

1-1 By: Uresti S.B. No. 1747  
 1-2 (In the Senate - Filed March 8, 2013; March 25, 2013, read  
 1-3 first time and referred to Committee on Transportation;  
 1-4 April 15, 2013, reported adversely, with favorable Committee  
 1-5 Substitute by the following vote: Yeas 7, Nays 0; April 15, 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. 1747 By: Uresti

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

1-21 relating to funding and donations for county transportation  
 1-22 projects, including projects of county energy transportation  
 1-23 reinvestment zones.

1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-25 SECTION 1. Chapter 256, Transportation Code, is amended by  
 1-26 adding Subchapter C to read as follows:

1-27 SUBCHAPTER C. TRANSPORTATION INFRASTRUCTURE FUND FOR COUNTY ENERGY  
 1-28 TRANSPORTATION REINVESTMENT ZONES

1-29 Sec. 256.101. DEFINITIONS. In this subchapter:

1-30 (1) "Fund" means the transportation infrastructure  
 1-31 fund established under this subchapter.

1-32 (2) "Transportation infrastructure project" means the  
 1-33 planning for, construction of, reconstruction of, or maintenance of  
 1-34 transportation infrastructure, including roads, bridges, and  
 1-35 culverts, intended to alleviate degradation caused by the  
 1-36 exploration, development, or production of oil or gas.

1-37 (3) "Weight tolerance permit" means a permit issued  
 1-38 under Chapter 623 authorizing a vehicle to exceed maximum legal  
 1-39 weight limitations.

1-40 (4) "Well completion" means the completion, reentry,  
 1-41 or recompletion of an oil or gas well, including a disposal well.

1-42 Sec. 256.102. TRANSPORTATION INFRASTRUCTURE FUND.

1-43 (a) The transportation infrastructure fund is a dedicated fund in  
 1-44 the state treasury outside the general revenue fund. The fund  
 1-45 consists of:

1-46 (1) money appropriated or transferred to the credit of  
 1-47 the fund by the legislature; and

1-48 (2) any interest or other return from investment of  
 1-49 money in the fund.

1-50 (b) Money in the fund may be appropriated only to the  
 1-51 department for the purposes of this subchapter.

1-52 (c) Sections 403.095 and 404.071, Government Code, do not  
 1-53 apply to the fund.

1-54 Sec. 256.103. GRANT PROGRAM. (a) The department shall  
 1-55 administer a grant program under this subchapter to make grants for  
 1-56 transportation infrastructure projects located in county energy  
 1-57 transportation reinvestment zones if the fund has a positive  
 1-58 balance.

1-59 (b) Grants distributed during a fiscal year must be  
 1-60 allocated among county energy transportation reinvestment zones as

2-1 follows:

2-2 (1) one-fifth according to weight tolerance permits,

2-3 determined by the ratio of weight tolerance permits issued in the

2-4 preceding fiscal year for the county that designated the county

2-5 energy transportation reinvestment zone to the total number of

2-6 weight tolerance permits issued in the state in that fiscal year, as

2-7 determined by the Texas Department of Motor Vehicles;

2-8 (2) one-fifth according to oil and gas production

2-9 taxes, determined by the ratio of oil and gas production taxes

2-10 collected by the comptroller in the preceding fiscal year in the

2-11 county that designated the county energy transportation

2-12 reinvestment zone to the total amount of oil and gas production

2-13 taxes collected in the state in that fiscal year, as determined by

2-14 the comptroller; and

2-15 (3) three-fifths according to well completions,

2-16 determined by the ratio of well completions in the preceding fiscal

2-17 year in the county that designated the county energy transportation

2-18 reinvestment zone to the total number of well completions in the

2-19 state in that fiscal year, as determined by the Railroad Commission

2-20 of Texas.

2-21 Sec. 256.104. GRANT APPLICATION PROCESS. (a) In applying

2-22 for a grant under this subchapter, the board of directors of a

2-23 county energy transportation reinvestment zone or jointly

2-24 administered zones shall:

2-25 (1) provide the road condition report described by

2-26 Section 251.018 made by the county or counties that designated a

2-27 county energy transportation reinvestment zone for the previous two

2-28 years; and

2-29 (2) submit to the department a plan that:

2-30 (A) describes the scope of the transportation

2-31 infrastructure project or projects to be funded by the grant using

2-32 best practices for prioritizing the projects;

2-33 (B) provides for matching funds as required by

2-34 Section 256.105; and

2-35 (C) meets any other requirements imposed by the

2-36 department.

