

By: Nichols

S.B. No. 2378

A BILL TO BE ENTITLED

AN ACT

relating to the purposes and designation of a transportation  
reinvestment zone.

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

SECTION 1. Section 222.105, Transportation Code, is amended  
to read as follows:

Sec. 222.105. PURPOSES. The purposes of Sections 222.106  
and 222.107 are to:

(1) promote public safety;

(2) facilitate the improvement, development, or  
redevelopment of property;

(3) facilitate the movement of traffic; and

(4) enhance a local entity's ability to sponsor a  
transportation project authorized under Section 222.104.

SECTION 2. Section 222.106, Transportation Code, is amended  
by amending Subsections (b), (c), (g), (h), (i), (j), (k), and (l)  
and adding Subsections (i-1) and (i-2) to read as follows:

(b) This section applies only to a municipality in which a  
transportation project is to be developed [~~the governing body of~~  
~~which intends to enter into an agreement with the department~~] under  
Section 222.104.

(c) 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, the governing

1 body of the municipality by ordinance may designate a contiguous  
2 geographic area in the jurisdiction of the municipality to be a  
3 transportation reinvestment zone to promote a transportation  
4 project [~~described by Section 222.104 that cultivates development~~  
5 ~~or redevelopment of the area~~].

6 (g) The ordinance designating an area as a transportation  
7 reinvestment zone must:

8 (1) describe the boundaries of the zone with  
9 sufficient definiteness to identify with ordinary and reasonable  
10 certainty the territory included in the zone;

11 (2) provide that the zone takes effect immediately on  
12 passage of the ordinance;

13 (3) assign a name to the zone for identification, with  
14 the first zone designated by a municipality designated as  
15 "Transportation Reinvestment Zone Number One, (City or Town, as  
16 applicable) of (name of municipality)," and subsequently  
17 designated zones assigned names in the same form, numbered  
18 consecutively in the order of their designation;

19 (4) designate the base year for purposes of  
20 establishing the tax increment base of the municipality;

21 (5) establish an ad valorem tax increment account for  
22 the zone; and

23 (6) [~~(5)~~] contain findings that promotion of the  
24 transportation project will cultivate the improvement,  
25 development, or redevelopment of the zone.

26 (h) From taxes collected on property in a zone, the  
27 municipality shall pay into the tax increment account for the zone

1 ~~[an amount equal to]~~ the tax increment produced by the  
2 municipality, less any amount allocated under previous agreements,  
3 including agreements under Chapter 380, Local Government Code, or  
4 Chapter 311, Tax Code.

5 (i) All or the portion specified by the municipality of the  
6 money deposited to a tax increment account must be used to fund the  
7 transportation project for which the zone was designated. Any  
8 remaining money deposited to the tax increment account may be used  
9 for other purposes as determined by the municipality ~~[Money~~  
10 ~~deposited to a tax increment account must be used to fund projects~~  
11 ~~authorized under Section 222.104, including the repayment of~~  
12 ~~amounts owed under an agreement entered into under that section].~~

13 (i-1) The governing body of a municipality may contract with  
14 a public or private entity to develop, redevelop, or improve a  
15 transportation project in a transportation reinvestment zone and  
16 may pledge and assign all or a specified amount of money in the tax  
17 increment account to that entity. After a pledge or assignment is  
18 made, if the entity that received the pledge or assignment has  
19 itself pledged or assigned that amount to secure bonds or other  
20 obligations issued to obtain funding for the transportation  
21 project, the governing body of the municipality may not rescind its  
22 pledge or assignment until the bonds or other obligations secured  
23 by the pledge or assignment have been paid or discharged.

24 (i-2) To accommodate changes in the limits of the project  
25 for which a reinvestment zone was designated, the boundaries of a  
26 zone may be amended at any time, except that property may not be  
27 removed or excluded from a designated zone if any part of the tax

1 increment account has been assigned or pledged directly by the  
2 municipality or through another entity to secure bonds or other  
3 obligations issued to obtain funding of the project, and property  
4 may not be added to a designated zone unless the governing body of  
5 the municipality complies with Subsections (e) and (g).

6 (j) Except as provided by Subsections (i-1) and  
7 ~~[Subsection]~~ (k), a transportation reinvestment zone terminates on  
8 December 31 of the year in which the municipality completes  
9 ~~[complies with]~~ a contractual requirement, if any, that included  
10 the pledge or assignment of all or a portion of money deposited to a  
11 tax increment account or the repayment of money owed under an ~~[the]~~  
12 agreement for development, redevelopment, or improvement of the  
13 project for ~~[under Section 222.104 in connection with]~~ which the  
14 zone was designated.

