

By: Martinez

H.B. No. 1986

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; creating a criminal offense.

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) "Complementary transportation services" includes:

(A) special transportation services for a person who is elderly or has a disability;

(B) medical transportation services;

(C) assistance in street modifications as necessary to accommodate the public transportation system;

(D) construction of new general aviation facilities or renovation or purchase of existing facilities not served by certificated air carriers to relieve air traffic congestion at existing facilities; and

(E) any other service that complements the public transportation system, including providing parking garages.

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

3 (4) "Mass transit system" means a system constructed
4 by an authority for the transportation of passengers and
5 hand-carried packages or baggage of a passenger by any means of
6 surface, overhead, or underground transportation, other than an
7 aircraft or taxicab. The term includes a rail system and services
8 coordinated with a transit system operated by a municipality.

9 (5) "Public transportation system" means:

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

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

15 (C) property held:

16 (i) in accordance with a contract with the
17 owner making the property subject to the control of or regulation by
18 the authority; and

19 (ii) for public transportation service
20 purposes.

21 (6) "Regional high capacity transit" means intercity
22 transit service designed to transport more people than typical,
23 local fixed-route bus service by using dedicated lanes or
24 rights-of-way or by having transit priority, including queue jumps
25 or traffic signal priority. The term includes bus rapid transit,
26 light rail, commuter rail, streetcars, high occupancy toll lanes,
27 or other fixed guideway operations.

1 (7) "Service plan" means an outline of the service
2 that would be provided by the authority to counties if confirmed at
3 an election.

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

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

8 (2) a county that borders a county described by
9 Subdivision (1).

10 Sec. 463.003. MUNICIPALITIES MAY PROVIDE TRANSPORTATION
11 SERVICES. This chapter does not prohibit a municipality from
12 providing public transportation services. An authority may
13 coordinate the provision of services with the municipality and
14 include the services provided by the municipality in the
15 authority's service plan.

16 SUBCHAPTER B. POWERS OF AUTHORITIES

17 Sec. 463.051. POWERS APPLICABLE TO CONFIRMED AUTHORITY.
18 This subchapter applies only to an authority that has been
19 confirmed.

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

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

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

1 (c) An authority is a governmental unit under Chapter 101,
2 Civil Practice and Remedies Code, and the operations of the
3 authority are not proprietary functions for any purpose including
4 the application of Chapter 101, Civil Practice and Remedies Code.

5 Sec. 463.053. RESPONSIBILITY FOR CONTROL OF AUTHORITY.
6 Except as provided by Section 463.104, the executive committee is
7 responsible for the management, operation, and control of an
8 authority and its property.

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

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

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

20 (d) An authority may sell, lease, or dispose of in another
21 manner:

22 (1) any right, interest, or property of the authority
23 that is not needed for, or, if a lease, is inconsistent with, the
24 efficient operation and maintenance of the public transportation
25 system; or

26 (2) at any time, surplus materials or other property
27 that is not needed for the requirements of the authority or for

1 carrying out a power under this chapter.

2 (e) An authority may leverage funds with a municipality that
3 provides public transportation services in the territory of the
4 authority to finance a project.

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

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

8 (c) An authority may enter one or more agreements with any
9 municipality included in the territory of the authority for the
10 distribution of the authority's revenues.

11 (d) An authority may enter into a contract with a private
12 entity under Chapter 2267, Government Code.

13 Sec. 463.056. OPERATION OF PUBLIC TRANSPORTATION SYSTEM.

14 (a) An authority may:

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

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

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

24 (b) An authority, as the authority determines advisable,
25 shall determine routes.

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

1 (d) A private operator who contracts with an authority under
2 this chapter is not a public entity for purposes of any law of this
3 state except that an independent contractor of the authority that
4 performs a function of the authority is liable for damages only to
5 the extent that the authority would be liable if the authority
6 itself were performing the function.

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

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

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

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

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

25 (c) Except as otherwise provided by this subsection, an
26 authority may acquire by eminent domain any interest in real
27 property, including a fee simple interest. The right of eminent

1 domain may not be exercised in a manner that would authorize the
2 authority to run an authority vehicle on a railroad track that is
3 used to transport property.

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

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

18 (f) Subsection (e) does not apply if the power of eminent
19 domain is exercised.

