

By: Ogden

S.B. No. 505

A BILL TO BE ENTITLED

AN ACT

relating to authorizing the designation of an area adjacent to a state highway project as a transportation finance zone and requiring that the revenue from the state sales and use taxes imposed in the zone be used to pay obligations issued in connection with the project.

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

SECTION 1. Sections 201.943(e) and (f), Transportation Code, are amended to read as follows:

(e) Long-term obligations in the amount proposed to be issued by the commission may not be issued unless the comptroller projects in a comptroller's certification that the amount of money dedicated to the fund pursuant to Sections ~~[Section]~~ 49-k(e) and (e-1), Article III, Texas Constitution, and required to be on deposit in the fund pursuant to Sections 49-k(e-1) and (f) ~~[Section 49-k(f)]~~, Article III, Texas Constitution, and the investment earnings on that money, during each year of the period during which the proposed obligations are scheduled to be outstanding will be equal to at least 110 percent of the requirements to pay the principal of and interest on the proposed long-term obligations during that year.

(f) Short-term obligations in the amount proposed by the commission may not be issued unless the comptroller, in a comptroller's certification:

1 (1) assumes that the short-term obligations will be
2 refunded and refinanced to mature over a 20-year period with level
3 principal requirements and bearing interest at then current market
4 rates, as determined by the comptroller; and

5 (2) projects that the amount of money dedicated to the
6 fund pursuant to Sections [~~Section~~] 49-k(e) and (e-1), Article III,
7 Texas Constitution, and required to be on deposit in the fund
8 pursuant to Sections 49-k(e-1) and (f) [~~Section 49-k(f)~~], Article
9 III, Texas Constitution, and the investment earnings on that money,
10 during each year of the assumed 20-year period will be equal to at
11 least 110 percent of the requirements to pay the principal of and
12 interest on the proposed refunding obligations during that year.

13 SECTION 2. Subchapter M, Chapter 201, Transportation Code,
14 is amended by adding Section 201.9435 to read as follows:

15 Sec. 201.9435. TRANSPORTATION FINANCE ZONES. (a) This
16 section applies only to a state highway project in connection with
17 which the commission has issued or proposes to issue obligations
18 under Section 201.943.

19 (b) The commission by order or resolution may designate as a
20 transportation finance zone an area that is adjacent to the
21 right-of-way of an existing or proposed state highway project and
22 within two miles on either side of the center line of the state
23 highway. The area designated as a transportation finance zone may
24 extend more than two miles on either side of the center line of a
25 state highway if necessary to avoid the splitting of a location in
26 which the sale, storage, use, or other consumption of a taxable item
27 would be consummated.

1 (c) The designation of a transportation finance zone is not
2 effective until the legislature has reviewed and approved the
3 designation and boundaries of the zone.

4 (d) Notwithstanding Section 151.801(a), Tax Code, proceeds
5 from the collection of the taxes imposed by that chapter in
6 connection with a sale, storage, use, or other consumption that is
7 consummated in a transportation finance zone shall be deposited to
8 the credit of a separate account in the fund.

9 (e) The proceeds from the collection of taxes deposited to
10 the credit of the fund under Subsection (d) may be used only for the
11 purpose of paying the principal of and interest on obligations
12 issued in connection with the state highway project located in the
13 transportation finance zone in which the taxes were collected or a
14 related credit agreement.

15 (f) In any state fiscal year the comptroller may not deposit
16 more than \$250 million to the credit of the fund under Subsection
17 (d).

18 (g) A transportation finance zone terminates on the earlier
19 of:

20 (1) the termination date, if any, specified in the
21 order or resolution designating the zone; or

22 (2) the date on which the principal of and interest on
23 the applicable obligations or related credit agreement are paid.

24 (h) The commission and the comptroller shall adopt rules to
25 implement and administer this section.

26 SECTION 3. Section 201.944(a), Transportation Code, is
27 amended to read as follows:

1 (a) The commission may guarantee on behalf of the state the
2 payment of any obligations and credit agreements issued under
3 Section 201.943 by pledging the full faith and credit of the state
4 to the payment of the obligations and credit agreements in the event
5 the revenue and money dedicated to the fund pursuant to Sections
6 ~~[Section]~~ 49-k(e) and (e-1), Article III, Texas Constitution, and
7 on deposit in the fund pursuant to Sections 49-k(e-1) and (f)
8 ~~[Section—49-k(f)]~~, Article III, Texas Constitution, are
9 insufficient for that purpose.

10 SECTION 4. This Act takes effect January 1, 2010, but only
11 if the constitutional amendment authorizing the legislature to
12 permit the Texas Transportation Commission, subject to legislative
13 review and approval, to designate the area adjacent to a state
14 highway project as a transportation finance zone and dedicating the
15 proceeds of the state sales and use taxes imposed in a
16 transportation finance zone to the Texas Mobility Fund for certain
17 purposes is approved by the voters. If that amendment is not
18 approved by the voters, this Act has no effect.