

Funding Allocation Variance

C.S.H.B. 300 adds language to require the commission, if it intends to vary from the existing procedure for distributing federal funds, to allocate the funding in accordance with a transportation allocation funding formula adopted under the bill's provisions.

Municipal and County Transportation Reinvestment Zones

C.S.H.B. 300 amends the Transportation Code to add provisions that relate to municipal transportation reinvestment zones, county transportation reinvestment zones, or to both types of zones. The bill includes facilitating the improvement of property among the purposes of both types of zones. The bill establishes that provisions relating to both types of zones apply only to a municipality or county, respectively, in which a pass-through toll project is to be developed, rather than to a municipality or county that intends to enter into a pass-through toll agreement with the department. The bill removes language describing a transportation project in a municipal or county transportation reinvestment zone as a pass-through toll project that cultivates development or redevelopment of the area. The bill requires the ordinance, or order or resolution, respectively, designating a zone to designate the base year for purposes of establishing the tax increment base for the zone.

C.S.H.B. 300 authorizes the boundaries of a municipal or county transportation reinvestment zone to be amended at any time to accommodate changes in the limits of the project for which the zone was designated, and it prohibits property from being removed or excluded from a designated zone if any part of the tax increment account or assessment, respectively, has been assigned or pledged directly by the municipality or county or through another entity to secure bonds or other obligations issued to obtain funding of the project. The bill prohibits property from being added to a designated zone unless the appropriate governing entity complies with provisions relating to the designation of a transportation reinvestment zone.

C.S.H.B. 300 authorizes a municipality or county to establish a transportation reinvestment zone for any transportation project, notwithstanding the requirement in law that a transportation reinvestment zone be established in connection with a pass-through toll project. The bill requires TxDOT, if all or part of a transportation project is subject to oversight by TxDOT and at the option of the governing body of the municipality or county, to delegate full responsibility for the development, design, letting of bids, and construction of the project, including project oversight and inspection, to the municipality or county provided that the commission or department may take any reasonable action necessary to comply with any federal requirement to enable this state to receive federal-aid highway funds. The bill requires a transportation project that is on the state highway system to comply with state design criteria unless TxDOT grants an exception to the municipality or county. The bill defines "transportation project" with the definition from the statute for regional mobility authorities.

C.S.H.B. 300 prohibits a municipality or county from being penalized with a reduction in traditional transportation funding because of the designation and use of a transportation reinvestment zone. The bill prohibits any funding from TxDOT identified for a project before the date that a transportation reinvestment zone is designated from being reduced because the transportation reinvestment zone is designated in connection with that project. The bill prohibits TxDOT from reducing any allocation of traditional transportation funding to any of its districts because a district contains a municipality or county that contains a transportation reinvestment zone.

C.S.H.B. 300 adds findings that a transportation project will cultivate the improvement of the zone to the requirements for an ordinance designating an area as a municipal transportation reinvestment zone. The bill provides for reducing the amount paid into the zone's tax increment account by the amount allocated under previous agreements, including agreements relating to municipal planning and development and tax increment financing. The bill requires all or the portion specified by the municipality of the money deposited to a tax increment account to be used to fund the transportation project for which the zone was designated as well as aesthetic improvements within the zone, rather than to fund pass-through toll projects, including the repayment of amounts owed under a pass-through toll agreement. The bill authorizes any remaining money deposited to the tax increment account to be used for other purposes as determined by the municipality.

The bill authorizes the governing body of the municipality to contract with a public or private entity to develop, redevelop, or improve a transportation project in a transportation reinvestment zone and to pledge and assign all or a specified amount of money in the tax increment account to that entity. The bill provides that after a pledge or assignment is made, if the entity that received the pledge or assignment has itself pledged or assigned that amount to secure bonds or other obligations issued to obtain funding for the transportation project, the governing body may not rescind its pledge or assignment until the bonds or other obligations secured by the pledge or assignment have been paid or discharged. The bill provides that except for requirements relating to a pledge or assignment of all or a specified amount of money in a tax increment account to a public or private entity to develop, redevelop, or improve a transportation project, a municipal transportation reinvestment zone terminates on December 31 of the year in which the municipality completes a contractual requirement, if any, that included the pledge or assignment of all or a portion of money deposited to a tax increment account or the repayment of money owed under an agreement for development, redevelopment, or improvement of the project for which the zone was designated. The bill provides for the termination of the transportation reinvestment zone if the municipality completes a contractual requirement or if the municipality has not entered into a contract after a specified time.

C.S.H.B. 300 authorizes a county transportation reinvestment zone to be designated for the purpose of granting other relief from taxes besides property taxes. The bill adds this purpose to provisions requiring a public hearing on the creation of a zone. The bill provides that an agreement with a property owner in the transportation reinvestment zone may abate all or a portion of the property taxes or to grant other relief from the taxes imposed by the county on the owner's property in an amount not to exceed the amount calculated as the county's tax increment for that year. The bill provides for the total amount of any taxes abated or relief granted by the county to be less any amount allocated under previous agreements, including agreements relating to county development and growth and tax increment financing.

C.S.H.B. 300 authorizes a county, to further the development of the transportation project for which the transportation reinvestment zone was designated, to assess all or part of the cost of the transportation project against property within the zone. The bill authorizes the assessment against each property in the zone to be levied and payable in installments in the same manner as provided by provisions relating to an assessment roll, levy of an assessment, and interest on an assessment, provided that the installments do not exceed the total amount of the tax abatement or other relief granted under an agreement with a property owner in the zone. The bill authorizes the county to elect to adopt and apply certain provisions of the Public Improvement District Assessment Act to the assessment of costs and the issuance of bonds by the county to pay the costs of a transportation project. The bill authorizes the commissioners court of the county to contract with a public or private entity to develop, redevelop, or improve a transportation project in the transportation reinvestment zone and to pledge and assign to that entity all or a specified amount of the revenue the county receives from installment payments of the assessments for the payment of the costs of that transportation project. The bill provides that after a pledge or assignment is made, if the entity that received the pledge or assignment has itself pledged or assigned that amount to secure bonds or other obligations issued to obtain funding for the transportation project, the commissioners court of the county may not rescind its pledge or assignment until the bonds or other obligations secured by the pledge or assignment have been paid or discharged. The bill authorizes any amount received from installment payments of the assessments not pledged or assigned in connection with the transportation project to be used for other purposes associated with the transportation project or in the zone. The bill authorizes a road utility district to assist a county in the development of a transportation project, rather than a pass-through toll project. The bill authorizes the road utility district to enter into an agreement to fund the development of a pass-through toll project, rather than an agreement with the county to assume the obligation, if any, of the county.

C.S.H.B. 300 provides that a tax abatement agreement, or an order or resolution on the abatement of taxes or the grant of relief from taxes, terminates on December 31 of the year in which the county completes any contractual requirement that included the pledge or assignment of assessments collected under provisions relating to county transportation reinvestment zones.

Reduces TxDOT's planning, design, and management staff

C.S.H.B. 300 provides for the department to fill only one of every five positions paid out of funds appropriated to the department for the planning, design, and management of transportation projects in the General Appropriations Act, until staffing levels are reduced by 40 percent from the level existing as of August 31, 2009, or to a level not to exceed 2,500 positions, with commensurate reductions in administrative costs. The bill requires the department to report to the Legislative Budget Board on its progress in achieving this goal no later than September 1, of each year.