20 Sec. 463.059. EMINENT DOMAIN PROCEEDINGS. (a) An eminent
21 domain proceeding by an authority is initiated by the adoption by
22 the executive committee of a resolution, after notice and a
23 hearing, that:

24 (1) describes the property interest to be acquired by
25 the authority;

26 (2) declares the public necessity for and interest in
27 the acquisition; and

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

4 (b) A resolution adopted under this section is conclusive
5 evidence of the public necessity for the acquisition described in
6 the resolution and that the property interest is necessary for
7 public use.

8 (c) Except as otherwise provided by this chapter, Chapter
9 21, Property Code, applies to an eminent domain proceeding by an
10 authority.

11 Sec. 463.060. AGREEMENT WITH UTILITIES; CARRIERS. An
12 authority may agree with any other public or private utility,
13 communication system, common carrier, or transportation system
14 for:

15 (1) the joint use in the authority of the property of
16 the agreeing entities; or

17 (2) the establishment of through routes, joint fares,
18 or transfers of passengers.

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

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

26 (2) pay when due the principal of and interest on, and
27 sinking fund and reserve fund payments agreed to be made with

1 respect to, all bonds that are issued by the authority and payable
2 wholly or partly from the revenue; and

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

6 (b) It is intended by this chapter that the compensation
7 imposed under Subsection (a) not exceed the amounts necessary to
8 produce revenue sufficient to meet the obligations of the authority
9 under this chapter.

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

13 (d) The state agrees with holders of bonds issued under this
14 chapter not to alter the power given to an authority under this
15 section to impose fares, tolls, charges, rents, and other
16 compensation in amounts sufficient to comply with Subsection (a),
17 or to impair the rights and remedies of an authority bondholder, or
18 a person acting on behalf of a bondholder, until the bonds, interest
19 on the bonds, interest on unpaid installments of interest, costs
20 and expenses in connection with an action or proceeding by or on
21 behalf of a bondholder, and other obligations of the authority in
22 connection with the bonds are discharged.

23 Sec. 463.062. ENFORCEMENT OF FARES AND OTHER CHARGES;
24 PENALTIES. (a) An executive committee by resolution may prohibit
25 the use of the public transportation system by a person without
26 payment of the appropriate fare for the use of the system and may
27 establish reasonable and appropriate methods to ensure that persons

1 using the public transportation system pay the appropriate fare for
2 that use.

3 (b) An executive committee by resolution may provide that a
4 fare for or charge for the use of the public transportation system
5 that is not paid incurs a reasonable administrative fee.

6 (c) An authority shall post signs designating each area in
7 which a person is prohibited from using the transportation system
8 without payment of the appropriate fare.

9 (d) A person commits an offense if the person or another for
10 whom the person is criminally responsible under Section 7.02, Penal
11 Code, uses the public transportation system without paying the
12 appropriate fare.

13 (e) If the person fails to provide proof that the person
14 paid the appropriate fare for the use of the public transportation
15 system and fails to pay any administrative fee assessed under
16 Subsection (b) on or before the 30th day after the date the
17 authority notifies the person that the person is required to pay the
18 amount of the fare and the administrative fee, it is prima facie
19 evidence that the person used the public transportation system
20 without paying the appropriate fare.

21 (f) The notice required by Subsection (e) may be included in
22 a citation issued to the person by a peace officer under Article
23 14.06, Code of Criminal Procedure, or by a fare enforcement officer
24 under Section 463.063, in connection with an offense relating to
25 the nonpayment of the appropriate fare for the use of the public
26 transportation system.

27 (g) It is an exception to the application of Subsection (d)

1 that on or before the 30th day after the date the authority notified
2 the person that the person is required to pay the amount of the fare
3 and any administrative fee assessed under Subsection (b), the
4 person:

5 (1) provided proof that the person paid the
6 appropriate fare at the time the person used the transportation
7 system or at a later date or that the person was exempt from
8 payment; and

9 (2) paid the administrative fee assessed under
10 Subsection (b), if applicable.

11 (h) An offense under Subsection (d) is:

12 (1) a misdemeanor punishable by a fine not to exceed
13 \$100; and

14 (2) not a crime of moral turpitude.

15 (i) A justice court located in the territory of the
16 authority may enter into an agreement with the authority to try all
17 criminal cases that arise under Subsection (d). Notwithstanding
18 Articles 4.12 and 4.14, Code of Criminal Procedure, if a justice
19 court enters into an agreement with the authority:

20 (1) a criminal case that arises under Subsection (d)
21 must be tried in the justice court; and

22 (2) the justice court has exclusive jurisdiction in
23 all criminal cases that arise under Subsection (d).

