

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 18, 2013**

**TO:** Honorable Larry Phillips, Chair, House Committee on Transportation

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: SB1110** by Nichols (Relating to the purposes and designation of a transportation reinvestment zone.), **As Engrossed**

<b>No fiscal implication to the State is anticipated.</b>
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The bill would amend Chapter 222 of the Transportation Code to clarify the procedures that the governing body of a municipality or the commissioners court of a county would be authorized to take to establish a transportation reinvestment zone (TRZ). A municipality could contract with a public or a private entity to develop, redevelop, or improve a transportation project in a TRZ, and could pledge and assign all or a specified amount of money in the tax increment account to that entity. A county would be required to hold a public hearing on the creation of the zone, and the order or resolution designating an area as a TRZ must contain findings that promotion of the transportation project or projects would cultivate the improvement, development, or redevelopment of the zone. The bill would establish requirements for repayment of money owned under an agreement, including abatement of ad valorem taxes on real property.

The bill would remove the limitation for pass-through toll projects only and would provide a broad definition of eligible projects by incorporating the definition of “transportation project” from Section 370.003. The bill would establish that more than one project can be developed and that all types of financial obligations may be covered by the tax increment revenue. Sales and use taxes could be added to tax increment accounts to pay for both pass-through toll projects as well as all other types of projects defined in Section 370.003.

The bill would authorize the governing bodies of two or more local governments that have designated a TRZ for the same transportation project to enter into an agreement to jointly administer the TRZ; and would establish procedures to create a board of directors and a joint tax increment account with funds maintained in separate accounts. A local government may designate a TRZ for a transportation project located outside the local government's boundaries if certain criteria is met as defined by the provisions of the bill.

The bill would repeal Sections 222.107 (i-1) and Section 222.108 (d) of the Transportation Code.

According to the Comptroller of Public Accounts, the provisions of the bill would have no fiscal impact on state revenues or on the state.

According to the Texas Department of Transportation (TxDOT), the provisions of the bill would have no fiscal impact to TxDOT or the State Highway Fund.

**Local Government Impact**

There could be a positive fiscal impact to municipalities and counties that established a transportation reinvestment zone to generate additional revenue; however, the amounts would vary depending on whether a TRZ was created, the amount of additional revenue generated and the number of state transportation projects in a locality. In addition, the additional revenue would offset some of the costs for a transportation project.

**Source Agencies:** 304 Comptroller of Public Accounts, 601 Department of Transportation  
**LBB Staff:** UP, AG, TP, TG