

By: Martinez

H.B. No. 2229

A BILL TO BE ENTITLED

AN ACT

relating to the creation of regional transit authorities; granting the power of eminent domain; providing authority to issue bonds and charge fees.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle K, Title 6, Transportation Code, is amended by adding Chapter 463 to read as follows:

CHAPTER 463. REGIONAL TRANSIT AUTHORITIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 463.001. DEFINITIONS. In this chapter:

(1) "Authority" means a regional transit authority created under this chapter.

(2) "Executive committee" means the authority directors who serve as the governing body of the authority.

(3) "Light rail mass transit system" means a system that:

(A) uses a fixed guideway rail with electric power propelling mass transit passenger vehicles; and

(B) is constructed by an authority.

(4) "Public transportation system" means:

(A) all property owned or held by an authority for public transportation service purposes;

(B) real property, facilities, and equipment for the protection and environmental enhancement of all the facilities;

1 and

2 (C) property held:

3 (i) in accordance with a contract with the  
4 owner making the property subject to the control of or regulation by  
5 the authority; and

6 (ii) for public transportation service  
7 purposes.

8 (5) "Service plan" means an outline of the service  
9 that would be provided by the authority to counties if confirmed at  
10 an election.

11 Sec. 463.002. APPLICATION. This chapter applies to:

12 (1) a county that is contiguous to the Gulf of Mexico  
13 or a bay or inlet opening into the gulf and that borders the United  
14 Mexican States; and

15 (2) a county that borders a county described by  
16 Subdivision (1).

17 Sec. 463.003. MUNICIPALITIES MAY PROVIDE TRANSPORTATION  
18 SERVICES. This chapter does not prohibit a municipality from  
19 providing public transportation services within its boundaries. An  
20 authority may coordinate the provision of services with the  
21 municipality and include the services provided by the municipality  
22 in the authority's service plan.

23 SUBCHAPTER B. POWERS OF AUTHORITIES

24 Sec. 463.051. POWERS APPLICABLE TO CONFIRMED AUTHORITY.  
25 This subchapter applies only to an authority that has been  
26 confirmed.

27 Sec. 463.052. NATURE OF AUTHORITY. (a) An authority:

1           (1) is a public political entity and corporate body;  
2           (2) has perpetual succession; and  
3           (3) exercises public and essential governmental  
4 functions.

5           (b) The exercise of a power granted by this chapter,  
6 including a power relating to a station or terminal complex, is for  
7 a public purpose and is a matter of public necessity.

8           (c) An authority is a governmental unit under Chapter 101,  
9 Civil Practice and Remedies Code, and the operations of the  
10 authority are not proprietary functions for any purpose including  
11 the application of Chapter 101, Civil Practice and Remedies Code.

12           Sec. 463.053. RESPONSIBILITY FOR CONTROL OF AUTHORITY.  
13 Except as provided by Section 463.104, the executive committee is  
14 responsible for the management, operation, and control of an  
15 authority and its property.

16           Sec. 463.054. GENERAL POWERS OF AUTHORITY. (a) An  
17 authority has any power necessary or convenient to carry out this  
18 chapter or to effect a purpose of this chapter.

19           (b) An authority may sue and be sued. An authority may not  
20 be required to give security for costs in a suit brought or  
21 prosecuted by the authority and may not be required to give a  
22 supersedeas or cost bond in an appeal of a judgment.

23           (c) An authority may hold, use, sell, lease, dispose of, and  
24 acquire, by any means, property and licenses, patents, rights, and  
25 other interests necessary, convenient, or useful to the exercise of  
26 any power under this chapter.

27           (d) An authority may sell, lease, or dispose of in another

1 manner:

2 (1) any right, interest, or property of the authority  
3 that is not needed for, or, if a lease, is inconsistent with, the  
4 efficient operation and maintenance of the public transportation  
5 system; or

6 (2) at any time, surplus materials or other property  
7 that is not needed for the requirements of the authority or for  
8 carrying out a power under this chapter.

9 Sec. 463.055. CONTRACTS; GRANTS AND LOANS. (a) An  
10 authority may contract with any person.

11 (b) An authority may accept a grant or loan from any person.

12 (c) An authority may enter one or more agreements with any  
13 municipality included in the area of the authority for the  
14 distribution of the authority's revenues.

15 Sec. 463.056. OPERATION OF PUBLIC TRANSPORTATION SYSTEM.

16 (a) An authority may:

17 (1) acquire, construct, develop, plan, own, operate,  
18 and maintain a public transportation system in the territory of the  
19 authority, including the territory of a political subdivision;

20 (2) contract with a municipality, county, or other  
21 political subdivision for the authority to provide public  
22 transportation services outside the authority; and

23 (3) lease all or a part of the public transportation  
24 system to, or contract for the operation of all or a part of the  
25 public transportation system by, an operator.

26 (b) An authority, as the authority determines advisable,  
27 shall determine routes.

1       (c) The executive committee may submit a referendum for the  
2 approval of a power granted by Subsection (a) or (b).

3       (d) A private operator who contracts with an authority under  
4 this chapter is not a public entity for purposes of any law of this  
5 state.

6       Sec. 463.057. ACQUISITION OF PROPERTY BY AGREEMENT. An  
7 authority may acquire rolling stock or other property under a  
8 contract or trust agreement, including a conditional sales  
9 contract, lease, and equipment trust certificate.

10       Sec. 463.058. USE AND ACQUISITION OF PROPERTY OF OTHERS.

11 (a) For a purpose described by Section 463.056(a)(1) and as  
12 necessary or useful in the construction, repair, maintenance, or  
13 operation of the public transportation system, an authority may:

14               (1) use a public way, including an alley; and  
15               (2) directly, or indirectly by another person,  
16 relocate or reroute the property of another person or alter the  
17 construction of the property of another person.

18       (b) For an act authorized by Subsection (a)(2), an authority  
19 may contract with the owner of the property to allow the owner to  
20 make the relocation, rerouting, or alteration by the owner's own  
21 means or through a contractor of the owner. The contract may  
22 provide for reimbursement of the owner for costs or payment to the  
23 contractor.

24       (c) An authority may acquire by eminent domain any interest  
25 in real property, including a fee simple interest, except the right  
26 of eminent domain may not be exercised:

27               (1) in a municipality without the approval of each

proposed acquisition by the governing body of the municipality or in an unincorporated area without the approval of each proposed acquisition by the commissioners court of the county in which the property to be condemned is located; or

(2) in a manner that would:

(A) unduly impair the existing neighborhood character of property surrounding, or adjacent to, the property to be condemned;

(B) unduly interfere with interstate commerce;

or

(C) authorize the authority to run an authority vehicle on a railroad track that is used to transport property.

(d) If an authority, through the exercise of a power under this chapter, makes necessary the relocation or rerouting of, or alteration of the construction of, a road, alley, overpass, underpass, railroad track, bridge, or associated property, an electric, telegraph, telephone, or television cable line, conduit, or associated property, or a water, sewer, gas, or other pipeline, or associated property, the relocation or rerouting or alteration of the construction must be accomplished at the sole cost and expense of the authority, and damages that are incurred by an owner of the property must be paid by the authority.

(e) An authority may not begin an activity authorized under Subsection (a) to alter or damage property of others, including this state or a political subdivision of this state, without having first received the written permission of the owner.

(f) Subsection (e) does not apply if the power of eminent

1 domain is exercised.

2 Sec. 463.059. EMINENT DOMAIN PROCEEDINGS. (a) An eminent  
3 domain proceeding by an authority is initiated by the adoption by  
4 the executive committee of a resolution that:

5 (1) describes the property interest to be acquired by  
6 the authority;

7 (2) declares the public necessity for and interest in  
8 the acquisition; and

9 (3) states that the acquisition is necessary and  
10 proper for the construction, extension, improvement, or  
11 development of the public transportation system.

12 (b) A resolution adopted under this section and approved by  
13 resolution of the appropriate municipal governing body or  
14 commissioners court is conclusive evidence of the public necessity  
15 for the acquisition described in the resolution and that the  
16 property interest is necessary for public use.

17 (c) Except as otherwise provided by this chapter, Chapter  
18 21, Property Code, applies to an eminent domain proceeding by an  
19 authority.

20 Sec. 463.060. AGREEMENT WITH UTILITIES; CARRIERS. An  
21 authority may agree with any other public or private utility,  
22 communication system, common carrier, or transportation system  
23 for:

24 (1) the joint use in the authority of the property of  
25 the agreeing entities; or

26 (2) the establishment of through routes, joint fares,  
27 or transfers of passengers.

1       Sec. 463.061. FARES AND OTHER CHARGES. (a) An authority  
2 shall impose reasonable and nondiscriminatory fares, tolls,  
3 charges, rents, and other compensation for the use of the public  
4 transportation system sufficient to produce revenue, together with  
5 grants received by the authority, in an amount adequate to:

6           (1) pay all expenses necessary to operate and maintain  
7 the public transportation system;

8           (2) pay when due the principal of and interest on, and  
9 sinking fund and reserve fund payments agreed to be made with  
10 respect to, all bonds that are issued by the authority and payable  
11 wholly or partly from the revenue; and

12           (3) fulfill the terms of any other agreement with the  
13 holders of bonds described by Subdivision (2) or with a person  
14 acting on behalf of the bondholders.

15       (b) It is intended by this chapter that the compensation  
16 imposed under Subsection (a) not exceed the amounts necessary to  
17 produce revenue sufficient to meet the obligations of the authority  
18 under this chapter.

19       (c) Compensation for the use of the public transportation  
20 system may be set according to a zone system or to another  
21 classification that the authority determines to be reasonable.

22       (d) The state agrees with holders of bonds issued under this  
23 chapter not to alter the power given to an authority under this  
24 section to impose fares, tolls, charges, rents, and other  
25 compensation in amounts sufficient to comply with Subsection (a),  
26 or to impair the rights and remedies of an authority bondholder, or  
27 a person acting on behalf of a bondholder, until the bonds, interest



1 on the bonds, interest on unpaid installments of interest, costs  
2 and expenses in connection with an action or proceeding by or on  
3 behalf of a bondholder, and other obligations of the authority in  
4 connection with the bonds are discharged.

5 Sec. 463.062. ENFORCEMENT OF FARES AND OTHER CHARGES. (a)  
6 An executive committee by resolution may prohibit the use of the  
7 public transportation system by a person who fails to possess  
8 evidence showing that the appropriate fare for the use of the system  
9 has been paid and may establish reasonable and appropriate methods,  
10 using transit police officers or fare enforcement officers under  
11 Section 463.063, to ensure that persons using the public  
12 transportation system pay the appropriate fare for that use.

13 (b) The authority shall post signs designating each area in  
14 which a person is prohibited from using the transportation system  
15 without possession of evidence showing that the appropriate fare  
16 has been paid.

17 Sec. 463.063. FARE ENFORCEMENT OFFICERS. (a) The  
18 authority may employ persons to serve as fare enforcement officers  
19 to enforce the payment of fares for use of the public transportation  
20 system by requesting and inspecting evidence showing payment of the  
21 appropriate fare from a person using the public transportation  
22 system.

23 (b) Before commencing duties as a fare enforcement officer a  
24 person must complete a 40-hour training course approved by the  
25 authority that is appropriate to the duties required of a fare  
26 enforcement officer.

27 (c) While performing duties, a fare enforcement officer

1 shall:

2 (1) wear a distinctive uniform that identifies the  
3 officer as a fare enforcement officer; and

4 (2) work under the direction of the chief of police of  
5 the authority.

6 (d) A fare enforcement officer may:

7 (1) request evidence showing payment of the  
8 appropriate fare from passengers of the public transportation  
9 system;

10 (2) request personal identification from a passenger  
11 who does not produce evidence showing payment of the appropriate  
12 fare on request by the officer; and

13 (3) request that a passenger leave the public  
14 transportation system if the passenger does not possess evidence of  
15 payment of the appropriate fare.

16 (e) A fare enforcement officer may not carry a weapon while  
17 performing duties under this section.

18 (f) A fare enforcement officer is not a peace officer and  
19 has no authority to enforce a criminal law, other than the authority  
20 possessed by any other person who is not a peace officer.

21 Sec. 463.064. ENFORCEMENT OF HIGH OCCUPANCY VEHICLE LANE  
22 USAGE. (a) An executive committee by resolution may regulate or  
23 prohibit improper entrance into, exit from, and vehicle occupancy  
24 in high occupancy vehicle lanes operated, managed, or maintained by  
25 the authority.

26 (b) An executive committee by resolution may establish  
27 reasonable and appropriate methods to enforce regulations or

prohibitions established under Subsection (a).

Sec. 463.065. INSURANCE. (a) An authority may insure, through purchased insurance policies or self-insurance programs, or both, the legal liability of the authority and of its contractors and subcontractors arising from the acquisition, construction, or operation of the programs and facilities of the authority for:

(1) personal or property damage; and

(2) officers' and employees' liability.

(b) An authority may use contracts, rating plans, and risk management programs designed to encourage accident prevention.