The bill also authorizes the Legislative Budget Board to modify these requirements if, after a study by the State Council on Competitive Government, the board finds that it is not possible for the department to obtain services from the private sector on a cost-effective basis. The bill sets out requirements for the study, including the costs that must be analyzed and requires the study to make recommendations regarding engineering management practices used by other public entities that could improve the efficiency of the department's project delivery and engineering management system. The bill requires the costs of the study to be paid by the department through an interagency contract and authorizes the study to be performed by an independent contractor.

Waiving local incentives for rural areas

C.S.H.B. 300 allows the commission to waive certain local incentives from a political subdivision for a highway trunk system project in a county with a population of less than 5,000 or a county with a population of 5,000 or more but less than 15,000 if the project is part of a federally designated high priority corridor.

Defines the purpose, organization, powers, and duties of metropolitan transportation planning process

C.S.H.B. 300 defines the purpose of the metropolitan planning process as encouraging and promoting the safe and efficient management, operation, and development of surface

transportation systems to serve the mobility needs of people and freight; fostering economic growth and development in and through urbanized areas; and minimizing transportation-related fuel consumption, air pollution, and greenhouse gas emissions. The bill requires metropolitan planning organizations (MPOs) to develop, in cooperation with this state and public transit operators, transportation plans and programs for metropolitan areas in Texas, providing for the development and integrated management and operation of transportation systems and facilities, including pedestrian walkways and bicycle transportation facilities to function as an intermodal transportation system for the metropolitan area. The bill requires the consideration of all modes of transportation, and to integrate the process with the statewide planning process by identifying transportation facilities that should function as an integrated metropolitan transportation system and giving emphasis to facilities that serve important national, state, and regional transportation functions.

C.S.H.B. 300 requires that an MPO be designated or redesignated in accordance with, and its boundaries determined by federal law and that each designated MPO be fully operational within 180 days. The bill requires that an MPO policy board designate at a minimum, a presiding officer, assistant presiding officer, and a secretary and specifies the responsibilities of the secretary. The bill subjects the policy board to the Open Meetings Act and specifies that to be eligible to receive state transportation funds, that at least 75 percent of the policy board be elected officials from within the boundaries of the MPO and specifies that only elected officials may be voting members of the organization's policy board. The bill authorizes an MPO to redesignate its board to become eligible for state funding. The bill defines "elected official" for purposes of these provisions to mean the presiding officer or a member of the governing body of a municipality, a county judge, a county commissioner, a state representative, or a state senator.

The bill authorizes an MPO to provide voting membership on its board to transportation-related entities in areas where the entities perform transportation functions that are not under the jurisdiction of a city or county represented by the MPO. The bill requires an MPO to establish a process by which the collective interests of these transportation-related entities or other agencies are expressed and conveyed then these entities are represented by elected city or county officials serving on the MPO board. The bill specifies the powers, duties, and responsibilities of an MPO are those specified in statute or incorporated in an interlocal agreement entered into to implement the provisions of this bill. The bill requires each MPO to perform all acts required by applicable federal or state law or rules necessary to qualify for federal aid.

C.S.H.B. 300 requires an MPO, as allowed by law, to be involved in the planning and programming of transportation facilities and in cooperation with the department, to develop a long-range transportation plan, transportation improvement program, and an annual unified work program. The bill requires each MPO, in developing the long-range transportation plan and transportation improvement program to consider projects and strategies that meet specified requirements, including supporting the economic vitality of the metropolitan area and increasing the accessibility and mobility options available to people and for freight. The bill requires each MPO to provide recommendations to the department and local governmental entities regarding transportation plans and programs by performing certain functions, including preparing a congestion management system and assisting the department with access management, the functional class of roads, and data collection.

C.S.H.B. 300 requires each MPO by January 1, 2010 to appoint a technical advisory committee whose members must include if possible, planners; engineers; representatives of political subdivisions or an agency or department of a political subdivision providing transportation services such as port authorities or airports; school district superintendents; and other appropriate representatives of affected local governments. The bill specifies that the technical advisory committee is responsible for considering safe access to schools in its review of transportation project priorities, long-range transportation plans, and transportation improvement programs, and shall advise the MPO on those issues. The bill requires the technical advisory committee to coordinate its activities with local school boards and other local programs and organizations participating in school safety activities, and requires school boards to provide information to the MPO concerning future school sites and the coordination of transportation services.

The bill requires each MPO to employ an executive or staff director who reports directly to the organization's policy board, and any additional personnel the policy board considers necessary.

The bill allows the executive or staff director and any other MPO personnel to be employees of another governmental entity that has a staff services agreement with the MPO. The bill authorizes an MPO to contract with a local or state agency, private planning firm, private engineering firm, or other public or private entity to accomplish the MPO's transportation planning and programming, and administrative functions. The bill requires an MPO to provide training opportunities and funds for its members, and allows for training of MPO board members through statewide or federal training programs or initiatives designed to meet the needs of MPO policy board members.

The bill authorizes an MPO to join with any other MPO or an individual political subdivision to coordinate activities or achieve any federal or state transportation planning or development goal or purpose consistent with federal or state law.

C.S.H.B. 300 requires each MPO to develop a long-range transportation plan addressing at least a 20-year period that includes both long-range and short-range strategies and complies with all other state and federal requirements. The bill also requires each MPO to develop annually a list of project priorities and a transportation improvement program based on specified principles, including preserving the existing transportation infrastructure, enhancing economic competitiveness of Texas, and improving travel choices to ensure mobility. The bill authorizes the transportation improvement program to be used to initiate both federally aided and other transportation facilities and improvements, including transit, rail, aviation, and port facilities. The bill requires transportation improvement programs to be consistent, to the extent feasible, with the comprehensive plans of the political subdivisions within the boundaries of the MPO.

C.S.H.B. 300 requires each MPO to develop, in cooperation with the department and public transit operators, a unified planning work program that lists all planning tasks to be undertaken during the program year. The bill requires the work program to provide a complete description of each planning task and estimated budget for that task and to comply with applicable state and federal laws. The bill specifies that federal law or regulation takes precedence in case of a conflict with the new provisions, and authorizes the department or an MPO to take any action necessary to comply with federal laws and regulations to remain eligible for federal funding.

C.S.H.B. 300 requires MPOs to publish financial information on its website, including information regarding annual budgeted and actual revenues and expenditures, and staffing levels. The bill prohibits an MPO policy board from allowing its members to vote by proxy and makes conforming changes to delete language regarding the appointment of voting proxies.

Delegation of environmental review to a local toll project entity

C.S.H.B. 300 requires the department, to the extent permitted by law and on request by a local toll project entity, to delegate to the entity all responsibility for obtaining environmental review required for a project to be developed and constructed by the entity. The bill requires the entity's environmental documents, studies, and public involvement activities to comply with state procedures; be provided to the department; and meet the approval of the United States Department of Transportation and Federal Highway Administration if approval of those agencies is required.

