

## **BILL ANALYSIS**

Senate Research Center

H.B. 2702  
By: Krusee (Staples)  
Transportation and Homeland Security  
5/17/2005  
Engrossed

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

As proposed, H.B. 2702 revises the provisions of H.B. 3588, 78th Legislature, Regular Session, and H.B. 2, 78th Legislature, Third Called Session, to address issues related to the implementation of those bills and to provide the tools necessary for the Texas Department of Transportation (department) to address the current transportation. Through H.B. 3588 and H.B. 2, the 78th Legislature enacted sweeping changes to the fundamental laws governing transportation financing and development of the Trans-Texas Corridor, regional mobility authorities, pass-through tolls, and the financing and development of rail. During the course of implementing the authority granted by H.B. 3588 and H.B. 2, it was determined that the legislation needs to be revised to more effectively and efficiently develop and operate needed transportation projects. H.B. 2702 makes those necessary revisions.

### **RULEMAKING AUTHORITY**

Rulemaking authority is previously granted to the General Services Commission is transferred to the Texas Building and Procurement Commission in SECTION 13 (Section 223.041, Transportation Code) of this bill.

Rulemaking authority is expressly granted to the Texas Transportation Commission in SECTION 32 (Section 361.3022, Transportation Code) and

Rulemaking authority previously granted to the Texas Transportation Commission is modified in SECTION 34 (Section 361.404, Transportation Code) of this bill.

Rulemaking authority is expressly granted to the Regional Transit System Review Committee in SECTION 47 of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 91.004, Transportation Code, as follows:

Sec. 91.004. GENERAL POWERS. (a) Creates this subsection from existing text.

(b) Requires money appropriated or allocated by the United States for the construction and maintenance in this state of rail facilities owned by any public or private entity, except as provided by Subsection (c), to be administered by the Texas Transportation Commission (commission) and authorizes money to be spent only under the supervision of the Texas Department of Transportation (department).

(c) Provides that Subsection (b) does not apply to money appropriated or allocated for certain purposes.

SECTION 2. Amends Section 91.051, Transportation Code, to require a contract made by the department for the financing, design, construction, maintenance, or operation of a rail facility, except for a contract entered into under Section 91.052 (Agreement to Construct, Maintain, and Operate Rail Facilities), 91.054, 91.102 (Contract With Rail Operators), rather than unless otherwise provided by this subchapter, to be let by a competitive bidding procedure in which the contract is awarded to the lowest responsible bidder that complies with the department's criteria.

SECTION 3. Amends Subchapter C, Chapter 91, Transportation Code, by adding Section 91.054, as follows:

Sec. 91.054. COMPREHENSIVE DEVELOPMENT AGREEMENTS. (a) Authorizes the department, to the extent and in the manner that the department may enter into an agreement under Chapter 361 (State Highway Turnpike Projects) with regard to a turnpike project, to enter into a comprehensive development agreement under this chapter that provides for the financing, design, acquisition, construction, maintenance, or operation of a rail facility or system. Provides that all provisions of Chapter 361 relating to comprehensive development agreements for turnpike projects apply to comprehensive development agreements for facilities under this chapter, including provisions relating to the confidentiality of information. Provides that claims arising under a comprehensive development agreement are subject to Section 201.112 (Contract Claims).

(b) Authorizes the department to combine in a comprehensive development agreement under this chapter a rail facility or system and a turnpike project as defined by Section 361.001 (Definitions).

SECTION 4. Amends Section 91.074(c), Transportation Code, to provide that any portion of a rail facility or system that is used or leased by a private person under this subsection for a commercial purpose is not exempt from ad valorem taxation and is subject to local zoning regulations and building standards.

SECTION 5. Amends Section 201.903, Transportation Code, by adding Subsection (c), to require each department sign on Interstate Highway 35 that identifies an intersection of that highway and U.S. Highway 57 and includes the words "Eagle Pass" to also contain the words "Crystal City."

SECTION 6. Amends Subchapter K, Chapter 201, Transportation Code, by adding Section 201.907, as follows:

Sec. 201.907. CONTRACT FOR ENFORCEMENT. Authorizes the department or a public or private entity contracted to operate a toll project to contract with an agency of this state or a local governmental entity for the services of peace officers employed by the agency or entity to enforce certain laws.

