

BILL ANALYSIS

C.S.H.B. 1716
By: Pickett
Transportation
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties note that a county or municipality may currently contract with a public or private entity to develop a transportation project in a transportation reinvestment zone and pledge or assign all or a portion of the funds collected into the tax increment account to that entity but that a county designating such a zone is not subject to the same requirements as a municipality designating such a zone. For example, a county's order or resolution designating a zone is not required to contain findings that the promotion of the transportation project will cultivate improvement, development, or redevelopment. In addition, these parties assert that money the county receives in a tax increment or from other payments associated with the zone can only be used in connection with a transportation project in the zone but that counties should have broader authority to use these funds for other purposes as determined by the commissioners court in the same way municipalities have this broader authority for the use of unencumbered funds.

Interested parties also note that recent legislation eliminated the requirement that transportation reinvestment zones based on property tax increments be linked to pass-through projects, allowing these zones to be used for a wide range of transportation projects. These parties assert that requiring zones based on sales taxes to be linked to pass-through toll projects is inefficient and outdated and that a zone based on sales taxes should be able to implement the same types of transportation projects as a zone based on property taxes.

C.S.H.B. 1716 seeks to address these issues by amending, updating, and repealing laws relating to 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. 1716 amends the Transportation Code to expand the purposes of municipal and county transportation reinvestment zones to include the enhancement of a local entity's ability to sponsor a transportation project authorized under provisions relating to regional mobility authorities, rather than authorized under provisions relating to pass-through tolls.

C.S.H.B. 1716 authorizes a municipality or county to create a transportation reinvestment zone to promote one or more transportation projects, rather than a transportation project, and removes the authorization for a county transportation reinvestment zone to be created for the purpose of abating property taxes or granting other relief from taxes imposed by the county on real property located in the zone.

C.S.H.B. 1716, in provisions authorizing a municipality or county to contract with a public or private entity to develop, redevelop, or improve a transportation project in a transportation reinvestment zone, prohibits the municipality or county from rescinding its pledge or assignment

of money from the tax increment or property tax assessment, as applicable, to that entity until contractual commitments, rather than bonds or other obligations, have been satisfied. The bill removes a provision prohibiting such a governing body, if the entity that received the pledge or assignment has itself pledged or assigned that amount to secure bonds or other obligations issued to obtain funding for the transportation project, from rescinding its pledge or assignment until the bonds or other obligations secured by the pledge or assignment have been paid or discharged. The bill specifies that in a county transportation reinvestment zone, similar to a municipal transportation reinvestment zone, any unpledged amount received from the tax increment or assessments may be used for other purposes determined by the governing body of the county or municipality, as applicable.

C.S.H.B. 1716, in provisions prohibiting property in a municipal or county transportation reinvestment zone from being removed or excluded from the zone if any part of the tax increment or assessment, as applicable, has been assigned or pledged to secure bonds or other obligations, specifies that the prohibition is if the bonds or other obligations have been assigned or pledged directly to obtain development, in addition to funding, of a project.

C.S.H.B. 1716, in provisions specifying that a municipal or county transportation reinvestment zone terminates on December 31 of the year in which the municipality or county completes certain tasks, requires the municipality or county to complete all contractual requirements that included the pledge or assignment of all or a portion of money deposited to a tax increment account or the repayment of money owed under an agreement for the development, redevelopment, or improvement of the project or projects for which the zone was designated. The bill also requires the county to complete all contractual requirements that included the pledge or assignment of the collected assessments.

C.S.H.B. 1716 requires an order or resolution designating a county transportation reinvestment zone, similar to an ordinance designating a municipal transportation reinvestment zone, to contain findings that promotion of the transportation project or projects will cultivate the improvement, development, or redevelopment of the zone.

C.S.H.B. 1716 authorizes the sales taxes collected in relation to a transportation reinvestment zone to be deposited into a tax increment account to be disbursed from the account to pay for authorized pass-through tolling transportation projects or other transportation projects.

C.S.H.B. 1716 authorizes the governing body of a county or municipality to designate a transportation reinvestment zone for a transportation project located outside the boundaries of the county or municipality if the following conditions are met: the county or municipality 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 that county or municipality; a zone has been designated for the same project by one or more counties or municipalities in whose boundaries the project is located; and an agreement for joint support of the designated zones is entered into by the county or municipality whose boundaries do not contain the project and one or more of the counties or municipalities that have designated a zone for the project and in whose boundaries the project is located.

C.S.H.B. 1716 repeals a provision authorizing a county, in the event the county collects a tax increment, to issue bonds to pay all or part of the cost of a transportation project and to pledge and assign all or a specified amount of money in the tax increment account to secure those bonds. The bill also repeals a provision defining "transportation project" for purposes of transportation reinvestment zones for other transportation projects.

C.S.H.B. 1716 repeals Sections 222.107(i-1) and 222.108(d), Transportation Code.

EFFECTIVE DATE

September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1716 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	HOUSE COMMITTEE SUBSTITUTE
SECTION 1. Subchapter E, Chapter 222, Transportation Code, is amended.	SECTION 1. Same as introduced version.
SECTION 2. Section 222.105, Transportation Code, is amended.	SECTION 2. Same as introduced version.
SECTION 3. Sections 222.106(b), (c), (g), (i), (i-1), (i-2), and (j), Transportation Code, are amended.	SECTION 3. Substantially the same as introduced version.
SECTION 4. Sections 222.107(b), (c), (e), (f), (k-1), and (l), Transportation Code, are amended.	SECTION 4. Substantially the same as introduced version.
SECTION 5. Section 222.107(h), Transportation Code, as amended by Chapters 475 (H.B. 563) and 1345 (S.B. 1420), Acts of the 82nd Legislature, Regular Session, 2011, is reenacted.	SECTION 5. Same as introduced version.
SECTION 6. Section 222.107(h-1), Transportation Code, as added by Chapter 1345 (S.B. 1420), Acts of the 82nd Legislature, Regular Session, 2011, is reenacted and amended.	SECTION 6. Same as introduced version.
SECTION 7. Subsection (h-1), Section 222.107, Transportation Code, as added by Chapter 475 (H.B. 563), Acts of the 82nd Legislature, Regular Session, 2011, is redesignated as Subsection (h-2), Section 222.107, Transportation Code, and amended.	SECTION 7. Same as introduced version.
SECTION 8. Section 222.108(a), Transportation Code, is amended.	SECTION 8. Same as introduced version.

SECTION 9. Section 222.110(e), Transportation Code, is amended.

No equivalent provision.

SECTION 10. Sections 222.107(i-1) and 222.108(d), Transportation Code, are repealed.

SECTION 11. This Act takes effect September 1, 2013.

SECTION 9. Same as introduced version.

SECTION 10. Subchapter E, Chapter 222, Transportation Code, is amended by adding Section 222.111 to read as follows:

Sec. 222.111. TRANSPORTATION REINVESTMENT ZONES FOR PROJECTS LOCATED IN OTHER JURISDICTIONS. Notwithstanding any other law, the governing body of a county or municipality may designate a transportation reinvestment zone for a transportation project located outside the boundaries of the county or municipality if:

(1) the county or municipality 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 that county or municipality;

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

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

(A) the county or municipality whose boundaries do not contain the project; and

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

SECTION 11. Same as introduced version.

SECTION 12. Same as introduced version.