

## **BILL ANALYSIS**

Senate Research Center

C.S.H.B. 2652  
By: Krusee (Staples)  
Transportation & Homeland Security  
5/20/2005  
Committee Report (Substituted)

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

The United States Congress is currently considering the re-authorization of the Transportation Equity Act for the 21st Century. As part of this federal legislation there is a \$15 billion authorization for private activity bonds (PABs) for transportation and freight rail projects. This will be the first time that PABs would be allowed for use with highway and rail projects. The federal proposal removes the \$15 billion authorization from the state caps.

C.S.H.B. 2652 amends Subchapter B, Chapter 222, Transportation Code, by adding Section 222.035 (Private Activity Bonds). This new section creates a program, subject to the United States Congress enacting legislation amending the Internal Revenue Code to include highway and surface freight rail facilities among the types of facilities for which PABs may be used, for Texas Department of Transportation (TxDOT) to develop a process and administer the use of PABs in Texas.

The PABs approved by TxDOT and issued for highway facilities or surface rail freight facilities would be governed by Chapter 1372, Government Code.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Department of Transportation in SECTION 1 (Section 222.035, Transportation Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter B, Chapter 222, Transportation Code, by adding Section 222.035, as follows:

Sec. 222.035. PRIVATE ACTIVITY BONDS. (a) Defines "private activity bond."

(b) Provides that if the attorney general makes a determination that the United States Congress has enacted legislation amending the Internal Revenue Code to include highway facilities or surface freight transfer facilities among the types of facilities for which private activity bonds may be used then the determination is required to be published in the Texas Register and certain subsections take effect on the 30th day after on which the attorney general's determination is published in the Texas Register.

(c) Requires the attorney general to monitor federal legislation for purposes of this section.

(d) Requires the Texas Department of Transportation (TxDOT) to administer a program for private activity bonds issued for highway facilities or surface freight transfer facilities in this state.

(e) Requires the program, at a minimum, to include a process by which TxDOT and the Bond Review Board receive and evaluate applications for issuance of private activity bonds for highway facilities or surface freight transfer facilities.

(f) Requires TxDOT to adopt rules to administer the program established under this section.

(g) Provides that to the extent that private activity bonds for highway facilities or surface freight transfer facilities are subject to that state ceiling under Section 146 (26 U.S.C. Section 146), Internal Revenue Code, the issuance of bonds for such facilities is governed by Chapter 1372 (Private Activity Bonds), Government Code.

SECTION 2. Effective date: upon passage or September 1, 2005.