

By: Carona

S.B. No. 1018

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the agreements, costs, revenues, and finances of  
3 regional tollway authorities.

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

5 SECTION 1. Section 222.108(d), Transportation Code, is  
6 amended to read as follows:

7 (d) In this section, "transportation project" includes:

8 (1) a transportation project under [~~has the meaning~~  
9 ~~assigned by~~] Section 370.003; and

10 (2) a turnpike project and a system under Section  
11 366.003.

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

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

17 (1) pay for the transportation project for which the  
18 transportation reinvestment zone was designated, and for aesthetic  
19 improvements within the zone [~~projects authorized under Section~~  
20 ~~222.104~~], including the repayment of amounts owed under a contract  
21 [~~an agreement~~] entered into under Section 222.106 or 222.107, as  
22 applicable [~~that section~~]; and

23 (2) notwithstanding Sections 321.506 and 323.505, Tax  
24 Code, satisfy claims of holders of tax increment bonds, notes, or

1 other obligations issued or incurred for a transportation project  
2 for which the zone was designated [~~projects authorized under~~  
3 ~~Section 222.104~~].

4 SECTION 3. Sections 366.003(8), (9), and (11),  
5 Transportation Code, are amended to read as follows:

6 (8) "Governmental [~~Local governmental~~] entity" means  
7 a political subdivision of the state, including a municipality or a  
8 county, a political subdivision of a county, a group of adjoining  
9 counties, a district organized or operating under Section 52,  
10 Article III, or Section 59, Article XVI, Texas Constitution, the  
11 department, another state agency, [~~or~~] a nonprofit corporation,  
12 including a transportation corporation created under Chapter 431,  
13 or any other public entity or instrumentality.

14 (9) "Revenue" means the tolls, rents, and other money  
15 received by an authority:

16 (A) from the ownership or operation of a turnpike  
17 project; or

18 (B) under an agreement under Section 366.302 or  
19 366.303.

20 (11) "Turnpike project" means a highway of any number  
21 of lanes, with or without grade separations, owned or operated by an  
22 authority under this chapter and any improvement, extension, or  
23 expansion to that highway, including:

24 (A) an improvement to relieve traffic congestion  
25 and promote safety;

26 (B) a bridge, tunnel, overpass, underpass,  
27 interchange, service road, ramp, entrance plaza, approach, or

1 tollhouse;

2 (C) an administration, storage, or other  
3 building the authority considers necessary to operate the turnpike  
4 project;

5 (D) a parking area or structure, rest stop, park,  
6 and other improvement or amenity the authority considers necessary,  
7 useful, or beneficial for the operation of a turnpike project;  
8 ~~and~~

9 (E) property rights, easements, and interests  
10 the authority acquires to construct or operate the turnpike  
11 project; and

12 (F) improvements in a transportation  
13 reinvestment zone designated under Subchapter E, Chapter 222.

14 SECTION 4. Section 366.004(a), Transportation Code, is  
15 amended to read as follows:

16 (a) The cost of acquisition, construction, improvement,  
17 extension, or expansion of a turnpike project or system under this  
18 chapter includes the cost of:

19 (1) the actual acquisition, construction,  
20 improvement, extension, or expansion of the turnpike project or  
21 system;

22 (2) the acquisition of real property, rights-of-way,  
23 property rights, easements, and other interests in real property;

24 (3) machinery and equipment;

25 (4) interest payable before, during, and after  
26 acquisition, construction, improvement, extension, or expansion as  
27 provided in the bond proceedings;

1           (5) traffic estimates, revenue estimates, engineering  
2 and legal services, plans, specifications, surveys, appraisals,  
3 construction cost estimates, and other expenses necessary or  
4 incidental to determining the feasibility of the construction,  
5 improvement, extension, or expansion;

6           (6) necessary or incidental administrative, legal,  
7 and other expenses;

8           (7) compliance with laws, regulations, and  
9 administrative rulings, including any costs associated with  
10 necessary environmental mitigation measures;

11           (8) financing;

12           (9) the assumption of debts, obligations, and  
13 liabilities of an entity relating to a turnpike project or system  
14 transferred to an authority by that entity; ~~and~~

15           (10) expenses related to the initial operation of the  
16 turnpike project or system; and

17           (11) payment obligations of an authority under a  
18 contract or agreement authorized by this chapter in connection with  
19 the acquisition, construction, improvement, extension, expansion,  
20 or financing of the turnpike project or system.