24 Sec. 463.063. FARE ENFORCEMENT OFFICERS. (a) An authority
25 may employ or contract for persons to serve as fare enforcement
26 officers to enforce the payment of fares for use of the public
27 transportation system by:

1 (1) requesting and inspecting evidence showing
2 payment of the appropriate fare from a person using the public
3 transportation system; and

4 (2) issuing a citation to a person described by
5 Section 463.062(d).

6 (b) Before commencing duties as a fare enforcement officer,
7 a person must complete at least eight hours of training approved by
8 the authority that is appropriate to the duties required of a fare
9 enforcement officer.

10 (c) While performing duties, a fare enforcement officer
11 shall:

12 (1) wear a distinctive uniform, badge, or insignia
13 that identifies the person as a fare enforcement officer; and

14 (2) work under the direction of the authority's chief
15 administrative officer.

16 (d) A fare enforcement officer may:

17 (1) request evidence showing payment of the
18 appropriate fare from passengers of the public transportation
19 system or evidence showing exemption from the payment requirement;

20 (2) request personal identification or other
21 documentation designated by the authority from a passenger who does
22 not produce evidence showing payment of the appropriate fare on
23 request by the officer;

24 (3) instruct a passenger to immediately leave the
25 public transportation system if the passenger does not possess
26 evidence showing payment or exemption from payment of the
27 appropriate fare; or

1 (4) file a complaint in the appropriate court that
2 charges the person with an offense under Section 463.062(d).

3 (e) A fare enforcement officer may not carry a weapon while
4 performing duties under this section unless the officer is a
5 certified peace officer.

6 (f) A fare enforcement officer who is not a certified peace
7 officer is not a peace officer and has no authority to enforce a
8 criminal law, except as provided by this section.

9 Sec. 463.064. ENFORCEMENT OF HIGH OCCUPANCY VEHICLE LANE
10 USAGE. (a) An executive committee by resolution may regulate or
11 prohibit improper entrance into, exit from, and vehicle occupancy
12 in high occupancy vehicle lanes operated, managed, or maintained by
13 the authority.

14 (b) An executive committee by resolution may establish
15 reasonable and appropriate methods to enforce regulations or
16 prohibitions established under Subsection (a).

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

22 (1) personal or property damage; and

23 (2) officers' and employees' liability.

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

26 (c) In developing an insurance or self-insurance program,
27 an authority may consider the peculiar hazards, indemnity

1 standards, and past and prospective loss and expense experience of
2 the authority and of its contractors and subcontractors.

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

5 Sec. 463.067. MASS TRANSIT SYSTEM: REGULATORY EXEMPTION.

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

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

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

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

23 (2) a resolution ordering the election and the
24 election notice must show, in addition to the requirements of the
25 Election Code, the hours of the election and polling places in
26 election precincts.

27 (b) Subsection (a) does not apply to an election under

1 Section 463.309.

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

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

9 (1) \$1 for passenger vehicles;

10 (2) \$2 for commercial motor vehicles; and

11 (3) 25 cents for pedestrians.

12 (b) Before a fee may be imposed under this section, the
13 entity must enter into a written agreement with an authority
14 relating to the imposition and disposition of the fee. The
15 agreement must provide for collection of the fee by the entity and
16 remittance of the authority's portion of the fee to the authority
17 each month.

18 (c) Of the fees collected under this section:

19 (1) 25 percent shall be retained by the entity for
20 transportation projects or complementary transportation services;

21 (2) 50 percent shall be used for a rail mass transit
22 system; and

23 (3) 25 percent shall be used for regional high
24 capacity transit.

25 (d) The percentage described by Subsection (c)(3) may be
26 retained by the entity if:

27 (1) the entity is a mass transit provider; and

1 (2) mass transit was provided in the municipality in
2 which the international bridge is located on or before January 1,
3 2017.

4 SUBCHAPTER C. MANAGEMENT OF AUTHORITY

5 Sec. 463.101. POWERS AND AUTHORITY OF EXECUTIVE COMMITTEE.

6 (a) The executive committee may:

7 (1) employ and prescribe the compensation for a chief
8 executive officer whom the committee may designate as the general
9 manager or the executive director;

10 (2) appoint auditors and attorneys and prescribe their
11 duties, compensation, and tenure;

12 (3) adopt a seal for the authority;

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

14 (5) establish a complete system of accounts for the
15 authority;

16 (6) designate by resolution an authorized
17 representative of the authority to, according to terms prescribed
18 by the executive committee:

19 (A) invest authority funds; and

20 (B) withdraw money from authority accounts for
21 investments; and

22 (7) designate by resolution an authorized
23 representative of the authority to supervise the substitution of
24 securities pledged to secure authority funds.

