

By: Darby

H.B. No. 3417

A BILL TO BE ENTITLED

AN ACT

relating to state fiscal matters regarding business and economic development.

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

ARTICLE 1. REDUCTION OF EXPENDITURES AND IMPOSITION OF CHARGES

GENERALLY

SECTION 1.01. This article applies to any state agency that receives an appropriation under Article VII of the General Appropriations Act.

SECTION 1.02. Notwithstanding any other statute of this state, each state agency to which this article applies is authorized to reduce or recover expenditures by:

(1) consolidating any reports or publications the agency is required to make and filing or delivering any of those reports or publications exclusively by electronic means;

(2) extending the effective period of any license, permit, or registration the agency grants or administers;

(3) entering into a contract with another governmental entity or with a private vendor to carry out any of the agency's duties;

(4) adopting additional eligibility requirements for persons who receive benefits under any law the agency administers to ensure that those benefits are received by the most deserving persons consistent with the purposes for which the benefits are

1 provided;

2 (5) providing that any communication between the  
3 agency and another person and any document required to be delivered  
4 to or by the agency, including any application, notice, billing  
5 statement, receipt, or certificate, may be made or delivered by  
6 e-mail or through the Internet; and

7 (6) adopting and collecting fees or charges to cover  
8 any costs the agency incurs in performing its lawful functions.

9 ARTICLE 2. FISCAL MATTERS REGARDING TRANSPORTATION PROJECTS AND  
10 ACTIVITIES

11 SECTION 2.01. Article 2.133, Code of Criminal Procedure, is  
12 amended by adding Subsection (c) to read as follows:

13 (c) A report under Subsection (b) must also include the race  
14 or ethnicity of each passenger in the motor vehicle, as stated by  
15 the passenger or, if the passenger does not state the person's race  
16 or ethnicity, as determined by the officer to the best of the  
17 officer's ability.

18 SECTION 2.02. Section 201.601, Transportation Code, is  
19 amended by adding Subsection (e) to read as follows:

20 (e) The plan must include a component that evaluates future  
21 federal funding opportunities for all modes of transportation and  
22 identifies actions necessary to maximize the total amount of  
23 federal funds received in the future for transportation  
24 improvements in this state.

25 SECTION 2.03. Subchapter H, Chapter 201, Transportation  
26 Code, is amended by adding Section 201.622 to read as follows:

27 Sec. 201.622. COOPERATION WITH LOCAL PLANNING ENTITIES TO

1 MAXIMIZE FEDERAL FUNDING FOR PROJECTS. The department shall work  
2 and plan with local transportation planning entities to maximize  
3 the amount of federal funding awarded for projects in this state by  
4 identifying and pursuing projects that are eligible for federal  
5 grant programs, including the scenic byways program.

6 SECTION 2.04. The heading to Chapter 645, Transportation  
7 Code, is amended to read as follows:

8 CHAPTER 645. [~~SINGLE STATE~~] REGISTRATION FOR OPERATION IN MULTIPLE  
9 STATES

10 SECTION 2.05. Chapter 645, Transportation Code, is amended  
11 by adding Section 645.005 to read as follows:

12 Sec. 645.005. UNIFORM HAZARDOUS MATERIALS TRANSPORTATION.  
13 The Texas Department of Motor Vehicles by rule shall establish,  
14 implement, and administer the terms of the uniform program for  
15 hazardous materials transportation registration and permitting  
16 developed by the Alliance for Uniform Hazmat Transportation  
17 Procedures under 49 U.S.C. Section 5119.

18 ARTICLE 3. FISCAL MATTERS REGARDING MOTOR FUEL TAX

19 SECTION 3.01. Section 162.204, Tax Code, is amended by  
20 amending Subsection (a) and adding Subsection (g) to read as  
21 follows:

22 (a) The tax imposed by this subchapter does not apply to:

23 (1) diesel fuel sold to the United States for its  
24 exclusive use, provided that the exemption does not apply to diesel  
25 fuel sold or delivered to a person operating under a contract with  
26 the United States;

27 (2) diesel fuel sold to a public school district in

1 this state for the district's exclusive use;