15 (k) A transportation reinvestment zone terminates on  
16 December 31 of the 10th year after the year the zone was designated,  
17 if before that date the municipality has not entered into a contract  
18 described in Subsection (i-1) or otherwise not used the zone for the  
19 purpose for which it was designated.

20 (l) Any surplus remaining in a tax increment account on  
21 termination of a zone may be used for other purposes as determined  
22 by ~~[transportation projects of]~~ the municipality ~~[in or outside of~~  
23 ~~the zone]~~.

24 SECTION 3. The heading to Section 222.107, Transportation  
25 Code, is amended to read as follows:

26 Sec. 222.107. COUNTY TRANSPORTATION REINVESTMENT ZONES [~~+~~  
27 ~~TAX ABATEMENTS; ROAD UTILITY DISTRICTS]~~.

1 SECTION 4. Section 222.107, Transportation Code, is amended  
2 by amending Subsections (b), (c), (e), (f), (h), (i), (k), and (l)  
3 and adding Subsections (h-1) and (k-1) to read as follows:

4 (b) This section applies only to a county in which a  
5 transportation project is to be developed [~~the commissioners court~~  
6 ~~of which intends to enter into a pass-through toll agreement with~~  
7 ~~the department~~] under Section 222.104.

8 (c) The commissioners court of the county, after  
9 determining that an area is unproductive and underdeveloped and  
10 that action under this section would further the purposes described  
11 by Section 222.105, by order or resolution may designate a  
12 contiguous geographic area in the jurisdiction of the county to be a  
13 transportation reinvestment zone to promote a transportation  
14 project [~~described by Section 222.104 that cultivates development~~  
15 ~~or redevelopment of the area~~] and for the purpose of abating ad  
16 valorem taxes or granting other relief from taxes imposed by the  
17 county on real property located in the zone.

18 (e) Not later than the 30th day before the date the  
19 commissioners court proposes to designate an area as a  
20 transportation reinvestment zone under this section, the  
21 commissioners court must hold a public hearing on the creation of  
22 the zone, its benefits to the county and to property in the proposed  
23 zone, and the abatement of ad valorem taxes or the grant of other  
24 relief from ad valorem taxes imposed by the county on real property  
25 located in the zone. At the hearing an interested person may speak  
26 for or against the designation of the zone, its boundaries, or the  
27 abatement of or the relief from county taxes on real property in the

1 zone. Not later than the seventh day before the date of the  
2 hearing, notice of the hearing and the intent to create a zone must  
3 be published in a newspaper having general circulation in the  
4 county.

5 (f) The order or resolution designating an area as a  
6 transportation reinvestment zone must:

7 (1) describe the boundaries of the zone with  
8 sufficient definiteness to identify with ordinary and reasonable  
9 certainty the territory included in the zone;

10 (2) provide that the zone takes effect immediately on  
11 adoption of the order or resolution; ~~and~~

12 (3) assign a name to the zone for identification, with  
13 the first zone designated by a county designated as "Transportation  
14 Reinvestment Zone Number One, County of (name of county)," and  
15 subsequently designated zones assigned names in the same form  
16 numbered consecutively in the order of their designation; and

17 (4) designate the base year for purposes of  
18 establishing the tax increment base of the county.

19 (h) The commissioners court by order or resolution may enter  
20 into an agreement with the owner of any real property located in the  
21 transportation reinvestment zone to abate all or a portion of the ad  
22 valorem taxes or to grant other relief from the taxes imposed by the  
23 county on the owner's property in an amount not to exceed the amount  
24 calculated under Subsection (a)(1) for that year. All abatements  
25 or other relief granted by the commissioners court in a  
26 transportation reinvestment zone must be equal in rate. In the  
27 alternative, the commissioners court by order or resolution may

1 elect to abate a portion of the ad valorem taxes or otherwise grant  
2 relief from the taxes imposed by the county on all real property  
3 located in the zone. In any ad valorem tax year, the total amount  
4 of the taxes abated or the total amount of relief granted under this  
5 section may not exceed the amount calculated under Subsection  
6 (a)(1) for that year, less any amounts allocated under previous  
7 agreements, including agreements under Chapter 381, Local  
8 Government Code, or Chapter 312, Tax Code.

