S.B. No. 1110

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

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

1. describe the boundaries of the zone with sufficient definiteness to identify with ordinary and reasonable certainty the territory included in the zone;
2. provide that the zone takes effect immediately on passage of the ordinance and that the base year shall be the year of passage of the ordinance or some year in the future;
3. assign a name to the zone for identification, with the first zone designated by a municipality designated as "Transportation Reinvestment Zone Number One, (City or Town, as applicable) of (name of municipality)," and subsequently designated zones assigned names in the same form, numbered consecutively in the order of their designation;
4. designate the base year for purposes of establishing the tax increment base of the municipality;
5. establish a tax increment account for the zone; and
6. contain findings that promotion of the
transportation project or projects will cultivate the improvement, development, or redevelopment of the zone.

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

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

(i-2) To accommodate changes in the limits of a transportation project for which a reinvestment zone was designated, the boundaries of a zone may be amended at any time, except that
property may not be removed or excluded from a designated zone if any part of the tax increment account has been assigned or pledged directly by the municipality or through another entity to secure bonds or other obligations issued to obtain funding or development of a project, and property may not be added to a designated zone unless the governing body of the municipality complies with Subsections (e) and (g).

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

(1) all contractual requirements that included the pledge or assignment of all or a portion of money deposited to a tax increment account; or

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

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

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

(c) The commissioners court of the county, after determining that an area is unproductive and underdeveloped and that action under this section would further the purposes described by Section 222.105, by order or resolution may designate a contiguous geographic area in the jurisdiction of the county to be a
transportation reinvestment zone to promote one or more transportation projects and for the purpose of abating ad valorem taxes or granting other relief from taxes imposed by the county on real property located in the zone.

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

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

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

(2) provide that the zone takes effect immediately on adoption of the order or resolution and that the base year shall be the year of passage of the order or resolution or some year in the future;
(3) assign a name to the zone for identification, with
the first zone designated by a county designated as "Transportation
Reinvestment Zone Number One, County of (name of county)," and
subsequently designated zones assigned names in the same form
numbered consecutively in the order of their designation;
(4) designate the base year for purposes of
establishing the tax increment base of the county; [and]
(5) establish an ad valorem tax increment account for
the zone; and
(6) contain findings that promotion of the
transportation project or projects will cultivate the improvement,
development, or redevelopment of the zone.
(k-1) To accommodate changes in the limits of a [the]
project for which a reinvestment zone was designated, the
boundaries of a zone may be amended at any time, except that
property may not be removed or excluded from a designated zone if
any part of the tax increment or assessment has been assigned or
pledged directly by the county or through another entity to secure
bonds or other obligations issued to obtain funding or development
of a [the] project, and property may not be added to a designated
zone unless the commissioners court of the county complies with
Subsections (e) and (f).
(1) Except as provided by Subsection (m), a transportation
reinvestment zone, a tax abatement agreement entered into under
Subsection (h), or an order or resolution on the abatement of taxes
or the grant of relief from taxes under that subsection[†]
terminates on December 31 of the year in which the county completes;
(1) all [any] contractual requirements [requirement] that included the pledge or assignment of all or a portion of:

(A) money deposited to a tax increment account;

or

(B) the assessments collected under this section; or

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

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

(h) The commissioners court may:

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

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

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

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

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

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

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

(h-2) [Subsection (h-1)] To further the development of the transportation project or projects for which the transportation reinvestment zone was designated, a county may assess all or part of the cost of the transportation project or projects against property within the zone. The assessment against each property in the zone...
may be levied and payable in installments in the same manner as provided by Sections 372.016-372.018, Local Government Code, provided that the installments do not exceed the total amount of the tax abatement or other relief granted under Subsection (h). The county may elect to adopt and apply the provisions of Sections 372.015-372.020 and 372.023, Local Government Code, to the assessment of costs and Sections 372.024-372.030, Local Government Code, to the issuance of bonds by the county to pay the cost of a transportation project. The commissioners court of the county may contract with a public or private entity to develop, redevelop, or improve a transportation project in the transportation reinvestment zone, including aesthetic improvements, and may pledge and assign to that entity all or a specified amount of the revenue the county receives from the tax increment or the installment payments of the assessments for the payment of the costs of that transportation project. After a pledge or assignment is made, if the entity that received the pledge or assignment has itself pledged or assigned that amount to secure bonds or other obligations issued to obtain funding for the transportation project, the commissioners court of the county may not rescind its pledge or assignment until the contractual commitments that are the subject of bonds or other obligations secured by the pledge or assignment have been satisfied. Any amount received from the tax increment or the installment payments of the assessments not pledged or assigned in connection with the transportation project may be used for other purposes as determined by the commissioners court.
project or in the zone].

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

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

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

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

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

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

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

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

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

(1) the county or municipality finds that:

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

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

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

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

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

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

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

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

President of the Senate

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