2 (3) diesel fuel sold to a commercial transportation  
3 company or a metropolitan rapid transit authority operating under  
4 Chapter 451, Transportation Code, that provides public school  
5 transportation services to a school district under Section 34.008,  
6 Education Code, and that uses the diesel fuel only to provide those  
7 services;

8 (4) diesel fuel exported by either a licensed supplier  
9 or a licensed exporter from this state to any other state, provided  
10 that:

11 (A) for diesel fuel in a situation described by  
12 Subsection (d), the bill of lading indicates the destination state  
13 and the supplier collects the destination state tax; or

14 (B) for diesel fuel in a situation described by  
15 Subsection (e), the bill of lading indicates the destination state,  
16 the diesel fuel is subsequently exported, and the exporter is  
17 licensed in the destination state to pay that state's tax and has an  
18 exporter's license issued under this subchapter;

19 (5) diesel fuel moved by truck or railcar between  
20 licensed suppliers or licensed permissive suppliers and in which  
21 the diesel fuel removed from the first terminal comes to rest in the  
22 second terminal, provided that the removal from the second terminal  
23 rack is subject to the tax imposed by this subchapter;

24 (6) diesel fuel delivered or sold into a storage  
25 facility of a licensed aviation fuel dealer from which the diesel  
26 fuel will be delivered solely into the fuel supply tanks of aircraft  
27 or aircraft servicing equipment, or sold from one licensed aviation

1 fuel dealer to another licensed aviation fuel dealer who will  
2 deliver the diesel fuel exclusively into the fuel supply tanks of  
3 aircraft or aircraft servicing equipment;

4 (7) diesel fuel exported to a foreign country if the  
5 bill of lading indicates the foreign destination and the fuel is  
6 actually exported to the foreign country;

7 (8) dyed diesel fuel sold or delivered by a supplier to  
8 another supplier and dyed diesel fuel sold or delivered by a  
9 supplier or distributor into the bulk storage facility of a dyed  
10 diesel fuel bonded user or to a purchaser who provides a signed  
11 statement as provided by Section 162.206;

12 (9) the volume of water, fuel ethanol, renewable  
13 diesel, biodiesel, or mixtures thereof that are blended together  
14 with taxable diesel fuel when the finished product sold or used is  
15 clearly identified on the retail pump, storage tank, and sales  
16 invoice as a combination of diesel fuel and water, fuel ethanol,  
17 renewable diesel, biodiesel, or mixtures thereof;

18 (10) dyed diesel fuel sold by a supplier or permissive  
19 supplier to a distributor, or by a distributor to another  
20 distributor;

21 (11) dyed diesel fuel delivered by a license holder  
22 into the fuel supply tanks of [~~railway engines,~~] motorboats[~~7~~] or  
23 refrigeration units or other stationary equipment powered by a  
24 separate motor from a separate fuel supply tank;

25 (12) dyed kerosene when delivered by a supplier,  
26 distributor, or importer into a storage facility at a retail  
27 business from which all deliveries are exclusively for heating,

1 cooking, lighting, or similar nonhighway use;

2 (13) diesel fuel used by a person, other than a  
3 political subdivision, who owns, controls, operates, or manages a  
4 commercial motor vehicle as defined by Section 548.001,  
5 Transportation Code, if the fuel:

6 (A) is delivered exclusively into the fuel supply  
7 tank of the commercial motor vehicle; and

8 (B) is used exclusively to transport passengers  
9 for compensation or hire between points in this state on a fixed  
10 route or schedule; or

11 (14) diesel fuel sold to a volunteer fire department  
12 in this state for the department's exclusive use.

13 (g) Notwithstanding any other provision of this chapter, a  
14 person may not make a tax-free purchase of dyed diesel fuel for  
15 delivery into the fuel supply tank of a railway engine. Sections  
16 162.205(b), 162.206, 162.231, 162.233, and 162.403(32) do not apply  
17 to a purchase described by this subsection.

18 SECTION 3.02. Section 162.227, Tax Code, is amended by  
19 adding Subsection (i) to read as follows:

20 (i) A person who paid tax on diesel fuel delivered into the  
21 fuel supply tank of a railway engine may claim a credit or seek a  
22 refund with the comptroller if the person uses the diesel fuel to  
23 operate the railway engine in another state.

