

BILL ANALYSIS

C.S.H.B. 1290
By: Phillips
Transportation
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Over the past several years, local governments have used new and innovative means of delivering much-needed transportation infrastructure in their jurisdictions. Transportation reinvestment zones permit municipalities and counties to enter into a pass-through financing agreement with a state agency, allowing the agency to delegate to a municipality or county the authority to finance the costs and oversee the construction of a local road project. The community is reimbursed for those costs over time. Through this method, interested parties assert, a local government can take control of its transportation needs, accelerate the construction of needed projects, determine the best method of delivery, and develop a plan for financing the project with its own sources of revenue or in partnership with the private sector.

Those parties note that a transportation reinvestment zone is a defined, contiguous area around a planned transportation project that is established to capture the expected increase in the property tax increment arising from the planned project and that the tax increment is used to help finance costs of the transportation project. Recent legislation expanded the use of transportation reinvestment zones beyond pass-through financing agreements and authorized a municipality or county to establish a transportation reinvestment zone for any transportation project.

Interested parties, however, are concerned that the development of a transportation project must be wholly contained within the jurisdiction of the applicable municipality or county establishing the transportation reinvestment zone. This limitation, they say, is not beneficial to communities because transportation projects are often of regional importance and may need to cross municipal and county lines to be functional, effective, and worthy of investment. C.S.H.B. 1290 seeks to remedy this situation by authorizing local governments to jointly administer transportation reinvestment zones.

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

C.S.H.B. 1290 amends the Transportation Code to authorize the governing bodies of two or more local governments that have designated a municipal or county transportation reinvestment zone for the same transportation project or projects to enter into an agreement to provide for the joint administration of the transportation reinvestment zones. The bill authorizes the agreement to provide for the creation of a board of directors to oversee the transportation reinvestment zones, including the implementation of a transportation project in the zones; the establishment of a joint tax increment account for the transportation reinvestment zones; separate accounts for the maintenance of funds from a municipal transportation reinvestment zone and a county transportation reinvestment zone; the commitment of each participating entity to transfer the tax increment or assessment, or the portion thereof dedicated to a transportation project, to an account subject to the joint administration; and, to the extent legally permitted, the pledge or

assignment of the tax increment or assessment to an entity developing a transportation project or providing funding for a transportation project.

C.S.H.B. 1290 specifies that the board of directors created to oversee the transportation reinvestment zones is composed of one person appointed by each local government that is a party to the agreement providing for joint administration of the transportation reinvestment zones and one person appointed by agreement of those local governments. The bill authorizes a local government to designate a transportation reinvestment zone for a transportation project located outside the local government's boundaries if the following conditions apply: the local government finds that the project will benefit the property and residents located in the zone and the creation of the zone will serve a public purpose of the local government; a zone has been designated for the same project by one or more local governments in whose boundaries the project is located; and an agreement for joint administration of the designated zones is entered into by the local government whose boundaries do not contain the project and one or more of the local governments that have designated a zone for the project and in whose boundaries the project is located.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1290 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter E, Chapter 222, Transportation Code, is amended by adding Section 222.111 to read as follows:

Sec. 222.111. JOINT ADMINISTRATION OF TRANSPORTATION REINVESTMENT ZONES.

The governing bodies of two or more local governments that have designated a transportation reinvestment zone under Section 222.106 or 222.107 may enter into an agreement to provide for the joint administration of two or more adjacent transportation reinvestment zones. The agreement may provide for:

- (1) the creation of a board of directors to manage the transportation reinvestment zones, including a transportation project in the zones; and
- (2) the establishment of a joint tax increment account for the transportation reinvestment zones.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter E, Chapter 222, Transportation Code, is amended by adding Section 222.111 to read as follows:

Sec. 222.111. JOINT ADMINISTRATION OF TRANSPORTATION REINVESTMENT ZONES.

(a) The governing bodies of two or more local governments that have designated a transportation reinvestment zone under Section 222.106 or 222.107 for the same transportation project or projects may enter into an agreement to provide for the joint administration of the transportation reinvestment zones. The agreement may provide for:

- (1) the creation of a board of directors to oversee the transportation reinvestment zones, including the implementation of a transportation project in the zones;
- (2) the establishment of a joint tax increment account for the transportation reinvestment zones;
- (3) separate accounts for the maintenance of funds from a zone created under Section 222.106 and funds from a zone created under Section 222.107;

(4) the commitment of each participating entity to transfer the tax increment or assessment, or the portion thereof dedicated to a transportation project, to an account subject to the joint administration; and

(5) to the extent legally permitted, the pledge or assignment of the tax increment or assessment to an entity developing a transportation project or providing funding for a transportation project.

(b) A board of directors is composed of one person appointed by each local government that is a party to the agreement providing for joint administration of the transportation reinvestment zones and one person appointed by agreement of those local governments.

(c) Notwithstanding any other law, a local government may designate a transportation reinvestment zone for a transportation project located outside the local government's boundaries if:

(1) the local government finds that:

(A) the project will benefit the property and residents located in the zone; and

(B) the creation of the zone will serve a public purpose of the local government;

(2) a zone has been designated for the same project by one or more local governments in whose boundaries the project is located; and

(3) an agreement for joint administration of the designated zones is entered into under this section by:

(A) the local government whose boundaries do not contain the project; and

(B) one or more of the local governments that have designated a zone for the project and in whose boundaries the project is located.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

SECTION 2. Same as introduced version.