Transfers motor vehicle divisions and functions from TxDOT to a new state agency, the Texas Department of Motor Vehicles, and the office of the Governor

C.S.H.B. 300 creates a new state agency, the Texas Department of Motor Vehicles governed by a nine-member board. The bill provides that the board consists of nine members appointed by the governor with the advice and consent of the senate to six-year terms. The bill provides that three members must be persons who hold a motor vehicle dealer's license, two of whom must be franchised dealers of different classes and one must be an independent dealer; one member must be a representative of a licensed manufacturer or distributor; one member must be a tax assessor-collector; one member must be a representative of a law enforcement agency of a county or municipality; and one member must be a representative of the motor carrier industry. The bill requires the remaining members be public members. The bill adds standard language developed by the Sunset Commission related to eligibility to serve on the board, grounds for removal, presiding officer, training, technological solutions, negotiated rulemaking, division of board and staff responsibilities, public comment, and complaint procedures. The bill specifies that the board appoints an executive director and provides for the establishment of advisory committees

and specifies representation for certain motor vehicle and motor carrier knowledge and interests. The bill also provides a September 1, 2015 Sunset date for the Texas Department of Motor Vehicles.

C.S.H.B. 300 transfers statutory authority for TxDOT's motor vehicle divisions, including the Vehicle Titles and Registration Division, Motor Vehicle Division, and Motor Carrier Division to the Texas Department of Motor Vehicles. The bill also provides for the transfer of certain powers, duties, obligations, and rights of action, including the transfer of personnel, property, equipment, files, and related material from these divisions to the new department. The bill also transfers the Automobile Burglary and Theft Prevention Authority (ABTPA), along with personnel, property, equipment, files, and related material from ABTPA to the Office of the Governor. The bill also requires the transportation legislative oversight committee to oversee the coordination and collaboration between the Texas Department of Transportation and the Texas Department of Motor Vehicles during the transition.

C.S.H.B. 300 defines "department" as the Texas Department of Motor Vehicles and "board" as the board of the Department of Motor Vehicles, and makes conforming changes throughout the bill that change references to the department and board. C.S.H.B. 300 repeals provisions defining "commission" as the Texas Transportation Commission, which are no longer necessary with the creation of the board of the Texas Department of Motor Vehicles. The bill deletes language related to the commission's and the department's regulatory responsibilities that are no longer necessary because of the transfer of these responsibilities to a new agency.

Study on oversize and overweight vehicles

C.S.H.B. 300 requires the Motor Carrier Division of the Texas Department of Motor Vehicles and the Texas Department of Transportation to jointly conduct a study to determine improvements to the regulation of oversize and overweight vehicles. The bill sets out the requirements of the study and provides for the results to be reported to the Governor, the Lieutenant Governor, the Speaker of the House of Representatives, and to the appropriate oversight committee of each House of the Legislature, by September 1, 2010.

Strengthens TxDOT's lobbying and toll promotion prohibitions

C.S.H.B. 300 prohibits a member of the commission or a department employee from using any money under the department's control or engaging in an activity to influence the passage or defeat of legislation. The bill specifies that violation of these requirements is grounds for dismissal of an employee. C.S.H.B. 300 specifies that these prohibitions do not prohibit a member of the commission or department employee from using state resources to provide public information or information responsive to a request; or to communicate with the federal government in pursuit of federal appropriations. The bill also deletes language providing for the commission and its chair to report to the legislature on statutory changes and legislative recommendations to improve the operation of the department.

C.S.H.B. 300 removes the provision that allows the department to engage in marketing, advertising, and other activities to promote the development and use of toll projects and instead authorizes the department to engage in marketing, advertising, and other activities to provide information relating to the status of pending or ongoing toll projects. The bill establishes that the department is not authorized to engage in marketing, advertising, or other activities for the purpose of influencing public opinion about the use of toll roads or the use of tolls as a financial mechanism.

Requires TxDOT to improve its public involvement efforts and establish a complaints process

C.S.H.B. 300 requires TxDOT to develop and implement a policy that guides and encourages public involvement with the department. The bill specifies certain requirements for the policy, including requiring the department to make efforts toward tying public involvement to decisions made by the department. The bill also requires the department to document the ratio of positive public input to negative public input regarding all environmental impact statements and to report this information in an open meeting and on the department's website in a timely manner.

C.S.H.B. 300 requires the commission to adopt rules applicable to each department division and district to establish a process to act on complaints filed with the department. The bill requires the department to develop a complaint form available on the Internet and establish a method to

submit complaints electronically. The bill also requires the department to analyze complaints and to use the analysis to focus information and education efforts. The bill requires the department to compile statistics and complaint information and to report the information to the commissioner and other department officials. The bill also updates standard language developed by the Sunset Commission requiring the department to maintain information on all complaints and notify the parties about policies for and status of complaints complaint files and complaint information.

Improves TxDOT's contracting functions

C.S.H.B. 300 authorizes TxDOT to enter into a design-build contract for a nontolled highway project. The bill defines a design-build contract as an agreement with a private entity for the design and construction, rehabilitation, expansion, or improvement of a highway project but does not include the financing or operation of the highway. C.S.H.B. 300 requires that rules adopted by TxDOT for such design-build procurements be consistent in all procedural aspects, including limitations, with the design-build procedures for local governmental entities under Subchapter J, Chapter 271, Local Government Code. The bill also specifies that TxDOT funds spent on these design-build contracts may not be counted toward satisfying TxDOT's statutory spending requirement for engineering and design contracts under Section 223.041, Transportation Code. The bill requires the department to adopt rules specifying the conditions under which a design-build contract may be considered and requires the department to address the size and complexity of an eligible project; the time constraints for delivery of an eligible project; and other factors in developing the rules.

C.S.H.B. 300 requires comprehensive development agreements or related types of agreements under which a private entity would operate a toll project or be entitled to receive revenue from the project to be reviewed and signed by the Attorney General for legal sufficiency, and reviewed, certified, and signed by the Comptroller of Public Accounts for financial viability. The bill also requires the commissioner to sign such agreements.

Strengthens and conforms key elements of the regulation of household goods carriers and motor carriers to commonly applied licensing practices

C.S.H.B. 300 requires household goods carriers to submit documentation to the department, defined elsewhere in the bill as the Department of Motor Vehicles, at the time of original motor carrier registration and at the renewal of the registration, on whether the household goods carrier regularly requests and obtains criminal history information on its employees under Chapter 145, Civil Practice and Remedies Code; and uses the information to exclude from employment persons who have committed a serious criminal offense. The bill also requires the Department of Motor Vehicles to make this information available to the public on the department's website.

C.S.H.B. 300 authorizes the Department of Motor Vehicles to order a household goods carrier to pay a refund to a customer as part of an agreed order resulting from an informal settlement instead of imposing an administrative penalty. The bill limits the refund to the amount paid by the customer to the motor carrier for a service or the amount the customer paid for an item damaged by the household goods carrier, without requiring an estimation of the actual cost of the damage. The bill prohibits the department from requiring payment of other damages or estimate harm in a refund order. The bill specifies the refund order applies only to an agreement entered into on or after the effective date of this Act.

