

## **BILL ANALYSIS**

C.S.H.B. 1986  
By: Martinez, "Mando"  
Transportation  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties note the successful formation and operation of numerous regional transit authorities across Texas. These parties contend that the Rio Grande Valley would greatly benefit from the formation of such an authority to provide efficient transportation services to the public. C.S.H.B. 1986 seeks to provide for a united, comprehensive effort in the development and sustainability of regional public transit services in the Rio Grande Valley by authorizing the creation of a regional transit authority in the area.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill expressly does one or more of the following: creates a criminal offense, increases the punishment for an existing criminal offense or category of offenses, or changes the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 1986 amends the Transportation Code to authorize the creation of a regional transit authority in a county that is contiguous to the Gulf of Mexico or a bay or inlet opening into the gulf and that borders the United Mexican States and a county that borders such a county. The bill provides for the creation of an authority by means of a resolution or order adopted by the board of directors of the regional planning commission established for the area of the authority and a confirmation election submitted to the qualified voters of each county in the authority. The bill provides for management of a confirmed authority by an executive committee composed of the board of directors of the regional planning commission established for the area of the authority. The bill establishes that officers elected by the commission's board of directors serve as the officers of the executive committee.

C.S.H.B. 1986 sets out the powers of the regional transit authority and authorizes an authority to operate a public transportation system. The bill authorizes an authority to coordinate the provision of transportation services with a municipality and include the services provided by the municipality in the authority's service plan. The bill authorizes an authority to issue bonds and collect fares and other charges. The bill, if it receives a two-thirds vote of all the members elected to each house, authorizes an authority to exercise the power of eminent domain under certain circumstances. The bill sets out provisions relating to the system plan and location of a station or terminal complex and creates a misdemeanor offense punishable by a fine not to exceed \$100 for a person who uses the public transportation system of an authority without paying the appropriate fare. The bill establishes provisions relating to the authority of a governing body of a municipality to enter into a written agreement with a regional transit

authority to impose a fee for the use of a bridge.

**EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2017.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 1986 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED	HOUSE COMMITTEE SUBSTITUTE
SECTION 1. Subtitle K, Title 6, Transportation Code, is amended by adding Chapter 463 to read as follows:	SECTION 1. Subtitle K, Title 6, Transportation Code, is amended by adding Chapter 463 to read as follows:
<u>CHAPTER 463. REGIONAL TRANSIT AUTHORITIES</u>	<u>CHAPTER 463. REGIONAL TRANSIT AUTHORITIES</u>
<u>SUBCHAPTER A. GENERAL PROVISIONS</u>	<u>SUBCHAPTER A. GENERAL PROVISIONS</u>
<u>Sec. 463.001. DEFINITIONS.</u>	<u>Sec. 463.001. DEFINITIONS.</u>
<u>Sec. 463.002. APPLICATION.</u>	<u>Sec. 463.002. APPLICATION.</u>
<u>Sec. 463.003. MUNICIPALITIES MAY PROVIDE TRANSPORTATION SERVICES.</u>	<u>Sec. 463.003. MUNICIPALITIES MAY PROVIDE TRANSPORTATION SERVICES.</u>
<u>SUBCHAPTER B. POWERS OF AUTHORITIES</u>	<u>SUBCHAPTER B. POWERS OF AUTHORITIES</u>
<u>Sec. 463.051. POWERS APPLICABLE TO CONFIRMED AUTHORITY.</u>	<u>Sec. 463.051. POWERS APPLICABLE TO CONFIRMED AUTHORITY.</u>
<u>Sec. 463.052. NATURE OF AUTHORITY.</u>	<u>Sec. 463.052. NATURE OF AUTHORITY.</u>
<u>Sec. 463.053. RESPONSIBILITY FOR CONTROL OF AUTHORITY.</u>	<u>Sec. 463.053. RESPONSIBILITY FOR CONTROL OF AUTHORITY.</u>
<u>Sec. 463.054. GENERAL POWERS OF AUTHORITY.</u>	<u>Sec. 463.054. GENERAL POWERS OF AUTHORITY.</u>
<u>Sec. 463.055. CONTRACTS; GRANTS AND LOANS.</u>	<u>Sec. 463.055. CONTRACTS; GRANTS AND LOANS.</u>
<u>Sec. 463.056. OPERATION OF PUBLIC TRANSPORTATION SYSTEM.</u>	<u>Sec. 463.056. OPERATION OF PUBLIC TRANSPORTATION SYSTEM.</u>
<u>Sec. 463.057. ACQUISITION OF PROPERTY BY AGREEMENT.</u>	<u>Sec. 463.057. ACQUISITION OF PROPERTY BY AGREEMENT.</u>
<u>Sec. 463.058. USE AND ACQUISITION OF PROPERTY OF OTHERS.</u>	<u>Sec. 463.058. USE AND ACQUISITION OF PROPERTY OF OTHERS.</u>

Sec. 463.059. EMINENT DOMAIN PROCEEDINGS.

Sec. 463.060. AGREEMENT WITH UTILITIES; CARRIERS.

