

By: Guillen

H.B. No. 563

A BILL TO BE ENTITLED

AN ACT

relating to shale transportation districts, authorizing the issuance of bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle Z, Title 6, Transportation Code, is amended by adding Chapter 473 to read as follows:

CHAPTER 473. SHALE TRANSPORTATION DISTRICTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 473.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of the district.

(2) "Commission" means the Texas Transportation Commission.

(3) "Department" means the Texas Department of Transportation.

(4) "District" means a shale transportation district created under this chapter.

Sec. 473.002. EXPIRATION OF AUTHORITY. The commission may not authorize the creation of a district under this chapter on or after September 1, 2023.

[Sections 473.003-473.050 reserved for expansion]

SUBCHAPTER B. CREATION OF DISTRICT

Sec. 473.051. CREATION OF DISTRICT. (a) Two or more counties that contain a portion of a shale formation may form a

1 shale transportation district to plan, coordinate, and provide
2 financial assistance for road projects in the district if:

3 (1) the county or counties submit a comprehensive road
4 construction, maintenance, and improvement plan for the proposed
5 district, including a budget for the plan

6 (2) the commission approves the plan.

7 (b) A district may not be created without the approval of
8 the commission under Subsection (a) and the approval of the
9 commissioners court of each county that will be a part of the
10 district.

11 (c) a plan adopted under this section must ensure local
12 funding mechanisms are used to the extent possible.

13 Sec. 473.052. NATURE OF DISTRICT. (a) A district is a body
14 politic and corporate and a political subdivision of this state.

15 (b) A district is a governmental unit as that term is
16 defined in Section 101.001, Civil Practice and Remedies Code.

17 (c) The exercise by a district of the powers conferred by
18 this chapter is:

19 (1) in all respects for the benefit of the people of
20 the counties in which a district operates and of the people of this
21 state; and

22 (2) an essential governmental function of the state.

23 (d) The operations of a district are governmental, not
24 proprietary, functions.

25 [Sections 473.053-473.100 reserved for expansion]

26 SUBCHAPTER C. GOVERNANCE

27 Sec. 473.101. BOARD OF DIRECTORS. (a) The governing body of

1 a district is a board of directors consisting of:

2 (1) representatives of each county of the district;

3 (2) two members appointed by the governor who has
4 experience with oil and gas industry interests in the district; and

5 (3) one member appointed by the governor to serve as
6 the presiding officer of the board.

7 (b) The commissioners court of each county that forms the
8 district shall appoint at least two directors to the board.

9 Additional directors may be appointed to the board at the time of
10 initial formation by agreement of the counties creating the
11 district to ensure fair representation of political subdivisions in
12 the counties of the district, provided that the number of directors
13 must be an odd number.

14 (c) All appointments to the board shall be made without
15 regard to race, color, disability, sex, religion, age, or national
16 origin.

17 (d) The following individuals are ineligible to serve as a
18 director:

19 (1) an elected official;

20 (2) a person who is not a resident of a county within
21 the geographic area of the district;

22 (3) a department employee;

23 (4) an employee of a governmental entity any part of
24 which is located within the geographic boundaries of the district;
25 and

26 (5) a person owning an interest in real property that
27 will be acquired for a road project in the district, if it is known

1 at the time of the person's proposed appointment that the property
2 will be acquired for the road project.

3 (e) Each director has equal status and may vote.

4 (f) The vote of a majority attending a board meeting is
5 necessary for any action taken by the board. If a vacancy exists on
6 the board, the majority of directors serving on the board is a
7 quorum.

8 (g) The commission may refuse to authorize the creation of a
9 district if the commission determines that the proposed board will
10 not fairly represent political subdivisions in the counties of the
11 district that will be affected by the projects in the comprehensive
12 plan.

13 Sec. 473.102. TERMS. (a) Directors serve two-year terms,
14 with as near as possible to one-half of the directors' terms
15 expiring on February 1 of each year.

16 (b) One director appointed to the initial board of a
17 district by the commissioners court of a county shall be designated
18 by the court to serve a term of one year and one director designated
19 to serve a term of two years. If one or more directors are
20 subsequently appointed to the board, the directors other than the
21 subsequent appointees shall determine the length of the appointees'
22 terms, to comply with Subsection (a).