C.S.H.B. 300 removes the administrative penalty cap of \$30,000 for multiple violations knowingly committed by motor carriers on or after the effective date of this Act. The bill authorizes the Department of Motor Vehicles to summarily suspend the registration of a motor carrier whose failure to comply with the law or rule under this chapter is determined by the department to constitute a continuing and imminent threat to the public safety and welfare. The bill specifies the procedure for the department to initiate a proceeding to take action, including serving notice. C.S.H.B. 300 also authorizes the issuance of an emergency cease and desist order against an unregistered household goods carrier performing an unauthorized activity that constitutes a clear, imminent, or continuing threat to the public health and safety. The bill specifies the procedure for the issuance of the emergency cease and desist order, and a household goods carrier's right to and process for a hearing. The bill also makes a violation of a cease and desist order subject to an administrative penalty.

Strengthens and conforms key elements of the regulation of motor vehicle dealers to commonly applied licensing practices

C.S.H.B. 300 updates and clarifies the authority of the board of the department, defined elsewhere in the bill as the Department of Motor Vehicles, to impose administrative penalties for motor vehicle dealers and requires the adoption, by rule, of an administrative penalty matrix that appropriately relates fines to the specific violation. The bill authorizes a fine of up to \$5,000 per day for violations of the statute or rules, and requires the board to consider factors including a licensee's compliance history, seriousness of the violation, and the threat to public welfare when determining actual penalty amounts. The bill provides for depositing administrative penalties collected in the general revenue fund. The bill also authorizes the board of the Department of Motor Vehicles to order a motor vehicle dealer to pay a refund to a consumer as part of an agreed order resulting from an informal settlement. The bill limits the refund to the amount paid by the consumer to the motor vehicle dealer, and prohibits the refund from including an estimation of damages or harm. The bill also adds language to allow the board to require a motor vehicle dealer whose license suspension is probated to obtain specialized training to attain a degree of skill satisfactory to the board in areas that are the basis of the probation.

Strengthens and conforms key elements of the regulation salvage vehicle dealers to commonly applied licensing practices

C.S.H.B. 300 authorizes the board of the department, defined elsewhere in the bill as the Department of Motor Vehicles, to impose an administrative penalty on a licensed salvage vehicle dealer that violates the statute or rules, and requires the board to adopt, by rule, an administrative penalty matrix that appropriately relates fines to the specific violation. The bill authorizes an administrative penalty amount of up to \$5,000 per day for violations of the statute or rules, and requires the board to consider factors including a licensee's compliance history, the seriousness of the violation, and the threat to public welfare when determining the amount of the penalty. The bill provides for depositing administrative penalties collected in the general revenue fund.

Outdoor Advertising

C.S.H.B. 300 standardizes the regulation of outdoor advertising by requiring a license to operate outdoor advertising on rural roads, matching the license requirements and standard enforcement provisions that currently exist for outdoor advertisers on federal-aid roads. C.S.H.B. 300 does not apply an outdated provision regarding false, misleading, or deceptive competitive bidding or advertising practices from the federal-aid regulation to the rural roads regulation.

The bill authorizes outdoor advertisers to operate on both federal-aid and rural road systems with a single license, and authorizes the commission to deny license renewal if a license holder has not complied with permit requirements on either type of road. C.S.H.B. 300 specifies that a person operating signs on both rural and federal-aid roads only needs to file a surety bond under one of the sign regulation chapters to be eligible for a license under the other chapter.

The bill provides for standard administrative penalty authority as an enforcement tool for regulating outdoor advertising on both types of roads, removing the language that a violation be intentional before an administrative penalty can be assessed on a violator operating on a rural road and providing for judicial review of such a penalty under substantial evidence instead of trial de novo. The bill eliminates TxDOT's Board of Variance for hearing appeals of rural road sign permit denials, and instead authorizes the executive director or designee to grant variances from rural road sign standards.

C.S.H.B. 300 requires the department to adopt procedures in rule for the suspension, revocation, and denial of renewal of a license, and assessment of an administrative penalty for billboard regulation on federal-aid and rural roads. The bill requires the commission to consider specific factors when adopting the procedures to ensure enforcement actions are appropriate for the violation. The bill requires the department to issue a written notice to the affected person if the department revokes or denies a permit or issues an administrative penalty relating to billboard regulation. The bill authorizes the person to request an administrative hearing conducted by the State Office of Administrative Hearings to appeal the department's action and provides for conducting such a hearing and actions by the administrative law judge.

C.S.H.B. 300 provides for the Texas Highway Beautification Fund Account in the General Revenue Fund, currently used to administer the regulation of outdoor advertising on federal-aid

roads to also administer these regulations on rural roads. The bill streamlines the collection and tracking of revenues relating to the regulation of outdoor advertising by requiring all program fees and fines collected for both types of roads to be deposited into the Texas Highway Beautification Account.

C.S.H.B. 300 requires the department to establish standard procedures in rule for accepting and resolving complaints relating to the regulation of outdoor advertising signs on federal-aid and rural roads. The bill requires the department to make information about complaint procedures available on its website, including a simple form for filing complaints, and to keep an information file about each complaint filed with the department. The bill requires the department to provide information about complaint procedures to each person who files a complaint or who is the subject of a complaint, and to regularly notify the parties to the complaint about the complaint status. The bill also requires the department to develop procedures for prioritizing complaints, and compiling and reporting detailed annual statistics about complaints.

C.S.H.B. 300 defines "off-premise sign" and specifies that the rights associated with an off-premise sign that is lawfully in existence but no longer complies with current laws and regulations, vest in the owner of the sign. The bill specifies that this does not affect the property rights of a party in an eminent domain proceeding.

C.S.H.B. 300 requires municipalities to pay just compensation for the removal of an outdoor advertising sign if the sign is required to be removed because of a road project and the department's rules would allow relocation, but the municipality prohibits the relocation. The bill requires municipalities to pay just compensation in these cases for billboards located within their jurisdictions or where they regulate signs in their extraterritorial jurisdictions on federal-aid and rural roads.

Establishes a Rail Transportation Division in TxDOT and authorizes the establishment of two higher-speed rail authorities

C.S.H.B. 300 establishes a rail transportation division within TxDOT and specifies the duties of the division, including assuring that rail transportation is an integral part of the department's planning process; coordinating and overseeing certain rail projects; and developing and planning for improved passenger and freight rail facilities.

C.S.H.B. 300 sets forth language for the creation, administration, powers, duties, operations, and financing of higher-speed rail authorities in the Texas-Louisiana and Texas-Mexico border regions. The bill authorizes the commission to authorize the creation of an authority in each region. The bill establishes that the governing body of an authority is a board of directors, and specifies the composition of the board of directors of an authority in each border region. The bill requires the board to adopt rules for its proceeding, elect a presiding officer, and appoint an executive committee.

C.S.H.B. 300 establishes an authority as a public body and a political subdivision of Texas exercising public and essential governmental functions and grants an authority all the powers necessary or convenient to carry out the purposes of a border-region higher-speed rail authority. The bill makes an authority subject to review under the Texas Sunset Act. The bill sets forth general provisions relating to the powers and duties of an authority, including the limited power of eminent domain, and the authority to make contracts, leases, and agreements with other persons and entities and perform any act necessary for the full exercise of the powers vested in it.