9 (h-1) To further the development of the transportation  
10 project for which the transportation reinvestment zone was  
11 designated, a county may assess all or part of the cost of the  
12 transportation project against property within the zone. The  
13 assessment against each property in the zone may be levied and  
14 payable in installments in the same manner as provided by Sections  
15 372.016-372.018, Local Government Code, provided that the  
16 installments do not exceed the total amount of the tax abatement or  
17 other relief granted under Subsection (h). The county may elect to  
18 adopt and apply the provisions of Sections 372.015-372.020 and  
19 372.023, Local Government Code, to the assessment of costs and  
20 Sections 372.024-372.030, Local Government Code, to the issuance of  
21 bonds by the county to pay the cost of a transportation project.  
22 The commissioners court of the county may contract with a public or  
23 private entity to develop, redevelop, or improve a transportation  
24 project in the transportation reinvestment zone and may pledge and  
25 assign to that entity all or a specified amount of the revenue the  
26 county receives from installment payments of the assessments for  
27 the payment of the costs of that transportation project. After a

1 pledge or assignment is made, if the entity that received the pledge  
2 or assignment has itself pledged or assigned that amount to secure  
3 bonds or other obligations issued to obtain funding for the  
4 transportation project, the commissioners court of the county may  
5 not rescind its pledge or assignment until the bonds or other  
6 obligations secured by the pledge or assignment have been paid or  
7 discharged. Any amount received from installment payments of the  
8 assessments not pledged or assigned in connection with the  
9 transportation project may be used for other purposes associated  
10 with the transportation project or in the zone.

11 (i) In the alternative, to ~~[To]~~ assist the county in  
12 developing a transportation project ~~[authorized under Section~~  
13 ~~222.104]~~, if authorized by the commission under Chapter 441, a road  
14 utility district may be formed under that chapter that has the same  
15 boundaries as a transportation reinvestment zone created under this  
16 section.

17 (k) A road utility district formed as provided by Subsection  
18 (i) may enter into an agreement ~~[with the county to assume the~~  
19 ~~obligation, if any, of the county]~~ to fund development of a project  
20 ~~[under Section 222.104]~~ or to repay funds owed to the department  
21 ~~[under Section 222.104]~~. Any amount paid for this purpose is  
22 considered to be an operating expense of the district. Any taxes  
23 collected by the district that are not paid for this purpose may be  
24 used for any district purpose.

25 (k-1) To accommodate changes in the limits of the project  
26 for which a reinvestment zone was designated, the boundaries of a  
27 zone may be amended at any time, except that property may not be



1 removed or excluded from a designated zone if any part of the  
2 assessment has been assigned or pledged directly by the county or  
3 through another entity to secure bonds or other obligations issued  
4 to obtain funding of the project, and property may not be added to a  
5 designated zone unless the governing body of the municipality  
6 complies with Subsections (e) and (f).

7 (1) Except as provided by Subsection (m), a tax abatement  
8 agreement entered into under Subsection (h), or an order or  
9 resolution on the abatement of taxes or the grant of relief from  
10 taxes under that subsection, terminates on December 31 of the year  
11 in which the county completes any contractual requirement that  
12 included the pledge or assignment of assessments [~~of money~~]  
13 collected under this section.

14 SECTION 5. Subchapter E, Chapter 222, Transportation Code,  
15 is amended by adding Sections 222.108 and 222.109 to read as  
16 follows:

17 Sec. 222.108. TRANSPORTATION REINVESTMENT ZONES FOR OTHER  
18 TRANSPORTATION PROJECTS. (a) Notwithstanding the requirement in  
19 Sections 222.106(b) and 222.107(b) that a transportation  
20 reinvestment zone be established in connection with a project under  
21 Section 222.104, a municipality or county may establish a  
22 transportation reinvestment zone for any transportation project.  
23 If all or part of the transportation project is subject to oversight  
24 by the department, at the option of the governing body of the  
25 municipality or county, the department may delegate full  
26 responsibility for the development, design, letting of bids, and  
27 construction of the project, including project oversight and

1 inspection, to the municipality or county.

2 (b) A transportation project developed under Subsection (a)  
3 that is on the state highway system must comply with state design  
4 criteria unless the department grants an exception to the  
5 municipality or county.

6 (c) In this section, "transportation project" has the  
7 meaning assigned by Section 370.003.

8 Sec. 222.109. REDUCTION PROHIBITED. (a) A municipality or  
9 county may not be penalized with a reduction in traditional  
10 transportation funding because of the designation and use of a  
11 transportation reinvestment zone under this chapter. Any funding  
12 from the department identified for a project before the date that a  
13 transportation reinvestment zone is designated may not be reduced  
14 because the transportation reinvestment zone is designated in  
15 connection with that project.

16 (b) The department may not reduce any allocation of  
17 traditional transportation funding to any of its districts because  
18 a district contains a municipality or county that contains a  
19 transportation reinvestment zone designated under this chapter.

20 SECTION 6. This Act takes effect September 1, 2009.