

1-1 By: Nichols S.B. No. 1110  
 1-2 (In the Senate - Filed March 5, 2013; March 12, 2013, read  
 1-3 first time and referred to Committee on Transportation;  
 1-4 March 25, 2013, reported adversely, with favorable Committee  
 1-5 Substitute by the following vote: Yeas 9, Nays 0; March 25, 2013,  
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 1110 By: Nichols

1-19 A BILL TO BE ENTITLED  
 1-20 AN ACT

1-21 relating to the purposes and designation of a transportation  
 1-22 reinvestment zone.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Subchapter E, Chapter 222, Transportation Code,  
 1-25 is amended by adding Section 222.1001 to read as follows:

1-26 Sec. 222.1001. DEFINITION. In this subchapter,  
 1-27 "transportation project" has the meaning assigned by Section  
 1-28 370.003.

1-29 SECTION 2. Section 222.105, Transportation Code, is amended  
 1-30 to read as follows:

1-31 Sec. 222.105. PURPOSES. The purposes of Sections 222.106  
 1-32 and 222.107 are to:

- 1-33 (1) promote public safety;
- 1-34 (2) facilitate the improvement, development, or
- 1-35 redevelopment of property;
- 1-36 (3) facilitate the movement of traffic; and
- 1-37 (4) enhance a local entity's ability to sponsor a
- 1-38 transportation project [~~authorized under Section 222.104~~].

1-39 SECTION 3. Subsections (b), (c), (g), (i), (i-1), (i-2),  
 1-40 and (j), Section 222.106, Transportation Code, are amended to read  
 1-41 as follows:

1-42 (b) This section applies only to a municipality in which a  
 1-43 transportation project is to be developed under Section 222.104 or  
 1-44 222.108.

1-45 (c) If the governing body determines an area to be  
 1-46 unproductive and underdeveloped and that action under this section  
 1-47 will further the purposes stated in Section 222.105, the governing  
 1-48 body of the municipality by ordinance may designate a contiguous  
 1-49 geographic area in the jurisdiction of the municipality to be a  
 1-50 transportation reinvestment zone to promote one or more [~~a~~]  
 1-51 transportation projects [~~project~~].

1-52 (g) The ordinance designating an area as a transportation  
 1-53 reinvestment zone must:

- 1-54 (1) describe the boundaries of the zone with
- 1-55 sufficient definiteness to identify with ordinary and reasonable
- 1-56 certainty the territory included in the zone;
- 1-57 (2) provide that the zone takes effect immediately on
- 1-58 passage of the ordinance and that the base year shall be the year of
- 1-59 passage of the ordinance or some year in the future;
- 1-60 (3) assign a name to the zone for identification, with

2-1 the first zone designated by a municipality designated as  
 2-2 "Transportation Reinvestment Zone Number One, (City or Town, as  
 2-3 applicable) of (name of municipality)," and subsequently  
 2-4 designated zones assigned names in the same form, numbered  
 2-5 consecutively in the order of their designation;

2-6 (4) designate the base year for purposes of  
 2-7 establishing the tax increment base of the municipality;

2-8 (5) establish a tax increment account for the zone;  
 2-9 and

2-10 (6) contain findings that promotion of the  
 2-11 transportation project or projects will cultivate the improvement,  
 2-12 development, or redevelopment of the zone.

2-13 (i) All or the portion specified by the municipality of the  
 2-14 money deposited to a tax increment account must be used to fund the  
 2-15 transportation project or projects for which the zone was  
 2-16 designated, as well as aesthetic improvements within the zone. Any  
 2-17 remaining money deposited to the tax increment account may be used  
 2-18 for other purposes as determined by the municipality. A  
 2-19 municipality may issue bonds to pay all or part of the cost of a  
 2-20 ~~[the]~~ transportation project and may pledge and assign all or a  
 2-21 specified amount of money in the tax increment account to secure  
 2-22 repayment of those bonds.

2-23 (i-1) The governing body of a municipality may contract with  
 2-24 a public or private entity to develop, redevelop, or improve a  
 2-25 transportation project in a transportation reinvestment zone and  
 2-26 may pledge and assign all or a specified amount of money in the tax  
 2-27 increment account to that entity. After a pledge or assignment is  
 2-28 made, ~~[if the entity that received the pledge or assignment has~~  
 2-29 ~~itself pledged or assigned that amount to secure bonds or other~~  
 2-30 ~~obligations issued to obtain funding for the transportation~~  
 2-31 ~~project,]~~ the governing body of the municipality may not rescind  
 2-32 its pledge or assignment until the contractual commitments that are  
 2-33 the subject of [bonds or other obligations secured by] the pledge or  
 2-34 assignment have been satisfied [paid or discharged].

