

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. Subsections (b), (c), (g), (i), (i-1), (i-2),  
and (j), Section 222.106, 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 property may not be removed or excluded from a designated zone if  
2 any part of the tax increment account has been assigned or pledged  
3 directly by the municipality or through another entity to secure  
4 bonds or other obligations issued to obtain funding or development  
5 of a [~~the~~] project, and property may not be added to a designated  
6 zone unless the governing body of the municipality complies with  
7 Subsections (e) and (g).

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

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

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

17 SECTION 4. Subsections (b), (c), (e), (f), (k-1), and (l),  
18 Section 222.107, Transportation Code, are amended to read as  
19 follows:

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

23 (c) The commissioners court of the county, after  
24 determining that an area is unproductive and underdeveloped and  
25 that action under this section would further the purposes described  
26 by Section 222.105, by order or resolution may designate a  
27 contiguous geographic area in the jurisdiction of the county to be a

1 transportation reinvestment zone to promote one or more [~~a~~]  
2 transportation projects [~~project and for the purpose of abating ad~~  
3 ~~valorem taxes or granting other relief from taxes imposed by the~~  
4 ~~county on real property located in the zone]~~.

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

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

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

24 (2) provide that the zone takes effect immediately on  
25 adoption of the order or resolution and that the base year shall be  
26 the year of passage of the order or resolution or some year in the  
27 future;

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

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

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

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

13           (k-1) To accommodate changes in the limits of a ~~the~~  
14 project for which a reinvestment zone was designated, the  
15 boundaries of a zone may be amended at any time, except that  
16 property may not be removed or excluded from a designated zone if  
17 any part of the tax increment or assessment has been assigned or  
18 pledged directly by the county or through another entity to secure  
19 bonds or other obligations issued to obtain funding or development  
20 of a ~~the~~ project, and property may not be added to a designated  
21 zone unless the commissioners court of the county complies with  
22 Subsections (e) and (f).

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

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

3           (A) money deposited to a tax increment account;

4 or

5           (B) the assessments collected under this  
6 section; or

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

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

14           (h) The commissioners court may:

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

20           (2) by order or resolution enter into an agreement  
21 with the owner of any real property located in the transportation  
22 reinvestment zone to abate all or a portion of the ad valorem taxes  
23 or to grant other relief from the taxes imposed by the county on the  
24 owner's property in an amount not to exceed the amount calculated  
25 under Subsection (a)(1) for that year;

26           (3) by order or resolution elect to abate all or a  
27 portion of the ad valorem taxes imposed by the county on all real

1 property in a zone; or

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

4 SECTION 6. Subsection (h-1), Section 222.107,  
5 Transportation Code, as added by Chapter 1345 (S.B. 1420), Acts of  
6 the 82nd Legislature, Regular Session, 2011, is reenacted and  
7 amended to conform to Subsection (h), Section 222.107,  
8 Transportation Code, as amended by Chapter 475 (H.B. 563), Acts of  
9 the 82nd Legislature, Regular Session, 2011, to read as follows:

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

18 SECTION 7. Subsection (h-1), Section 222.107,  
19 Transportation Code, as added by Chapter 475 (H.B. 563), Acts of the  
20 82nd Legislature, Regular Session, 2011, is redesignated as  
21 Subsection (h-2), Section 222.107, Transportation Code, and  
22 amended to read as follows:

23 (h-2) [~~(h-1)~~] To further the development of the  
24 transportation project or projects for which the transportation  
25 reinvestment zone was designated, a county may assess all or part of  
26 the cost of the transportation project or projects against property  
27 within the zone. The assessment against each property in the zone



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

1 ~~project or in the zone].~~

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

4 (a) A ~~[Notwithstanding the requirement in Sections~~  
5 ~~222.106(b) and 222.107(b) that a transportation reinvestment zone~~  
6 ~~be established in connection with a project under Section 222.104,~~

7 ~~a]~~ municipality or county may establish a transportation  
8 reinvestment zone for one or more ~~[any]~~ transportation projects  
9 ~~[project]~~. If all or part of a ~~[the]~~ transportation project is  
10 subject to oversight by the department, at the option of the  
11 governing body of the municipality or county, the department, to  
12 the extent permitted by law, shall delegate full responsibility for  
13 the development, design, letting of bids, and construction of the  
14 project, including project inspection, to the municipality or  
15 county. After assuming responsibility for a project under this  
16 subsection, a municipality or county shall enter into an agreement  
17 with the department that prescribes:

- 18 (1) the development process;
- 19 (2) the roles and responsibilities of the parties; and
- 20 (3) the timelines for any required reviews or
- 21 approvals.

22 SECTION 9. Subsection (e), Section 222.110, Transportation  
23 Code, is amended to read as follows:

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

- 27 (1) pay for projects authorized under Section 222.104

1 or 222.108~~[, including the repayment of amounts owed under an~~  
2 ~~agreement entered into under that section]; and~~

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

7 SECTION 10. Subchapter E, Chapter 222, Transportation Code,  
8 is amended by adding Section 222.111 to read as follows:

9 Sec. 222.111. TRANSPORTATION REINVESTMENT ZONES FOR  
10 PROJECTS LOCATED IN OTHER JURISDICTIONS. Notwithstanding any other  
11 law, the governing body of a county or municipality may designate a  
12 transportation reinvestment zone for a transportation project  
13 located outside the boundaries of the county or municipality if:

14 (1) the county or municipality finds that:

15 (A) the project will benefit the property and  
16 residents located in the zone; and

17 (B) the creation of the zone will serve a public  
18 purpose of that county or municipality;

19 (2) a zone has been designated for the same project by  
20 one or more counties or municipalities in whose boundaries the  
21 project is located; and

22 (3) an agreement for joint support of the designated  
23 zones is entered into under this section by:

24 (A) the county or municipality whose boundaries  
25 do not contain the project; and

26 (B) one or more of the counties or municipalities  
27 that have designated a zone for the project and in whose boundaries

1 the project is located.

2 SECTION 11. Subsection (i-1), Section 222.107, and  
3 Subsection (d), Section 222.108, Transportation Code, are  
4 repealed.

5 SECTION 12. This Act takes effect September 1, 2013.

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 1110 passed the Senate on April 2, 2013, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 7, 2013, by the following vote: Yeas 29, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 1110 passed the House, with amendment, on April 25, 2013, by the following vote: Yeas 110, Nays 27, one present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor