

By: Keffer

H.B. No. 2300

A BILL TO BE ENTITLED

AN ACT

relating to the creation of County Energy Transportation Reinvestment Zones.

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

SECTION 1. Subchapter E, Chapter 222, Transportation Code, is amended by adding Section 222.01071 to read as follows:

(a) In this section:

(1) the amount of a county's tax increment for a year is the amount of ad valorem taxes levied and collected by the county for that year on the captured appraised value of real property taxable by the county and located in a transportation reinvestment zone under this section;

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

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

(b)(b) The county may pledge its tax increment to a specific transportation project pursuant to a contract and that pledge shall constitute a debt as defined in Sec. 26.03 (7), Tax Code. A county

1 may not pledge property tax increments authorized in this section
2 as security for bonded indebtedness.

3 (c)(i) The commissioners court of the county, after
4 determining that an area is affected by oil and gas exploration and
5 production activities and would benefit from funding provided under
6 Chapter 256, Subchapter C, Transportation Code, by order or
7 resolution may designate a contiguous geographic area in the
8 jurisdiction of the county to be a transportation reinvestment zone
9 to promote a transportation project.

10 (ii) A county may form a transportation reinvestment zone
11 under this Section in conjunction with another county or counties
12 provided each county meets all procedural requirements for
13 establishment of such a zone.

14 (d) The commissioners court must comply with all applicable
15 laws in the application of this chapter.

16 (e) Not later than the 30th day before the date the
17 commissioners court proposes to designate an area as a
18 transportation reinvestment zone under this section, the
19 commissioners court must hold a public hearing on the creation of
20 the zone, its benefits to the county and to property in the proposed
21 zone. At the hearing an interested person may speak for or against
22 the designation of the zone, its boundaries, or the from benefit
23 that will arise from dedicating the increment county taxes on real
24 property in the zone to certain transportation projects. Not later
25 than the seventh day before the date of the hearing, notice of the
26 hearing and the intent to create a zone must be published in a
27 newspaper having general circulation in the county.

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

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

6 (2) provide that the zone takes effect immediately on
7 adoption of the order or resolution and that the base year shall be
8 the year of passage of the order or resolution or some year in the
9 future;

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

15 (4) designate the base year for purposes of
16 establishing the tax increment base of the county; and

17 (5) establish an ad valorem tax increment account for
18 the zone.

19 (6) name a board of directors for the zone who shall
20 receive no fees for service nor per diems, and who shall be named by
21 the county judge and approval by the commissioners as follows:

22 (i) if a single county zone, the board shall
23 be comprised of the county judge, a county commissioner, two
24 representatives of oil and gas companies that are performing
25 company activities in the county and representing a local tax
26 payer, and a member of the public active in civic affairs who is a
27 beneficiary of the energy development activity;

1 (ii) if a multi county zone, the board shall
2 be comprised of the representatives listed in Section
3 222.1071(f)(i) representing each county participating in the multi
4 county zone;

5 (iii) members of the board of directors for
6 a multi county zone are not subject to approval by any county other
7 than itself.

8 (g) Compliance with the requirements of this section
9 constitutes designation of an area as a transportation reinvestment
10 zone without further hearings or other procedural requirements.

11 (h) The commissioners court may from taxes collected on
12 property in a zone, pay into a tax increment account for the zone an
13 amount equal to the tax increment produced by the county less any
14 amounts allocated under previous agreements, including agreements
15 under Section 381.004, Local Government Code, or Chapter 312, Tax
16 Code;

17 (i) In the alternative, to assist the county in developing a
18 transportation project, if authorized by the commission under
19 Chapter 441, a road utility district may be formed under that
20 chapter that has the same boundaries as a transportation
21 reinvestment zone created under this section.

22 (i-1) In the event a county collects a tax increment, it may
23 pledge its tax increments to the road utility district which then is
24 authorized to issue bonds to pay all or part of the cost of a
25 transportation project and may pledge and assign all or a specified
26 amount of money in the tax increment account to secure those bonds.

27 (j) A road utility district formed as provided by Subsection

1 (i) may enter into an agreement to fund development of a project or
2 to repay funds owed to the department. Any amount paid for this
3 purpose is considered to be an operating expense of the district.
4 Any taxes collected by the district that are not paid for this
5 purpose may be used for any district purpose.

