

BILL ANALYSIS

Senate Research Center
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S.B. 980
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Transportation
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

A private entity is currently using the threat of eminent domain to acquire land in east Texas for the construction of a proposed high-speed rail line to connect Houston and Dallas. The project's investors have repeatedly stated that the planning, operation, and maintenance of this high-speed rail project will be funded entirely through private investment and that the project will require no state funding of any kind. While the state is supportive of private business, Texas taxpayers have expressed concerns regarding the potential liability to the state should the project ultimately prove financially unviable and state funding is subsequently requested to subsidize, bail out, or otherwise financially support the project's completion or operation.

S.B. 980 prohibits state funds, credits, or guarantees from being used for any purpose related to a privately owned high-speed rail project unless the state first obtains and maintains a lien or other security instrument to secure the repayment of state money. Further, this lien will be superior to all other liens, effectively making Texas a priority creditor. S.B. 980 also requires that prior to providing any funding, credit, or guarantee as a creditor, the comptroller must first review and certify the agreement to ensure that the lien or other security instrument described by that subsection is sufficient to protect the state's financial interests.

S.B. 980 mitigates the financial liability of the state while continuing to allow private entities to pursue their stated objectives.

As proposed, S.B. 980 amends current law relating to state money or credit or a state guarantee used or provided for high-speed rail owned by a private entity.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 199, Transportation Code, by adding Section 199.003, as follows:

Sec. 199.003. STATE MONEY FOR HIGH-SPEED RAIL; PRIORITY OF LIEN. (a) Defines "high-speed rail."

(b) Prohibits state money, credit, or guarantee from being used or provided, wholly or partly, for any purpose related to high-speed rail owned by a private entity unless, to secure the repayment of state money, this state acquires and maintains a lien on or other security interest in property of the private entity acquired with or through state money or credit or using a guarantee of this state; or a lien on or security interest in other assets owned by the private entity.

(c) Requires the Texas comptroller of public accounts (comptroller), before an entity or official of this state enters into an agreement to provide state money or credit or a state guarantee under Subsection (b), to review and certify the agreement to ensure that the lien or other security interest described by that

subsection is sufficient, in accordance with generally accepted accounting standards, to protect this state's financial interests.

(d) Provides that a lien on or other security interest held by this state in property or other assets described by Subsection (b) is superior and prior to any other lien, claim, or interest of any other person on or against the property or other assets of the private entity.

SECTION 2. Effective date: September 1, 2017.