25 (b) The executive committee is the local designated
26 recipient of funds committed to the authority by the federal
27 government.

1 Sec. 463.102. INVESTMENTS. The executive committee shall
2 invest authority funds in any investment authorized for an entity
3 under Chapter 2256, Government Code.

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

7 (b) All funds of an authority that are not otherwise
8 invested shall be deposited in one or more of the authority's
9 depository banks unless otherwise required by an order or
10 resolution authorizing the issuance of an authority bond or note or
11 other contractual undertaking.

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

16 Sec. 463.104. CHIEF EXECUTIVE: DUTIES. (a) The general
17 manager or executive director shall administer the daily operation
18 of an authority.

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

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

23 (2) remove any employee.

24 (c) The general manager or executive director shall
25 prescribe the duties, tenure, and compensation of each person
26 employed.

27 Sec. 463.105. RULES. (a) The executive committee by

1 resolution may adopt rules for the:

2 (1) safe and efficient operation and maintenance of
3 the public transportation system;

4 (2) use of the public transportation system and the
5 authority's services by the public and the payment of fares, tolls,
6 and other charges; and

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

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

11 (c) A notice of each rule adopted by the executive committee
12 shall be published in a newspaper with general circulation in the
13 area in which the authority is located once each week for two
14 consecutive weeks after adoption of the rule. The notice must
15 contain a condensed statement of the substance of the rule and must
16 advise that a copy of the complete text of the rule is filed in the
17 principal office of the authority where the text may be read by any
18 person.

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

21 Sec. 463.106. PURCHASES: COMPETITIVE BIDDING. (a) Except
22 as provided by Subsection (c) and as otherwise provided by this
23 chapter, an authority may not award a contract for construction,
24 services, or property, other than real property, except through the
25 solicitation of competitive sealed bids or proposals ensuring full
26 and open competition.

27 (b) The authority shall describe in a solicitation each

1 factor to be used to evaluate a bid or proposal and give the
2 factor's relative importance.

3 (c) The executive committee may authorize the negotiation
4 of a contract without competitive sealed bids or proposals if:

5 (1) the aggregate amount involved in the contract is
6 less than the greater of:

7 (A) \$50,000; or

8 (B) the amount of an expenditure under a contract
9 that would require a municipality to comply with Section
10 252.021(a), Local Government Code;

11 (2) the contract is for construction for which not
12 more than one bid or proposal is received;

13 (3) the contract is for services or property for which
14 there is only one source or for which it is otherwise impracticable
15 to obtain competition;

16 (4) the contract is to respond to an emergency for
17 which the public exigency does not permit the delay incident to the
18 competitive process;

19 (5) the contract is for personal or professional
20 services or services for which competitive bidding is precluded by
21 law;

22 (6) the contract, without regard to form and which may
23 include bonds, notes, loan agreements, or other obligations, is for
24 the purpose of borrowing money or is a part of a transaction
25 relating to the borrowing of money, including:

26 (A) a credit support agreement, such as a line or
27 letter of credit or other debt guaranty;

1 (B) a bond, note, debt sale or purchase, trustee,
2 paying agent, remarketing agent, indexing agent, or similar
3 agreement;

4 (C) an agreement with a securities dealer,
5 broker, or underwriter; and

6 (D) any other contract or agreement considered by
7 the executive committee to be appropriate or necessary in support
8 of the authority's financing activities;

9 (7) the contract is for work that is performed and paid
10 for by the day as the work progresses;

11 (8) the contract is for the lease or purchase of an
12 interest in land;

13 (9) the contract is for the purchase of personal
14 property sold:

15 (A) at an auction by a state licensed auctioneer;

16 (B) at a going out of business sale held in
17 compliance with Subchapter F, Chapter 17, Business & Commerce Code;
18 or

19 (C) by a political subdivision of this state, a
20 state agency, or an entity of the federal government;

21 (10) the contract is for services performed by persons
22 who are blind or have severe disabilities;

23 (11) the contract is for the purchase of electricity;

24 (12) the contract is one for an authority project and
25 awarded for alternate project delivery using the procedures under
26 Subchapters E, F, G, and I, Chapter 2269, Government Code; or

27 (13) the contract is for fare enforcement officer

1 services under Section 463.063.