21           SECTION 5. Sections 366.033(a), (g), and (k),  
22 Transportation Code, are amended to read as follows:

23           (a) An authority, acting through its board, without state  
24 approval, supervision, or regulation, may:

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

27           (2) adopt an official seal;

1           (3) study, evaluate, design, finance, acquire,  
2 construct, maintain, repair, and operate turnpike projects,  
3 individually or as one or more systems;

4           (4) acquire, hold, and dispose of property in the  
5 exercise of its powers and the performance of its duties under this  
6 chapter;

7           (5) enter into contracts or operating agreements with  
8 similar authorities, other governmental entities, or agencies of  
9 the United States, a state of the United States, the United Mexican  
10 States, or a state of the United Mexican States;

11           (6) enter into contracts or agreements necessary or  
12 incidental to its duties and powers under this chapter;

13           (7) cooperate and work directly with property owners  
14 and governmental entities [~~agencies~~] and officials to support an  
15 activity required to promote or develop a turnpike project or  
16 system;

17           (8) employ and set the compensation and benefits of  
18 administrators, consulting engineers, attorneys, accountants,  
19 construction and financial experts, superintendents, managers,  
20 full-time and part-time employees, agents, consultants, and such  
21 other persons as the authority considers necessary or useful;

22           (9) apply for and directly or indirectly receive and  
23 spend loans, gifts, grants, and other contributions for the  
24 construction of a turnpike project or system, and receive and spend  
25 contributions of money, property, labor, or other things of value  
26 from any source, including the United States, a state of the United  
27 States, the United Mexican States, a state of the United Mexican

1 States, the commission, the department, any subdivision of the  
2 state, or any other [~~local~~] governmental or private entity, to be  
3 used for the purposes for which the grants or contributions are  
4 made, and enter into any agreement necessary for the grants or  
5 contributions;

6 (10) install, construct, maintain, repair, renew,  
7 relocate, and remove public utility facilities in, on, along, over,  
8 or under a turnpike project;

9 (11) organize a corporation under Chapter 431 for the  
10 promotion and development of turnpike projects and systems;

11 (12) adopt and enforce rules not inconsistent with  
12 this chapter for the use of any turnpike project or system,  
13 including:

14 (A) rules relating to enforcement of tolls,  
15 fares, or other user fees;

16 (B) speed and weight limit rules; and

17 (C) traffic and other public safety rules;

18 (13) enter into leases, operating agreements, service  
19 agreements, licenses, franchises, and similar agreements with  
20 public or private parties governing the parties' use of all or any  
21 portion of a turnpike project and the rights and obligations of the  
22 authority with respect to a turnpike project; and

23 (14) do all things necessary or appropriate to carry  
24 out the powers expressly granted by this chapter.

25 (g) An authority and any [~~local~~] governmental entity,  
26 including the department, may enter into a contract under which the  
27 authority will operate a turnpike project or system on behalf of the

1 ~~[local]~~ governmental entity. ~~[An authority may enter into a~~  
2 ~~contract with the department under which the authority will operate~~  
3 ~~a turnpike project or system on behalf of the department.]~~

4 (k) If an authority enters into a contract or agreement to  
5 design, finance, construct, operate, maintain, or perform any other  
6 function for a turnpike project, system, or improvement authorized  
7 by law on behalf of a ~~[local]~~ governmental entity, including the  
8 commission, the department, a regional mobility authority, or any  
9 other entity, the contract or agreement may provide that the  
10 authority, in performing the function, is governed by the  
11 applicable provisions of this chapter and the rules and procedures  
12 adopted by the authority under this chapter, in lieu of the laws,  
13 rules, or procedures applicable to the other party for the  
14 performance of the same function.

15 SECTION 6. Section 366.034, Transportation Code, is amended  
16 by adding Subsection (c) to read as follows:

17 (c) Notwithstanding Subsection (b), an authority may  
18 transfer revenue from one or more turnpike projects or systems to a  
19 general fund of the authority if the transfer does not violate, and  
20 is not inconsistent with, any bond proceedings governing the use of  
21 the revenue. An authority may use revenue or other money in a  
22 general fund for any purpose authorized by this chapter.