SECTION 7. Amends Section 201.943, Transportation Code, by adding Subsection (l), to prohibit obligations from being issued if the commission or department requires that toll roads be included in a regional mobility plan in order for a local authority to receive an allocation from the Texas Mobility Fund (fund), except that bond proceeds deposited in the fund and other money in the fund is authorized to be spent in the eight metropolitan areas, as identified in the department's transportation strategic plan and uniform transportation plan, regardless of whether the regional mobility plan includes toll roads.

SECTION 8. Amends Section 202.112, Transportation Code, to prohibit an option to acquire property purchased under this section or Section 227.041 (Powers and Procedures) from expiring later than the 10th anniversary of the date the option was purchased, and authorizes the option to be renewed for subsequent periods that expire not later than the 10 anniversary of the date the option was renewed, by agreement of the commission and the grantor of the option or the grantor's heirs or assigns.

SECTION 9. Amends the heading to Section 203.004, Transportation Code, to read as follows:

Sec. 203.004. MITIGATION OF ADVERSE ENVIRONMENTAL IMPACTS.

SECTION 10. Amends Section 203.004, Transportation Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Authorizes the department to take certain actions, if authorized by an applicable regulatory authority, to mitigate an adverse environmental impact that is a direct result of a state highway improvement project.

(a-1) Requires the department, before the commission may acquire by purchase or condemnation real property to mitigate an adverse environmental impact that is a direct result of a state highway improvement project, to offer to purchase a conservation easement from the owner of the real property if authorized by an applicable regulatory authority. Authorizes the department, if the landowner does not accept the offer to execute a conservation easement before the 61st day after the date the offer is made, to acquire the property by purchase or condemnation.

SECTION 11. Amends Section 203.0521, Transportation Code, as follows:

Sec. 203.0521. ACQUISITION OF REMAINDER. (a) Authorizes the department, if a proposed acquisition of a tract of real property under Section 203.052 (Commission Determination Required) would leave the owner of the property a remainder of the tract, to negotiate for the purchase of the remainder. Requires the department, rather than the commission, except as provided by Subsection (f), to offer to purchase a remainder if the department, rather than the commission, determines that certain conditions exist.

(b) Requires the department, in acquiring a tract of real property under Section 203.051 (Acquisition of Property Authorized), to pay certain amounts if the acquisition severs an owner's real property. Deletes existing text relating to acquisition of the remainder of the property by the department.

(c) Authorizes the department, instead of a single fixed payment for real property purchased under Subsection (a) for a toll project, to agree to a payment to the owner in certain forms. Deletes existing text relating to an offer on the remainder by the department.

(d) Provides that a right to receive revenue under Subsection (c)(1) is subject to any pledge of the revenue under the terms of a trust agreement securing bonds issued for the applicable segment of the toll project.

(e) Authorizes the department and its designated agents to enter the real property, rather than a remainder, to conduct an appraisal, survey, or environmental investigation to determine whether the department will offer to acquire the real property, rather than the remainder.

(f) Provides that the department is not required to make an offer on a remainder under Subsection (a) if an appraisal or environmental investigation indicates the presence of hazardous materials or substances.

SECTION 12. Amends Section 203.092, Transportation Code, as follows:

Sec. 203.092. REIMBURSEMENT FOR RELOCATION OF UTILITY FACILITIES.

(a) Requires a utility to make a relocation of a utility facility at the expense of the state if relocation of the utility facility is required by any improvement, extension, or expansion of the state highway system that has been designated or is converted to a toll project, rail facility, turnpike project, or system as defined in any title under this code, if the relocation was begun not later than one year before the date of the designation or conversion.

(b)-(d) Makes no change to existing text.

(e) Requires any entity to which the project, facility, or system, to the extent any public utility was not reimbursed previously for the relocation, removal, or adjustment of public utility facilities on, across, or along the toll project, rail facility, turnpike project, or system as provided by Subsection (a), to reimburse the public utility. Provides that this subsection applies only to a relocation, removal, or adjustment that was begun one year before the date of the transfer.

