

By: Pickett

H.B. No. 1716

A BILL TO BE ENTITLED

AN ACT

relating to the purposes and designation of a transportation  
reinvestment zone.

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

SECTION 1. Subchapter E, Chapter 222, Transportation Code,  
is amended by adding Section 222.1001 to read as follows:

Sec. 222.1001. DEFINITION. In this subchapter,  
"transportation project" has the meaning assigned by Section  
370.003.

SECTION 2. Section 222.105, Transportation Code, is amended  
to read as follows:

Sec. 222.105. PURPOSES. The purposes of Sections 222.106  
and 222.107 are to:

- (1) promote public safety;
- (2) facilitate the improvement, development, or  
redevelopment of property;
- (3) facilitate the movement of traffic; and
- (4) enhance a local entity's ability to sponsor a  
transportation project [~~authorized under Section 222.104~~].

SECTION 3. Sections 222.106(b), (c), (g), (i), (i-1),  
(i-2), and (j), Transportation Code, are amended to read as  
follows:

(b) This section applies only to a municipality in which a  
transportation project is to be developed under Section 222.104 or

1 222.108.

2 (c) If the governing body determines an area to be  
3 unproductive and underdeveloped and that action under this section  
4 will further the purposes stated in Section 222.105, the governing  
5 body of the municipality by ordinance may designate a contiguous  
6 geographic area in the jurisdiction of the municipality to be a  
7 transportation reinvestment zone to promote one or more [~~a~~]  
8 transportation projects [~~project~~].

9 (g) The ordinance designating an area as a transportation  
10 reinvestment zone must:

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

14 (2) provide that the zone takes effect immediately on  
15 passage of the ordinance and that the base year shall be the year of  
16 passage of the ordinance or some year in the future;

17 (3) assign a name to the zone for identification, with  
18 the first zone designated by a municipality designated as  
19 "Transportation Reinvestment Zone Number One, (City or Town, as  
20 applicable) of (name of municipality)," and subsequently  
21 designated zones assigned names in the same form, numbered  
22 consecutively in the order of their designation;

23 (4) designate the base year for purposes of  
24 establishing the tax increment base of the municipality;

25 (5) establish a tax increment account for the zone;  
26 and

27 (6) contain findings that promotion of the

1 transportation project or projects will cultivate the improvement,  
2 development, or redevelopment of the zone.

3 (i) All or the portion specified by the municipality of the  
4 money deposited to a tax increment account must be used to fund the  
5 transportation project or projects for which the zone was  
6 designated, as well as aesthetic improvements within the zone. Any  
7 remaining money deposited to the tax increment account may be used  
8 for other purposes as determined by the municipality. A  
9 municipality may issue bonds to pay all or part of the cost of a  
10 ~~the~~ transportation project and may pledge and assign all or a  
11 specified amount of money in the tax increment account to secure  
12 repayment of those bonds.

13 (i-1) The governing body of a municipality may contract with  
14 a public or private entity to develop, redevelop, or improve a  
15 transportation project in a transportation reinvestment zone and  
16 may pledge and assign all or a specified amount of money in the tax  
17 increment account to that entity. After a pledge or assignment is  
18 made, ~~[if the entity that received the pledge or assignment has~~  
19 ~~itself pledged or assigned that amount to secure bonds or other~~  
20 ~~obligations issued to obtain funding for the transportation~~  
21 ~~project,~~ the governing body of the municipality may not rescind  
22 its pledge or assignment until the contractual commitments that are  
23 the subject of ~~[bonds or other obligations secured by]~~ the pledge or  
24 assignment have been satisfied ~~[paid or discharged]~~.

25 (i-2) To accommodate changes in the limits of a ~~the~~  
26 project for which a reinvestment zone was designated, the  
27 boundaries of a zone may be amended at any time, except that:

1           (1) property may not be removed or excluded from a  
2 designated zone if any part of the tax increment account has been  
3 assigned or pledged directly by the municipality or through another  
4 entity to secure bonds or other obligations issued to:

5                   (A) obtain financing [~~funding~~] of the project; or

6                   (B) provide funding for the development of a  
7 project; [~~7~~] and

8           (2) property may not be added to a designated zone  
9 unless the governing body of the municipality complies with  
10 Subsections (e) and (g).

11           (j) Except as provided by Subsections (i-1) and (k), a  
12 transportation reinvestment zone terminates on December 31 of the  
13 year in which the municipality completes:

14                   (1) all [~~a~~] contractual requirements [~~requirement, if~~  
15 ~~any,~~] that included the pledge or assignment of all or a portion of  
16 money deposited to a tax increment account; or

17                   (2) the repayment of money owed under an agreement for  
18 development, redevelopment, or improvement of the project or  
19 projects for which the zone was designated.