23 SECTION 7. Section 366.036, Transportation Code, is amended  
24 to read as follows:

25 Sec. 366.036. TRANSFER OF TURNPIKE PROJECT OR SYSTEM. (a)  
26 An authority may transfer any of its turnpike projects or systems to  
27 one or more ~~[local]~~ governmental entities if:

1           (1) the authority has commitments from the governing  
2 bodies of the [~~local~~] governmental entities to assume jurisdiction  
3 over the transferred projects or systems;

4           (2) property and contract rights in the transferred  
5 projects or systems and bonds issued for the projects or systems are  
6 not affected unfavorably;

7           (3) the transfer is not prohibited under the bond  
8 proceedings applicable to the transferred projects or systems;

9           (4) adequate provision has been made for the  
10 assumption of all debts, obligations, and liabilities of the  
11 authority relating to the transferred projects or systems by the  
12 [~~local~~] governmental entities assuming jurisdiction over the  
13 transferred projects or systems;

14           (5) the [~~local~~] governmental entities are authorized  
15 to assume jurisdiction over the transferred projects or systems and  
16 to assume the debts, obligations, and liabilities of the authority  
17 relating to the transferred projects or systems; and

18           (6) the transfer has been approved by the  
19 commissioners court of each county that is part of the authority.

20           (b) An authority may transfer to one or more [~~local~~]  
21 governmental entities any traffic estimates, revenue estimates,  
22 plans, specifications, surveys, appraisals, and other work product  
23 developed by the authority in determining the feasibility of the  
24 construction, improvement, extension, or expansion of a turnpike  
25 project or system, and the authority's rights and obligations under  
26 any related agreements, if the requirements of Subsections (a)(1)  
27 and (6) are met.



1 (c) A [~~local~~] governmental entity shall, using any lawfully  
2 available funds, reimburse any expenditures made by an authority  
3 from its feasibility study fund or otherwise to pay the costs of  
4 work product transferred to the [~~local~~] governmental entity under  
5 Subsection (b) and any other amounts expended under related  
6 agreements transferred to the [~~local~~] governmental entity. The  
7 reimbursement may be made over time, as determined by the [~~local~~]  
8 governmental entity and the authority.

9 SECTION 8. Sections 366.037(a) and (c), Transportation  
10 Code, are amended to read as follows:

11 (a) In addition to the powers granted under this chapter and  
12 without supervision or regulation by any state agency or other  
13 [~~local~~] governmental entity, but subject to an agreement entered  
14 into under Subsection (c), the board of an authority may by  
15 resolution, and on making the findings set forth in this  
16 subsection, authorize the use of surplus revenue of a turnpike  
17 project or system for the study, design, construction, maintenance,  
18 repair, and operation of a highway or similar facility that is not a  
19 turnpike project if the highway or similar facility is:

20 (1) situated in a county in which the authority is  
21 authorized to design, construct, and operate a turnpike project;

22 (2) anticipated to either:

23 (A) enhance the operation or revenue of an  
24 existing, or the feasibility of a proposed, turnpike project by  
25 bringing traffic to that turnpike project or enhancing the flow of  
26 traffic either on that turnpike project or to or from that turnpike  
27 project to another facility; or

1 (B) ameliorate the impact of an existing or  
2 proposed turnpike project by enhancing the capability of another  
3 facility to handle traffic traveling, or anticipated to travel, to  
4 or from that turnpike project; and

5 (3) not anticipated to result in an overall reduction  
6 of revenue of any turnpike project or system.

7 (c) An authority shall enter into an agreement to implement  
8 this section with the department, the commission, or another [~~a~~  
9 ~~local~~] governmental entity[, ~~or another political subdivision~~]  
10 that owns a street, road, alley, or highway that is directly  
11 affected by the authority's turnpike project or related facility.

12 SECTION 9. Section 366.071(a), Transportation Code, is  
13 amended to read as follows:

14 (a) An authority may pay the expenses of studying the cost  
15 and feasibility of a turnpike project or system, the expenses of  
16 designing and engineering a turnpike project or system, and any  
17 other expenses relating to the preparation and issuance of bonds  
18 for a proposed turnpike project or system by:

19 (1) using legally available revenue derived from an  
20 existing turnpike project or system;

21 (2) borrowing money and issuing bonds or entering into  
22 a loan agreement payable out of legally available revenue  
23 anticipated to be derived from the operation of an existing  
24 turnpike project or system; or

25 (3) pledging to the payment of the bonds or loan  
26 agreements:

27 (A) legally available revenue anticipated to be

1 derived from the operation of an existing turnpike project or  
2 system;

3 (B) proceeds from the sale of other bonds; or

4 (C) revenue legally available to the authority  
5 from another source.

