

BILL ANALYSIS

Senate Research Center

S.B. 971
By: Williams et al.
Transportation
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

This bill seeks to assist all ports along the Texas Gulf Coast in generating revenue to provide local matching dollars or pay for costly long-term economic development projects such as dredging waterways and widening channels.

S.B. 971 amends current law relating to the purposes, designation, and funding of a transportation reinvestment zone for port projects, provides authority to issue bonds, and authorizes an assessment.

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 Section 222.1075, as follows:

Sec. 222.1075. PORT AUTHORITY TRANSPORTATION REINVESTMENT ZONE.

(a) Defines "port authority," "port commission," and "port project" in this section.

(b) Provides that in this section:

(1) for a port authority or navigation district created or operating under certain sections of the Constitution (port authority) the amount of a port authority's tax increment for a year is the amount of ad valorem taxes levied and collected by the port authority or by the commissioners court on behalf of the port authority for that year on the captured appraised value of real property taxable by the port authority and located in a transportation reinvestment zone (zone) under this section.

(2) the captured appraised value of real property taxable by a port authority for a year is the total appraised value of all real property taxable by the port authority and located in a zone for that year less the tax increment base of the port authority; and

(3) the tax increment base of a port authority is the total appraised value of all real property taxable by the port authority and located in a zone for the year in which the zone was designated under this section.

(c) Authorizes the governing body of a port authority or navigation district (port commission) of the port authority, after determining that an area is unproductive or underdeveloped and that action under this section would improve the security, movement, and intermodal transportation of cargo or passengers in commerce and trade, to by order or resolution designate a contiguous geographic area in the jurisdiction of the port authority to be a zone to promote a project that is necessary or convenient for the proper operation of a maritime port or waterway

and that will improve the security, movement, and intermodal transportation of cargo or passengers in commerce and trade, including dredging, disposal, and other projects (port project) and for the purpose of abating ad valorem taxes or granting other relief from taxes imposed by the county on real property located in the zone.

(d) Requires the port commission to comply with all applicable laws in the application of this chapter.

(e) Requires the port commission, not later than the 30th day before the date the port commission proposes to designate an area as a zone under this section, to hold a public hearing on the creation of the zone, its benefits to the port authority and to property in the proposed zone, and the abatement of ad valorem taxes or the grant of other relief from ad valorem taxes imposed by the port authority on real property located in the zone. Authorizes an interested person at the hearing to speak for or against the designation of the zone, its boundaries, or the abatement of or other relief from port authority taxes on real property in the zone. Requires that the 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 in which the zone is proposed to be located.

(f) Requires that the order or resolution designating an area as a 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 shall 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 "Transportation Reinvestment Zone Number One, (name of port authority)," and subsequently designated zones assigned names in the same form numbered consecutively in the order of their designation;

(4) designate the base year for purposes of establishing the tax increment base of the port authority;

(5) establish an ad valorem tax increment account for the zone; and

(6) contain findings that promotion of a port project will improve the security, movement, and intermodal transportation of cargo or passengers in commerce and trade.

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

(h) Authorizes the port commission to:

(1) from taxes collected on property in a zone, including maintenance and operation taxes, pay into a tax increment account for the zone an amount equal to the tax increment produced by the port authority less any amounts allocated under previous agreements, including agreements under Chapter 312 (Property Redevelopment and Tax Abatement Act), Tax Code;

- (2) from a tax increment account for the zone, repay any loan or other debt incurred to finance a port project under this section;
- (3) by order or resolution enter into an agreement with the owner of any real property located in the zone to abate all or a portion of the ad valorem taxes or to grant other relief from the taxes imposed by the port authority on the owner's property in an amount not to exceed the amount calculated under Subsection (b)(1) for that year;
- (4) by order or resolution elect to abate all or a portion of the ad valorem taxes imposed by the port authority on all real property in a zone; or
- (5) grant other relief from ad valorem taxes on property in a zone.

(i) Requires that all abatements or other relief granted by the port commission in a zone be equal in rate. Prohibits the total amount of the taxes abated or the total amount of other relief granted under this section, in any ad valorem tax year, from exceeding the amount calculated under Subsection (b)(1) for that year, less any amounts allocated under previous agreements, including agreements under Chapter 312, Tax Code.

(j) Authorizes a port authority, to further the development of the port project for which the zone was designated, to assess all or part of the cost of the port project against property within the zone. Authorizes the assessment against each property in the zone to be levied and payable in installments in the same manner as provided for municipal and county public improvement districts under Sections 372.016 (Assessment Roll), 372.017 (Levy of Assessment), 372.0175 (Contracts for Collection of Assessments), and 372.018 (Interest on Assessment; Lien), Local Government Code, provided that the installments do not exceed the total amount of the tax abatement or other relief granted under Subsection (h). Provides that the port authority has the powers provided to municipalities and counties under Sections 372.015 (Determination of Assessment), 372.016, 372.017, 372.018, 372.019 (Supplemental Assessments), 372.020 (Reassessment) and 372.023 (Payment of Costs), Local Government Code, for the assessment of costs and Sections 372.024 (General Obligation and Revenue Bonds), 372.025 (Terms and Conditions of Bonds), 372.026 (Pledges), 372.027 (Refunding Bonds), 372.028 (Approval and Registration), 372.029 (Authorized Investments; Security), and 372.030 (Subchapter Not Exclusive), Local Government Code, for the issuance of bonds by the port authority to pay the cost of a port project. Authorizes the port commission of the port authority to contract with a public or private entity to develop, redevelop, or improve a port project in the zone, including aesthetic improvements, and authorizes the port commission of the port authority to pledge and assign to that entity all or a specified amount of the revenue the port authority receives from installment payments of the assessments for the payment of the costs of that port project. Prohibits the port commission of the port authority, after a pledge or assignment is made, 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 port project, from rescinding its pledge or assignment until the bonds or other obligations secured by the pledge or assignment have been paid or discharged. Authorizes any amount received from installment payments of the assessments not pledged or assigned in connection with the port project to be used for other purposes associated with the port project or in the zone.

(k) Authorizes the boundaries of a zone, to accommodate changes in the limits of the project for which a reinvestment zone was designated, to be amended at any time, except that property may not be removed or excluded from a designated zone if any part of the assessment has been assigned or pledged directly by the port authority or through another entity to secure bonds or other obligations issued to obtain funding of the project, and prohibits property from being added to a

designated zone unless the port commission of the port authority complies with Subsections (e) and (f).

(l) Provides that a tax abatement agreement entered into under Subsection (h), or an order or resolution on the abatement of taxes or the grant of other relief from taxes under that subsection, except as provided by Subsection (m), terminates on December 31 of the year in which the port authority completes any contractual requirement that included the pledge or assignment of assessments collected under this section.

(m) Provides that a zone terminates on December 31 of the 10th year after the year the zone was designated, if before that date the port authority has not used the zone for the purpose for which it was designated.

SECTION 2. Amends Section 222.108(d), Transportation Code, to redefine "transportation project" in this section to include transportation projects described by Section 370.003 (Definitions); and port security, transportation, or facility projects described by Section 55.001(5) (defining "port security, transportation, or facility project").

SECTION 3. Effective date: September 1, 2013.