(c) In developing an insurance or self-insurance program, an authority may consider the peculiar hazards, indemnity standards, and past and prospective loss and expense experience of the authority and of its contractors and subcontractors.

Sec. 463.066. TAX EXEMPTION. The property, revenue, and income of an authority are exempt from state and local taxes.

Sec. 463.067. LIGHT RAIL SYSTEM: REGULATORY EXEMPTION.

(a) An authority that constructs or operates or contracts with another entity to construct or operate a light rail mass transit system is not subject to any state law regulating or governing the design, construction, or operation of a railroad, railway, street railway, street car, or interurban railway.

(b) For purposes of ownership or transfer of ownership of an interest in real property, a light rail mass transit system line operating on property previously used by a railroad, railway, street railway, or interurban railway is a continuation of existing rail use.

1       Sec. 463.068. ELECTIONS. (a) In an election ordered by the  
2 executive committee:

3           (1) the executive committee shall give notice of the  
4 election by publication in a newspaper of general circulation in  
5 the authority at least once each week for three consecutive weeks,  
6 with the first publication occurring at least 21 days before the  
7 date of election; and

8           (2) a resolution ordering the election and the  
9 election notice must show, in addition to the requirements of the  
10 Election Code, the hours of the election and polling places in  
11 election precincts.

12       (b) Subsection (a) does not apply to an election under  
13 Section 463.309.

14       (c) A copy of the notice of each election held under this  
15 chapter shall be furnished to the Texas Transportation Commission  
16 and the comptroller.

17           SUBCHAPTER C. MANAGEMENT OF AUTHORITY

18       Sec. 463.101. EXECUTIVE COMMITTEE: POWERS. The executive  
19 committee may:

20           (1) employ and prescribe the compensation for a chief  
21 executive officer whom the committee may designate as the general  
22 manager or the executive director;

23           (2) appoint auditors and attorneys and prescribe their  
24 duties, compensation, and tenure;

25           (3) adopt a seal for the authority;

26           (4) set the fiscal year for the authority;

27           (5) establish a complete system of accounts for the

1 authority;

2 (6) designate by resolution an authorized  
3 representative of the authority to, according to terms prescribed  
4 by the executive committee:

5 (A) invest authority funds; and

6 (B) withdraw money from authority accounts for  
7 investments; and

8 (7) designate by resolution an authorized  
9 representative of the authority to supervise the substitution of  
10 securities pledged to secure authority funds.

11 Sec. 463.102. INVESTMENTS. The executive committee may  
12 invest authority funds in any investment authorized for an entity  
13 under Chapter 2256, Government Code.

14 Sec. 463.103. DEPOSITORY; DEPOSIT OF FUNDS. (a) The  
15 executive committee shall designate one or more banks as  
16 depositories for authority funds.

17 (b) All funds of an authority that are not otherwise  
18 invested shall be deposited in one or more of the authority's  
19 depository banks unless otherwise required by an order or  
20 resolution authorizing the issuance of an authority bond or note or  
21 other contractual undertaking.

22 (c) Funds in a depository, to the extent that those funds  
23 are not insured by the Federal Deposit Insurance Corporation, shall  
24 be secured in the manner provided by law for the security of county  
25 funds.

26 Sec. 463.104. CHIEF EXECUTIVE: DUTIES. (a) The general  
27 manager or executive director shall administer the daily operation

1 of an authority.

2 (b) In conformity with the policy of the executive  
3 committee, the general manager or executive director may:

4 (1) employ persons to conduct the affairs of the  
5 authority, including any operating or management company; and

6 (2) remove any employee.

7 (c) The general manager or executive director shall  
8 prescribe the duties, tenure, and compensation of each person  
9 employed.

10 Sec. 463.105. RULES. (a) The executive committee by  
11 resolution may adopt rules for the:

12 (1) safe and efficient operation and maintenance of  
13 the public transportation system;

14 (2) use of the public transportation system and the  
15 authority's services by the public and the payment of fares, tolls,  
16 and other charges; and

17 (3) regulation of privileges on property owned,  
18 leased, or otherwise controlled by the authority.

19 (b) The authority shall encourage to the maximum extent  
20 feasible the participation of private enterprise.

21 (c) A notice of each rule adopted by the executive committee  
22 shall be published in a newspaper with general circulation in the  
23 area in which the authority is located once each week for two  
24 consecutive weeks after adoption of the rule. The notice must  
25 contain a condensed statement of the substance of the rule and must  
26 advise that a copy of the complete text of the rule is filed in the  
27 principal office of the authority where the text may be read by any

1 person.