6 SECTION 10. Section 366.072(c), Transportation Code, is  
7 amended to read as follows:

8 (c) Money in the feasibility study fund may be used only to  
9 pay:

10 (1) the expenses of:

11 (A) studying the cost and feasibility of a  
12 turnpike project or system; or

13 (B) designing and engineering a turnpike project  
14 or system; or

15 (2) [~~and~~] any other expenses relating to:

16 (A) [~~(1)~~] the preparation and issuance of bonds  
17 for, or the financing of:

18 (i) the acquisition and construction of a  
19 proposed turnpike project or system; or

20 (ii) [~~+~~

21 [~~(2) the financing of~~] the improvement, extension, or  
22 expansion of an existing turnpike project or system; or [~~and~~]

23 (B) [~~(3)~~] private participation, as authorized  
24 by law, in:

25 (i) the financing of a proposed turnpike  
26 project or system;

27 (ii) [~~+~~] the refinancing of an existing

1 turnpike project or system;~~[r]~~ or

2 (iii) the financing of an improvement,  
3 extension, or expansion of a turnpike project or system.

4 SECTION 11. The heading to Section 366.073, Transportation  
5 Code, is amended to read as follows:

6 Sec. 366.073. FEASIBILITY STUDY BY MUNICIPALITY, COUNTY,  
7 OTHER ~~[LOCAL]~~ GOVERNMENTAL ENTITY, OR PRIVATE GROUP.

8 SECTION 12. Section 366.073(a), Transportation Code, is  
9 amended to read as follows:

10 (a) One or more municipalities, counties, or ~~[local]~~  
11 governmental entities, a combination of municipalities, counties,  
12 and ~~[local]~~ governmental entities, or a private group or  
13 combination of individuals ~~[in this state]~~ may pay all or part of  
14 the expenses of studying the cost and feasibility of a turnpike  
15 project or system and any other expenses relating to:

16 (1) the preparation and issuance of bonds for, or the  
17 financing of:

18 (A) the acquisition and construction of a  
19 proposed turnpike project or system by an authority; or

20 (B) ~~[(2)]~~ the improvement, extension, or  
21 expansion of an authority's existing turnpike project or system; or

22 (2) ~~[(3)]~~ the use of private participation under  
23 applicable law in connection with the acquisition, construction,  
24 improvement, expansion, extension, maintenance, repair, or  
25 operation of a turnpike project or system by an authority.

26 SECTION 13. Section 366.111, Transportation Code, is  
27 amended by amending Subsection (a) and adding Subsection (i) to

1 read as follows:

2 (a) An authority, by adoption of a bond resolution, may  
3 authorize the issuance of bonds to pay all or part of the cost of a  
4 turnpike project or system, to refund any bonds previously issued  
5 for the turnpike project or system, or to pay for all or part of the  
6 cost of a turnpike project or system that is or will become a part of  
7 another system.

8 (i) Bonds issued under this chapter shall be considered  
9 authorized investments under Chapter 2256, Government Code, for  
10 this state, any governmental entity, and any other public entity  
11 proposing to invest in the bonds.

12 SECTION 14. Sections 366.113(a) and (b), Transportation  
13 Code, are amended to read as follows:

14 (a) The principal of, interest on, and any redemption  
15 premium on bonds issued by an authority are payable solely from:

16 (1) the revenue of the turnpike project or system for  
17 which the bonds are issued, including tolls pledged to pay the  
18 bonds;

19 (2) payments made under an agreement with the  
20 commission or a ~~[local]~~ governmental entity as authorized  
21 ~~[provided]~~ by this chapter ~~[Subchapter C]~~;

22 (3) revenue ~~[money derived from any other source~~  
23 ~~available to the authority, other than money derived]~~ from a  
24 turnpike project that is not part of the same system or ~~[money~~  
25 ~~derived]~~ from a different system~~[, except to the extent]~~ that ~~[the~~  
26 ~~surplus revenue of a turnpike project or system]~~ has been pledged  
27 for that purpose under Section 366.175; ~~[and]~~

1           (4) amounts received under a credit agreement relating  
2 to the turnpike project or system for which the bonds are issued;

3           (5) revenue or other money in a general fund of an  
4 authority;

5           (6) proceeds of the sale of other bonds; and

6           (7) money derived from any other source available to  
7 the authority.