2-35 (i-2) To accommodate changes in the limits of a ~~[the]~~  
 2-36 project for which a reinvestment zone was designated, the  
 2-37 boundaries of a zone may be amended at any time, except that:

2-38 (1) property may not be removed or excluded from a  
 2-39 designated zone if any part of the tax increment account has been  
 2-40 assigned or pledged directly by the municipality or through another  
 2-41 entity to secure bonds or other obligations issued to:

2-42 (A) obtain financing [funding] of the project; or  
 2-43 (B) provide funding for the development of a  
 2-44 project; [7] and

2-45 (2) property may not be added to a designated zone  
 2-46 unless the governing body of the municipality complies with  
 2-47 Subsections (e) and (g).

2-48 (j) Except as provided by Subsections (i-1) and (k), a  
 2-49 transportation reinvestment zone terminates on December 31 of the  
 2-50 year in which the municipality completes:

2-51 (1) all [a] contractual requirements [requirement, if  
 2-52 any,] that included the pledge or assignment of all or a portion of  
 2-53 money deposited to a tax increment account; or

2-54 (2) the repayment of money owed under an agreement for  
 2-55 development, redevelopment, or improvement of the project or  
 2-56 projects for which the zone was designated.

2-57 SECTION 4. Subsections (b), (c), (e), (f), (k-1), and (l),  
 2-58 Section 222.107, Transportation Code, are amended to read as  
 2-59 follows:

2-60 (b) This section applies only to a county in which a  
 2-61 transportation project is to be developed under Section 222.104 or  
 2-62 222.108.

2-63 (c) The commissioners court of the county, after  
 2-64 determining that an area is unproductive and underdeveloped and  
 2-65 that action under this section would further the purposes described  
 2-66 by Section 222.105, by order or resolution may designate a  
 2-67 contiguous geographic area in the jurisdiction of the county to be a  
 2-68 transportation reinvestment zone to promote one or more [a]  
 2-69 transportation projects ~~[project and for the purpose of abating ad~~

3-1 ~~valorem taxes or granting other relief from taxes imposed by the~~  
3-2 ~~county on real property located in the zone].~~

3-3 (e) Not later than the 30th day before the date the  
3-4 commissioners court proposes to designate an area as a  
3-5 transportation reinvestment zone under this section, the  
3-6 commissioners court must hold a public hearing on the creation of  
3-7 the zone, its benefits to the county and to property in the proposed  
3-8 zone, and the possible abatement of ad valorem taxes or the grant of  
3-9 other relief from ad valorem taxes imposed by the county on real  
3-10 property located in the zone. At the hearing an interested person  
3-11 may speak for or against the designation of the zone, its  
3-12 boundaries, or the possible abatement of or the relief from county  
3-13 taxes on real property in the zone. Not later than the seventh day  
3-14 before the date of the hearing, notice of the hearing and the intent  
3-15 to create a zone must be published in a newspaper having general  
3-16 circulation in the county.

3-17 (f) The order or resolution designating an area as a  
3-18 transportation reinvestment zone must:

3-19 (1) describe the boundaries of the zone with  
3-20 sufficient definiteness to identify with ordinary and reasonable  
3-21 certainty the territory included in the zone;

3-22 (2) provide that the zone takes effect immediately on  
3-23 adoption of the order or resolution and that the base year shall be  
3-24 the year of passage of the order or resolution or some year in the  
3-25 future;

3-26 (3) assign a name to the zone for identification, with  
3-27 the first zone designated by a county designated as "Transportation  
3-28 Reinvestment Zone Number One, County of (name of county)," and  
3-29 subsequently designated zones assigned names in the same form  
3-30 numbered consecutively in the order of their designation;

3-31 (4) designate the base year for purposes of  
3-32 establishing the tax increment base of the county; ~~and~~

3-33 (5) establish an ad valorem tax increment account for  
3-34 the zone; and

3-35 (6) contain findings that promotion of the  
3-36 transportation project or projects will cultivate the improvement,  
3-37 development, or redevelopment of the zone.

3-38 (k-1) To accommodate changes in the limits of a ~~the~~  
3-39 project for which a reinvestment zone was designated, the  
3-40 boundaries of a zone may be amended at any time, except that:

3-41 (1) property may not be removed or excluded from a  
3-42 designated zone if any part of the tax increment or assessment has  
3-43 been assigned or pledged directly by the county or through another  
3-44 entity to secure bonds or other obligations issued to:

3-45 (A) obtain financing ~~[funding]~~ of a ~~the~~  
3-46 project; or

3-47 (B) provide funding for the development of a  
3-48 project; ~~[7]~~ and

3-49 (2) property may not be added to a designated zone  
3-50 unless the commissioners court of the county complies with  
3-51 Subsections (e) and (f).