2 (d) For the purposes of entering into a contract authorized
3 by Subsection (c)(12), an authority is considered a "governmental
4 entity" as described by Section 2269.002, Government Code.

5 Sec. 463.107. DURATION OF CONTRACTS. An authority may
6 contract for payment with debt obligations and for performance and
7 payments to extend longer than one fiscal year if the contract
8 provides for the discharge of the authority's contractual
9 obligations by any method, including:

10 (1) committing current year funds or cancellation
11 charges; and

12 (2) making the contract subject to the future
13 availability of funds.

14 Sec. 463.108. SECURITY. The executive committee may
15 establish a security force and provide for the employment of
16 security personnel.

17 Sec. 463.109. BUDGET RECOMMENDATIONS. The executive
18 committee shall make a proposed annual budget available to the
19 commissioners courts of the counties in the authority at least 30
20 days before the date of the adoption by the executive committee of
21 the final annual budget.

22 Sec. 463.110. FINANCIAL AUDITS. (a) The executive
23 committee of an authority shall have an annual audit of the affairs
24 of the authority prepared by an independent certified public
25 accountant or a firm of independent certified public accountants.

26 (b) The final audit report is open to public inspection.

1 SUBCHAPTER D. STATION OR TERMINAL COMPLEX SYSTEMS

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

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

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

13 (1) will encourage and provide for efficient and
14 economical public transportation;

15 (2) will facilitate access to public transportation
16 and provide for other public transportation purposes;

17 (3) will reduce vehicular congestion and air
18 pollution; and

19 (4) is reasonably essential to the successful
20 operation of the public transportation system.

21 (c) On making a finding under Subsection (b), the executive
22 committee may amend the authority's comprehensive service plan to
23 include a station or terminal complex.

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

26 (1) must include adequate provisions for the transfer
27 of passengers among the various means of transportation available

1 to the complex; and

2 (2) may include provisions for residential,
3 institutional, recreational, commercial, and industrial
4 facilities.

5 Sec. 463.153. STATION OR TERMINAL COMPLEX: LOCATION. An
6 authority shall determine the location of a station or terminal
7 complex after notice and a hearing.

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

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

16 (2) specified in the instrument transferring the title
17 or right of use.

18 (b) A transfer must be at the fair value of the interest
19 transferred considering the use designated for the real property in
20 the authority's comprehensive service plan.

21 SUBCHAPTER E. BONDS

22 Sec. 463.201. DEFINITION. In this subchapter, "bond"
23 includes a note.

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

27 (1) the acquisition, construction, repair, equipping,

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

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

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

11 Sec. 463.205. APPROVAL; REGISTRATION. (a) An authority's
12 bonds and the records relating to their issuance shall be submitted
13 to the attorney general for examination before the bonds may be
14 delivered.

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

19 (c) After the bonds are approved by the attorney general,
20 the comptroller shall register the bonds.

21 Sec. 463.206. INCONTESTABILITY. Bonds are incontestable
22 after they are:

- 23 (1) approved by the attorney general;
24 (2) registered by the comptroller; and
25 (3) sold and delivered to the purchaser.

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

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

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

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

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

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

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

17 (d) An authority is not prohibited by this subchapter from
18 encumbering one or more public transportation systems to purchase,
19 construct, extend, or repair one or more other public
20 transportation systems of the authority.

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

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

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

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

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

5 (2) fund operating reserves.

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

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

11 (1) a bank;

12 (2) a savings bank;

13 (3) a trust company;

14 (4) a savings and loan association; and

15 (5) an insurance company.

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

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

27 Sec. 463.212. TAX EXEMPTION. The interest on bonds issued

1 by an authority is exempt from state and local taxes.

2 SUBCHAPTER F. EXECUTIVE COMMITTEE

3 Sec. 463.251. COMPOSITION. (a) The executive committee of
4 an authority is the board of directors of the regional planning
5 commission established for the area of the authority under Chapter
6 391, Local Government Code.

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

9 Sec. 463.252. OFFICERS. (a) The officers elected by the
10 board of directors of the regional planning commission described by
11 Section 463.251(a) shall serve as the officers of the executive
12 committee.

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

15 (c) The secretary or assistant secretary shall:

16 (1) keep permanent records of each proceeding and
17 transaction of the authority; and

18 (2) perform other duties assigned by the executive
19 committee.