8           (b) Bonds issued under this chapter do not constitute a debt  
9 of the state, a governmental entity, or any of the counties of an  
10 authority or a pledge of the faith and credit of the state, a  
11 governmental entity, or any of the counties. Each bond must contain  
12 on its face a statement to the effect that the state, the authority,  
13 [~~and~~] the counties of the authority, and any other governmental  
14 entity are not obligated to pay the bond or the interest on the bond  
15 from a source other than the amount pledged to pay the bond and the  
16 interest on the bond, and [~~neither~~] the faith and credit and taxing  
17 power of neither the state, any governmental entity, or the  
18 counties of the authority are pledged to the payment of the  
19 principal of or interest on the bond. This subsection does not  
20 apply to a governmental entity that has issued bonds or entered into  
21 an agreement under Subchapter G.

22           SECTION 15. Section 366.114(a), Transportation Code, is  
23 amended to read as follows:

24           (a) A lien on or a pledge of revenue from a turnpike project  
25 or system under this chapter, a lien on or a pledge of revenue from  
26 [~~or on~~] a reserve, replacement, or other fund established in  
27 connection with a bond issued under this chapter, or a lien on or a

1 pledge of revenue from a contract or agreement entered into under  
2 this chapter:

3 (1) is enforceable at the time of payment for and  
4 delivery of the bond or on the effective date of the contract or  
5 agreement;

6 (2) applies to an item on hand or subsequently  
7 received;

8 (3) applies without physical delivery of an item or  
9 other act; and

10 (4) is enforceable against any person having any  
11 claim, in tort, contract, or other remedy, against the applicable  
12 authority without regard to whether the person has notice of the  
13 lien or pledge.

14 SECTION 16. Section 366.118, Transportation Code, is  
15 amended to read as follows:

16 Sec. 366.118. APPLICABILITY OF OTHER LAW; CONFLICTS. All  
17 laws affecting the issuance of bonds by [~~local~~] governmental  
18 entities, including Chapters 1201, 1202, 1204, and 1371, Government  
19 Code, apply to bonds issued under this chapter. To the extent of a  
20 conflict between those laws and this chapter, the provisions of  
21 this chapter prevail.

22 SECTION 17. Section 366.162(a), Transportation Code, is  
23 amended to read as follows:

24 (a) An authority may construct or improve a turnpike project  
25 on real property, including a right-of-way acquired by the  
26 authority or provided to the authority for that purpose by the  
27 commission, a political subdivision of this state, or any other

1 ~~[local]~~ governmental entity.

2 SECTION 18. Subchapter E, Chapter 366, Transportation Code,  
3 is amended by adding Section 366.1631 to read as follows:

4 Sec. 366.1631. PARTICIPATION PAYMENT FOR REAL PROPERTY.

5 (a) As an alternative to paying for an interest in real property or  
6 a real property right with a single fixed payment, an authority may,  
7 with the property owner's consent, pay the owner by means of a  
8 participation payment.

9 (b) A right to receive a participation payment under this  
10 section is subordinate to any right to receive a fee as payment on  
11 the principal of or interest on a bond that is issued for the  
12 construction of the applicable segment.

13 (c) In this section, "participation payment" means an  
14 intangible legal right to receive a percentage of one or more  
15 identified fees related to a segment constructed by the authority.

16 SECTION 19. Sections 366.169(a), (b), and (c),  
17 Transportation Code, are amended to read as follows:

18 (a) An authority may use real property, including submerged  
19 land, streets, alleys, and easements, owned by the state or another  
20 ~~[a local]~~ governmental entity that the authority considers  
21 necessary for the construction or operation of a turnpike project.

22 (b) The state or another ~~[a local]~~ governmental entity  
23 having charge of public real property may consent to the use of the  
24 property for a turnpike project.