20           SECTION 4. Sections 222.107(b), (c), (e), (f), (k-1), and  
21 (l), Transportation Code, are amended to read as follows:

22           (b) This section applies only to a county in which a  
23 transportation project is to be developed under Section 222.104 or  
24 222.108.

25           (c) The commissioners court of the county, after  
26 determining that an area is unproductive and underdeveloped and  
27 that action under this section would further the purposes described

1 by Section 222.105, by order or resolution may designate a  
2 contiguous geographic area in the jurisdiction of the county to be a  
3 transportation reinvestment zone to promote one or more [~~a~~]  
4 transportation projects [~~project and for the purpose of abating ad~~  
5 ~~valorem taxes or granting other relief from taxes imposed by the~~  
6 ~~county on real property located in the zone]~~.

7 (e) Not later than the 30th day before the date the  
8 commissioners court proposes to designate an area as a  
9 transportation reinvestment zone under this section, the  
10 commissioners court must hold a public hearing on the creation of  
11 the zone, its benefits to the county and to property in the proposed  
12 zone, and the possible abatement of ad valorem taxes or the grant of  
13 other relief from ad valorem taxes imposed by the county on real  
14 property located in the zone. At the hearing an interested person  
15 may speak for or against the designation of the zone, its  
16 boundaries, or the possible abatement of or the relief from county  
17 taxes on real property in the zone. Not later than the seventh day  
18 before the date of the hearing, notice of the hearing and the intent  
19 to create a zone must be published in a newspaper having general  
20 circulation in the county.

21 (f) The order or resolution designating an area as a  
22 transportation reinvestment zone must:

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

26 (2) provide that the zone takes effect immediately on  
27 adoption of the order or resolution and that the base year shall be

1 the year of passage of the order or resolution or some year in the  
2 future;

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

8 (4) designate the base year for purposes of  
9 establishing the tax increment base of the county; ~~and~~

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

12 (6) contain findings that promotion of the  
13 transportation project or projects will cultivate the improvement,  
14 development, or redevelopment of the zone.

15 (k-1) To accommodate changes in the limits of a ~~the~~  
16 project for which a reinvestment zone was designated, the  
17 boundaries of a zone may be amended at any time, except that:

18 (1) property may not be removed or excluded from a  
19 designated zone if any part of the tax increment or assessment has  
20 been assigned or pledged directly by the county or through another  
21 entity to secure bonds or other obligations issued to:

22 (A) obtain financing ~~funding~~ of a ~~the~~  
23 project; or

24 (B) provide funding for the development of a  
25 project; ~~and~~

26 (2) property may not be added to a designated zone  
27 unless the commissioners court of the county complies with

1 Subsections (e) and (f).

2 (1) Except as provided by Subsection (m), a transportation  
3 reinvestment zone, a tax abatement agreement entered into under  
4 Subsection (h), or an order or resolution on the abatement of taxes  
5 or the grant of relief from taxes under that subsection~~[7]~~  
6 terminates on December 31 of the year in which the county completes:

7 (1) all ~~[any]~~ contractual requirements ~~[requirement]~~  
8 that included the pledge or assignment of all or a portion of:

9 (A) money deposited to a tax increment account;  
10 or

11 (B) the assessments collected under this  
12 section; or

13 (2) the repayment of money owed under an agreement for  
14 the development, redevelopment, or improvement of the project for  
15 which the zone was designated.

16 SECTION 5. Section 222.107(h), Transportation Code, as  
17 amended by Chapters 475 (H.B. 563) and 1345 (S.B. 1420), Acts of the  
18 82nd Legislature, Regular Session, 2011, is reenacted to read as  
19 follows:

20 (h) The commissioners court may:

21 (1) from taxes collected on property in a zone, pay  
22 into a tax increment account for the zone an amount equal to the tax  
23 increment produced by the county less any amounts allocated under  
24 previous agreements, including agreements under Section 381.004,  
25 Local Government Code, or Chapter 312, Tax Code;

26 (2) by order or resolution enter into an agreement  
27 with the owner of any real property located in the transportation

1 reinvestment zone to abate all or a portion of the ad valorem taxes  
2 or to grant other relief from the taxes imposed by the county on the  
3 owner's property in an amount not to exceed the amount calculated  
4 under Subsection (a)(1) for that year;

5 (3) by order or resolution elect to abate all or a  
6 portion of the ad valorem taxes imposed by the county on all real  
7 property in a zone; or

8 (4) grant other relief from ad valorem taxes on  
9 property in a zone.