2-37 (b) In reviewing grant applications under this subchapter,

2-38 the department shall:

2-39 (1) seek other potential sources of funding to

2-40 maximize resources available for the transportation infrastructure

2-41 projects to be funded by grants under this subchapter; and

2-42 (2) consult related transportation planning documents

2-43 to improve project efficiency and work effectively in partnership

2-44 with counties.

2-45 (c) Except as otherwise provided by this subsection, the

2-46 department shall review a grant application before the 31st day

2-47 after the date the department receives the application. The

2-48 department may act on an application not later than the 60th day

2-49 after the date the department receives the application if the

2-50 department provides notice of the extension to the board of

2-51 directors that submitted the application.

2-52 Sec. 256.105. MATCHING FUNDS. To be eligible to receive a

2-53 grant under the program, matching funds from a tax increment

2-54 account must be provided in an amount equal to at least 10 percent

2-55 of the amount of the grant.

2-56 Sec. 256.106. PROGRAM ADMINISTRATION. (a) A board of

2-57 directors that makes a second or subsequent application for a grant

2-58 from the department under this subchapter must:

2-59 (1) provide the department with a copy of a report

2-60 filed under Section 256.009; and

2-61 (2) certify that all previous grants are being spent

2-62 in accordance with the plan submitted under Section 256.104.

2-63 (b) The department may use a portion of the money in the

2-64 fund, not to exceed one percent of the amount deposited into the

2-65 fund in the preceding fiscal year, to administer this subchapter.

2-66 SECTION 2. Subchapter E, Chapter 222, Transportation Code,

2-67 is amended by adding Sections 222.1071 and 222.1072 to read as

2-68 follows:

2-69 Sec. 222.1071. COUNTY ENERGY TRANSPORTATION REINVESTMENT

3-1 ZONES. (a) A county shall determine the amount of the tax  
3-2 increment for a county energy transportation reinvestment zone in  
3-3 the same manner the county would determine the tax increment as  
3-4 provided in Section 222.107(a) for a county transportation  
3-5 reinvestment zone.

3-6 (b) A county, after determining that an area is affected by  
3-7 oil and gas exploration and production activities and would benefit  
3-8 from funding under Chapter 256, by order or resolution of the  
3-9 commissioners court:

3-10 (1) may designate a contiguous geographic area in the  
3-11 jurisdiction of the county to be a county energy transportation  
3-12 reinvestment zone to promote one or more transportation  
3-13 infrastructure projects, as that term is defined by Section  
3-14 256.101, located in the zone; and

3-15 (2) may jointly administer a county energy  
3-16 transportation reinvestment zone with a contiguous county energy  
3-17 transportation reinvestment zone formed by another county, as  
3-18 provided by Subsection (1).

3-19 (c) A commissioners court must comply with all applicable  
3-20 laws in the application of this chapter.

3-21 (d) Not later than the 30th day before the date a  
3-22 commissioners court proposes to designate an area as a county  
3-23 energy transportation reinvestment zone under this section, the  
3-24 commissioners court must hold a public hearing on the creation of  
3-25 the zone and its benefits to the county and to property in the  
3-26 proposed zone. At the hearing an interested person may speak for or  
3-27 against the designation of the zone, its boundaries, the joint  
3-28 administration of a zone in another county, or the use of tax  
3-29 increment paid into the tax increment account.

3-30 (e) Not later than the seventh day before the date of the  
3-31 hearing, notice of the hearing and the intent to create a zone must  
3-32 be published in a newspaper having general circulation in the  
3-33 county.

