BILL ANALYSIS

H.B. 2195
By: Hartnett
Transportation
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties assert that certain regional transportation authorities are prohibited from using a multiyear commodity or utility service agreement, under which a utility service or commodity is made available to the authority for such terms as price or volume, that is secured wholly or partially by the assets of the authority for longer than five years without voter approval. These authorities are large consumers of fuel and electricity for the authorities' bus and rail services, and fuel hedging contracts would help mitigate the authorities' exposure to future increases in fuel prices and establish a known fuel cost for budgeting purposes. H.B. 2195 proposes to address this situation by making the prohibition inapplicable to a multiyear commodity or utility service purchase arrangement or agreement.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 2195 amends the Transportation Code to exempt a multiyear commodity or utility service purchase arrangement or agreement from provisions of law prohibiting a regional transportation authority consisting of one subregion that has a principal municipality with a population of more than 800,000 and is governed by a subregional board from entering a lease or financing agreement secured wholly or partially by the assets of the authority if the duration of the lease or financing agreement is longer than five years unless the lease or agreement is approved by the voters of the authority in the manner provided for the issuance of bonds and notes.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.