

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, or blighted and that action
under this section will further the purposes stated in Section

1 222.105, the governing body of the municipality by ordinance may
2 designate a contiguous geographic area in the jurisdiction of the
3 municipality to be a transportation reinvestment zone to promote a
4 transportation project described by Section 222.104 [~~that~~
5 ~~cultivates development 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 381, 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 transportation projects or for improvements in the
10 zone ~~[Money deposited to a tax increment account must be used to~~
11 ~~fund projects authorized under Section 222.104, including the~~
12 ~~repayment of amounts owed under an agreement entered into under~~
13 ~~that section].~~

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

25 (i-2) To accommodate changes in the scope of the project for
26 which a reinvestment zone was designated, the boundaries of a zone
27 may be amended at any time, except that property may not be removed

1 or excluded from a designated zone if any part of the tax increment
2 has been assigned or pledged directly by the municipality 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 (g).

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

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

21 (l) Any surplus remaining in a tax increment account on
22 termination of a zone may be used for transportation projects of the
23 municipality in or outside of 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 380, 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 payable in
14 installments in the same manner as provided by Section 372.018,
15 Local Government Code, provided that the installments do not exceed
16 the total amount of the tax abatement or other relief granted under
17 Subsection (h). The county may elect to adopt and apply the
18 provisions of Sections 372.015-372.020 and 372.023, Local
19 Government Code, to the assessment of costs and Sections
20 372.024-372.030, Local Government Code, to the issuance of bonds by
21 the county to pay the cost of a transportation project. The
22 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 all or a specified amount of money in the tax increment
26 account to that entity. After a pledge or assignment is made, if
27 the entity that received the pledge or assignment has itself

1 pledged or assigned that amount to secure bonds or other
2 obligations issued to obtain funding for the transportation
3 project, the commissioners court of the county may not rescind its
4 pledge or assignment until the bonds or other obligations secured
5 by the pledge or assignment have been paid or discharged.

6 (i) In the alternative, to ~~[To]~~ assist the county in
7 developing a transportation project ~~[authorized under Section~~
8 ~~222.104]~~, if authorized by the commission under Chapter 441, a road
9 utility district may be formed under that chapter that has the same
10 boundaries as a transportation reinvestment zone created under this
11 section.

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

20 (k-1) To accommodate changes in the scope of the project for
21 which a reinvestment zone was designated, the boundaries of a zone
22 may be amended at any time, except that property may not be removed
23 or excluded from a designated zone if any part of the assessment has
24 been assigned or pledged directly by the county or through another
25 entity to secure bonds or other obligations issued to obtain
26 funding of the project, and property may not be added to a
27 designated zone unless the governing body of the municipality

1 complies with Subsections (e) and (f).

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

9 SECTION 5. This Act takes effect September 1, 2009.