2 (d) A rule becomes effective 10 days after the date of the  
3 second publication of the notice under this section.

4 Sec. 463.106. PURCHASES: COMPETITIVE BIDDING. (a) An  
5 authority may not award a contract for construction, services, or  
6 property, other than real property, except through the solicitation  
7 of competitive sealed bids or proposals, including the reverse  
8 auction procedure, ensuring full and open competition.

9 (b) The authority shall describe in a solicitation each  
10 factor to be used to evaluate a bid or proposal and give the  
11 factor's relative importance.

12 Sec. 463.107. DURATION OF CONTRACTS. An authority may  
13 contract for payment with debt obligations and for performance and  
14 payments to extend longer than one fiscal year if the contract  
15 provides for the discharge of the authority's contractual  
16 obligations by any method, including:

17 (1) committing current year funds or cancellation  
18 charges; and

19 (2) making the contract subject to the future  
20 availability of funds.

21 Sec. 463.108. SECURITY. The executive committee may  
22 establish a security force and provide for the employment of  
23 security personnel.

24 Sec. 463.109. BUDGET RECOMMENDATIONS. The executive  
25 committee shall make a proposed annual budget available to the  
26 commissioners courts of the counties in the authority at least 30  
27 days before the date of the adoption of the final annual budget.

1       Sec. 463.110. FINANCIAL AUDITS. (a) The executive  
2 committee of an authority shall have an annual audit of the affairs  
3 of the authority prepared by an independent certified public  
4 accountant or a firm of independent certified public accountants.

5       (b) The audit is open to public inspection.

6       SUBCHAPTER D. STATION OR TERMINAL COMPLEX SYSTEMS

7       Sec. 463.151. STATION OR TERMINAL COMPLEX: SYSTEM PLAN.

8       (a) An authority may not acquire an interest in real property for a  
9 station or terminal complex unless the station or terminal complex  
10 is included in the public transportation system in a comprehensive  
11 service plan approved by a resolution of the executive committee. A  
12 mass transit facility of an authority is not a station or terminal  
13 complex under this subchapter unless the facility is included in  
14 the authority's comprehensive service plan under this section.

15       (b) A station or terminal complex may not be included in a  
16 public transportation system unless the executive committee first  
17 finds that the station or complex:

18               (1) will encourage and provide for efficient and  
19 economical public transportation;

20               (2) will facilitate access to public transportation  
21 and provide for other public transportation purposes;

22               (3) will reduce vehicular congestion and air  
23 pollution; and

24               (4) is reasonably essential to the successful  
25 operation of the public transportation system.

26       (c) On making a finding under Subsection (b), the executive  
27 committee may amend the authority's comprehensive service plan to



1 include a station or terminal complex.

2 Sec. 463.152. STATION OR TERMINAL COMPLEX: FACILITIES. A  
3 station or terminal complex of an authority:

4 (1) must include adequate provisions for the transfer  
5 of passengers among the various means of transportation available  
6 to the complex; and

7 (2) may include provisions for residential,  
8 institutional, recreational, commercial, and industrial  
9 facilities.

10 Sec. 463.153. APPROVAL OF MUNICIPALITY. The location of a  
11 station or terminal complex in a municipality or in the  
12 extraterritorial jurisdiction of a municipality must be approved,  
13 as to conformity with the comprehensive or general plan of the  
14 municipality, by a motion, resolution, or ordinance adopted by the  
15 governing body of the municipality.

16 Sec. 463.154. TRANSFER OF REAL PROPERTY IN STATION OR  
17 TERMINAL COMPLEX. (a) An authority may transfer to any person by  
18 any means, including sale or lease, an interest in real property in  
19 a station or terminal complex and may contract with respect to it,  
20 in accordance with the comprehensive service plan approved by the  
21 executive committee, and subject to terms:

22 (1) the executive committee finds to be in the public  
23 interest or necessary to carry out this section; and

24 (2) specified in the instrument transferring the title  
25 or right of use.

26 (b) A transfer must be at the fair value of the interest  
27 transferred considering the use designated for the real property in

1 the authority's comprehensive service plan.

