

BILL ANALYSIS

S.B. 505
By: Ogden
Transportation
Committee Report (Unamended)

BACKGROUND AND PURPOSE

This bill is the enabling legislation for S.J.R. 18 and is the same as S.B. 2051 that passed out of the senate in the 80th Legislature.

S.B. 505 relates to authorizing the designation of an area adjacent to a state highway project as a transportation finance zone, and authorizing the revenues from the state sales and use taxes imposed in the zone to be deposited in a revolving fund and used to repay financial assistance provided from the fund for highway projects.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Transportation Commission in SECTION 1 (Section 222.005, Transportation code) of this bill.

ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 222, Transportation Code, by adding Section 222.005, as follows:

Sec. 222.005. TRANSPORTATION FINANCE ZONES. (a) Authorizes the Texas Transportation Commission (TTC), by order or resolution, to designate as a transportation finance zone (zone) an area that is adjacent to the right-of-way of an existing or proposed state highway project and within two miles on either side of the center line of the state highway. Authorizes the area designated as a zone to extend more than two miles on either side of the center line of a state highway if necessary, as determined by TTC, to avoid the splitting of a location in which the sale, storage, use, or other consumption of a taxable item would be consummated. Requires that each zone be designated by TTC with a separate number or name.

(b) Provides that the designation of a zone is not effective until the Legislative Budget Board (LBB) has reviewed and approved the designation and boundaries of the zone.

(c) Requires that, notwithstanding Section 151.801(a) (relating to tax proceeds being deposited to the credit of the general revenue fund), Tax Code, proceeds from the collection of the taxes imposed by that chapter in connection with a sale, storage, use, or other consumption that is consummated in a zone, be deposited in the Texas Transportation Revolving Fund or similar revolving fund authorized by law, to be used for the repayment of financial assistance provided from the revolving fund for highway projects as provided by law.

(d) Authorizes the proceeds from the collection of taxes deposited to the credit of a revolving fund under Subsection (c) to only be used for the repayment of financial assistance provided to the Texas Department of Transportation for tolled or nontolled highway projects within the zone in which the taxes were collected, and prohibits the proceeds from being used to provide financial assistance for a project developed, constructed, or operated by a private entity under a comprehensive development agreement.

(e) Prohibits the comptroller of public accounts (comptroller), in any state fiscal year, from depositing more than \$250 million to the credit of a revolving fund under Subsection (d).

(f) Provides that a zone terminates on the earlier of the termination date, if any, specified in the order or resolution designating the zone, or the date on which the financial assistance secured by proceeds from the collection of taxes imposed within the zone has been repaid.

(g) Requires TTC to adopt rules to implement and administer this section.

SECTION 2. (a) Provides that except as provided in Subsection (b), this Act takes effect January 1, 2010, contingent upon approval by the voters of the constitutional amendment authorizing the legislature to permit TTC, subject to legislative review and approval, to designate the area adjacent to a state highway project as a transportation finance zone and dedicating the proceeds of the state sales and use tax imposed in a transportation finance zone to the Texas Mobility Fund for certain purposes. Provides that if that amendment is not approved by the voters, this Act has no effect.

(b) Prohibits the comptroller from depositing any funds to credit of a revolving fund under Section 222.005, Transportation Code, as added by this Act, until September 1, 2012.

EFFECTIVE DATE

Except as provided in Subsection (b), SECTION 2, this Act takes effect January 1, 2010, contingent upon approval by the voters of the constitutional amendment authorizing the legislature to permit TTC, subject to legislative review and approval, to designate the area adjacent to a state highway project as a transportation finance zone and dedicating the proceeds of the state sales and use tax imposed in a transportation finance zone to the Texas Mobility Fund for certain purposes.