Sec. 463.061. FARES AND OTHER CHARGES.

Sec. 463.062. ENFORCEMENT OF FARES AND OTHER CHARGES; PENALTIES.

Sec. 463.063. FARE ENFORCEMENT OFFICERS.

Sec. 463.064. ENFORCEMENT OF HIGH OCCUPANCY VEHICLE LANE USAGE.

Sec. 463.065. INSURANCE.

Sec. 463.066. TAX EXEMPTION.

Sec. 463.067. MASS TRANSIT SYSTEM: REGULATORY EXEMPTION. (a) An authority that constructs or operates or contracts with another entity to construct or operate a 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, streetcar, or interurban railway.

(b) For purposes of ownership or transfer of ownership of an interest in real property, a 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.

Sec. 463.068. ELECTIONS.

Sec. 463.069. ADDITIONAL FEE. (a) In addition to a toll or other charge imposed under Section 367.011 or other law, an entity that operates an international bridge may impose a fee for the use of the bridge as follows:

- (1) \$1 for passenger vehicles;
- (2) \$2 for commercial motor vehicles; and
- (3) 25 cents for pedestrians.

(b) Before a fee may be imposed under this section, the entity must enter into a written

Sec. 463.059. EMINENT DOMAIN PROCEEDINGS.

Sec. 463.060. AGREEMENT WITH UTILITIES; CARRIERS.

Sec. 463.061. FARES AND OTHER CHARGES.

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Sec. 463.063. FARE ENFORCEMENT OFFICERS.

Sec. 463.064. ENFORCEMENT OF HIGH OCCUPANCY VEHICLE LANE USAGE.

Sec. 463.065. INSURANCE.

Sec. 463.066. TAX EXEMPTION.

Sec. 463.067. CONTINUATION OF EXISTING RAIL USE. For purposes of ownership or transfer of ownership of an interest in real property, a 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.

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- (1) \$1 for passenger vehicles;
- (2) \$2 for commercial motor vehicles; and
- (3) 25 cents for pedestrians.

(b) Before a fee may be imposed under this section, the entity must enter into a written

agreement with an authority relating to the imposition and disposition of the fee. The agreement must provide for collection of the fee by the entity and remittance of the authority's portion of the fee to the authority each month.

- (c) Of the fees collected under this section:  
(1) 25 percent shall be retained by the entity for transportation projects or complementary transportation services;  
(2) 50 percent shall be used for a rail mass transit system; and  
(3) 25 percent shall be used for regional high capacity transit.  
(d) The percentage described by Subsection (c)(3) may be retained by the entity if:  
(1) the entity is a mass transit provider; and  
(2) mass transit was provided in the municipality in which the international bridge is located on or before January 1, 2017.

SUBCHAPTER C. MANAGEMENT OF AUTHORITY

Sec. 463.101. POWERS AND AUTHORITY OF EXECUTIVE COMMITTEE.

Sec. 463.102. INVESTMENTS.

Sec. 463.103. DEPOSITORY; DEPOSIT OF FUNDS.

Sec. 463.104. CHIEF EXECUTIVE: DUTIES.

Sec. 463.105. RULES.

Sec. 463.106. PURCHASES: COMPETITIVE BIDDING.

Sec. 463.107. DURATION OF CONTRACTS.

Sec. 463.108. SECURITY.

Sec. 463.109. BUDGET RECOMMENDATIONS.

Sec. 463.110. FINANCIAL AUDITS.

agreement with an authority relating to the imposition and disposition of the fee. The agreement must provide:

- (1) for collection of the fee by the entity and remittance of the authority's portion of the fee to the authority each month; and  
(2) if more than one entity operates an international bridge, for the division of the amount described by Subsection (c)(1) among the entities.

- (c) Of the fees collected under this section:  
(1) 25 percent shall be retained by the entity for transportation projects or complementary transportation services;  
(2) 50 percent shall be used for a rail mass transit system; and  
(3) 25 percent shall be used for regional high capacity transit.  
(d) The percentage described by Subsection (c)(3) may be retained by the entity if:  
(1) the entity is a mass transit provider; and  
(2) mass transit was provided in the municipality in which the international bridge is located on or before January 1, 2017.

SUBCHAPTER C. MANAGEMENT OF AUTHORITY

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SUBCHAPTER D. STATION OR TERMINAL COMPLEX SYSTEMS

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

Sec. 463.152. STATION OR TERMINAL COMPLEX: FACILITIES.

Sec. 463.153. STATION OR TERMINAL COMPLEX: LOCATION.

Sec. 463.154. TRANSFER OF REAL PROPERTY IN STATION OR TERMINAL COMPLEX.

SUBCHAPTER E. BONDS

Sec. 463.201. DEFINITION.

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

- (1) the acquisition, construction, repair, equipping, improvement, or extension of its public transportation system; or
- (2) creating or funding self-insurance or retirement or pension fund reserves.

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

SUBCHAPTER D. STATION OR TERMINAL COMPLEX SYSTEMS

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

Sec. 463.152. STATION OR TERMINAL COMPLEX: FACILITIES.

