

BILL ANALYSIS

Senate Research Center
83R22066 E

H.B. 2300
By: Keffer; King, Tracy O. (Uresti)
Transportation
5/9/2013
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties note that a considerable portion of energy exploration and production in Texas occurs in rural areas where many of the roads and bridges were not designed for heavy traffic and overweight vehicles. The parties observe that the energy production boom and the associated traffic and heavy trucks have damaged these roads and bridges and contributed to increased numbers of automobile accidents. The parties contend that funding is needed to rebuild and reinforce transportation infrastructure in certain areas affected by increased energy production. H.B. 2300 seeks to address this situation through the establishment of county energy transportation reinvestment zones.

H.B. 2300 amends current law relating to funding and donations for county transportation projects, including projects of county energy transportation reinvestment zones.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter E, Chapter 222, Transportation Code, by adding Sections 222.1071 and 222.1072, as follows:

Sec. 222.1071. COUNTY ENERGY TRANSPORTATION REINVESTMENT ZONES.

(a) Requires a county to determine the amount of the tax increment for a county energy transportation reinvestment zone in the same manner the county would determine the tax increment as provided in Section 222.107(a) for a county transportation reinvestment zone.

(b) Authorizes a county, after determining that an area is affected by oil and gas exploration and production activities, by order or resolution of the commissioners court to designate a contiguous geographic area in the jurisdiction of the county to be a county energy transportation reinvestment zone to promote one or more specified transportation projects located in the zone and to jointly administer a county energy transportation reinvestment zone in conjunction with another county or counties, as provided by Subsection (o).

(c) Requires a commissioners court to comply with all applicable laws in the application of this chapter.

(d) Requires a commissioners court, not later than the 30th day before the date the commissioners court proposes to designate an area as a county energy transportation reinvestment zone under this section, to hold a public hearing on the creation of the zone and its benefits to the county and to property in the proposed zone. Authorizes an interested person, at the hearing, to speak for or against the designation of the zone, its boundaries, the joint administration of a zone in another county, or the use of tax increment paid into the tax increment account.

(e) Requires that notice of the hearing and the intent to create a zone, not later than the seventh day before the date of the hearing, be published in a newspaper having general circulation in the county.

(f) Requires that the order or resolution designating an area as a county energy transportation reinvestment zone:

(1) describe the boundaries of the zone with sufficient definiteness to identify with ordinary and reasonable certainty the territory included in the zone;

(2) provide that the zone takes effect immediately on adoption of the order or resolution and that the base year is required to be the year of passage of the order or resolution or some year in the future;

(3) assign a name to the zone for identification, with the first zone designated by a county designated as "County Energy Transportation Reinvestment Zone Number One, (name of county)," and subsequently designated zones assigned names in the same form numbered consecutively in the order of their designation;

(4) establish an ad valorem tax increment account for the zone or provide for the establishment of a joint ad valorem tax increment account, if applicable; and

(5) name the advisory board for the zone or the county's members on a joint advisory board, as applicable, as provided by Section 222.1072.

(g) Provides that compliance with the requirements of this section constitutes designation of an area as a county energy transportation reinvestment zone without further hearings or other procedural requirements.

(h) Authorizes the county to, from taxes collected on property in a zone, pay into a tax increment account for the zone or zones an amount equal to the tax increment produced by the county less any amounts allocated under previous agreements, including agreements under Section 381.004 (Community and Economic Development Programs in Certain Counties), Local Government Code, or Chapter 312 (Property Redevelopment and Tax Abatement Act), Tax Code.

(i) Prohibits tax increment paid into a tax increment account from being pledged as security for bonded indebtedness.

(j) Authorizes the commissioners court to pledge money in the tax increment account to provide funding for one or more specified transportation projects located in the zone and to a road utility district formed as provided by Subsection (k).

(k) Authorizes a road utility district, in the alternative, to assist the county in developing a transportation project, if authorized by the Texas Transportation Commission under Chapter 441 (Road Utility Districts), to be formed under that chapter that has the same boundaries as a county energy transportation reinvestment zone created under this section. Authorizes the road utility district 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 if the county collects a tax increment and pledges all or a specified amount of the tax increment to the road utility district.

(l) Authorizes a road utility district formed as provided by Subsection (k) to enter into an agreement to fund development of a project or to repay funds owed to the

Texas Department of Transportation (TxDOT). Provides that any amount paid for this purpose is considered to be an operating expense of the district. Authorizes any taxes collected by the district that are not paid for this purpose to be used for any district purpose.

(m) Authorizes the boundaries of a zone, to accommodate changes in the limits of the project for which a zone was designated, to be amended at any time, except that property is prohibited from being added to a zone unless the commissioners court of the county complies with Subsections (d), (e), and (f).

(n) Provides that a county energy transportation reinvestment zone terminates on December 31 of the 10th year after the year the zone was designated, if before that date the county has not used the zone for the purpose for which it was designated.

(o) Authorizes the commissioners courts of two or more counties that have designated a county energy transportation reinvestment zone under this section for the same transportation project or projects to enter into an agreement to provide for the joint administration of the zones.

(p) Authorizes the commissioners court of a county to enter into an agreement with TxDOT to designate a county energy transportation reinvestment zone under this section for a specified transportation project involving a state highway located in the proposed zone.

Sec. 222.1072. **ADVISORY BOARD OF COUNTY ENERGY TRANSPORTATION REINVESTMENT ZONE.** (a) Provides that, except as provided by Subsection (b), the advisory board of a county energy transportation reinvestment zone consists of the following members appointed by the county judge and approved by the county commissioners court: three oil and gas company representatives who perform company activities in the county and are local taxpayers, and two public members who are active in civic affairs.

(b) Provides that county energy transportation reinvestment zones that are jointly administered are advised by a single joint advisory board for the zones. Provides that a joint advisory board under this subsection consists of members appointed under Subsection (a) for each zone to be jointly administered.

(c) Prohibits an advisory board member from receiving compensation for service on the board or reimbursement for expenses incurred in performing services as a member.

SECTION 2. Amends Section 222.110(e), Transportation Code, as follows:

(e) Authorizes the sales and use taxes to be deposited into the tax increment account under this section to be disbursed from the account only to:

(1) Makes no change to this subdivision; and

(2) notwithstanding Sections 321.506 (Use of Tax Revenue by Municipality) and 323.505 (Use of Tax Revenue), Tax Code, satisfy claims of holders of tax increment bonds, notes, or other obligations issued or incurred for projects authorized under Section 222.104 (Pass-Through Tolls) or 222.1071.

SECTION 3. Amends Subchapter A, Chapter 251, Transportation Code, by adding Section 251.018, as follows:

Sec. 251.018. **DONATIONS.** (a) Authorizes a commissioners court to accept donations of labor, money, or other property to aid in the building or maintaining of roads, culverts,

or bridges in the county if the commissioners court enters into an agreement of release of liability regarding the donations.

(b) Authorizes a county operating under the county road department system on September 1, 2013, to use the authority granted under this section without holding a new election under Section 252.301.

SECTION 4. Effective date: September 1, 2013.