2 SUBCHAPTER E. BONDS

3 Sec. 463.201. DEFINITION. In this subchapter, "bond"  
4 includes a note.

5 Sec. 463.202. POWER TO ISSUE BONDS. An authority may issue  
6 bonds at any time and for any amounts it considers necessary or  
7 appropriate for:

8 (1) the acquisition, construction, repair, equipping,  
9 improvement, or extension of its public transportation system; or

10 (2) creating or funding self-insurance or retirement  
11 or pension fund reserves.

12 Sec. 463.203. BOND TERMS. An authority's bonds are fully  
13 negotiable. An authority may make the bonds redeemable before  
14 maturity at the price and subject to the terms and conditions that  
15 are provided in the authority's resolution authorizing the bonds.

16 Sec. 463.204. SALE. An authority's bonds may be sold at a  
17 public or private sale as determined by the executive committee to  
18 be the more advantageous.

19 Sec. 463.205. APPROVAL; REGISTRATION. (a) An authority's  
20 bonds and the records relating to their issuance shall be submitted  
21 to the attorney general for examination before the bonds may be  
22 delivered.

23 (b) If the attorney general finds that the bonds have been  
24 issued in conformity with the constitution and this chapter and  
25 that the bonds will be a binding obligation of the issuing  
26 authority, the attorney general shall approve the bonds.

27 (c) After the bonds are approved by the attorney general,

1 the comptroller shall register the bonds.

2 Sec. 463.206. INCONTESTABILITY. Bonds are incontestable  
3 after they are:

4 (1) approved by the attorney general;

5 (2) registered by the comptroller; and

6 (3) sold and delivered to the purchaser.

7 Sec. 463.207. SECURITY PLEDGED. (a) To secure the payment  
8 of an authority's bonds, the authority may:

9 (1) pledge any part of the revenue of the public  
10 transportation system;

11 (2) mortgage any part of the public transportation  
12 system, including any part of the system subsequently acquired;

13 (3) pledge all or part of funds the federal government  
14 has committed to the authority as grants in aid; and

15 (4) provide that a pledge of revenue described by  
16 Subdivision (1) is a first lien or charge against that revenue.

17 (b) Under Subsection (a)(2) an authority may, subject to the  
18 terms of the bond indenture or the resolution authorizing the  
19 issuance of the bonds, encumber a separate item of the public  
20 transportation system and acquire, use, hold, or contract for the  
21 property by lease, chattel mortgage, or other conditional sale  
22 including an equipment trust transaction.

23 (c) An authority may not issue bonds secured by ad valorem  
24 tax revenue.

25 (d) An authority is not prohibited by this subchapter from  
26 encumbering one or more public transportation systems to purchase,  
27 construct, extend, or repair one or more other public

transportation systems of the authority.

(e) The authority may pledge funds described by Subsection (a)(3):

(1) as the sole security for the bonds; or

(2) in addition to any other security described by this section.

Sec. 463.208. USE OF REVENUE. Revenue in excess of amounts pledged under Section 463.207(a)(1) shall be used to:

(1) pay the expenses of operation and maintenance of a public transportation system, including salaries, labor, materials, and repairs necessary to provide efficient service and every other proper item of expense; and

(2) fund operating reserves.

Sec. 463.209. REFUNDING BONDS. An authority may issue refunding bonds for the purposes and in the manner authorized by general law, including Chapter 1207, Government Code.

Sec. 463.210. BONDS AS AUTHORIZED INVESTMENTS. (a) An authority's bonds are authorized investments for:

(1) a bank;

(2) a savings bank;

(3) a trust company;

(4) a savings and loan association; and

(5) an insurance company.

(b) The bonds, when accompanied by all appurtenant, unmatured coupons and to the extent of the lesser of their face value or market value, are eligible to secure the deposit of public funds of this state, a political subdivision of this state, and any

1 other political corporation of this state.

2 Sec. 463.211. EXCHANGE OF BONDS FOR EXISTING SYSTEM. An  
3 authority's revenue bonds may be exchanged, instead of cash, for  
4 the property of all or part of an existing public transportation  
5 system to be acquired by the authority. If the property is owned by  
6 a corporation that will dissolve simultaneously with the exchange,  
7 the authority may acquire the stock of the corporation.

8 Sec. 463.212. TAX EXEMPTION. The interest on bonds issued  
9 by an authority is exempt from state and local taxes.

10 SUBCHAPTER F. EXECUTIVE COMMITTEE

11 Sec. 463.251. COMPOSITION. (a) The executive committee of  
12 an authority is the board of directors of the regional planning  
13 commission established for the area of the authority under Chapter  
14 391, Local Government Code.

