

## **BILL ANALYSIS**

Senate Research Center  
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C.S.S.B. 4  
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State Affairs  
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Committee Report (Substituted)

### **DIGEST AND PURPOSE**

Currently, Texas uses a “pay-as-you-go” model to fund infrastructure projects. Under this system, Texas is only able to fund approximately 36 percent of identified, needed projects. Over the last seven years vehicle miles traveled has increased 4.1 percent annually--16 times faster than land miles can be added. The lack of adequate funding for Texas infrastructure is forcing the state to investigate funding methods outside the traditional “pay-as-you-go” model. As proposed, C.S.S.B. 4 establishes the Texas Mobility Fund which is a fund supplementary to the “pay-as-you-go” system that allows the Texas Transportation Commission to issue bonds on a limited basis for transportation construction and improvement.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 201, Transportation Code, by adding Subchapter M, as follows:

#### **SUBCHAPTER M. OBLIGATIONS FOR CERTAIN HIGHWAY AND MOBILITY PROJECTS**

Sec. 201.941. DEFINITIONS. Defines “comptroller’s certification,” “credit agreement,” “fund,” “long-term obligations,” “maximum obligation amount,” “obligations,” and “short-term obligations.”

Sec. 201.942. ADMINISTRATION OF FUND. Requires the comptroller to hold the fund and requires the Texas Transportation Commission (commission), through the Texas Department of Transportation (department), to manage, invest, use, and administer the fund. Requires income on money in the fund to be deposited in the fund.

Sec. 201.943. AUTHORITY TO ISSUE OBLIGATIONS; PURPOSES; LIMITATIONS.  
(a) Authorizes the commission by order or resolution, subject to Subsections (e), (f), and (g), to issue obligations in the name and on behalf of the state and the department and to enter into credit agreements related to the obligations. Authorizes the obligations to be issued in multiple series and issues from time to time in an aggregate amount not exceeding the maximum obligation amount. Authorizes the obligations to be issued on and to have the terms and provisions the commission determines appropriate and in the interests of the state. Authorizes obligations to be issued as long-term, short-term, or both. Prohibits the latest scheduled maturity of an issue or series of obligations from exceeding 30 years.

(b) Requires obligations to be secured by and payable from a pledge of and lien on all or part of the money in the fund. Authorizes obligations to be additionally secured by and payable from credit agreements. Authorizes the commission to pay amounts due on the obligations from discretionary money available to it that is not dedicated to or

appropriated for other specific purposes.

(c) Authorizes the commission to create within the fund accounts, reserves, and subfunds for the purposes the commission finds appropriate and necessary in connection with the issuance of obligations.

(d) Authorizes obligations to be issued for one or more stated purposes.

(e) Prohibits long-term obligations in the amount proposed from being issued by the commission unless the comptroller projects in a comptroller's certification that the amount of money to be on deposit in the fund during each year of the period during which the proposed obligations are scheduled to be outstanding will be at least equal to 110 percent of the requirements to pay the principal of and interest on the proposed long-term obligations during the year.

(f) Prohibits short-term obligations in the amount proposed by the commission from being issued unless the comptroller meets certain conditions in a comptroller's certification.

(g) Authorizes the commission to agree to further restrictions in connection with the issuance of obligations and to retain independent professional consultants to make projections in addition to, but not instead of, those of the comptroller if required as a prerequisite to the issuance of the obligations.

(h) Provides that the commission has all powers necessary or appropriate to carry out this subchapter and to implement Section 49-k, Article III, Texas Constitution, including the powers granted to other bond-issuing governmental agencies and units and to nonprofit corporations by Chapters 1201 (Public Security Procedures Act), 1207 (Refunding Bonds), and 1371 (Obligations for Certain Public Improvements), Government Code.

(i) Requires a comptroller's certification to be based on certain factors that the comptroller determines are reliable.

Sec. 201.944. PLEDGE OF STATE'S FULL FAITH AND CREDIT. (a) Authorizes the commission to guarantee on behalf of the state the payment of any obligations and credit agreements issued under Section 201.943 by pledging the full faith and credit of the state to the payment of the obligations and security agreements in the event the revenue and money dedicated under Section 201.945 or other law and on deposit in the fund are insufficient for that purpose.

(b) Prohibits the exercise of the authority granted by Subsection (a) from modifying or relieving the commission from complying with Section 201.943(e) or (f) and prohibits the issuance of aggregate obligations in an amount exceeding the maximum obligation amount.

(c) Requires the constitutional appropriation contained in Section 49-k(f), Article III, Texas Constitution, if the commission exercises the authority granted by Subsection (a), to be implemented and observed by all officers of the state during any period during which obligations and credit agreements are outstanding and unpaid.

Sec. 201.945. DEDICATION OF REVENUE TO FUND. Provides that an amount determined by the General Appropriations Act is dedicated to the fund annually, out of the miscellaneous and general revenue of the state that is not dedicated for specific purposes by the constitution.

Sec. 201.946. USE OF MONEY IN FUND. (a) Authorizes money in the fund to be invested in the investments permitted by law for the investment of money on deposit in the state highway fund.

(b) Authorizes the commission, as a part of its covenants and commitments made in connection with the issuance of obligations and the execution of credit agreements, to limit the types of investments eligible for investment of money in the fund but not to expand the types of investments to include any investments that are not authorized by Subsection (a).

(c) Authorizes the commission, to the extent money is on deposit in the fund in amounts that are in excess of the money required by the provisions of the obligations and credit agreements to be retained on deposit, to use the money for any purpose for which obligations may be issued under this subchapter.

SECTION 2. Makes application of this Act contingent upon passage of the constitutional amendment proposed by the 77th Legislature, Regular Session, 2001, creating the Texas mobility fund and authorizing the issuance of obligations for financing the construction and acquisition of extensions, improvements, and expansions of the state's highways and roads and other mobility projects.

#### **SUMMARY OF COMMITTEE CHANGES**

SECTION 1. Amends As Filed S.B. 4, Section 201.943(d)(1), Transportation Code, to authorize obligations to be issued to pay all or part of the costs of "constructing, reconstructing, acquiring, and expanding state highways, including any necessary design and acquisition of rights of way," rather than to pay all or part of the costs of "constructing and acquiring extensions, improvements, and expansions of the state's highways and roads and related infrastructure."

SECTION 2. No change.