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- (1) the acquisition, construction, repair, equipping, improvement, or extension of its public transportation system; or
- (2) creating or funding self-insurance or retirement or pension fund reserves.

(b) An authority may exercise the powers granted to the governing body of an issuer in connection with the issuance of obligations and the execution of credit agreements under Chapter 1371, Government Code.

Sec. 463.203. BOND TERMS. (a) An authority's bonds are fully negotiable. An authority may make the bonds redeemable before maturity at the price and subject to the terms and conditions that are provided in the authority's resolution authorizing the bonds. The authority's resolution authorizing the bonds may contain any other terms the executive committee considers appropriate.

(b) A bond issued under this subchapter is not a debt or pledge of the faith and credit of the state, a political subdivision included in the boundaries of the authority, or any other political subdivision of the state.

(c) Each bond issued by an authority under this subchapter must contain on its face a statement substantially to the effect that:

- (1) the state, a political subdivision included in the boundaries of the authority,

or any other political subdivision of the state is not obligated to pay the principal of or the interest on the bond; and

(2) the faith and credit and taxing power of the state, a political subdivision included in the boundaries of the authority, or any other political subdivision of the state are not pledged to the payment of the principal of or the interest on the bond.

Sec. 463.204. SALE.

Sec. 463.205. APPROVAL;  
REGISTRATION.

Sec. 463.206. INCONTESTABILITY.

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

- (1) pledge any part of the revenue of the public transportation system;
- (2) mortgage any part of the public transportation system, including any part of the system subsequently acquired;
- (3) pledge all or part of funds the federal government has committed to the authority as grants in aid; and
- (4) provide that a pledge of revenue described by Subdivision (1) is a first lien or charge against that revenue.

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

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

(d) An authority is not prohibited by this subchapter from encumbering one or more public transportation systems to purchase, 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. 463.204. SALE.

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- (1) pledge any part of the revenue of the public transportation system;
- (2) mortgage any part of the public transportation system, including any part of the system subsequently acquired;
- (3) pledge all or part of funds the federal government has committed to the authority as grants in aid; and
- (4) provide that a pledge of revenue described by Subdivision (1) is a first or subordinate lien or charge against that revenue.

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

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

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- (1) as the sole security for the bonds; or
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Sec. 463.208. USE OF REVENUE.

Sec. 463.209. REFUNDING BONDS.

Sec. 463.210. BONDS AS AUTHORIZED INVESTMENTS.

Sec. 463.211. EXCHANGE OF BONDS FOR EXISTING SYSTEM.

Sec. 463.212. TAX EXEMPTION.

SUBCHAPTER F. EXECUTIVE COMMITTEE

Sec. 463.251. COMPOSITION.

Sec. 463.252. OFFICERS.

Sec. 463.253. CONFLICTS OF INTEREST.

Sec. 463.254. MEETINGS.

Sec. 463.255. VOTING REQUIREMENTS.

SUBCHAPTER G. CREATION OF AUTHORITIES

Sec. 463.301. CREATION OF AUTHORITY AUTHORIZED.

Sec. 463.302. INITIATING ORDER OR RESOLUTION: CONTENTS.

Sec. 463.303. NOTICE OF HEARING.

Sec. 463.304. CONDUCT OF HEARING.

Sec. 463.305. RESOLUTION OR ORDER.

Sec. 463.306. INTERIM EXECUTIVE COMMITTEE.

Sec. 463.307. APPROVAL OF SERVICE PLAN.

Sec. 463.308. NOTICE OF INTENT TO ORDER ELECTION.

Sec. 463.309. CONFIRMATION ELECTION.

Sec. 463.310. CONDUCT OF ELECTION.

Sec. 463.208. USE OF REVENUE.

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Sec. 463.307. APPROVAL OF SERVICE PLAN.

Sec. 463.308. NOTICE OF INTENT TO ORDER ELECTION.

Sec. 463.309. CONFIRMATION ELECTION.

Sec. 463.310. CONDUCT OF ELECTION.

Sec. 463.311. RESULTS OF ELECTION;  
ORDER.

Sec. 463.312. EFFECT OF CREATION.

Sec. 463.313. COST OF ELECTION.

Sec. 463.314. EXPIRATION OF  
UNCONFIRMED AUTHORITY.

SECTION 2. Section 174.051, Transportation Code, is amended.

SECTION 3. Sections 463.058(c) and (f) and Section 463.059, Transportation Code, as added by Section 1 of this Act, take effect only if this Act receives a two-thirds vote of all the members elected to each house.

SECTION 4. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.

Sec. 463.311. RESULTS OF ELECTION;  
ORDER.

Sec. 463.312. EFFECT OF CREATION.

Sec. 463.313. COST OF ELECTION.

Sec. 463.314. EXPIRATION OF  
UNCONFIRMED AUTHORITY.

SECTION 2. Same as introduced version.

SECTION 3. Sections 463.058(c) and (f) and Section 463.059, Transportation Code, as added by this Act, take effect only if this Act receives a two-thirds vote of all the members elected to each house.

SECTION 4. Same as introduced version.