15 (b) Service on the executive committee by a public officer  
16 or employee is an additional duty of the office or employment.

17 Sec. 463.252. OFFICERS. (a) The officers elected by the  
18 board of directors of the regional planning commission described by  
19 Section 463.251(a) shall serve as the officers of the executive  
20 committee.

21 (b) The executive committee may appoint, as necessary,  
22 members or nonmembers as assistant secretaries.

23 (c) The secretary or assistant secretary shall:

24 (1) keep permanent records of each proceeding and  
25 transaction of the authority; and

26 (2) perform other duties assigned by the executive  
27 committee.

1       Sec. 463.253. CONFLICTS OF INTEREST. Members of the  
2 executive committee and officers of the authority are subject to  
3 Chapter 171, Local Government Code.

4       Sec. 463.254. MEETINGS. (a) The executive committee shall  
5 hold at least one regular meeting each month to transact the  
6 business of an authority.

7       (b) On written notice, the presiding officer may call  
8 special meetings as necessary.

9       (c) The executive committee by resolution shall:

10       (1) set the time, place, and day of the regular  
11 meetings; and

12       (2) adopt rules and bylaws as necessary to conduct  
13 meetings.

14       Sec. 463.255. VOTING REQUIREMENTS. An action of the  
15 executive committee requires a vote of a majority of the members  
16 present unless the bylaws require a larger number for a particular  
17 action.

18                   SUBCHAPTER G. CREATION OF AUTHORITIES

19       Sec. 463.301. CREATION OF AUTHORITY AUTHORIZED. The board  
20 of directors of the regional planning commission established for  
21 the area included in the boundaries of the counties to which this  
22 chapter applies may initiate the process to create a regional  
23 transit authority to provide public transportation services within  
24 the boundaries of the counties.

25       Sec. 463.302. INITIATING ORDER OR RESOLUTION: CONTENTS.  
26 To initiate the process of creating an authority, the board of  
27 directors described by Section 463.301 must adopt a resolution or

1 order containing the designation of each time and place for holding  
2 public hearings on the proposal to create the authority.

3 Sec. 463.303. NOTICE OF HEARING. (a) Notice of the time  
4 and place of the public hearings on the creation of the authority  
5 shall be published, beginning at least 30 days before the date of  
6 the hearing, once a week for two consecutive weeks in a newspaper of  
7 general circulation in each county.

8 (b) The board of directors described by Section 463.301  
9 shall give a copy of the notice to the Texas Transportation  
10 Commission and the comptroller.

11 Sec. 463.304. CONDUCT OF HEARING. (a) The board of  
12 directors described by Section 463.301 creating an authority shall  
13 conduct public hearings on the creation.

14 (b) Any person may appear at a hearing and offer evidence  
15 on:

- 16 (1) the creation of the authority;  
17 (2) the operation of a public transportation system;  
18 (3) the public utility and public interest served in  
19 the creation of an authority; or  
20 (4) other facts bearing on the creation of an  
21 authority.

22 (c) A hearing may be continued until completed.

23 Sec. 463.305. RESOLUTION OR ORDER. (a) After hearing the  
24 evidence presented at the hearings, but not earlier than 75 days  
25 after the date the process is initiated by the board of directors  
26 described by Section 463.301, the board may adopt a resolution or  
27 order:

1           (1) designating the name of the authority; and  
2           (2) authorizing the appointment of the interim  
3 executive committee.

4           (b) After the hearing, the results of the hearing shall be  
5 sent to the Texas Department of Transportation and the comptroller.

6           Sec. 463.306. INTERIM EXECUTIVE COMMITTEE. (a) The  
7 interim executive committee is composed as provided by Section  
8 463.251 for an executive committee except that the interim  
9 executive committee must include an additional member who is a  
10 member of the board of directors of a commuter rail district  
11 described by Chapter 174.

12           (b) The interim executive committee, after its  
13 organization, shall develop a service plan.

14           (c) Service on the interim executive committee by a public  
15 officer or employee is an additional duty of the office or  
16 employment.

17           Sec. 463.307. APPROVAL OF SERVICE PLAN. Not later than the  
18 45th day after the date the interim executive committee approves  
19 the service plan, the commissioners court of each county creating  
20 an authority must approve, by resolution or order, the service  
21 plan.

22           Sec. 463.308. NOTICE OF INTENT TO ORDER ELECTION. Not  
23 earlier than the 61st day after the date the interim executive  
24 committee approves a service plan, the interim executive committee  
25 shall notify the commissioners court of each county included in the  
26 boundaries of the authority of the interim executive committee's  
27 intention to call a confirmation election.



