

By: Martinez, Guillen

H.B. No. 71

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 Sec. 463.056. OPERATION OF PUBLIC TRANSPORTATION SYSTEM.

12 (a) An authority may:

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

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

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

22 (b) An authority, as the authority determines advisable,
23 shall determine routes.

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

26 (d) A private operator who contracts with an authority under
27 this chapter is not a public entity for purposes of any law of this

1 state except that an independent contractor of the authority that
2 performs a function of the authority is liable for damages only to
3 the extent that the authority would be liable if the authority
4 itself were performing the function.

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

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

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

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

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

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

26 (1) in a municipality without the approval of each
27 proposed acquisition by the governing body of the municipality or

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

4 (2) in a manner that would:

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

8 (B) unduly interfere with interstate commerce;

9 or

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

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

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

26 (f) In this subsection, "telecommunications provider" has
27 the meaning assigned by Section [51.002](#), Utilities Code.

1 Notwithstanding Subsection (a), an authority may not relocate the
2 property of a telecommunications provider on behalf of the provider
3 without the provider's permission.

4 (g) Subsections (e) and (f) do not apply if the power of
5 eminent domain is exercised.

6 Sec. 463.059. EMINENT DOMAIN PROCEEDINGS. (a) An eminent
7 domain proceeding by an authority is initiated by the adoption by
8 the executive committee of a resolution, after notice and a
9 hearing, that:

10 (1) describes the property interest to be acquired by
11 the authority;

12 (2) declares the public necessity for and interest in
13 the acquisition; and

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

17 (b) A resolution adopted under this section and approved by
18 resolution of the appropriate municipal governing body or
19 commissioners court is conclusive evidence of the public necessity
20 for the acquisition described in the resolution and that the
21 property interest is necessary for public use.

22 (c) Except as otherwise provided by this chapter, Chapter
23 21, Property Code, applies to an eminent domain proceeding by an
24 authority.

25 Sec. 463.060. AGREEMENT WITH UTILITIES; CARRIERS. An
26 authority may agree with any other public or private utility,
27 communication system, common carrier, or transportation system

1 for:

2 (1) the joint use in the authority of the property of
3 the agreeing entities; or

4 (2) the establishment of through routes, joint fares,
5 or transfers of passengers.

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

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

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

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

20 (b) It is intended by this chapter that the compensation
21 imposed under Subsection (a) not exceed the amounts necessary to
22 produce revenue sufficient to meet the obligations of the authority
23 under this chapter.

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

27 (d) This section does not limit the state's power to

1 regulate fares, tolls, charges, or rents imposed by an authority or
2 other compensation authorized under this section. The state agrees
3 with holders of bonds issued under this chapter, however, not to
4 alter the power given to an authority under this section to impose
5 fares, tolls, charges, rents, and other compensation in amounts
6 sufficient to comply with Subsection (a), or to impair the rights
7 and remedies of an authority bondholder, or a person acting on
8 behalf of a bondholder, until the bonds, interest on the bonds,
9 interest on unpaid installments of interest, costs and expenses in
10 connection with an action or proceeding by or on behalf of a
11 bondholder, and other obligations of the authority in connection
12 with the bonds are discharged.

13 Sec. 463.062. ENFORCEMENT OF FARES AND OTHER CHARGES;
14 PENALTIES. (a) The executive committee by resolution may prohibit
15 the use of the public transportation system by a person without
16 payment of the appropriate fare for the use of the system and may
17 establish reasonable and appropriate methods to ensure that persons
18 using the public transportation system pay the appropriate fare for
19 that use.

20 (b) The executive committee by resolution may provide that a
21 fare for or charge for the use of the public transportation system
22 that is not paid incurs a reasonable administrative fee.

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

26 (d) A person commits an offense if the person or another for
27 whom the person is criminally responsible under Section 7.02, Penal

1 Code, uses the public transportation system without paying the
2 appropriate fare. An offense under this section is:

3 (1) a misdemeanor punishable by a fine not to exceed
4 \$100; and

5 (2) not a crime of moral turpitude.

6 (e) If the person fails to provide proof that the person
7 paid the appropriate fare for the use of the public transportation
8 system and fails to pay any administrative fee assessed under
9 Subsection (b) on or before the 30th day after the date the
10 authority notifies the person that the person is required to pay the
11 amount of the fare and the administrative fee, it is prima facie
12 evidence that the person used the public transportation system
13 without paying the appropriate fare.