C.S.H.B. 300 authorizes an authority to acquire, construct, develop, own, operate, maintain, and improve intermodal and higher-speed rail facilities to connect political subdivisions in the applicable border region. The bill provides that, for this purpose and with the consent of a municipality, county, or other political subdivision, an authority may use streets, alleys, roads, highways, and other public ways of the municipality, county, or other political subdivision and may relocate, raise, reroute, change the grade of, or alter, at the expense of the authority, the construction of any street, alley, highway, road, railroad, electric lines and facilities, telegraph and telephone properties and facilities, pipelines and facilities, conduits and facilities, and other properties, whether publicly or privately owned, as necessary or useful in the construction, reconstruction, repair, maintenance, operation, and improvement of the system. The bill prohibits

an authority from using or altering a road or highway that is part of the state highway system without the permission of the commission or a railroad without permission of the railroad. The bill authorizes an authority to purchase any interest in real property for the acquisition, construction, operation, or improvement of a higher-speed rail facility on terms and at a price as agreed to between the authority and the owner. The bill authorizes the governing body of a municipality, county, other political subdivision, or public agency to convey title or rights and easements to any property needed by an authority to effect its purposes in connection with the acquisition, construction, operation, or improvement of the system.

C.S.H.B. 300 authorizes an authority to make agreements with a public utility, private utility, communication system, common carrier, state agency, or transportation system for the joint use of facilities, installations, or properties inside or outside the border region and establish through routes and joint fares.

C.S.H.B. 300 authorizes an authority to enter into a joint ownership agreement with any person. The bill requires an authority to establish and maintain reasonable and nondiscriminatory rates or other compensation for the use of the facilities of the system acquired, constructed, operated, regulated, or maintained by the authority. The bill requires such rates or compensation, together with grants received by the authority, to be sufficient to produce revenues adequate to meet certain obligations.

C.S.H.B. 300 authorizes an authority to adopt rules to govern the operation of the authority, its employees, the system, service provided by the authority, and any other necessary matter concerning its purposes and by resolution to adopt rules governing the use, operation, and maintenance of the system and determine or change a routing as the board considers advisable.

C.S.H.B. 300 authorizes an authority to lease all or part of the higher-speed rail facilities to, or contract for the use or operation of all or part of the higher-speed rail facilities by, an operator. The bill requires an authority to encourage to the maximum extent practicable the participation of private enterprise in the operation of higher-speed rail facilities. The bill establishes that the term of an operating contract under this subsection may not exceed 20 years. The bill authorizes an authority to contract with a county or other political subdivision of this state for the authority to provide higher-speed rail transportation services to an area outside the border region on the terms and conditions agreed to by the parties.

C.S.H.B. 300 requires the authority to adopt an annual operating budget before beginning the operation of higher-speed rail facilities, sets forth requirements for the board to adopt the budget and makes the authority eligible to participate in the Texas County and District Retirement System. The bill requires the board by resolution to name one or more banks for the deposit of authority funds, which are public funds and authorized to be invested in securities permitted by the Public Funds Investment Act.

C.S.H.B. 300 authorizes an authority, to provide to another party tax benefits that are available with respect to property under the laws of a foreign country or to encourage private investment with a transportation authority in the United States, to enter into and execute, as it considers appropriate, contracts, agreements, notes, security agreements, conveyances, bills of sale, deeds, leases as lessee or lessor, currency hedges, swap transactions, or agreements relating to foreign and domestic currency. The bill authorizes the agreements or instruments to have the terms, maturities, duration, provisions as to governing law, indemnities, and other provisions that are approved by the board. The bill sets forth requirements, in connection with any authorized transaction under this provision, for the deposit of an authority's cash, lawful investments, or securities, or entrance into payment agreements, financial guarantees, or insurance contracts. The bill specifies that a certification in advance by an independent financial expert, banker, or certified public accountant, who is not an employee of the authority, certifying compliance with this requirement constitutes conclusive evidence of compliance. The bill specifies that property sold, acquired, or otherwise transferred under the bill's provisions is considered for all purposes to be property owned and held by the authority and used for public purposes.

C.S.H.B. 300 authorizes an authority to issue revenue bonds and notes in amounts the board considers necessary or appropriate for the acquisition, purchase, construction, reconstruction, repair, equipping, improvement, or extension of the authority's higher-speed rail facilities and

sets forth general financial provisions related to such bonds and notes. The bill sets forth requirements relating to competitive bidding for a contract in an amount more than \$15,000 and authorizes the board to adopt rules governing the taking of bids and the awarding of contracts. The bill specifies that its provisions relating to competitive bidding do not apply to personal or professional services, to the acquisition of an existing rail transportation system, or to a contract with a common carrier to construct lines or to operate higher-speed rail service on lines owned in whole or in part by the carrier.

C.S.H.B. 300 exempts the property, material purchases, revenues, and income of an authority and the interest on a bond or note issued by an authority from all taxes imposed by this state or a political subdivision of Texas. The bill imposes a sales and use tax on items sold on authority property and requires the tax to be imposed at the rate of the highest combination of local sales and use taxes imposed at the time of the authority's creation in any local governmental jurisdiction in the applicable border region. The bill abolishes all other local sales and use taxes that would otherwise be imposed on authority property with the imposition of this tax. The bill requires the comptroller of public accounts to remit to the authority the local sales and use tax collected on the authority's property.

C.S.H.B. 300 requires an authority to notify the comptroller in writing by registered or certified mail of the authority's creation and of its intent to impose a sales and use tax and to provide all information required to implement the tax. The bill requires the comptroller to inform the authority or whether the comptroller is prepared to administer the tax not later than the 30th day after the date the comptroller receives the information. The bill requires an authority, at the same time an authority notifies the comptroller of its creation, to notify each affected local governmental unit of the authority's creation and provide each with an adequate map showing the property boundaries of the authority. The bill requires the authority, not later than the 30th day after the date an authority adds territory to the authority, to notify the comptroller and each affected local governmental unit of the addition. The bill requires the authority to include with each notification an adequate map showing the new boundaries of the authority and the date the additional territory was added. The bill requires the comptroller, within a prescribed period after receiving the notice, to inform the authority of whether the comptroller is prepared to administer the tax in the additional territory. The bill specifies that a tax imposed by the bill or the abolition of a tax takes effect on the first day of the first complete calendar quarter that occurs after the expiration of the first complete calendar quarter that occurs after the date the comptroller receives a notice of the action.

The bill defines "authority," "authority property," "board," "border region," "commission," "department," "director," "higher-speed rail," "higher-speed rail facility," and "system."

Limits conversion of nontolled roads to toll roads

C.S.H.B. 300 modifies and removes some of the existing exceptions to the current statutory prohibition regarding conversion of a nontolled state highway or segment to a tolled project. The bill adds to the provision of the Transportation Code that allows conversion of a state highway or segment to a toll project if the specified adjacent facility with the requisite number of non-tolled lanes has access, function, and control devices similar to the converted highway or segment before conversion. The bill also removes a provision that allows TxDOT to convert a highway to a toll facility if the commission determines that such a conversion will improve overall mobility in the region or is the most feasible and economic means to expand, improve, or extend that segment of the state highway system; conducts a public hearing to receive comments about the proposed conversion; and obtains county and voter approval.