1       Sec. 463.309. CONFIRMATION ELECTION. The interim executive  
2 committee in ordering the confirmation election shall submit to the  
3 qualified voters of each county in the authority the following  
4 proposition: "Shall the creation of (name of authority) be  
5 confirmed?"

6       Sec. 463.310. CONDUCT OF ELECTION. The interim executive  
7 committee shall canvass the returns and declare the results of the  
8 election separately with respect to each county.

9       Sec. 463.311. RESULTS OF ELECTION; ORDER. (a) The  
10 authority is confirmed if a majority of the votes received in each  
11 county favor the proposition.

12       (b) If the authority continues, the interim executive  
13 committee shall record the results in its minutes and adopt an  
14 order:

15               (1) declaring that the creation of the authority is  
16 confirmed;

17               (2) stating the date of the election;

18               (3) containing the proposition; and

19               (4) showing the number of votes cast for or against the  
20 proposition in each county.

21       (c) A certified copy of the order shall be filed with:

22               (1) the Texas Department of Transportation; and

23               (2) the comptroller.

24       (d) If the authority does not continue, the interim  
25 executive committee shall enter an order declaring that the result  
26 of votes cast at the election is that the authority ceases in its  
27 entirety. The order shall be filed with the Texas Department of

1 Transportation and the comptroller, and the authority is dissolved.

2 Sec. 463.312. EFFECT OF CREATION. On the creation of an  
3 authority the boundaries of which overlap the territory of a  
4 commuter rail district described by Chapter 174, the commuter rail  
5 district is dissolved, and all assets, including property, and all  
6 liabilities, including debt and other obligations, of the commuter  
7 rail district transfer to and are assumed by the authority.

8 Sec. 463.313. COST OF ELECTION. The board of directors  
9 described by Section 463.301 creating an authority shall pay the  
10 cost of the confirmation election.

11 Sec. 463.314. EXPIRATION OF UNCONFIRMED AUTHORITY. An  
12 authority that has not been confirmed expires on the third  
13 anniversary of the effective date of a resolution or order  
14 initiating the process to create the authority.

15 SECTION 2. Section [174.051](#), Transportation Code, is amended  
16 by adding Subsection (c) to read as follows:

17 (c) Notwithstanding Subsections (a) and (b), a district may  
18 not be created in the boundaries of a regional transit authority  
19 under Chapter 463.

20 SECTION 3. Subchapter A, Chapter 367, Transportation Code,  
21 is amended by adding Section 367.0115 to read as follows:

22 Sec. 367.0115. ADDITIONAL FEE. (a) In this section:

23 (1) "Light rail mass transit system" has the meaning  
24 assigned by Section 463.001.

25 (2) "Regional transit authority" means an authority  
26 created under Chapter 463.

27 (b) In addition to a toll or other charge imposed under

1 Section 367.011, the governing body of a municipality may impose a  
2 fee for the use of a bridge of the municipality as follows:

3 (1) \$1 for passenger vehicles;

4 (2) \$2 for commercial motor vehicles; and

5 (3) 25 cents for pedestrians.

6 (c) Before a fee may be imposed under this section, the  
7 governing body of the municipality must enter into a written  
8 agreement with a regional transit authority relating to the  
9 imposition and disposition of the fee.

10 (d) Of the fees collected under this section:

11 (1) 25 percent shall be retained by the municipality  
12 for transportation projects;

13 (2) 50 percent shall be used for a light rail mass  
14 transit system; and

15 (3) 25 percent shall be used for other mass transit  
16 projects.

17 (e) The percentage described by Subsection (d)(3) may be  
18 retained by the municipality if:

19 (1) the municipality is a mass transit provider; and

20 (2) mass transit was provided in the municipality on  
21 or before January 1, 2015.

22 SECTION 4. Sections 463.058(c) and (f) and Section 463.059,  
23 Transportation Code, as added by SECTION 1 of this Act, take effect  
24 only if this Act receives a two-thirds vote of all the members  
25 elected to each house.

26 SECTION 5. This Act takes effect immediately if it receives  
27 a vote of two-thirds of all the members elected to each house, as

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1 provided by Section 39, Article III, Texas Constitution. If this  
2 Act does not receive the vote necessary for immediate effect, this  
3 Act takes effect September 1, 2015.