

## **BILL ANALYSIS**

S.B. 898  
By: Shapleigh  
Transportation  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

In a recent report, entitled "Moving Texas to the 21st Century," Cambridge Systematics, a leading U.S. consulting group on infrastructure, reported that Texas highway funds are at least \$8 billion short each year from meeting the basic needs of a growing state. The state will have to look for new sources of funding in order to address the massive transportation budget shortfall that looms over the next two decades. One such initiative was undertaken when S.B. 1266, 80th Legislature, Regular Session, 2007 was passed. This bill created a transportation reinvestment fund and authorized local governments to designate a contiguous geographic area in the jurisdiction of the municipality to be a transportation reinvestment zone. Transportation reinvestment zones are meant to cultivate development or redevelopment of an area and dedicate a portion of revenue in order to sustain the pass-through financing program and fund future transportation projects.

For most states, support from the state government is crucial for funding local and regional transit. Yet Texas provides less than one percent of any transit funding for metropolitan areas with populations over 200,000. The largest burden for transit funding is left to local governments. As a result, local governments across the state must find creative ways of funding their mass-transportation projects. A variety of funding options need to remain open for local governments in order to ensure that they will be able to choose the most appropriate combination of funding sources for their particular transportation needs.

A transportation reinvestment zone for rail facilities will allow metropolitan areas that already operate a freight or passenger rail facility to diversify their funding options and ensure the success of their rail systems. For all other metropolitan areas that have not yet implemented a freight or passenger rail plan, having the option of setting a transportation funding zone will help them cultivate development of unproductive areas within their jurisdiction and allow them to raise the necessary capital to create the infrastructure for future rail systems.

As proposed, S.B. 898 amends the Transportation Code to authorize a municipality to include the acquisition, improvement, or operation of a freight or passenger rail facility or system by the municipality as a purpose for designating a geographic area as a transportation reinvestment zone.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **ANALYSIS**

SECTION 1. Amends Section 222.105, Transportation Code, as follows:

Sec. 222.105. PURPOSES. Provides that the purpose of Sections 222.106 (Municipal Transportation Reinvestment Zones) and 222.107 (County Transportation Reinvestment Zones; Tax Abatements; Road Utility Districts), is, among other things, to enhance a municipality's ability to provide for freight or passenger rail facilities or systems.

SECTION 2. Amends Section 222.106, Transportation Code, by amending Subsections (b), (c), (g), (i), and (j), and adding Subsections (k-1) and (m), as follows:

(b) Provides that this section applies only to a municipality the governing of which intends to enter into certain agreements or acquire, construct, improve, or operate a freight or passenger rail facility or system, including commuter rail, intercity rail, high-speed rail, and tri-track.

(c) Authorizes the governing body of a municipality, if the governing body determines an area to be unproductive and underdeveloped and that action under this section will further the purposes stated in Section 222.105 (Purposes), by ordinance to designate a contiguous geographic area in the jurisdiction of the municipality to be a transportation reinvestment zone to promote the acquisition, construction, improvement, or operation of a freight or passenger rail facility or system by the municipality. Makes nonsubstantive changes.

(g) Requires that the ordinance designating an area as a transportation reinvestment zone meet certain requirements including to contain findings that promotion of the transportation or rail project will cultivate development or redevelopment of the zone; and for a zone intended to promote the acquisition, construction, improvement, or operation of a freight or passenger rail facility or system, provide a date for termination of the zone.

(i) Requires that money deposited to a tax increment account be used, as applicable, to fund certain projects or the acquisition, construction, improvement, or operation of a freight or passenger rail facility or system.

(j) Provides that, except as provided by Subsections (k) and (k-1), rather than Subsection (k), a transportation reinvestment zone terminates on December 31 of the year in which the municipality complies with a contractual requirement, if any, that included the pledge of money deposited to a tax increment amount or the repayment of money owed under the agreement in Section 222.104 (Purposes) in connection with which the zone was designated.

(k-1) Provides that a transportation reinvestment zone designated to promote acquisition, construction, improvement, or operation of a freight or passenger rail facility or system terminates on the earlier of:

(1) the termination date specified in the ordinance designating the zone or an earlier or later termination date specified by an ordinance adopted subsequent to the ordinance designating the zone; or

(2) the date on which all costs incurred in the acquisition, construction, improvement, or operation of the freight or passenger rail facility or system, tax increment bonds and interest on those bonds, and other obligations have been paid in full.

(m) Defines "rail facility."

SECTION 3. Effective date: upon passage or September 1, 2009.

**EFFECTIVE DATE**

September 1, 2009