14 (f) The notice required by Subsection (e) may be included in
15 a citation issued to the person by a peace officer under Article
16 14.06, Code of Criminal Procedure, or by a fare enforcement officer
17 under Section 463.063, in connection with an offense relating to
18 the nonpayment of the appropriate fare for the use of the public
19 transportation system.

20 (g) It is an exception to the application of Subsection (d)
21 that on or before the 30th day after the date the authority notified
22 the person that the person is required to pay the amount of the fare
23 and any administrative fee assessed under Subsection (b), the
24 person:

25 (1) provided proof that the person paid the
26 appropriate fare at the time the person used the public
27 transportation system or at a later date or that the person was

1 exempt from payment; and

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

4 (h) A justice court located in the territory of the
5 authority may enter into an agreement with the authority to try all
6 criminal cases that arise under Subsection (d). Notwithstanding
7 Articles 4.12 and 4.14, Code of Criminal Procedure, if a justice
8 court enters into an agreement with the authority:

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

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

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

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

20 (2) issuing a citation to a person described by
21 Section 463.062(d).

22 (b) Before commencing duties as a fare enforcement officer,
23 a person must complete at least eight hours of training approved by
24 the authority that is appropriate to the duties required of a fare
25 enforcement officer.

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

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

3 (2) work under the direction of the authority's chief
4 executive officer.

5 (d) A fare enforcement officer may:

6 (1) request evidence showing payment of the
7 appropriate fare from passengers of the public transportation
8 system or evidence showing exemption from the payment requirement;

9 (2) request personal identification or other
10 documentation designated by the authority from a passenger who does
11 not produce evidence showing payment of the appropriate fare on
12 request by the officer;

13 (3) instruct a passenger to immediately leave the
14 public transportation system if the passenger does not possess
15 evidence showing payment or exemption from payment of the
16 appropriate fare; or

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

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

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

25 Sec. 463.064. ENFORCEMENT OF HIGH OCCUPANCY VEHICLE LANE
26 USAGE. (a) The executive committee by resolution may regulate or
27 prohibit improper entrance into, exit from, and vehicle occupancy

1 in high occupancy vehicle lanes operated, managed, or maintained by
2 the authority.

3 (b) The executive committee by resolution may establish
4 reasonable and appropriate methods to enforce regulations or
5 prohibitions established under Subsection (a).

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

- 11 (1) personal or property damage; and
12 (2) officers' and employees' liability.

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

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

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

21 Sec. 463.067. CONTINUATION OF EXISTING RAIL USE. For
22 purposes of ownership or transfer of ownership of an interest in
23 real property, a rail mass transit system line operating on
24 property previously used by a railroad, railway, street railway, or
25 interurban railway is a continuation of existing rail use.

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

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

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

10 (b) Subsection (a) does not apply to an election under
11 Section 463.309.

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

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

19 (1) not more than \$1 for passenger vehicles;

20 (2) not more than \$2 for commercial motor vehicles;

21 and

22 (3) not more than 25 cents for pedestrians.

23 (b) Before a fee may be imposed under this section, the
24 entity must enter into a written agreement with an authority
25 relating to the imposition and disposition of the fee. The
26 agreement must provide:

27 (1) for collection of the fee by the entity and

1 remittance of the authority's portion of the fee to the authority
2 each month; and

3 (2) if more than one entity operates an international
4 bridge, for the division of the amount described by Subsection
5 (c)(1) among the entities.

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

7 (1) 25 percent shall be retained by the entity for
8 transportation projects or complementary transportation services;

9 (2) 50 percent shall be used for a rail mass transit
10 system; and

11 (3) 25 percent shall be used for regional high
12 capacity transit.

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

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

16 (2) mass transit was provided in the municipality in
17 which the international bridge is located on or before January 1,
18 2019.

19 SUBCHAPTER C. MANAGEMENT OF AUTHORITY

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

21 (a) The executive committee may:

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

25 (2) appoint auditors and attorneys and prescribe their
26 duties, compensation, and tenure;

27 (3) adopt a seal for the authority;

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

2 (5) establish a complete system of accounts for the
3 authority;

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

7 (A) invest authority funds; and

8 (B) withdraw money from authority accounts for
9 investments; and

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

13 (b) The executive committee is the local designated
14 recipient of funds committed to the authority by the federal
15 government.

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

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

22 (b) An authority shall deposit all funds of the authority
23 that are not otherwise invested in one or more of the authority's
24 depository banks unless otherwise required by an order or
25 resolution authorizing the issuance of an authority bond or note or
26 other contractual undertaking.

27 (c) Funds in a depository, to the extent that those funds

1 are not insured by the Federal Deposit Insurance Corporation, shall
2 be secured in the manner provided by law for the security of county
3 funds.