25 (c) Except as provided by Section 228.201, the state or  
26 another ~~[a local]~~ governmental entity may convey, grant, or lease  
27 to an authority real property, including highways and other real



1 property already devoted to public use and rights or easements in  
2 real property, that may be necessary or convenient to accomplish  
3 the authority's purposes, including the construction or operation  
4 of a turnpike project. A conveyance, grant, or lease under this  
5 section may be made without advertising, court order, or other  
6 action other than the normal action of the state or another [~~local~~]  
7 governmental entity necessary for a conveyance, grant, or lease.

8 SECTION 20. Section 366.170(c), Transportation Code, is  
9 amended to read as follows:

10 (c) An authority has full easements and rights-of-way  
11 through, across, under, and over any property owned by the state or  
12 another [~~any local~~] governmental entity that are necessary or  
13 convenient to construct, acquire, or efficiently operate a turnpike  
14 project or system under this chapter. This subsection does not  
15 affect the obligation of the authority under other state law,  
16 including Section 373.102, to compensate or reimburse the state for  
17 the use or acquisition of an easement or right-of-way on property  
18 owned by or on behalf of the state. An authority's use of property  
19 owned by or on behalf of the state is subject to any covenants,  
20 conditions, restrictions, or limitations affecting that property.

21 SECTION 21. Section 366.173, Transportation Code, is  
22 amended by amending Subsections (b), (c), and (d) and adding  
23 Subsection (h) to read as follows:

24 (b) Tolls must be set so that the aggregate of tolls from an  
25 authority's turnpike project or system, together with other revenue  
26 of the turnpike project or system:

27 (1) provides revenue sufficient to pay:

1 (A) the cost of maintaining, repairing, and  
2 operating the turnpike project or system; ~~and~~

3 (B) the principal of and interest on the bonds  
4 issued for the turnpike project or system as those bonds become due  
5 and payable; and

6 (C) any other payment obligations of the  
7 authority under a contract or agreement authorized under this  
8 chapter; and

9 (2) creates reserves for a purpose listed under  
10 Subdivision (1).

11 (c) Tolls are not subject to supervision or regulation by  
12 any state agency or other ~~local~~ governmental entity.

13 (d) Tolls and other revenue derived from a turnpike project  
14 or system for which bonds are issued, except the part necessary to  
15 pay the cost of maintenance, repair, and operation and to provide  
16 reserves for those costs as may be provided in the bond proceedings,  
17 shall be set aside at regular intervals as may be provided in the  
18 bond resolution or trust agreement in a sinking fund that is pledged  
19 to and charged with the payment of:

20 (1) interest on the bonds as it becomes due;

21 (2) principal of the bonds as it becomes due;

22 (3) necessary charges of paying agents for paying  
23 principal and interest; ~~and~~

24 (4) the redemption price or the purchase price of  
25 bonds retired by call or purchase as provided by the bond  
26 proceedings; and

27 (5) any amounts due under credit agreements.

1        (h) Notwithstanding any other provision of this chapter, an  
2 authority may pledge all or any part of its revenue and any other  
3 funds available to the authority to the payment of any obligations  
4 of the authority under a contract or agreement authorized by this  
5 chapter.

6        SECTION 22. Section 366.175, Transportation Code, is  
7 amended to read as follows:

8        Sec. 366.175. USE OF ~~[SURPLUS]~~ REVENUE. The board of an  
9 authority may by resolution authorize the use of ~~[surplus]~~ revenue  
10 of a turnpike project or system to pay the costs of another turnpike  
11 project or system ~~[other than a project financed under Subchapter~~  
12 ~~6]~~. The board may in the resolution prescribe terms for the use of  
13 the revenue, including the pledge of the revenue, but may not take  
14 an action under this section that violates, impairs, or is  
15 inconsistent with a bond resolution, trust agreement, or indenture  
16 governing the use of the ~~[surplus]~~ revenue.

17        SECTION 23. Section 366.176(b), Transportation Code, is  
18 amended to read as follows:

19        (b) An authority is exempt from payment of development fees,  
20 utility connection fees, assessments, and service fees imposed or  
21 assessed by a county, municipality, road and utility district,  
22 river authority, any other ~~[state or local]~~ governmental entity, or  
23 any property owners' or homeowners' association.