24 SECTION 3.03. Section 162.504, Tax Code, is amended to read  
25 as follows:

26 Sec. 162.504. ALLOCATION OF DIESEL FUEL TAX. (a) On or  
27 before the fifth workday after the end of each month, the

1 comptroller, after making deductions for refund purposes, for the  
2 administration and enforcement of this chapter, and for the amounts  
3 allocated under Subsection (b) and Section 162.5025, shall allocate  
4 the remainder of the taxes collected under Subchapter C as follows:

5 (1) one-fourth of the taxes shall be deposited to the  
6 credit of the available school fund; and

7 (2) three-fourths of the taxes shall be deposited to  
8 the credit of the state highway fund.

9 (b) On or before the fifth workday after the end of each  
10 month, the comptroller, after making deductions for refund  
11 purposes, shall allocate taxes collected under Subchapter C on dyed  
12 or undyed diesel fuel delivered into the fuel tanks of railway  
13 engines to the credit of the Texas rail relocation and improvement  
14 fund.

15 ARTICLE 4. FISCAL MATTERS REGARDING PERMIT FEES

16 SECTION 4.01. Subchapter A, Chapter 623, Transportation  
17 Code, is amended by adding Section 623.002 to read as follows:

18 Sec. 623.002. EVALUATION OF PERMIT FEES. (a) The  
19 department shall evaluate highway use in this state by oversize or  
20 overweight vehicles, calculate the cost of damage to highways in  
21 this state caused by those vehicles, and determine whether:

22 (1) the fees charged for permits issued under this  
23 chapter are adequate to offset the costs of damage to highways  
24 caused by those vehicles and recommend any fee adjustments for the  
25 permits to reflect the costs of damage to highways caused by those  
26 vehicles; and

27 (2) vehicles currently exempt from permit

requirements under this chapter should be required to obtain a permit to operate on roads or highways in this state.

(b) Not later than October 1 of each even-numbered year, the department shall report its findings to:

(1) the Legislative Budget Board; and

(2) the governor.

SECTION 4.02. Section 623.077, Transportation Code, is amended to read as follows:

Sec. 623.077. HIGHWAY MAINTENANCE FEE. (a) An applicant for a permit under this subchapter, other than a permit under Section 623.071(c)(3), must also pay a highway maintenance fee in an amount determined according to vehicle weight and distance traveled. ~~[the following table:]~~

<del>[Vehicle Weight in Pounds</del>	<del>Fee</del>
<del>[80,001 to 120,000</del>	<del>\$150</del>
<del>[120,001 to 160,000</del>	<del>\$225</del>
<del>[160,001 to 200,000</del>	<del>\$300</del>
<del>[200,001 and above</del>	<del>\$375]</del>

(b) The department shall adopt rules to implement this section and establish a schedule of rates, based on miles traveled, for all vehicle weight categories that provides for an increase in the rates according to the weight of a vehicle.

(c) The department shall send each fee collected under Subsection (a) to the comptroller for deposit to the credit of the state highway fund.

SECTION 4.03. (a) The Texas Department of Transportation shall adopt rules implementing Section 623.077, Transportation



Code, as amended by this article, not later than January 1, 2012.

(b) Section 623.077(a), Transportation Code, as amended by this article, applies only to an application for a permit submitted under Subchapter D, Chapter 623, Transportation Code, to the Texas Department of Transportation on or after January 1, 2012. An application for a permit submitted before January 1, 2012, is governed by the law in effect on the date the application was submitted, and that law is continued in effect for that purpose.

ARTICLE 5. FISCAL MATTERS REGARDING TEXAS DEPARTMENT OF RURAL  
AFFAIRS

SECTION 5.01. The heading to Chapter 487, Government Code, is amended to read as follows:

CHAPTER 487. OFFICE [~~TEXAS DEPARTMENT~~] OF RURAL  
AFFAIRS IN DEPARTMENT OF AGRICULTURE

SECTION 5.02. Section 487.001, Government Code, is amended to read as follows:

Sec. 487.001. DEFINITIONS. In this chapter:

(1) "Board" means the commissioner [~~board of the Texas Department of Rural Affairs~~].

(2) "Commissioner" means the commissioner of agriculture.

(3) "Department" means the office [~~Texas Department of Rural Affairs~~].