3-34 (f) The order or resolution designating an area as a county  
3-35 energy transportation reinvestment zone must:

3-36 (1) describe the boundaries of the zone with  
3-37 sufficient definiteness to identify with ordinary and reasonable  
3-38 certainly the territory included in the zone;

3-39 (2) provide that the zone takes effect immediately on  
3-40 adoption of the order or resolution designating an area and that the  
3-41 base year shall be the year of passage of the order or resolution  
3-42 designating an area or some year in the future;

3-43 (3) designate the base year for purposes of  
3-44 establishing the tax increment base of the county;

3-45 (4) establish an ad valorem tax increment account for  
3-46 the zone or provide for the establishment of a joint ad valorem tax  
3-47 increment account, if applicable;

3-48 (5) name the board of directors for the zone or the  
3-49 county's directors on a joint board of directors, as applicable, as  
3-50 provided by Section 222.1072; and

3-51 (6) if two or more counties are designating a zone for  
3-52 the same transportation infrastructure project or projects,  
3-53 include a finding that:

3-54 (A) the project or projects will benefit the  
3-55 property and residents located in the zone; and

3-56 (B) the creation of the zone will serve a public  
3-57 purpose of the local government.

3-58 (g) Compliance with the requirements of this section  
3-59 constitutes designation of an area as a county energy  
3-60 transportation reinvestment zone without further hearings or other  
3-61 procedural requirements.

3-62 (h) The county may, from taxes collected on property in a  
3-63 zone, pay into a tax increment account for the zone or zones an  
3-64 amount equal to the tax increment produced by the county less any  
3-65 amounts allocated under previous agreements, including agreements  
3-66 under Section 381.004, Local Government Code, or Chapter 312, Tax  
3-67 Code.

3-68 (i) The board of directors may:

3-69 (1) use money in the tax increment account to provide:

4-1 (A) matching funds under Section 256.105; and  
4-2 (B) funding for one or more transportation  
4-3 infrastructure projects located in the zone; and

4-4 (2) apply for grants under Subchapter C, Chapter 256.  
4-5 (j) Tax increment paid into a tax increment account may not  
4-6 be pledged as security for bonded indebtedness.

4-7 (k) A county energy transportation reinvestment zone  
4-8 terminates on December 31 of the 10th year after the year the zone  
4-9 was designated unless extended by an act of the zone's board of  
4-10 directors. The extension may not exceed five years.

4-11 (l) The commissioners courts of two or more counties that  
4-12 have designated a county energy transportation reinvestment zone  
4-13 under this section for the same transportation infrastructure  
4-14 project or projects may enter into an agreement to provide for the  
4-15 joint administration of the zones. The agreement may provide for:

4-16 (1) the creation of a board of directors to oversee the  
4-17 zones, including the implementation of a transportation  
4-18 infrastructure project or projects in the zones;

4-19 (2) the establishment of a joint tax increment account  
4-20 for the zones;

4-21 (3) the commitment of each participating county to  
4-22 transfer the tax increment, or the portion of the increment  
4-23 dedicated to a transportation infrastructure project, to an account  
4-24 subject to the joint administration; and

4-25 (4) to the extent legally permitted, the pledge or  
4-26 assignment of the tax increment to a county developing a  
4-27 transportation infrastructure project or providing funding for a  
4-28 transportation infrastructure project.

4-29 Sec. 222.1072. BOARD OF DIRECTORS OF COUNTY ENERGY  
4-30 TRANSPORTATION REINVESTMENT ZONE. (a) Except as provided by  
4-31 Subsection (b), the board of directors of a county energy  
4-32 transportation reinvestment zone consists of:

4-33 (1) the county judge; and

4-34 (2) the following directors appointed by the county  
4-35 judge and approved by the county commissioners court:

4-36 (A) a county commissioner;

4-37 (B) two oil and gas company representatives who  
4-38 perform company activities in the county and are local taxpayers;  
4-39 and

4-40 (C) a public member who is active in civic  
4-41 affairs and a beneficiary of energy development activity.

4-42 (b) County energy transportation reinvestment zones that  
4-43 are jointly administered are governed by a single joint board of  
4-44 directors for the zones. A joint board of directors under this  
4-45 subsection consists of members appointed under Subsection (a) for  
4-46 each zone to be jointly administered.

4-47 (c) A director may not receive compensation for service on  
4-48 the board or reimbursement for expenses incurred in performing  
4-49 services as a director.