24        SECTION 24. Section 366.182(c), Transportation Code, is  
25 amended to read as follows:

26        (c) An authority may contract with any ~~[state or local]~~  
27 governmental entity for the services of peace officers of that

1 entity [~~agency~~].

2 SECTION 25. Section 366.302(a), Transportation Code, is  
3 amended to read as follows:

4 (a) An authority may enter into an agreement with a public  
5 or private entity, including a toll road corporation, the United  
6 States, a state of the United States, the United Mexican States, a  
7 state of the United Mexican States, or a [~~local~~] governmental  
8 entity, [~~or another political subdivision,~~] to permit the entity,  
9 jointly with the authority, to study the feasibility of a turnpike  
10 project or system or to acquire, design, finance, construct,  
11 maintain, repair, operate, extend, or expand a turnpike project or  
12 system. An authority and a private entity jointly may enter into an  
13 agreement with another governmental entity to study the feasibility  
14 of a turnpike project or system or to acquire, design, finance,  
15 construct, maintain, repair, operate, extend, or expand a turnpike  
16 project or system.

17 SECTION 26. Section 366.303, Transportation Code, is  
18 amended to read as follows:

19 Sec. 366.303. AGREEMENTS BETWEEN AUTHORITY AND [~~LOCAL~~]  
20 GOVERNMENTAL ENTITIES. (a) A [~~local~~] governmental entity [~~other~~  
21 ~~than a nonprofit corporation~~] may, consistent with the Texas  
22 Constitution:

23 (1) [~~r~~] issue bonds or enter into and make payments  
24 under agreements with an authority to acquire, construct, maintain,  
25 or operate a turnpike project or system, whether inside or outside  
26 the geographic boundaries of the governmental entity; and

27 (2) make payments under any related credit agreements.

1       (a-1) Agreements under Subsection (a) may include  
2 agreements for the governmental entity to pay the principal of, and  
3 interest on, bonds, notes, or other obligations issued by the  
4 authority.

5       (a-2) The governmental entity may levy and collect taxes to  
6 pay the interest on ~~the~~ bonds issued under Subsection (a) and to  
7 provide a sinking fund for the redemption of the bonds.

8       (b) In addition to the powers provided by Subsection (a), a  
9 ~~[local]~~ governmental entity may, within any applicable  
10 constitutional limitations, agree with an authority to:

11       (1) issue bonds or enter into and make payments under  
12 an agreement to acquire, construct, maintain, or operate any  
13 portion of a turnpike project or system of that authority;

14       (2) create:

15               (A) a taxing district;

16               (B) a transportation reinvestment zone under  
17 Subchapter E, Chapter 222; or

18               (C) an entity to promote economic development;

19 and

20       (3) collect and remit to an authority taxes, fees, or  
21 assessments collected for purposes of developing turnpike projects  
22 or systems.

23       (b-1) An agreement under Subsection (b) may include a means  
24 for a governmental entity to pledge or otherwise provide funds for a  
25 transportation project that benefits the governmental entity to be  
26 developed by the authority.

27       (c) To make payments under an agreement under Subsection

1 (b), to pay the interest on bonds issued under Subsection (b), or to  
2 provide a sinking fund for the bonds or the agreement [~~contract~~], a  
3 [~~local~~] governmental entity may:

4 (1) pledge revenue from any available source,  
5 including annual appropriations;

6 (2) levy and collect taxes;

7 (3) use funds deposited in a tax increment account  
8 established for a transportation reinvestment zone under  
9 Subchapter E, Chapter 222; or

10 (4) [~~(3)~~] provide for a combination of Subdivisions  
11 (1), [~~and~~] (2), and (3).

12 (d) The term of an agreement under this section may not  
13 exceed 40 years.

14 (e) Any election required to permit action under this  
15 subchapter must be held in conformity with Chapter 1251, Government  
16 Code, or other law applicable to the [~~local~~] governmental entity.

17 (f) The governing body of any governmental entity issuing  
18 bonds, notes, or other obligations or entering into agreements  
19 under this section may exercise the authority granted to the  
20 governing body of an issuer with regard to issuance of obligations  
21 under Chapter 1371, Government Code, except that the prohibition in  
22 that chapter on the repayment of an obligation with ad valorem taxes  
23 does not apply to an issuer exercising the authority granted by this  
24 section.

25 (g) An agreement under this section may contain repayment or  
26 reimbursement obligations of an authority.

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