10 SECTION 6. Section 222.107(h-1), Transportation Code, as  
11 added by Chapter 1345 (S.B. 1420), Acts of the 82nd Legislature,  
12 Regular Session, 2011, is reenacted and amended to conform to  
13 Section 222.107(h), Transportation Code, as amended by Chapter 475  
14 (H.B. 563), Acts of the 82nd Legislature, Regular Session, 2011, to  
15 read as follows:

16 (h-1) All abatements or other relief granted by the  
17 commissioners court in a transportation reinvestment zone must be  
18 equal in rate. In any ad valorem tax year, the total amount of the  
19 taxes abated or the total amount of relief granted under this  
20 section may not exceed the amount calculated under Subsection  
21 (a)(1) for that year, less any amounts allocated under previous  
22 agreements, including agreements under Chapter 381 [~~Section~~  
23 ~~381.004~~], Local Government Code, or Chapter 312, Tax Code.

24 SECTION 7. Subsection (h-1), Section 222.107,  
25 Transportation Code, as added by Chapter 475 (H.B. 563), Acts of the  
26 82nd Legislature, Regular Session, 2011, is redesignated as  
27 Subsection (h-2), Section 222.107, Transportation Code, and



1 amended to read as follows:

2       (h-2) [~~(h-1)~~] To further the development of the  
3 transportation project or projects for which the transportation  
4 reinvestment zone was designated, a county may assess all or part of  
5 the cost of the transportation project or projects against property  
6 within the zone. The assessment against each property in the zone  
7 may be levied and payable in installments in the same manner as  
8 provided by Sections 372.016-372.018, Local Government Code,  
9 provided that the installments do not exceed the total amount of the  
10 tax abatement or other relief granted under Subsection (h). The  
11 county may elect to adopt and apply the provisions of Sections  
12 372.015-372.020 and 372.023, Local Government Code, to the  
13 assessment of costs and Sections 372.024-372.030, Local Government  
14 Code, to the issuance of bonds by the county to pay the cost of a  
15 transportation project. The commissioners court of the county may  
16 contract with a public or private entity to develop, redevelop, or  
17 improve a transportation project in the transportation  
18 reinvestment zone, including aesthetic improvements, and may  
19 pledge and assign to that entity all or a specified amount of the  
20 revenue the county receives from the tax increment or the  
21 installment payments of the assessments for the payment of the  
22 costs of that transportation project. After a pledge or assignment  
23 is made, [if the entity that received the pledge or assignment has  
24 itself pledged or assigned that amount to secure bonds or other  
25 obligations issued to obtain funding for the transportation  
26 project,] the commissioners court of the county may not rescind its  
27 pledge or assignment until the contractual commitments that are the

1 subject of [~~bonds or other obligations secured by~~] the pledge or  
2 assignment have been satisfied [~~paid or discharged~~]. Any amount  
3 received from the tax increment or the installment payments of the  
4 assessments not pledged or assigned in connection with a [~~the~~]  
5 transportation project may be used for other purposes as determined  
6 by the commissioners court [~~associated with the transportation~~  
7 ~~project or in the zone~~].

8 SECTION 8. Section 222.108(a), Transportation Code, is  
9 amended to read as follows:

10 (a) A [~~Notwithstanding the requirement in Sections~~  
11 ~~222.106(b) and 222.107(b) that a transportation reinvestment zone~~  
12 ~~be established in connection with a project under Section 222.104,~~  
13 ~~a]~~ municipality or county may establish a transportation  
14 reinvestment zone for one or more [~~any~~] transportation projects  
15 [~~project~~]. If all or part of a [~~the~~] transportation project is  
16 subject to oversight by the department, at the option of the  
17 governing body of the municipality or county, the department, to  
18 the extent permitted by law, shall delegate full responsibility for  
19 the development, design, letting of bids, and construction of the  
20 project, including project inspection, to the municipality or  
21 county. After assuming responsibility for a project under this  
22 subsection, a municipality or county shall enter into an agreement  
23 with the department that prescribes:

- 24 (1) the development process;  
25 (2) the roles and responsibilities of the parties; and  
26 (3) the timelines for any required reviews or  
27 approvals.

1 SECTION 9. Section 222.110(e), Transportation Code, is  
2 amended to read as follows:

3 (e) The sales and use taxes to be deposited into the tax  
4 increment account under this section may be disbursed from the  
5 account only to:

6 (1) pay for projects authorized under Section 222.104  
7 or 222.108 [~~, including the repayment of amounts owed under an~~  
8 ~~agreement entered into under that section]; and~~

9 (2) notwithstanding Sections 321.506 and 323.505, Tax  
10 Code, satisfy claims of holders of tax increment bonds, notes, or  
11 other obligations issued or incurred for projects authorized under  
12 Section 222.104 or 222.108.

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

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