

BILL ANALYSIS

C.S.H.B. 2738
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Transportation
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, the Dallas Area Rapid Transit (DART) has the authority to issue long-term debt secured by a pledge of sales tax revenues and by the nontax revenues of its transportation system. An inconsistency, however, in the statute also requires that the expenses and costs of operation constitute a first lien on the operating revenues of the transportation system. The first lien requirement is an impediment to DART's ability to issue bonds secured by all revenue sources since the market will not accept a junior or subordinate lien pledge of transportation system revenues as security for bonds. DART needs to expand its bond-issuing capacity by pledging a portion of the revenues of its transportation system, such as all or a portion of its fare box revenues, to the payment of bonds.

C.S.H.B. 2738 authorizes a regional transportation authority, in securing the payment of the authority's bonds, to provide that a pledge of certain revenue is a first lien against that revenue and removes language providing that expenses of operation and maintenance are a first lien against any revenue of a public transportation system that is encumbered.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2738 amends the Transportation Code to authorize a regional transportation authority, in securing the payment of the authority's bonds, to provide that a pledge of all or part of revenue realized from any tax that the authority may impose or a pledge of any part of the revenue of the public transportation system is a first lien or charge against that revenue. The bill requires revenue in excess of amounts pledged under those provisions to pay the expenses of operation and maintenance of a public transportation system, including salaries, labor, materials, and repairs necessary to provide efficient service and every other proper item of expense, and to fund operating reserves. The bill removes a provision providing that such expenses of operation and maintenance are a first lien and charge against any revenue of a public transportation system that is encumbered under provisions relating to regional transportation authorities.

EFFECTIVE DATE

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2738 removes a provision in the original requiring revenue not needed to pay expenses of operation and maintenance to be used to prepay bonds or other obligations of a regional transportation authority.