4-50 SECTION 3. Section 222.110, Transportation Code, is amended  
4-51 by amending Subsections (a) and (h) and adding Subsection (i) to  
4-52 read as follows:

4-53 (a) In this section:

4-54 (1) "Sales[, "sales] tax base" for a transportation  
4-55 reinvestment zone means the amount of sales and use taxes imposed by  
4-56 a municipality under Section 321.101(a), Tax Code, or by a county  
4-57 under Chapter 323, Tax Code, as applicable, attributable to the  
4-58 zone for the year in which the zone was designated under this  
4-59 chapter.

4-60 (2) "Transportation reinvestment zone" includes a  
4-61 county energy transportation reinvestment zone.

4-62 (h) The hearing required under Subsection (g) may be held in  
4-63 conjunction with a hearing held under Section 222.106(e), ~~[or]~~  
4-64 222.107(e), or 222.1071(d) if the ordinance or order designating an  
4-65 area as a transportation reinvestment zone under Section 222.106,  
4-66 ~~[or]~~ 222.107, or 222.1071 also designates a sales tax increment  
4-67 under Subsection (b).

4-68 (i) Notwithstanding Subsection (e), the sales and use taxes  
4-69 to be deposited into the tax increment account established by a

5-1 county energy transportation reinvestment zone or zones under this  
5-2 section may be disbursed from the account only to provide:

- 5-3 (1) matching funds under Section 256.105; and
- 5-4 (2) funding for one or more transportation  
5-5 infrastructure projects located in a zone.

5-6 SECTION 4. Subchapter A, Chapter 251, Transportation Code,  
5-7 is amended by adding Sections 251.018 and 251.019 to read as  
5-8 follows:

5-9 Sec. 251.018. ROAD REPORTS. A road condition report made by  
5-10 a county that is operating under a system of administering county  
5-11 roads under Chapter 252 or a special law, including a report made  
5-12 under Section 251.005, must include the primary cause of any road,  
5-13 culvert, or bridge degradation if reasonably ascertained.

5-14 Sec. 251.019. DONATIONS. (a) A commissioners court may  
5-15 accept donations of labor, money, or other property to aid in the  
5-16 building or maintaining of roads, culverts, or bridges in the  
5-17 county.

5-18 (b) A county operating under the county road department  
5-19 system on September 1, 2013, may use the authority granted under  
5-20 this section without holding a new election under Section 252.301.

5-21 (c) A county that accepts donations under this section must  
5-22 execute a release of liability in favor of the entity donating the  
5-23 labor, money, or other property.

5-24 SECTION 5. Subsection (a), Section 256.009, Transportation  
5-25 Code, is amended to read as follows:

5-26 (a) Not later than January 30 of each year, the county  
5-27 auditor or, if the county does not have a county auditor, the  
5-28 official having the duties of the county auditor shall file a report  
5-29 with the comptroller that includes:

- 5-30 (1) an account of how:
  - 5-31 (A) the money allocated to a county under Section
  - 5-32 256.002 during the preceding year was spent; and
  - 5-33 (B) if the county designated a county energy
  - 5-34 transportation reinvestment zone, money paid into a tax increment
  - 5-35 account for the zone or from an award under Subchapter C was spent;

5-36 (2) a description, including location, of any new  
5-37 roads constructed in whole or in part with the money:

- 5-38 (A) allocated to a county under Section 256.002
- 5-39 during the preceding year; and
- 5-40 (B) paid into a tax increment account for the
- 5-41 zone or from an award under Subchapter C if the county designated a
- 5-42 county energy transportation reinvestment zone;

5-43 (3) any other information related to the  
5-44 administration of Sections 256.002 and 256.003 that the comptroller  
5-45 requires; and

5-46 (4) the total amount of expenditures for county road  
5-47 and bridge construction, maintenance, rehabilitation, right-of-way  
5-48 acquisition, and utility construction and other appropriate road  
5-49 expenditures of county funds in the preceding county fiscal year  
5-50 that are required by the constitution or other law to be spent on  
5-51 public roads or highways.

5-52 SECTION 6. The Texas Department of Transportation shall  
5-53 adopt rules implementing Subchapter C, Chapter 256, Transportation  
5-54 Code, as added by this Act, as soon as practicable after the  
5-55 effective date of this Act.

5-56 SECTION 7. This Act takes effect September 1, 2013.

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