SECTION 13. Amends Sections 223.041(b), (c), and (d), Transportation Code, as follows:

(b) Creates this subsection using text from existing Subsection (c). Requires the department, in setting a minimum level of expenditures in these engineering-related activities that will be paid to the private sector providers, to provide that the expenditure level for a state fiscal year in all strategies paid to private sector providers for all department engineering-related services for transportation projects is not less than, rather than reaches a minimum of, 35 percent of the total funds appropriated in Strategy A.1.1. Plan/Strategy/Manage/ and Strategy A.1.2. of the General Appropriations Act for that state fiscal biennium. Requires the department to attempt to make expenditures for engineering-related services with private sector providers under this subsection with historically underutilized businesses, as defined by Section 2161.001 (Definitions), Government Code, in an amount consistent with the applicable provisions of the Government Code, any applicable state disparity study, and in accordance with the good-faith-effort procedures outlined in the rules adopted by the Texas Building and Procurement Commission, rather than the General Services Commission.

Deletes existing designation of Subsection(c). Deletes existing text of Subsection(d).

SECTION 14. Amends Subchapter A, Chapter 227, Transportation Code, by adding Section 227.004, as follows:

Sec. 227.004. REPORTS. (a) Requires the department to periodically prepare reports detailing certain information.

(b) Requires the department, not later than the seventh day before the date the department submits a Tier 1 environmental impact statement and not later than the 90th day before the department submits a Tier 2 environmental impact statement to the federal government for any segment of the Trans-Texas Corridor route, to take certain actions relating to the report required by this section.

SECTION 15. Amends Section 227.021, Transportation Code, by adding Subsection (f), to prohibit the department from limiting the public's direct access to or from the Trans-Texas Corridor with the intent to benefit the economic viability of an ancillary facility.

SECTION 16. Amends Section 227.023, Transportation Code, by adding Subsection (d), to require the private entity, if the department contracts with a private entity for the collection of a fee for the use of a facility or a combination of facilities that are a part of the Trans-Texas Corridor, to submit to the department certain plans, methodologies, and changes for approval.

SECTION 17. Amends Section 227.028(a), Transportation Code, to authorize the department, subject to Section 203.004(a-1), to acquire, maintain, hold, restore, enhance, develop, or redevelop property for the purpose of mitigating a past, present, or future adverse environmental effect arising from the construction or operation of any part of the Trans-Texas Corridor without regard to whether the need for mitigation is established for a particular project.

SECTION 18. Amends Section 227.029(b), Transportation Code, to require the department, if the department finds it necessary to change the location of a portion of a facility, to reconstruct the facility at a location that the department determines restores the utility of the facility, rather than to be most favorable.

SECTION 19. Amends Subchapter C, Chapter 227, Transportation Code, by adding Sections 227.032, 227.033, and 227.034, as follows:

Sec. 227.032. HIGHWAYS INTERSECTING TRANS-TEXAS CORRIDOR. (a) Requires the department to ensure that, at each intersection of a segment of a state highway that is designated as part of the Trans-Texas Corridor and a segment of a highway that is designated as an interstate highway, state highway, or United States highway, the Trans-Texas Corridor and the interstate highway, state highway, or United States highway are directly accessible to each other.

(b) Requires the department to make every reasonable effort to connect a segment of a state highway that is designated as part of the Trans-Texas Corridor with significant farm-to-market and ranch-to-market roads and major county and city arterials included in the locally adopted long-range transportation plan as determined by the department, taking into account certain considerations.

Sec. 227.033. GROUNDWATER. (a) Requires the department, after receipt of an offer to construct a facility for the transportation of groundwater from the county in which the groundwater is pumped or extracted, but not later than the 90th calendar day before entering into a lease agreement, license agreement, or franchise agreement for the use of any part of the Trans-Texas Corridor for that purpose, to provide written notice of the offer to certain entities.

(b) Prohibits the department from pumping or extracting, or allowing the pumping or extracting, of groundwater from the right-of-way of the Trans-Texas Corridor unless the groundwater is needed for the construction, operation, or maintenance of a facility other than a public utility facility. Provides that if a well drilled and operated on the Trans-Texas Corridor is located inside the boundaries of a groundwater conservation district, the well is subject to the rules of the district.

Sec. 227.034. PROHIBITION AGAINST LIMITING CONSTRUCTION OF TRANSPORTATION PROJECTS. (a) Prohibits a contract for the acquisition, construction, maintenance, or operation of a facility on the Trans-Texas Corridor from containing a provision that limits or prohibits construction or operation of a highway or other transportation project meets certain criteria.

(b) Defines "transportation project."

SECTION 20. Amends Section 227.041, Transportation Code, by amending Subsection (b) and adding Subsections (d) and (e), as follows:

(b) Provides that an interest in real property or a property right is necessary or convenient for the construction or operation of a facility if it is needed for mitigation of adverse environmental effects.