4 Sec. 463.104. CHIEF EXECUTIVE OFFICER: DUTIES. (a) The
5 general manager or executive director, as designated under Section
6 463.101(a)(1), shall administer the daily operation of an
7 authority.

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

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

12 (2) remove any employee.

13 (c) The general manager or executive director shall
14 prescribe the duties, tenure, and compensation of each person
15 employed.

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

18 (1) safe and efficient operation and maintenance of
19 the public transportation system;

20 (2) use of the public transportation system and the
21 authority's services by the public and the payment of fares, tolls,
22 and other charges; and

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

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

27 (c) A notice of each rule adopted by the executive committee

1 shall be published in a newspaper with general circulation in the
2 area in which the authority is located once each week for two
3 consecutive weeks after adoption of the rule. The notice must
4 contain a condensed statement of the substance of the rule and must
5 advise that a copy of the complete text of the rule is filed in the
6 principal office of the authority where the text may be read by any
7 person.

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

10 Sec. 463.1055. PROCUREMENT RULES. (a) The executive
11 committee may adopt and enforce procurement procedures,
12 guidelines, and rules:

13 (1) defining the terms in and implementing Sections
14 463.106 and 463.107; or

15 (2) covering:

16 (A) the appointment of contracting officers;

17 (B) the solicitation for and award of contracts,
18 including the electronic transmission of bids and proposals and the
19 use of the reverse auction procedure, as defined by Section
20 2155.062, Government Code;

21 (C) the resolution of protests and contract
22 disputes;

23 (D) foreign currency transactions and
24 conversions and foreign exchange rate risk management; or

25 (E) other aspects of the procurement process for
26 domestic and international contracts.

27 (b) Sections 463.106 and 463.107 and the procedures,

1 guidelines, or rules adopted under this section confer no rights on
2 an actual or potential bidder, offeror, contractor, or other person
3 except as expressly stated in the procedures, guidelines, or rules.

4 (c) A procurement procedure, guideline, or rule covering
5 the electronic transmission of bids and proposals must provide:

6 (1) for the identification, security, and
7 confidentiality of an electronic bid or proposal;

8 (2) that an electronic bid or proposal is not required
9 to be sealed; and

10 (3) that an electronic bid or proposal remains
11 effectively unopened until the appropriate time.

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

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

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

23 (1) the aggregate amount involved in the contract is
24 \$50,000 or less;

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

27 (3) the contract is for services or property for which

1 there is only one source or for which it is otherwise impracticable
2 to obtain competition;

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

6 (5) the contract is for personal or professional
7 services or services for which competitive bidding is precluded by
8 law; or

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

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

15 (B) a bond, note, debt sale or purchase, trustee,
16 paying agent, remarketing agent, indexing agent, or similar
17 agreement;

18 (C) an agreement with a securities dealer,
19 broker, or underwriter; and

20 (D) any other contract or agreement considered by
21 the executive committee to be appropriate or necessary in support
22 of the authority's financing activities.

23 Sec. 463.107. DURATION OF CONTRACTS. An authority may
24 contract for payment with debt obligations and for performance and
25 payments to extend longer than one fiscal year if the contract
26 provides for the discharge of the authority's contractual
27 obligations by any method, including:

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

3 (2) making the contract subject to the future
4 availability of funds.

5 Sec. 463.108. SECURITY. The executive committee may
6 establish a security force and provide for the employment of
7 security personnel.

8 Sec. 463.109. BUDGET RECOMMENDATIONS. The executive
9 committee shall make a proposed annual budget available to the
10 commissioners courts of the counties in the authority at least 30
11 days before the date of the adoption by the executive committee of
12 the final annual budget.

13 Sec. 463.110. FINANCIAL AUDITS. (a) The executive
14 committee of an authority shall have an annual audit of the affairs
15 of the authority prepared by an independent certified public
16 accountant or a firm of independent certified public accountants.

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

18 SUBCHAPTER D. STATION OR TERMINAL COMPLEX SYSTEMS

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

20 (a) An authority may not acquire an interest in real property for a
21 station or terminal complex unless the station or terminal complex
22 is included in the public transportation system in a comprehensive
23 service plan approved by a resolution of the executive committee. A
24 mass transit facility of an authority is not a station or terminal
25 complex under this subchapter unless the facility is included in
26 the authority's comprehensive service plan under this section.

