

By: Bettencourt, et al. S.B. No. 2722  
(DeAyala, Cunningham, Hull, Jones of Harris, Paul)

Substitute the following for S.B. No. 2722:

By: Little C.S.S.B. No. 2722

A BILL TO BE ENTITLED

AN ACT

relating to the use of certain tolls and charges imposed by certain counties; authorizing a civil penalty and limiting the counties' authority to adopt an ad valorem tax rate.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter A, Chapter 284, Transportation Code, is amended by adding Section 284.014 to read as follows:

Sec. 284.014. RESTRICTION ON USE OF REVENUE FROM TOLLS AND OTHER CHARGES IN CERTAIN COUNTIES. (a) This section applies only to a county with a population of four million or more.

(b) Except as provided by this section, a county that imposes tolls or charges as otherwise authorized by this chapter may only use the revenues collected from the tolls or charges to:

(1) pay the costs of operating, expanding, maintaining, or administering a project;

(2) retire debt related to a project; or

(3) use or pledge revenues to pay or finance the costs of a project, including the costs to study, design, construct, maintain, operate, and pool a turnpike project or system, and to pay bonds or other obligations related to a project.

(c) Subsection (b) applies to any fees received by a county for operating a project of another entity but does not apply to any other revenue of a project that is collected by the county on behalf of another entity under an agreement with the entity.

1       (c-1) Of the revenues collected from tolls and charges that  
2 remain after paying the costs described by Subsection (b),  
3 including costs to establish reserves required by a bond instrument  
4 and to maintain ratings on bonds or other obligations related to a  
5 project:

6           (1) except as provided by Subsection (c-4), \$25  
7 million shall be distributed to the municipality that contains more  
8 than 40 percent of the number of lane miles of the project and may be  
9 used by the municipality only for the costs of providing law  
10 enforcement, fire protection, and emergency medical services  
11 during accidents or disasters affecting a toll project of the  
12 county under this chapter; and

13           (2) subject to Subsection (e) and except as provided  
14 by Subsection (f), the amount remaining after the distribution  
15 described by Subdivision (1), if any, shall be retained by the  
16 county and may be used only to pay costs related to a county road  
17 owned and maintained by the county.

18       (c-2) An independent auditor hired by a municipality  
19 described by Subsection (c-1)(1) annually shall review the  
20 municipality's annual financial report to determine whether the  
21 municipality is in compliance with the usage requirements of that  
22 subsection and shall certify the amount of the municipality's  
23 expenditures that were used for the purposes described by that  
24 subsection. The independent auditor shall provide a copy of the  
25 audit and report any violation of the usage requirements of  
26 Subsection (c-1)(1) to the:

27           (1) commissioners court of the county;

1           (2) attorney general;

2           (3) governor;

3           (4) lieutenant governor;

4           (5) speaker of the house of representatives;

5           (6) chair of each standing committee of the  
6 legislature with primary jurisdiction over transportation; and

7           (7) chair of the commission.

8           (c-3) If the independent auditor certifies under Subsection  
9 (c-2) that the municipality's expenditures were less than the  
10 amount transferred to the municipality under Subsection (c-1)(1)  
11 for the applicable period, the county shall deduct that difference  
12 from the amount to be transferred to the municipality as the next  
13 disbursement under Subsection (c-1)(1).

14           (c-4) Subsections (c-1)(1), (c-2), and (c-3) do not apply if  
15 a county has entered into a contractual arrangement with a  
16 municipality regarding the use of revenues collected from tolls or  
17 charges as otherwise authorized by this chapter to pay the  
18 municipality's costs of providing law enforcement, fire  
19 protection, and emergency medical services during accidents or  
20 disasters affecting a toll project of the county under this  
21 chapter.

22           (c-5) This subsection and Subsections (c-1), (c-2), (c-3),  
23 and (c-4) expire September 1, 2030.