(4) "Office" means the Office of Rural Affairs established within the Department of Agriculture under Section 12.038, Agriculture Code.

SECTION 5.03. Subchapter A, Chapter 487, Government Code,

1 is amended by adding Section 487.003 to read as follows:

2 Sec. 487.003. REFERENCE IN LAW. (a) A reference in this  
3 chapter or other law to the board of the Department of Rural Affairs  
4 means the commissioner.

5 (b) A reference in law to the executive director of the  
6 Department of Rural Affairs means the director of the Office of  
7 Rural Affairs appointed under Section 12.038, Agriculture Code.

8 SECTION 5.04. Section 487.026, Government Code, is amended  
9 to read as follows:

10 Sec. 487.026. ~~[EXECUTIVE]~~ DIRECTOR. (a) The ~~[board may~~  
11 ~~hire an executive]~~ director serves ~~[to serve]~~ as the chief  
12 executive officer of the office ~~[department]~~ and performs ~~[to~~  
13 ~~perform]~~ the administrative duties of the office ~~[department]~~.

14 (b) ~~[The executive director serves at the will of the board.~~  
15 ~~[(c)]~~ The ~~[executive]~~ director may hire staff within  
16 guidelines established by the commissioner ~~[board]~~.

17 SECTION 5.05. Section 487.051(a), Government Code, is  
18 amended to read as follows:

19 (a) The office ~~[department]~~ shall:

20 (1) assist rural communities in the key areas of  
21 economic development, community development, rural health, and  
22 rural housing;

23 (2) serve as a clearinghouse for information and  
24 resources on all state and federal programs affecting rural  
25 communities;

26 (3) in consultation with rural community leaders,  
27 locally elected officials, state elected and appointed officials,

1 academic and industry experts, and the interagency work group  
2 created under this chapter, identify and prioritize policy issues  
3 and concerns affecting rural communities in the state;

4 (4) make recommendations to the legislature to address  
5 the concerns affecting rural communities identified under  
6 Subdivision (3);

7 (5) monitor developments that have a substantial  
8 effect on rural Texas communities, especially actions of state  
9 government, and compile an annual report describing and evaluating  
10 the condition of rural communities;

11 (6) administer the federal community development  
12 block grant nonentitlement program;

13 (7) administer programs supporting rural health care  
14 as provided by this chapter;

15 (8) perform research to determine the most beneficial  
16 and cost-effective ways to improve the welfare of rural  
17 communities;

18 (9) ensure that the office ~~[department]~~ qualifies as  
19 the state's office of rural health for the purpose of receiving  
20 grants from the Office of Rural Health Policy of the United States  
21 Department of Health and Human Services under 42 U.S.C. Section  
22 254r;

23 (10) manage the state's Medicare rural hospital  
24 flexibility program under 42 U.S.C. Section 1395i-4;

25 (11) seek state and federal money available for  
26 economic development in rural areas for programs under this  
27 chapter;

1           (12) in conjunction with other offices and divisions  
2 of the Department of Agriculture, regularly cross-train office  
3 ~~[department]~~ employees with other employees of the Department of  
4 Agriculture regarding the programs administered and services  
5 provided ~~[by each agency]~~ to rural communities; and

6           (13) work with interested persons to assist volunteer  
7 fire departments and emergency services districts in rural areas.

8           SECTION 5.06. Section 487.0541(c), Government Code, is  
9 amended to read as follows:

10           (c) The work group shall meet at the call of the ~~[executive]~~  
11 director of the office ~~[department]~~.

12           SECTION 5.07. Section 487.351(d), Government Code, is  
13 amended to read as follows:

14           (d) An applicant for a grant, loan, or award under a  
15 community development block grant program may appeal a decision of  
16 the ~~[executive]~~ director by filing an appeal with the commissioner  
17 ~~[board]~~. The commissioner ~~[board]~~ shall hold a hearing on the  
18 appeal and render a decision.