27 (b) A station or terminal complex may not be included in a

1 public transportation system unless the executive committee first
2 finds that the station or complex:

3 (1) will encourage and provide for efficient and
4 economical public transportation;

5 (2) will facilitate access to public transportation
6 and provide for other public transportation purposes;

7 (3) will reduce vehicular congestion and air
8 pollution; and

9 (4) is reasonably essential to the successful
10 operation of the public transportation system.

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

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

16 (1) must include adequate provisions for the transfer
17 of passengers among the various means of transportation available
18 to the complex; and

19 (2) may include provisions for residential,
20 institutional, recreational, commercial, and industrial
21 facilities.

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

25 Sec. 463.1535. APPROVAL OF MUNICIPALITY. The location of a
26 station or terminal complex in a municipality or in the
27 extraterritorial jurisdiction of a municipality must be approved,

1 as to conformity with the comprehensive or general plan of the
2 municipality, by a motion, resolution, or ordinance adopted by the
3 governing body of the municipality.

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

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

12 (2) specified in the instrument transferring the title
13 or right of use.

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

17 SUBCHAPTER E. BONDS

18 Sec. 463.201. DEFINITION. In this subchapter, "bond"
19 includes a note.

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

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

25 (2) creating or funding self-insurance or retirement
26 or pension fund reserves.

27 (b) An authority may exercise the powers granted to the

1 governing body of an issuer in connection with the issuance of
2 obligations and the execution of credit agreements under Chapter
3 1371, Government Code.

4 (c) A bond that has a maturity longer than five years from
5 the date of issuance may not be issued by an authority until an
6 election has been held and the proposition proposing the issue has
7 been approved by a majority of the votes received on the issue.

8 (d) Subsection (c) does not apply to:

9 (1) refunding bonds;

10 (2) bonds described by Subsection (a)(2); or

11 (3) commercial paper notes having maturities of 270
12 days or less that are authorized to be issued and reissued from time
13 to time under a commercial paper program in a maximum principal
14 amount that the chief financial officer certifies, based on
15 reasonable estimates of pledged revenue, can be repaid in full
16 within five years after the date of authorization of the commercial
17 paper program, taking into consideration any other bonds or notes
18 having a prior or parity lien on the pledged revenue, regardless of
19 the final date of the commercial paper program.

20 (e) A commercial paper program described by Subsection
21 (d)(3) may not be continued beyond five years unless, before
22 issuing any note with a maturity exceeding five years from the date
23 of the initial authorization of the program or five years from the
24 date of any new certification, the chief financial officer provides
25 a new certification that the maximum principal amount of the
26 program, based on reasonable estimates of pledged revenue, can be
27 repaid in full within five years after the date of the most recent

1 new certification, taking into consideration any other bonds or
2 notes having a prior or parity lien on the pledged revenue.

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

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

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

16 (1) the state, a political subdivision included in the
17 boundaries of the authority, or any other political subdivision of
18 the state is not obligated to pay the principal of or the interest
19 on the bond; and

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

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

1 Sec. 463.205. APPROVAL; REGISTRATION. (a) An authority's
2 bonds and the records relating to their issuance shall be submitted
3 to the attorney general for examination before the bonds may be
4 delivered.

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

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

11 Sec. 463.206. INCONTESTABILITY. Bonds are incontestable
12 after they are:

- 13 (1) approved by the attorney general;
14 (2) registered by the comptroller; and
15 (3) sold and delivered to the purchaser.

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

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

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

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

24 (4) provide that a pledge of revenue described by
25 Subdivision (1) is a first or subordinate lien or charge against
26 that revenue.

27 (b) Under Subsection (a)(2), an authority may, subject to

1 the terms of the bond indenture or the resolution authorizing the
2 issuance of the bonds, encumber a separate item of the public
3 transportation system and acquire, use, hold, or contract for the
4 property by lease, chattel mortgage, or other conditional sale
5 including an equipment trust transaction.

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

8 (d) An authority is not prohibited by this subchapter from
9 encumbering one or more public transportation systems to purchase,
10 construct, extend, or repair one or more other public
11 transportation systems of the authority.

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

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

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

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

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

23 (2) fund operating reserves.

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

27 Sec. 463.210. BONDS AS AUTHORIZED INVESTMENTS. (a) An

1 authority's bonds are authorized investments for:

- 2 (1) a bank;
- 3 (2) a savings bank;
- 4 (3) a trust company;
- 5 (4) a savings and loan association; and
- 6 (5) an insurance company.

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

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

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

20 SUBCHAPTER F. EXECUTIVE COMMITTEE

21 Sec. 463.251. COMPOSITION. (a) The executive committee of
22 an authority is the board of directors of the regional planning
23 commission established for the area of the authority under Chapter
24 391, Local Government Code.