6 (j-1) To accommodate changes in the limits of the project
7 for which a reinvestment zone was designated, the boundaries of a
8 zone may be amended at any time, except that property may not be
9 removed or excluded from a designated zone if any part of the
10 assessment has been assigned or pledged directly by the county or
11 through another entity to secure bonds or other obligations issued
12 to obtain funding of the project, and property may not be added to a
13 designated zone unless the commissioners court of the county
14 complies with Subsections (e) and (f).

15 (k) A transportation reinvestment zone terminates on
16 December 31 of the 10th year after the year the zone was designated,
17 if before that date the county has not used the zone for the purpose
18 for which it was designated.

19 SECTION 2. Chapter 222, Transportation Code, is amended as
20 follows:

21 Sec. 222.110. SALES TAX INCREMENT. (a) In this section,
22 "sales tax base" for a transportation reinvestment zone means the
23 amount of sales and use taxes imposed by a municipality under
24 Section 321.101(a), Tax Code, or by a county under Chapter 323, Tax
25 Code, as applicable, attributable to the zone for the year in which
26 the zone was designated under this chapter.

27 (b) The governing body of a municipality or county may

1 determine, in an ordinance or order designating an area as a
2 transportation reinvestment zone or in an ordinance or order
3 adopted subsequent to the designation of a zone, the portion or
4 amount of tax increment generated from the sales and use taxes
5 imposed by a municipality under Section 321.101(a), Tax Code, or by
6 a county under Chapter 323, Tax Code, attributable to the zone,
7 above the sales tax base, to be used as provided by Subsection (e).
8 Nothing in this section requires a municipality or county to
9 contribute sales tax increment under this subsection.

10 (c) A county that designates a portion or amount of sales
11 tax increment under Subsection (b) must establish a tax increment
12 account. A municipality or county shall deposit the designated
13 portion or amount of tax increment under Subsection (b) to the
14 entity's respective tax increment account.

15 (d) Before pledging or otherwise committing money in the tax
16 increment account under Subsection (c), the governing body of a
17 municipality or county may enter into an agreement, under
18 Subchapter E, Chapter 271, Local Government Code, to authorize and
19 direct the comptroller to:

20 (1) withhold from any payment to which the
21 municipality or county may be entitled the amount of the payment
22 into the tax increment account under Subsection (b);

23 (2) deposit that amount into the tax increment
24 account; and

25 (3) continue withholding and making additional
26 payments into the tax increment account until an amount sufficient
27 to satisfy the amount due has been met.

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

4 (1) pay for projects authorized under Section 222.104,
5 including the repayment of amounts owed under an agreement entered
6 into under that section; and

7 (2) notwithstanding Sections 321.506 and 323.505, Tax
8 Code, satisfy claims of holders of tax increment bonds, notes, or
9 other obligations issued or incurred for projects authorized under
10 Section 222.104 and Section 222.1071.

11 (f) The amount deposited by a county to a tax increment
12 account under this section is not considered to be sales and use tax
13 revenue for the purpose of property tax reduction and computation
14 of the county tax rate under Section 26.041, Tax Code.

15 (g) Not later than the 30th day before the date the
16 governing body of a municipality or county proposes to designate a
17 portion or amount of sales tax increment under Subsection (b), the
18 governing body shall hold a public hearing on the designation of the
19 sales tax increment. At the hearing an interested person may speak
20 for or against the designation of the sales tax increment. Not later
21 than the seventh day before the date of the hearing, notice of the
22 hearing must be published in a newspaper having general circulation
23 in the county or municipality, as appropriate.

24 (h) The hearing required under Subsection (g) may be held in
25 conjunction with a hearing held under Section 222.106(e) or
26 222.107(e) if the ordinance or order designating an area as a
27 transportation reinvestment zone under Section 222.106 or 222.107

1 also designates a sales tax increment under Subsection (b).

2 SECTION 3. Subchapter D, Chapter 252, Transportation Code,
3 is amended by adding Section 252.314 to read as follows:

4 Sec. 252.314. DONATIONS. (a) A commissioners court or the
5 county road department may accept donations of labor, money, or
6 other property to aid in the building or maintaining of roads in the
7 county.

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

11 (c) A county accepting donations under Sec. 252.314 must
12 execute a release of liability in favor of the entity donating the
13 labor, money or other property.