23 Sec. 473.103. VACANCY. If a vacancy occurs on the board,
24 the appointing authority shall promptly appoint a successor to
25 serve for the unexpired portion of the term.

26 [Sections 473.104-473.150 reserved for expansion]

SUBCHAPTER D. POWERS AND DUTIES

Sec. 473.151. GENERAL POWERS. (a) A district, through its board, may:

(1) adopt rules for the regulation of its affairs and the conduct of its business;

(2) adopt an official seal; and

(3) apply for and directly or indirectly receive and spend loans, gifts, and grants.

(b) A district may sue and be sued and plead and be impleaded in its own name.

Sec. 473.152. DISTRICT COMPREHENSIVE ROAD CONSTRUCTION, MAINTENANCE, AND IMPROVEMENT PLAN; CONTRACTS FOR USE OF BOND PROCEEDS. (a) A district may contract with the department or a local government in the district for the use of district money, including bond proceeds under Section 473.153, by the department or local government for construction or improvement of road projects that are part of the comprehensive road construction, maintenance, and improvement plan submitted under Section 473.051.

(b) A district, with the approval of the commission, may amend the comprehensive plan, including by adding or removing projects from the plan.

(c) Unless otherwise authorized by the commission, all projects proposed in a comprehensive road construction, maintenance, and improvement plan must be proposed to be completed not later than the 10th anniversary of the creation of the district.

Sec. 473.153. BONDS SECURED BY SEVERANCE TAX REVENUE. A district, by bond resolution, may authorize the issuance of bonds

1 for which the principal of and interest on are payable solely from:

2 (1) money under Sections 49-g(d) and (e), Article III,
3 Texas Constitution, allocated to the district by the department;

4 and

5 (2) money derived from any other source available to
6 the district.

7 [Sections 473.154-473.200 reserved for expansion]

8 SUBCHAPTER E. DISSOLUTION OF DISTRICT

9 Sec. 473.201. VOLUNTARY DISSOLUTION. (a) A district may
10 not be dissolved unless the dissolution is approved by the
11 commission.

12 (b) A board may submit a request to the commission for
13 approval to dissolve.

14 (c) The commission may approve a request to dissolve only
15 if:

16 (1) all debts, obligations, and liabilities of the
17 district have been paid and discharged or adequate provision has
18 been made for the payment of all debts, obligations, and
19 liabilities; and

20 (2) there are no suits pending against the district,
21 or adequate provision has been made for the satisfaction of any
22 judgment, order, or decree that may be entered against it in any
23 pending suit.

24 Sec. 473.202. INVOLUNTARY DISSOLUTION FOR NONCOMPLIANCE
25 WITH RULE OR AGREEMENT. (a) The commission by order may require a
26 district to dissolve if the commission determines that the district
27 has not substantially complied with the requirements of a

1 commission rule or an agreement between the department and the
2 district.

3 (b) The commission may not require dissolution under
4 Subsection (a) unless:

5 (1) the conditions described in Section 473.201(c)
6 have been met; and

7 (2) the holders of any indebtedness have evidenced
8 their agreement to the dissolution.

9 Sec. 473.203. DISSOLUTION AFTER COMPLETION OF PROJECTS IN
10 PLAN. The commission shall dissolve a district if:

11 (1) all projects in the district's comprehensive road
12 construction, maintenance, and improvement plan have been
13 completed;

14 (2) all debts, obligations, and liabilities of the
15 district have been paid and discharged or adequate provision has
16 been made for the payment of all debts, obligations, and
17 liabilities; and

18 (3) there are no suits pending against the district,
19 or adequate provision has been made for the satisfaction of any
20 judgment, order, or decree that may be entered against it in any
21 pending suit.

22 SECTION 2. SECTION 2. This Act takes effect on the date on
23 which the constitutional amendment proposed by the 83rd
24 Legislature, Regular Session, 2013, to authorize the legislature If
25 that amendment is not approved by the voters, this Act has no
26 effect.

27 SECTION 3. This Act takes effect September 1, 2013.