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

27 Sec. 463.252. OFFICERS. (a) The officers elected by the

1 board of directors of the regional planning commission described by
2 Section 463.251(a) shall serve as the officers of the executive
3 committee.

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

6 (c) The secretary or assistant secretary shall:

7 (1) keep permanent records of each proceeding and
8 transaction of the authority; and

9 (2) perform other duties assigned by the executive
10 committee.

11 Sec. 463.253. CONFLICTS OF INTEREST. Members of the
12 executive committee and officers of the authority are subject to
13 Chapter 171, Local Government Code.

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

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

19 (c) The executive committee by resolution shall:

20 (1) set the time, place, and day of the regular
21 meetings; and

22 (2) adopt rules and bylaws as necessary to conduct
23 meetings.

24 Sec. 463.255. VOTING REQUIREMENTS. A majority of the
25 members of the executive committee constitutes a quorum, and when a
26 quorum is present, action may be taken by a majority vote of the
27 members present unless the bylaws require a larger number for a

1 particular action.

2 SUBCHAPTER G. CREATION OF AUTHORITIES

3 Sec. 463.301. CREATION OF AUTHORITY AUTHORIZED. The board
4 of directors of the regional planning commission established for
5 the area included in the boundaries of the counties to which this
6 chapter applies may initiate the process to create a regional
7 transit authority to provide public transportation services in the
8 boundaries of those counties.

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

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

19 (b) The board of directors described by Section 463.301
20 shall give a copy of the notice to the Texas Department of
21 Transportation and the comptroller.

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

25 (b) Any person may appear at a hearing and offer evidence
26 on:

27 (1) the creation of the authority;

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

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

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

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

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

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

13 (2) authorizing the appointment of the interim
14 executive committee.

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

17 Sec. 463.306. INTERIM EXECUTIVE COMMITTEE. (a) The
18 interim executive committee is composed as provided by Section
19 463.251 for an executive committee except that the interim
20 executive committee must include an additional member who is a
21 member of the board of directors of a commuter rail district
22 described by Chapter 174.

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

25 (c) Service on the interim executive committee by a public
26 officer or employee is an additional duty of the office or
27 employment.

1 Sec. 463.307. APPROVAL OF SERVICE PLAN. Not later than the
2 45th day after the date the interim executive committee approves
3 the service plan, the commissioners court of each county creating
4 an authority must approve, by resolution or order, the service
5 plan.

6 Sec. 463.308. NOTICE OF INTENT TO CALL ELECTION. After
7 approval is received under Section 463.307, but not earlier than
8 the 61st day after the date the interim executive committee
9 approves a service plan, the interim executive committee shall
10 notify the commissioners court of each county included in the
11 boundaries of the authority of the interim executive committee's
12 intention to call a confirmation election.

13 Sec. 463.309. CONFIRMATION ELECTION. The interim executive
14 committee in calling the confirmation election shall submit to the
15 qualified voters of each county in the authority the following
16 proposition: "Shall the creation of (name of authority) be
17 confirmed?"

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

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

24 (b) If the authority continues, the interim executive
25 committee shall record the results in its minutes and adopt an
26 order:

27 (1) declaring that the creation of the authority is

1 confirmed;
2 (2) stating the date of the election;
3 (3) containing the proposition; and
4 (4) showing the number of votes cast for or against the
5 proposition in each county.

6 (c) A certified copy of the order shall be filed with the
7 Texas Department of Transportation and the comptroller.

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

13 Sec. 463.312. EFFECT OF CREATION ON COMMUTER RAIL DISTRICT.
14 On the creation of an authority the boundaries of which overlap the
15 territory of a commuter rail district described by Chapter 174, the
16 commuter rail district is dissolved, and all assets, including
17 property, and all liabilities, including debt and other
18 obligations, of the commuter rail district transfer to and are
19 assumed by the authority.

20 Sec. 463.313. COST OF ELECTION. The board of directors
21 described by Section 463.301 creating an authority shall pay the
22 cost of the confirmation election.

23 Sec. 463.314. EXPIRATION OF UNCONFIRMED AUTHORITY. An
24 authority that has not been confirmed expires on the third
25 anniversary of the effective date of a resolution or order
26 initiating the process to create the authority.

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

1 by adding Subsection (c) to read as follows:

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

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

9 SECTION 4. This Act takes effect immediately if it receives
10 a vote of two-thirds of all the members elected to each house, as
11 provided by Section 39, Article III, Texas Constitution. If this
12 Act does not receive the vote necessary for immediate effect, this
13 Act takes effect September 1, 2019.