

1-1 By: Wentworth S.B. No. 1611
1-2 (In the Senate - Filed March 11, 2011; March 23, 2011, read
1-3 first time and referred to Committee on Transportation and Homeland
1-4 Security; May 9, 2011, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 9, Nays 0;
1-6 May 9, 2011, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1611 By: Wentworth

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the funding of projects in the boundaries of certain
1-11 intermunicipal commuter rail districts.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 173.002, Transportation Code, is amended
1-14 by adding Subdivision (2-a) to read as follows:

1-15 (2-a) "Commuter rail service" means the
1-16 transportation of passengers and baggage by rail between locations
1-17 in a district.

1-18 SECTION 2. Section 173.256, Transportation Code, is amended
1-19 by amending Subsections (b) and (d) and adding Subsection (d-1) to
1-20 read as follows:

1-21 (b) A district may enter into an interlocal contract with
1-22 one or more ~~[a]~~ local government members ~~[member]~~ for the financing
1-23 of transportation infrastructure that is constructed or that is to
1-24 be constructed in the territory of the local governments
1-25 ~~[government]~~ by the district.

1-26 (d) The agreement may establish one or more transportation
1-27 infrastructure zones. The district and the local government may
1-28 agree that, at one or more specified times, the local government
1-29 will pay to the district an amount that is calculated on the basis
1-30 of increased ad valorem tax collections in a zone that are
1-31 attributable to increased values of property located in the zone
1-32 resulting from an infrastructure project. Except as provided by
1-33 Subsection (d-1), the [The] amount may not exceed an amount that is
1-34 equal to 30 percent of the increase in ad valorem tax collections
1-35 for the specified period.

1-36 (d-1) A transportation infrastructure zone of a district
1-37 established before January 1, 2005, may consist of a contiguous or
1-38 noncontiguous geographic area in the territory of one or more local
1-39 governments and must include a commuter rail facility or the site of
1-40 a proposed commuter rail facility. The amount paid by a local
1-41 government under Subsection (d) to a district established before
1-42 January 1, 2005, may not exceed an amount that is equal to the
1-43 increase in ad valorem tax collections in the zone for the specified
1-44 period.

1-45 SECTION 3. Subchapter G, Chapter 173, Transportation Code,
1-46 is amended by adding Sections 173.305 and 173.306 to read as
1-47 follows:

1-48 Sec. 173.305. TAX INCREMENT FUND FOR TRANSPORTATION
1-49 INFRASTRUCTURE ZONE IN CERTAIN DISTRICTS. A district established
1-50 before January 1, 2005, that creates a transportation
1-51 infrastructure zone shall establish a tax increment fund. In
1-52 addition to the amount of tax increment deposited to the tax
1-53 increment fund, all revenue from the sale of tax increment bonds or
1-54 notes under Section 173.306, revenue from the sale of any property
1-55 acquired as part of a plan adopted to use tax increment financing,
1-56 and other revenue to be used in implementing the plan shall be
1-57 deposited in the tax increment fund for the zone.

1-58 Sec. 173.306. TAX INCREMENT BONDS AND NOTES ISSUED BY LOCAL
1-59 GOVERNMENT MEMBER IN CERTAIN DISTRICTS. (a) This section applies
1-60 only to a district created before January 1, 2005.

1-61 (b) A local government member of a district creating a
1-62 transportation infrastructure zone may issue tax increment bonds or
1-63 notes, including refunding bonds, secured by revenue in the local

2-1 government's tax increment fund. Proceeds of bonds issued under
2-2 this section may be used to:

2-3 (1) pay project costs for the zone on behalf of which
2-4 the bonds or notes were issued; or

2-5 (2) satisfy claims of holders of the bonds or notes.

2-6 (c) Tax increment bonds and notes are payable, as to both
2-7 principal and interest, solely from the tax increment fund
2-8 established for the transportation infrastructure zone. The local
2-9 government may pledge irrevocably all or part of the fund for
2-10 payment of tax increment bonds or notes. The part of the fund
2-11 pledged in payment may be used only for the payment of the bonds or
2-12 notes or interest on the bonds or notes until the bonds or notes
2-13 have been fully paid. A holder of the bonds or notes or of coupons
2-14 issued on the bonds has a lien against the fund for payment of the
2-15 bonds or notes and interest on the bonds or notes and may protect or
2-16 enforce the lien at law or in equity.

2-17 (d) A tax increment bond or note is not a general obligation
2-18 of the local government issuing the bond or note. A tax increment
2-19 bond or note does not give rise to a charge against the general
2-20 credit or taxing powers of the local government and is not payable
2-21 except as provided by this section.

2-22 (e) A local government's obligation to deposit sales and use
2-23 taxes into the tax increment fund is not a general obligation of the
2-24 local government. An obligation to make payments from sales and
2-25 use taxes does not give rise to a charge against the general credit
2-26 or taxing powers of the local government and is not payable except
2-27 as provided by this section. A tax increment bond or note issued
2-28 under this section that pledges payments must state the
2-29 restrictions of this section on its face.

2-30 (f) A tax increment bond or note may not be included in any
2-31 computation of the debt of the issuing local government.

2-32 SECTION 4. This Act takes effect September 1, 2011.

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