State financing of public transportation

C.S.H.B. 300 amends the Transportation Code to require the commission to adopt rules to allocate funds to designated recipients under provisions relating to state financing of public transportation. The bill prohibits the commission from distributing less than 90 percent of the total amount allocated under the formula program provided by the law and more than 10 percent of the total amount allocated under the discretionary program. The bill requires the rules established by the commission to include a provision ensuring that no recipient of state funding for public transportation receives an amount of funding allocated that is less than the total amount of state funding in the state fiscal year beginning September 1, 2004.

Memorial markers for peace officers and special investigators

C.S.H.B. 300 requires the commission to adopt rules to allow for the placement, along state highway right-of-way, of privately funded memorials honoring peace officers and special investigators who were killed in the line of duty and were not troopers of the Department of Public Safety troopers. The bill requires the rules to be substantially identical to commission rules relating to the placement of privately funded memorials honoring Department of Public Safety troopers killed in the line of duty. The bill defines peace officer and special investigator.

Notice of transportation user's fee

C.S.H.B. 300 requires a municipality that imposes a user fee on the user of a benefited property equal to the prorated annual cost of the transportation system owned by the municipality that can be reasonably attributed to the benefited property, to provide notice of the fee to the department and to the user of the fee. The bill specifies the methods the municipality must use to provide notice to the executive director and to the user.

Requires expenditures for highway landscaping in nonattainment and near-nonattainment areas

C.S.H.B. 300 requires TxDOT, for each contract for a highway or a toll project in an air quality nonattainment or near-nonattainment area, to allocate one-half of one percent of the total amount of the contract for landscaping improvements. The bill specifies the landscaping improvements that may be included.

Requires electronic signs to be actively managed

C.S.H.B. 300 requires TxDOT to actively manage a system of changeable message signs located on highways to mitigate traffic congestion by providing current information, including information about traffic incidents; weather conditions; abducted children, for whom the statewide alert system has been activated; missing senior citizens, for whom a statewide silver alert system has been activated; road construction; alternative routes; and availability of gas, food, lodging, or pharmacy services during evacuations or disasters. The bill defines changeable message sign and adds a temporary provision expiring on September 1, 2010 that requires TxDOT to explore implementing a system of changeable message signs along designated evacuation routes by June 1, 2010.

Applies and updates standard Sunset across-the-board recommendations to the Texas Department of Transportation

C.S.H.B. 300 applies standard Sunset language to the Texas Department of Transportation regarding the effective use of technology and the use of negotiated rulemaking and alternative dispute resolution. The bill also deletes language regarding program access at the department that is no longer applied by the Sunset Commission.

The bill repeals the following statutory provisions.

- Transportation Code, Section 201.0545
- Transportation Code, Sections 228.202, 228.203, 228.207, 228.208
- Transportation Code, Section 391.065(c)
- Transportation Code, Section 503.001(2)
- Transportation Code, Subchapter N, Chapter 601, as added by Chapter 1325 (H.B. 3588), Acts of the 78th Legislature, Regular Session, 2003
- Occupations Code, Section 2301.002(33)
- Article 4413(37), Revised Statutes, Section 1(4)

EFFECTIVE DATE

This Act takes effect September 1, 2009.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute establishes a five-member Transportation Commission, whereas the original bill abolished the Transportation Commission and established a single, Governor-appointed Commissioner of Transportation. The five-member Transportation Commission in the substitute includes three members appointed by the Governor; one member appointed by Governor from a C.S.H.B. 300 81(R)

list of individuals provided by the Speaker of the House of Representatives; and one member appointed by the Lieutenant Governor. The substitute requires the member that must reside in a rural area be appointed by the Governor.

The substitute adds a provision not in the original bill that requires the commission to align the boundaries of its districts along the boundaries of regional planning commissions created under Chapter 391, Local Government Code, but allows the commission to vary from these boundaries to avoid significant adverse economic impact, cost inefficiencies, or disruptions to the existing workforce. The substitute requires the commission to send a report explaining any variances from these boundaries to the legislative budget board, governor, and the chairs of the Senate Finance, House Appropriations, Senate Transportation and Homeland Security, and House Transportation Committees.

The substitute adds language not in the original bill that applies the standard across-the-board recommendations that require the commission make effective use of technology in its delivery of services and provision of information to the public, and require the commission to develop a policy that encourages the use of negotiated rulemaking and alternative dispute resolution.

The substitute deletes the provision in current law requiring the executive director of TxDOT be a registered professional engineer in this state and experienced and skilled in transportation planning, development, construction, and maintenance. The original bill had eliminated the executive director position and its engineer and experience requirements.

The substitute adds new language not in the original bill requiring the department to delegate all responsibility for obtaining environmental review to a local toll project entity at the request of an entity. The substitute requires the local toll project entity's environmental documents to comply with state procedures, be provided to the department, and meet the approval of the Federal Highway Administration if required.

The substitute adds a provision not in the original bill that requires the commission, by rule, to allow the placement of privately funded memorials along state highway right-of-way honoring non-DPS peace officers and special investigators who were killed in the line of duty based on substantially identical rules for the placement of privately funded memorials honoring DPS troopers killed in the line of duty.

The substitute adds a provision not in the original bill that prohibits the Transportation Legislative Oversight Committee from recommending specific projects or funding for specific projects.

The substitute adds language not in the original bill requiring notice by a municipality that imposes a fee on the user of property that is benefitted by a transportation system owned by the municipality. The substitute provides for notice to the department and the user of the fee and specifies the means by which notice must be given to the department and the user.

The substitute requires the department to develop a statewide transportation program and budget to include at a minimum the department's operating budget, an official cash flow forecast, the allocation of funds to each region, and the projects selected by planning organizations, which are defined in the bill as a metropolitan planning organization (MPO), a rural planning organization (RPO), or, for an area that is not in the boundaries of a metropolitan planning organization, the department district that serves the area. The original bill required the department to redevelop and regularly update the long-range Statewide Transportation Plan describing total system needs, establishing overarching statewide transportation goals, and measuring progress toward those goals.

The substitute authorizes the creation of rural planning organizations (RPOs) to serve an area within the boundaries of a council of government and outside the boundaries of an MPO whereas the original bill required TxDOT to facilitate the creation of RPOs in coordination with councils of governments, municipal and county governments, and other local transportation entities. The substitute authorizes TxDOT to use money in the state highway fund to fund the operations of an RPO whereas the original bill required TxDOT to provide funding and support to RPOs through the use of existing resources. The substitute adds additional requirements to the RPOs not in the

original bill, including requiring at least 75 percent of the board to be elected officials and allowing only elected officials to be voting members of the board. The substitute requires the RPOs to develop transportation plans and programs for its service area and authorizes them to provide recommendations to the commission concerning the selection of transportation projects, system, or programs to be undertaken within their boundaries.

The substitute requires TxDOT's Chief Financial Officer, on September 1 of each year, to issue a cash flow forecast for each method and category of funding that covers a period of not less than 10 years. The substitute specifies the forecast must identify all sources of funding available for transportation projects, including bond proceeds, and that the first two years of the forecast must be based on the department's appropriation of funds in the General Appropriations Act for the biennium. The original bill required the department, on January 31 of each odd-numbered year, to prepare and publish a cash flow forecast for a period of 10 years; develop and publish a forecast of all funds the department expects to receive; and use the forecast to guide planning. The substitute adds language not in the original bill that requires the commission to use the cash flow forecast to allocate funding to the planning organizations and requires funds be deposited into subaccounts for each region in the state highway fund.