3-52 (l) Except as provided by Subsection (m), a transportation  
3-53 reinvestment zone, a tax abatement agreement entered into under  
3-54 Subsection (h), or an order or resolution on the abatement of taxes  
3-55 or the grant of relief from taxes under that subsection~~[7]~~  
3-56 terminates on December 31 of the year in which the county completes:

3-57 (1) all ~~[any]~~ contractual requirements ~~[requirement]~~  
3-58 that included the pledge or assignment of all or a portion of:

3-59 (A) money deposited to a tax increment account;  
3-60 or

3-61 (B) the assessments collected under this  
3-62 section; or

3-63 (2) the repayment of money owed under an agreement for  
3-64 the development, redevelopment, or improvement of the project for  
3-65 which the zone was designated.

3-66 SECTION 5. Subsection (h), Section 222.107, Transportation  
3-67 Code, as amended by Chapters 475 (H.B. 563) and 1345 (S.B. 1420),  
3-68 Acts of the 82nd Legislature, Regular Session, 2011, is reenacted  
3-69 to read as follows:

4-1 (h) The commissioners court may:

4-2 (1) from taxes collected on property in a zone, pay  
4-3 into a tax increment account for the zone an amount equal to the tax  
4-4 increment produced by the county less any amounts allocated under  
4-5 previous agreements, including agreements under Section 381.004,  
4-6 Local Government Code, or Chapter 312, Tax Code;

4-7 (2) by order or resolution enter into an agreement  
4-8 with the owner of any real property located in the transportation  
4-9 reinvestment zone to abate all or a portion of the ad valorem taxes  
4-10 or to grant other relief from the taxes imposed by the county on the  
4-11 owner's property in an amount not to exceed the amount calculated  
4-12 under Subsection (a)(1) for that year;

4-13 (3) by order or resolution elect to abate all or a  
4-14 portion of the ad valorem taxes imposed by the county on all real  
4-15 property in a zone; or

4-16 (4) grant other relief from ad valorem taxes on  
4-17 property in a zone.

4-18 SECTION 6. Subsection (h-1), Section 222.107,  
4-19 Transportation Code, as added by Chapter 1345 (S.B. 1420), Acts of  
4-20 the 82nd Legislature, Regular Session, 2011, is reenacted and  
4-21 amended to conform to Subsection (h), Section 222.107,  
4-22 Transportation Code, as amended by Chapter 475 (H.B. 563), Acts of  
4-23 the 82nd Legislature, Regular Session, 2011, to read as follows:

4-24 (h-1) All abatements or other relief granted by the  
4-25 commissioners court in a transportation reinvestment zone must be  
4-26 equal in rate. In any ad valorem tax year, the total amount of the  
4-27 taxes abated or the total amount of relief granted under this  
4-28 section may not exceed the amount calculated under Subsection  
4-29 (a)(1) for that year, less any amounts allocated under previous  
4-30 agreements, including agreements under Chapter 381 [~~Section~~  
4-31 ~~381.004~~], Local Government Code, or Chapter 312, Tax Code.

4-32 SECTION 7. Subsection (h-1), Section 222.107,  
4-33 Transportation Code, as added by Chapter 475 (H.B. 563), Acts of the  
4-34 82nd Legislature, Regular Session, 2011, is redesignated as  
4-35 Subsection (h-2), Section 222.107, Transportation Code, and  
4-36 amended to read as follows:

4-37 (h-2) [~~(h-1)~~] To further the development of the  
4-38 transportation project or projects for which the transportation  
4-39 reinvestment zone was designated, a county may assess all or part of  
4-40 the cost of the transportation project or projects against property  
4-41 within the zone. The assessment against each property in the zone  
4-42 may be levied and payable in installments in the same manner as  
4-43 provided by Sections 372.016-372.018, Local Government Code,  
4-44 provided that the installments do not exceed the total amount of the  
4-45 tax abatement or other relief granted under Subsection (h). The  
4-46 county may elect to adopt and apply the provisions of Sections  
4-47 372.015-372.020 and 372.023, Local Government Code, to the  
4-48 assessment of costs and Sections 372.024-372.030, Local Government  
4-49 Code, to the issuance of bonds by the county to pay the cost of a  
4-50 transportation project. The commissioners court of the county may  
4-51 contract with a public or private entity to develop, redevelop, or  
4-52 improve a transportation project in the transportation  
4-53 reinvestment zone, including aesthetic improvements, and may  
4-54 pledge and assign to that entity all or a specified amount of the  
4-55 revenue the county receives from the tax increment or the  
4-56 installment payments of the assessments for the payment of the  
4-57 costs of that transportation project. After a pledge or assignment  
4-58 is made, [if the entity that received the pledge or assignment has  
4-59 itself pledged or assigned that amount to secure bonds or other  
4-60 obligations issued to obtain funding for the transportation  
4-61 project,] the commissioners court of the county may not rescind its  
4-62 pledge or assignment until the contractual commitments that are the  
4-63 subject of [bonds or other obligations secured by] the pledge or  
4-64 assignment have been satisfied [paid or discharged]. Any amount  
4-65 received from the tax increment or the installment payments of the  
4-66 assessments not pledged or assigned in connection with a [the]  
4-67 transportation project may be used for other purposes as determined  
4-68 by the commissioners court [associated with the transportation  
4-69 project or in the zone].