24           (d) Beginning September 1, 2030, the county shall retain the  
25 amount that remains from the revenues collected from tolls and  
26 charges after paying the costs described by Subsection (b),  
27 including costs to establish reserves required by a bond instrument

1 and to maintain ratings on bonds or other obligations related to a  
2 project, and, subject to Subsection (e) and except as provided by  
3 Subsection (f), may use the amount retained only to pay costs  
4 related to a county road owned and maintained by the county.

5 (e) At least 95 percent of the amount retained by a county  
6 under this section must be allocated among all commissioners  
7 precincts as follows:

8 (1) one-third of the amount allocated based on the  
9 historical surplus funds transferred for the county's fiscal years  
10 2005 through 2025 by precinct;

11 (2) one-third of the amount allocated based on the  
12 number of county lane miles in each precinct, excluding freeways as  
13 defined by Section 541.302 and any road facilities for which a user  
14 must pay a toll, fee, or fare, according to the county's road log or  
15 maintenance schedule on September 1 of the fiscal year preceding  
16 the allocation; and

17 (3) one-third of the amount allocated based on the  
18 road and pavement condition of county roads in each precinct,  
19 excluding freeways as defined by Section 541.302 and any road  
20 facilities for which a user must pay a toll, fee, or fare, according  
21 to the county engineer's annual report on September 1 of the fiscal  
22 year preceding the allocation.

23 (f) A county may allocate up to five percent of the amount  
24 retained under this section to a county department or project with  
25 countywide impact, as determined by the county, for a state,  
26 county, or municipal facility relating to a road, street, highway,  
27 or related facility.

1       (f-1) An amount allocated under Subsection (e) or (f) may  
2 not be used on a hike, bike, or trail facility unless the  
3 expenditure is necessary to comply with a state or federal  
4 guideline.

5       (g) An independent auditor hired by a county to audit the  
6 county's annual financial report made to the commissioners court  
7 and to the district judges of the county under Section 114.025,  
8 Local Government Code, annually shall review the county's annual  
9 financial report to determine whether the county is in compliance  
10 with this section and shall certify the amount of the county's  
11 expenditures that were used for the purposes described by this  
12 section. The independent auditor shall provide a copy of the audit  
13 and report any violation of this section to the:

- 14               (1) commissioners court of the county;  
15               (2) attorney general;  
16               (3) governor;  
17               (4) lieutenant governor;  
18               (5) speaker of the house of representatives;  
19               (6) chair of each standing committee of the  
20 legislature with primary jurisdiction over transportation; and  
21               (7) chair of the commission.

22       (h) A county that violates this section is subject to a  
23 civil penalty. The attorney general shall promptly investigate a  
24 report received under Subsection (g) to determine if the county  
25 violated this section. On determining that a violation of this  
26 section occurred, the attorney general may file suit to collect a  
27 civil penalty. If the violation is:

1           (1) a first violation of this section, the amount of  
2 the civil penalty is an amount equal to 100 percent of the amount of  
3 revenues used by the county in violation of this section; or

4           (2) a second or subsequent violation of this section,  
5 the amount of the civil penalty is an amount equal to 110 percent of  
6 the amount of revenues used by the county in violation of this  
7 section.

8           (i) A county for which a civil penalty is imposed under  
9 Subsection (h) shall pay the penalty out of the general fund of the  
10 county.

11           (j) Notwithstanding any other law, a county for which a  
12 civil penalty is imposed under Subsection (h)(2) may not adopt a tax  
13 rate for the tax year following the tax year in which the penalty  
14 was imposed that exceeds the lesser of the county's no-new-revenue  
15 tax rate or voter-approval tax rate, as determined under Section  
16 [26.04](#), Tax Code, for that tax year.

17           (k) A civil penalty collected under this section shall be  
18 deposited in the state treasury to the credit of the state highway  
19 fund and may only be appropriated for transportation purposes.

20           SECTION 2. This Act takes effect September 1, 2025.