The substitute adds language not in the original bill that authorizes each planning organization to develop a 10-year transportation plan for the use of the funding allocated to the region. The first four years of the plan must meet the federal transportation improvement plan requirements. The substitute requires TxDOT to compile the planning organizations' project selections to develop the statewide transportation plan.

The substitute requires the planning organizations to collaborate with one another and with the department to develop mutually acceptable assumptions for the purposes of long-range federal and state funding forecasts and use those assumptions to guide long-term planning whereas the original bill required the department to collaborate with the planning organizations to develop the mutually acceptable assumptions.

The substitute requires each MPO and RPO to select transportation projects in their boundaries and order them in priority, and specifies for areas outside these boundaries, the applicable department district shall select and order projects in priority and submit them to the Transportation Commission for final approval. The original bill required TxDOT to, by rule, establish categories in the unified transportation program to designate the priority of transportation projects.

The substitute also adds language not in the original bill that authorizes a planning organization to prepare and update a long-range transportation plan for its region and specifies the first 10 years must be identical to the planning organization's 10-year plan for funding allocated to the region. The substitute requires the planning organizations to provide the public an opportunity to comment on the plan and to make the plan available for public review and deliver a copy to the commission. The substitute requires the plan to be financially constrained and to include an evaluation component based on stated performance measures.

The substitute adds new language not in the original bill that requires the department to use the planning organization' project lists to create the statewide transportation program and budget, and specifies the contents, timeline, and organization of the statewide transportation program and budget.

The substitute adds new language not in the original bill that allows the commission to adopt rules to allow a planning organization to lend funds to another planning organization, only to avoid the lapsing of federal funds. The bill specifies the requirements and procedures related to the lending of funds between planning organizations.

The substitute requires the commission to adopt rules that create funding formulas for transportation projects as did the original bill, but the substitute adds language not in the original bill that requires all funds received by TxDOT be allocated by a formula to each planning organization based on performance measures and certain criteria, including the level of congestion, population, safety, and vehicle miles traveled. The substitute requires the commission to allocate funding for the project costs of all transportation projects to the planning

organizations and specifies the use of the funds by the planning organizations, including limiting the use of the funds for operating costs.

The substitute adds language not in the original bill that authorizes the commission to annually set aside an amount of funds not to exceed the lesser of 10 percent of the total funds allocated to all districts or \$250 million for the purpose of addressing emergencies or economic development opportunities that requires transportation infrastructure. The bill authorizes the funds to be carried forward from year to year, but prohibits the funds from accumulating to more than \$1 billion.

The substitute requires the department to use the lists of projects to develop a proposed 10-year business work plan. The substitute requires the work plan to be adopted not later than August 31 of each even-numbered year and include a list of projects for which planning, permitting, design, right-of-way acquisition, or construction work will be conducted during the period; the state fiscal quarter in which key milestones for each project will be reached; and the funding allocated or estimated in each state fiscal year for each category of work for each project. The original bill established TxDOT's transportation programming process, the Unified Transportation Program (UTP), in statute and specified that the UTP cover a period of 11 years. The original bill also required TxDOT to prioritize projects in the UTP according to priority categories, and to establish benchmarks and timelines for evaluating the progress of major projects.

The substitute adds language not in the original bill that requires the department to work with planning organizations to develop a statewide connectivity plan, and requires the department, by rule, to establish criteria for designating a project as and benchmarks for evaluating the progress of a statewide connectivity project. The substitute also requires the commission to adopt the statewide connectivity plan.

The substitute adds language not in the original bill that requires the department to measure the condition of pavement for each highway under its jurisdiction, and make this information available to planning organizations for use in determining transportation projects.

The substitute adds new language not in the original bill that requires the department, in addition to the 10-year business work plan and other plans under provisions of this bill to finalize a biennial project plan. The substitute requires the plan to include a project schedule with funding for each phase of each project, a consultant acquisition plan with a schedule for contract selections, a right-of-way acquisition plan, and a letting plan. The substitute requires the department to develop a set of performance measures for the finalized biennial project plan intended to measure the execution of the work program; the efficiency and cost-effectiveness of its business practices; the preservation of the system investment; the addition of new capacity to the system; safety initiatives; and utilization of minority, disadvantaged, and small businesses. The substitute requires minimum performances measures and adds a temporary provision, set to expire August 31, 2013, to require the department to consult with the legislative oversight committee on transportation in developing the performance measures. The substitute also requires the commission to review the performance of the department's activities described in the finalized biennial project plan and make the review available to the public. The review must include a report on the level of achievement of each performance measure listed above, statewide and by department district, and a status report on each major project under development.

The substitute modifies language in the original bill requiring the department to establish a project information reporting system and a transportation expenditure reporting system to include information about the statewide transportation program and budget and to allow planning organizations to access the system to input information into it.

The substitute adds language not in the original bill relating to the distribution of federal funds to require the commission, if the commission intends to vary from the distribution procedure set forth in the substitute, to allocate the funding in accordance with a transportation allocation funding formula adopted under the substitute's provisions.

The substitute adds several provisions not in the original bill that provide clarification relating to municipal transportation reinvestment zones and county transportation reinvestment zones, including the boundaries, types of projects, responsibility for the projects, and authorization for

and use of tax increments/assessments in the transportation reinvestment zone. The substitute establishes that provisions relating to both types of zones apply only to a municipality or county in which a pass-through toll project is actually developed, rather than the intention to enter into a pass-through toll agreement with TxDOT. The substitute requires the ordinance, or order or resolution, respectively, designating a zone to designate the base year for purposes of establishing the tax increment base for the zone.

The substitute adds language not in the original bill that authorizes the department to fill only one of every five positions paid out of funds appropriated for the planning, design, and management of transportation projects until staffing levels are reduced by 40 percent from the level existing as of August 31, 2009, or to a level not to exceed 2,500 positions, with commensurate reductions in associated administrative costs. The substitute requires the department to report on its progress towards this goal to the Legislative Budget Board (LBB) by September 1 of each year and allows LBB to modify this requirement if, after a study by the Council on Competitive Government, it finds that it is not possible for the department to obtain services from the private sector on a cost effective basis. The substitute sets out the requirements of the study.

The substitute adds language not in the original bill that allows the commission to waive certain local incentives from a political subdivision for a highway trunk system project in a county with a population of less than 5,000 or a county with a population of 5,000 or more but less than 15,000 if the project is part of a federally designated high priority corridor.

The substitute adds provisions not in the original bill to define the purpose of the metropolitan planning process and to clarify the designation; boundaries; policy board composition and training; staffing; and powers, duties, and responsibilities of MPOs. The substitute requires each MPO to appoint a technical advisory committee, and specifies that the committees are responsible for considering safe access to schools in addition to any other duties assigned by an MPO. The substitute specifies that MPO policy boards are subject to the Open Meetings Act and requires MPOs to publish specified financial information on the Internet. The substitute also specifies that federal law or regulation takes precedence in case of a conflict with the new provisions.