5-1 SECTION 8. Subsection (a), Section 222.108, Transportation  
5-2 Code, is amended to read as follows:

5-3 (a) A [~~Notwithstanding the requirement in Sections~~  
5-4 ~~222.106(b) and 222.107(b) that a transportation reinvestment zone~~  
5-5 ~~be established in connection with a project under Section 222.104,~~  
5-6 ~~a]~~ municipality or county may establish a transportation  
5-7 reinvestment zone for one or more [~~any~~] transportation projects  
5-8 [~~project~~]. If all or part of a [~~the~~] transportation project is  
5-9 subject to oversight by the department, at the option of the  
5-10 governing body of the municipality or county, the department, to  
5-11 the extent permitted by law, shall delegate full responsibility for  
5-12 the development, design, letting of bids, and construction of the  
5-13 project, including project inspection, to the municipality or  
5-14 county. After assuming responsibility for a project under this  
5-15 subsection, a municipality or county shall enter into an agreement  
5-16 with the department that prescribes:

- 5-17 (1) the development process;
- 5-18 (2) the roles and responsibilities of the parties; and
- 5-19 (3) the timelines for any required reviews or  
5-20 approvals.

5-21 SECTION 9. Subsection (e), Section 222.110, Transportation  
5-22 Code, is amended to read as follows:

5-23 (e) The sales and use taxes to be deposited into the tax  
5-24 increment account under this section may be disbursed from the  
5-25 account only to:

5-26 (1) pay for projects authorized under Section 222.104  
5-27 or 222.108 [~~, including the repayment of amounts owed under an~~  
5-28 ~~agreement entered into under that section]; and~~

5-29 (2) notwithstanding Sections 321.506 and 323.505, Tax  
5-30 Code, satisfy claims of holders of tax increment bonds, notes, or  
5-31 other obligations issued or incurred for projects authorized under  
5-32 Section 222.104 or 222.108.

5-33 SECTION 10. Subchapter E, Chapter 222, Transportation Code,  
5-34 is amended by adding Section 222.111 to read as follows:

5-35 Sec. 222.111. JOINT ADMINISTRATION OF TRANSPORTATION  
5-36 REINVESTMENT ZONES. (a) The governing bodies of two or more local  
5-37 governments that have designated a transportation reinvestment  
5-38 zone under Section 222.106 or 222.107 for the same transportation  
5-39 project or projects may enter into an agreement to provide for the  
5-40 joint administration of the transportation reinvestment zones. The  
5-41 agreement may provide for:

5-42 (1) the creation of a board of directors to oversee the  
5-43 transportation reinvestment zones, including the implementation of  
5-44 a transportation project in the zones;

5-45 (2) the establishment of a joint tax increment account  
5-46 for the transportation reinvestment zones;

5-47 (3) separate accounts for the maintenance of funds  
5-48 from a zone created under Section 222.106 and funds from a zone  
5-49 created under Section 222.107;

5-50 (4) the commitment of each participating entity to  
5-51 transfer the tax increment or assessment, or the portion thereof  
5-52 dedicated to a transportation project, to an account subject to the  
5-53 joint administration; and

5-54 (5) to the extent legally permitted, the pledge or  
5-55 assignment of the tax increment or assessment to an entity  
5-56 developing a transportation project or providing funding for a  
5-57 transportation project.

5-58 (b) A board of directors is composed of one person appointed  
5-59 by each local government that is a party to the agreement providing  
5-60 for joint administration of the transportation reinvestment zones  
5-61 and one person appointed by agreement of those local governments.

5-62 (c) Notwithstanding any other law, a local government may  
5-63 designate a transportation reinvestment zone for a transportation  
5-64 project located outside the local government's boundaries if:

5-65 (1) the local government finds that:

5-66 (A) the project will benefit the property and  
5-67 residents located in the zone; and

5-68 (B) the creation of the zone will serve a public  
5-69 purpose of the local government;