19           SECTION 5.08. Section 535.051(b), Government Code, is  
20 amended to read as follows:

21           (b) The chief administrative officer of each of the  
22 following state agencies, in consultation with the governor, shall  
23 designate one employee from the agency to serve as a liaison for  
24 faith- and community-based organizations:

25           (1) the Office of Rural ~~[Community]~~ Affairs within the  
26 Department of Agriculture;

27           (2) the Texas Commission on Environmental Quality;

1           (3) the Texas Department of Criminal Justice;  
2           (4) the Texas Department of Housing and Community  
3 Affairs;  
4           (5) the Texas Education Agency;  
5           (6) the Texas Juvenile Probation Commission;  
6           (7) the Texas Veterans Commission;  
7           (8) the Texas Workforce Commission;  
8           (9) the Texas Youth Commission; and  
9           (10) other state agencies as determined by the  
10 governor.

11       SECTION 5.09. Section 2306.1092(b), Government Code, is  
12 amended to read as follows:

13       (b) The council is composed of 16 members consisting of:

14           (1) the director;  
15           (2) one representative from each of the following  
16 agencies, appointed by the head of that agency:

17           (A) the Office of Rural ~~[Community]~~ Affairs  
18 within the Department of Agriculture;

19           (B) the Texas State Affordable Housing  
20 Corporation;

21           (C) the Health and Human Services Commission;

22           (D) the Department of Assistive and  
23 Rehabilitative Services;

24           (E) the Department of Aging and Disability  
25 Services; and

26           (F) the Department of State Health Services;

27       (3) one representative from the Department of

1 Agriculture who is:

2 (A) knowledgeable about the Texans Feeding  
3 Texans and Retire in Texas programs or similar programs; and

4 (B) appointed by the head of that agency;

5 (4) one member who is:

6 (A) a member of the Health and Human Services  
7 Commission Promoting Independence Advisory Committee; and

8 (B) appointed by the governor; and

9 (5) one representative from each of the following  
10 interest groups, appointed by the governor:

11 (A) financial institutions;

12 (B) multifamily housing developers;

13 (C) health services entities;

14 (D) nonprofit organizations that advocate for  
15 affordable housing and consumer-directed long-term services and  
16 support;

17 (E) consumers of service-enriched housing;

18 (F) advocates for minority issues; and

19 (G) rural communities.

20 SECTION 5.10. Sections 487.002, 487.021, 487.022, 487.023,  
21 487.024, 487.025, 487.028, 487.029, 487.051(b), 487.058, and  
22 487.352, Government Code, are repealed.

23 SECTION 5.11. (a) The Texas Department of Rural Affairs is  
24 abolished as an independent agency and transferred as a program to  
25 the Office of Rural Affairs in the Department of Agriculture. The  
26 board of the Texas Department of Rural Affairs is abolished.

27 (b) The validity of an action taken by the Texas Department

1 of Rural Affairs or its board before either is abolished under  
2 Subsection (a) of this section is not affected by the abolishment.

3 SECTION 5.12. On September 1, 2011:

4 (1) the position of executive director of the Texas  
5 Department of Rural Affairs is abolished, except that the director  
6 of the Office of Rural Affairs in the Department of Agriculture may  
7 hire the executive director for a position in the office;

8 (2) an employee of the Texas Department of Rural  
9 Affairs becomes an employee of the Office of Rural Affairs in the  
10 Department of Agriculture;

11 (3) a reference in law to the Texas Department of Rural  
12 Affairs means the Office of Rural Affairs in the Department of  
13 Agriculture;

14 (4) all money, contracts, leases, rights, and  
15 obligations of the Texas Department of Rural Affairs are  
16 transferred to the Office of Rural Affairs in the Department of  
17 Agriculture;

18 (5) all property, including records, in the custody of  
19 the Texas Department of Rural Affairs becomes the property of the  
20 Office of Rural Affairs in the Department of Agriculture; and

21 (6) all funds appropriated by the legislature to the  
22 Texas Department of Rural Affairs are transferred to the Office of  
23 Rural Affairs in the Department of Agriculture.

24 SECTION 5.13. A function or activity performed by the Texas  
25 Department of Rural Affairs is transferred to the Office of Rural  
26 Affairs in the Department of Agriculture as provided by this  
27 article.

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1           SECTION 5.14.   The Texas Department of Rural Affairs and the  
2   Department of Agriculture shall establish a transition plan for the  
3   transfer described in Sections 5.11 and 5.12 of this article.

4                           ARTICLE 6.   EFFECTIVE DATE

5           SECTION 6.01.   This Act takes effect September 1, 2011.