The substitute adds language not in the original bill establishing requirements for a metropolitan planning organization to be eligible to receive state funds for transportation projects under a transportation allocation formula. The substitute requires at least 75 percent of the MPO policy board members to be elected officials and requires only elected officials to be voting members of the policy board. The substitute authorizes an MPO to re-designate the board and defines elected official. The substitute also removes the statutory language that allows an MPO policy board to allow its members to vote by proxy. The substitute also adds new language that requires an MPO to publish financial and staffing information on its website.

The substitute adds language not in the original bill to require the commission to appoint an inspector general who reports to the commission. The substitute requires the inspector general to audit, evaluate, study, and identify certain functions at the department, including its financial condition and the efficiency of its business and administrative practices. The substitute adds a temporary provision, set to expire August 31, 2013, to require the legislative oversight committee on transportation to appoint the inspector general, would be subject to removal for good cause by the commission. The substitute provides that if the appointment by the legislative oversight committee is determined to be unconstitutional, the commission is required to appoint the inspector general from a list provided by the legislative oversight committee on transportation. The substitute requires the commission or the oversight committee, as applicable, to appoint an inspector general not later than December 1, 2009. The substitute also includes provisions for the cooperation and coordination between the inspector general and state auditor's office, and requires the inspector general to prepare a final report for each review conducted and requires the inspector general to deliver a copy of each final report that concerns the implementation or administration of a state or federally funded program to the commission and the executive director of the department, the governor, the lieutenant governor, the speaker of the house of representatives, the state auditor, and the appropriate legislative oversight committees.

The substitute adds language not in the original bill prohibiting the department from engaging in marketing, advertising, or other activities for the purpose of influencing public opinion about the use of toll roads or the use of tolls as a financial mechanism. The substitute authorizes the department to engage in marketing, advertising, and other activities to provide information relating to the status of pending or ongoing toll projects, and to enter into contracts or agreements to procure marketing, advertising, or information services from outside providers.

The substitute modifies the design-build authority in the original bill by removing the requirement that TxDOT enter into design-build contracts for non-tolled highway projects using a competitive procurement process that provides the best value for the Department. The substitute instead requires the rules TxDOT adopts for such procurements to be consistent with the design-build procedures for local governments found in Subchapter J, Chapter 271, Local Government Code, enacted last session, that specify detailed procedures to use when entering into design-build contracts, including using a qualifications-based, rather than a best value, process for selecting design-build firms. The substitute also specifies that TxDOT funds spent on design-build contracts for non-tolled highway projects may not be counted toward satisfying TxDOT's statutory spending requirement for engineering and design contracts under Section 223.041, Transportation Code which requires TxDOT's engineering-related contract expenditures to total at least 35 percent of total funds appropriated for the agency's Plan/Design/Manage strategy in the General Appropriations Act.

The substitute removes a provision in the original bill changing notice requirements, to reinstate existing statutory language requiring TxDOT to advertise its contracts in local or statewide newspapers.

The substitute removes language from the original bill that capped the amount of aggregate administrative penalties for home goods carriers who knowingly commit multiple violations and removes the cap for administrative penalties levied on all other motor carriers.

The substitute adds language to the provisions of the original bill related to outdoor advertising to specify that if the department revokes or denies an outdoor advertising license or permit, or assesses an administrative penalty related to outdoor advertising regulation, a person may request an administrative hearing to appeal the decision. The substitute specifies the State Office of Administrative Hearings will conduct these hearings, make findings of fact and conclusions of law, and promptly issue a decision to the commission.

The substitute adds a provision not in the original bill that specifies that the rights associated with an off-premise sign that is lawfully in existence but no longer complies with current laws and regulations, vest in the owner of the sign.

The substitute modifies provisions in the original bill creating a new agency, the Texas Department of Motor Vehicles, to transfer the Automobile Burglary and Theft Prevention Authority to the Office of the Governor instead of the new agency as the original bill provided. The substitute creates a nine-member board for the agency whereas the original bill created a seven-member board. The substitute increases the number of motor vehicle dealers on the board from two to three and specifies that two must represent franchised dealers of different classes and one must represent independent dealers. The substitute also adds a manufacturer or distributor representative to the board. The substitute also adds new language to require the board to establish advisory committees for the motor carrier, motor vehicles, and vehicle titles and registration divisions and requires specific membership on the motor carrier and motor vehicle advisory committees. The substitute adds language to clarify the responsibilities of the board in the regulation of motor vehicle dealers. The substitute also adds new language requiring the board of the Texas Department of Motor Vehicles and the commission by rule to adopt or revise a joint memorandum of understanding to coordinate information systems to allow for the sharing of information between the agencies, and requires the transportation legislative oversight committee to oversee the coordination and collaboration between the Texas Department of Transportation and the Texas Department of Motor Vehicles during the transition.

The substitute modifies the provision in the original bill regarding the study to determine improvements to the regulation of oversize and overweight vehicles, to require a joint study by

the new Department of Motor Vehicles and TxDOT rather than having the motor carrier division conduct the study.

The substitute adds new language not in the original bill that authorizes the commission to authorize the creation of higher-speed rail authorities for the purposes of financing, acquiring property for, constructing, maintaining, operating, and improving a higher-speed rail system in the Texas-Louisiana and Texas-Mexico border regions. The substitute establishes the authorities, powers, duties, requirements, restrictions, and governing body for a higher-speed rail authority and subjects an authority to review under the Texas Sunset Act. The substitute authorizes an authority to issue revenue bonds and notes in amounts the board considers necessary to fund the activities of the authority, and sets forth requirements relating to competitive bidding for contracts exceeding \$15,000, with certain exceptions. The substitute also exempts the property, material purchases, revenues, and income of an authority and the interest on a bond or note issued by an authority from all taxes imposed by the State or a political subdivision of the State. The substitute imposes a sales and use tax on items sold on authority property and would abolish all other local sales and use taxes that would otherwise be imposed on authority property. The substitute would require the Comptroller to administer, collect, and enforce a tax imposed by the substitute and to remit to the authority the local sales and use tax collected on the authority's property.

The substitute adds to the list of information required in the original bill for the department's changeable message sign system to include information about missing children and senior citizens; and the availability of gas, food, lodging, pharmacy services, or other information relevant during an evacuation or disaster.

The substitute adds language not in the original bill that modifies and removes some of the existing exceptions to the current statutory prohibition regarding conversion of a nontolled state highway or segment to a tolled project. The substitute adds to the provision of the Transportation Code that allows conversion of a state highway or segment to a toll project if the specified adjacent facility with the requisite number of non-tolled lanes has access, function, and control devices similar to the converted highway or segment before conversion. The bill also removes a provision that allows TxDOT to convert a highway to a toll facility if the commission determines that it meets specified requirements, including that a conversion will improve overall mobility in the region.

The substitute adds language not in the original bill that requires the commission to adopt rules to allocate funds to designated recipients under provisions relating to state financing of public transportation. The bill prohibits the commission from distributing less than 90 percent of the total amount allocated under the formula program provided by the law and more than 10 percent of the total amount allocated under the discretionary program. The bill requires the rules to include a provision ensuring that no recipient of state funding under the formula and discretionary program for public transportation receives an amount of funding allocated that is less than the total amount of state funding received under those programs in the state fiscal year beginning September 1, 2004.