20 Sec. 463.253. CONFLICTS OF INTEREST. Members of the
21 executive committee and officers of the authority are subject to
22 Chapter 171, Local Government Code.

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

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

1 (c) The executive committee by resolution shall:

2 (1) set the time, place, and day of the regular
3 meetings; and

4 (2) adopt rules and bylaws as necessary to conduct
5 meetings.

6 Sec. 463.255. VOTING REQUIREMENTS. A majority of the
7 members of the executive committee constitutes a quorum, and when a
8 quorum is present, action may be taken by a majority vote of the
9 members present unless the bylaws require a larger number for a
10 particular action.

11 SUBCHAPTER G. CREATION OF AUTHORITIES

12 Sec. 463.301. CREATION OF AUTHORITY AUTHORIZED. The board
13 of directors of the regional planning commission established for
14 the area included in the boundaries of the counties to which this
15 chapter applies may initiate the process to create a regional
16 transit authority to provide public transportation services within
17 the boundaries of the counties.

18 Sec. 463.302. INITIATING ORDER OR RESOLUTION: CONTENTS.
19 To initiate the process of creating an authority, the board of
20 directors described by Section 463.301 must adopt a resolution or
21 order containing the designation of each time and place for holding
22 public hearings on the proposal to create the authority.

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

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

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

7 (b) Any person may appear at a hearing and offer evidence
8 on:

9 (1) the creation of the authority;

10 (2) the operation of a public transportation system;

11 (3) the public utility and public interest served in
12 the creation of an authority; or

13 (4) other facts bearing on the creation of an
14 authority.

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

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

21 (1) designating the name of the authority; and

22 (2) authorizing the appointment of the interim
23 executive committee.

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

26 Sec. 463.306. INTERIM EXECUTIVE COMMITTEE. (a) The
27 interim executive committee is composed as provided by Section

1 463.251 for an executive committee except that the interim
2 executive committee must include an additional member who is a
3 member of the board of directors of a commuter rail district
4 described by Chapter 174.

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

7 (c) Service on the interim executive committee by a public
8 officer or employee is an additional duty of the office or
9 employment.

10 Sec. 463.307. APPROVAL OF SERVICE PLAN. Not later than the
11 45th day after the date the interim executive committee approves
12 the service plan, the commissioners court of each county creating
13 an authority must approve, by resolution or order, the service
14 plan.

15 Sec. 463.308. NOTICE OF INTENT TO ORDER ELECTION. Not
16 earlier than the 61st day after the date the interim executive
17 committee approves a service plan, the interim executive committee
18 shall notify the commissioners court of each county included in the
19 boundaries of the authority of the interim executive committee's
20 intention to call a confirmation election.

21 Sec. 463.309. CONFIRMATION ELECTION. The interim executive
22 committee in ordering the confirmation election shall submit to the
23 qualified voters of each county in the authority the following
24 proposition: "Shall the creation of (name of authority) be
25 confirmed?"

26 Sec. 463.310. CONDUCT OF ELECTION. The interim executive
27 committee shall canvass the returns and declare the results of the

1 election separately with respect to each county.

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

5 (b) If the authority continues, the interim executive
6 committee shall record the results in its minutes and adopt an
7 order:

8 (1) declaring that the creation of the authority is
9 confirmed;

10 (2) stating the date of the election;

11 (3) containing the proposition; and

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

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

15 (1) the Texas Department of Transportation; and

16 (2) the comptroller.

17 (d) If the authority does not continue, the interim
18 executive committee shall enter an order declaring that the result
19 of votes cast at the election is that the authority ceases in its
20 entirety. The order shall be filed with the Texas Department of
21 Transportation and the comptroller, and the authority is dissolved.

22 Sec. 463.312. EFFECT OF CREATION. On the creation of an
23 authority the boundaries of which overlap the territory of a
24 commuter rail district described by Chapter 174, the commuter rail
25 district is dissolved, and all assets, including property, and all
26 liabilities, including debt and other obligations, of the commuter
27 rail district transfer to and are assumed by the authority.

1 Sec. 463.313. COST OF ELECTION. The board of directors
2 described by Section 463.301 creating an authority shall pay the
3 cost of the confirmation election.

4 Sec. 463.314. EXPIRATION OF UNCONFIRMED AUTHORITY. An
5 authority that has not been confirmed expires on the third
6 anniversary of the effective date of a resolution or order
7 initiating the process to create the authority.

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

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

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

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