

BILL ANALYSIS

C.S.H.B. 3187
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Transportation
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that Dallas Area Rapid Transit (DART) member cities have requested greater financial transparency from DART and in 2022 requested a formal value of transit study to provide a quantitative analysis of the resources expended in each member city for DART services to better understand the investment of taxpayers. The bill author has also informed the committee that results of the value of transit study showed inequitable spending, with certain cities providing as much as a \$65 million subsidy to the system, leaving DART member cities concerned that their interests are being ignored and that a substantial portion of local tax dollars are not returned for services or projects in the community. C.S.H.B. 3187 seeks to address this issue by restricting future debt issuances and updating withdrawal options to better empower voters.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

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

ANALYSIS

C.S.H.B. 3187 amends the Transportation Code to authorize a unit of election in a regional transportation authority consisting of one subregion governed by a subregional board in a subregion having a principal municipality with a population of more than 1.1 million, in its discretion and not later than October 1 of each year, to enter into a written agreement with the board under which up to 25 percent of the sales and use tax received by the authority in that unit of election may be used by that unit of election for a general mobility program in that unit of election that may include any of the following:

- constructing and maintaining sidewalks, hiking trails, and biking trails, highways and local and arterial streets, thoroughfares, and other roads, including bridges, retaining walls, drainage culverts, grade separations, and other structural roadway elements;
- installing, operating, and maintaining streetlights and traffic control improvements, including traffic signals; or
- making drainage improvements and taking drainage-related measures as reasonable and necessary for the effective use of the transportation facility being installed, constructed, operated, or maintained.

The bill requires the unit of election under the agreement to annually provide to the subregional board a list of projects the unit of election intends to fund through the program. The bill requires 50 percent of the sales and use tax available to a unit of election through the program each year to be made available to the unit of election on the first day of the authority's fiscal year and 50

percent of that available tax to be made available to the unit of election on a reimbursement basis before the end of the authority's fiscal year. The bill requires any money made available to a unit of election under that requirement that is unused by the unit of election in the authority's fiscal year to be used by the authority to pay down any outstanding debt that is secured by a sales and use tax rate imposed at a rate of one percent and establishes that a payment made for that purpose is in addition to any annual debt payment required of the authority.

C.S.H.B. 3187 changes the amount of revenue realized from an imposed tax that a regional transportation authority may pledge to secure the payment of the authority's bonds from all or part of revenue realized from any tax that the authority may impose to not more than 75 percent of that revenue. These provisions do not apply to the imposition of a sales and use tax in a regional transportation authority that, before the bill's effective date, has pledged the revenue from the tax imposed as security for bonds issued by the authority. The imposition of a sales and use tax in a regional transportation authority that has pledged the revenue from the tax imposed as security for bonds issued by the authority before the bill's effective date is governed by the law in effect when the revenue was pledged, and that law is continued in effect for that purpose.

C.S.H.B. 3187 includes the funding of a general mobility program under the bill's provisions among the permissible uses of revenue that is in excess of the amount pledged by a regional transportation authority from any authorized tax or from the public transportation system to secure the payment of the authority's bonds.

C.S.H.B. 3187 changes from each sixth calendar year to each third calendar year the maximum frequency at which an election for the withdrawal of a unit of election from a regional transportation authority consisting of one subregion governed by a subregional board having a principal municipality with a population of more than 1.1 million may be held and a petition for withdrawal may be accepted.

C.S.H.B. 3187 prohibits a regional transportation authority, on receipt by the executive committee of the authority of a notice provided by a governing body of an election to withdraw from the authority, from issuing notes, bonds, or other obligations if the issuance would cause the total financial obligation of the unit of election as determined under applicable state law to accrue because the amount of payments due or to become due in a subsequent year on notes, bonds, or other securities or obligations for debt issued by the authority would increase. The bill establishes that this limitation on issuance continues until one of the following days:

- the effective date of the withdrawal of the unit of election from the authority, if after an election to withdraw from the authority less than a majority of the votes received on the measure in the election favor the proposition; or
- the day after the date of the canvass of the election to withdraw from the authority, if a majority of the votes received on the measure in the election favor the proposition.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 3187 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Whereas the introduced required each municipality in a regional transportation authority consisting of one subregion governed by a subregional board in a subregion having a principal municipality with a population of more than 1.1 million to enter into an agreement with the board under which up to 25 percent of the sales and use tax imposed by the authority in that

municipality may be used by that municipality for a general mobility program that includes certain projects, the substitute authorizes a unit of election in such a regional transportation authority consisting of one subregion governed by a subregional board, in its discretion and not later than October 1 of each year, to enter into a written agreement with the board under which up to 25 percent of the sales and use tax received by the authority in that municipality unit of election may be used by that unit of election for a general mobility program. The substitute replaces subsequent references to the term municipality for such purposes, as in the introduced, with references to the term unit of election.

The substitute includes constructing and maintaining retaining walls, drainage culverts, and other structural roadway elements among the projects the program may include, whereas the introduced did not.

The substitute omits the provisions of the introduced that did the following:

- removed a one percent sales and use tax rate from the sale and use tax rates that the executive committee of an authority may impose for the authority;
- specified the rate at which an authority's sales and use tax continues to be collected in a territory of a withdrawn unit of election until the amount of revenue from the sales and use tax collected after the effective date of withdrawal and paid to the authority equals the total financial obligation of the unit; and
- limited the authority of the executive committee of a regional transportation authority to order the decrease in the rate at which a sales and use tax is collected in an applicable authority.

With respect to the procedural provision establishing that the imposition of a sales and use tax in a regional transportation authority that has pledged the revenue from the tax imposed as security for bonds issued by the authority before the bill's effective date is governed by the law in effect when the revenue was pledged and that the law is continued in effect for that purpose, the substitute removes the specification of the introduced that the tax to which the provision applies is the tax imposed at the rate of one percent.