(d) Prohibits the commission from condemning property contiguous to an existing or planned segment of the Trans-Texas Corridor for an ancillary facility.

(e) Encourages the department, if the commission acquires property not immediately needed for department purposes, to acquire an option to purchase the property under Subsection (a) or to lease back purchased land under Section 227.043 (Purchase and Leaseback) to continue the agricultural or recreational use of the property.

SECTION 21. Amends Subchapter D, Chapter 227, Transportation Code, by adding Section 227.0415, as follows:

Sec. 227.0415. DEVELOPMENT RIGHTS. (a) Authorizes the owner of the property to be acquired, in connection with the acquisition of property located in an existing or planned segment of the Trans-Texas Corridor for the purpose of providing a location for an ancillary facility, to elect to retain the right to develop the property in accordance with the department's development plans. Requires the election under this subsection, if more than one person owns an interest in the property, to be made by unanimous written consent of all persons who own an interest in the property.

(b) Authorizes the department, if the owner does not develop the property within the time period set out in the department's development plans, to acquire the development rights for the property by purchase or condemnation.

(c) Provides that property that is developed by the owner under this section is not exempt from ad valorem taxation and is subject to local zoning regulations and building standards.

SECTION 22. Amends Subchapter D, Chapter 227, Transportation Code, by adding Sections 227.047 and 227.048, as follows:

Sec. 227.047. ACQUISITION OF REMAINDER. (a) Authorizes the department, if a proposed acquisition of a tract of real property under Section 227.041 would leave the owner of the property a remainder of the tract, to negotiate for and purchase the remainder or any part of a severed tract if the department and the owner agree on terms for the purchase. Requires the department, except as provided by Subsection (d), to offer to purchase a remainder if the department determines that certain conditions exist.

(b) Requires the department, in acquiring a tract of real property under Section 227.041, to pay certain amounts if the acquisition severs an owner's real property.

(c) Authorizes the department and its designated agents to enter the real property to conduct an appraisal, survey, or environmental investigation to determine whether the department will offer to acquire the real property.

(d) Provides that the department is not required under Subsection (a) to make an offer on a remainder if an appraisal or environmental investigation indicates the presence of hazardous materials or substances.

(e) Authorizes the department, if the department acquires a tract that severs an owner's property, to allow the owner to build, in compliance with federal law, an alternative access between the severed tracts below the tract acquired by the department. Requires an owner to obtain department approval of the design specifications of the alternative access.

Sec. 227.048. LOSS OF ACCESS. Requires the department, if a portion of a tract or parcel of real property is acquired under this subchapter, to pay for loss of reasonable access to or from the remaining property in determining the damage to the property owner.

SECTION 23. Amends Section 227.082, Transportation Code, by adding Subsection (f), to authorize the department to lease property or grant a franchise or license under this section only if each agreement has been approved by the commissioners court of the county in which the property, facility, or other part of the Trans-Texas Corridor is located. Provides that this subsection does not apply to a lease of property or a grant of a franchise or license to a private entity for the purpose of operating a highway, turnpike, rail facility, or utility facility under a comprehensive development agreement.

SECTION 24. Reenacts and amends Section 284.009, Transportation Code, as added by Chapters 953 and 1325, Acts of the 78th Legislature, Regular Session, 2003, as follows:

Sec. 284.009. New heading: CONVERSION AND TRANSFER OF STATE HIGHWAY TO COUNTY. (a) Authorizes the commission to transfer, rather than convey, a nontoll state highway or a segment of a nontoll state highway, including real property acquired to construct or operate the highway to a county for the purpose of converting the highway to a toll facility to be operated and maintained as a project under this chapter if certain conditions exist. Deletes existing text relating to a toll road authority. Makes conforming changes.

(b) Deletes existing text authorizing a toll road authority that receives a nontoll state highway under Subsection (a), to own, operate, and maintain the highway as a pooled project under Section 284.065 (Pooled Projects). Deletes existing text relating to the commission making a conveyance under this section.

(c)-(e) Makes conforming changes.

(f) Authorizes a county to use toll revenue collected from a highway or segment of highway transferred under this section or from a highway or segment of highway described by Subsection (j) to fund a transportation project or an air quality project. Makes conforming changes.

(g) Makes a conforming change.

(h) Redefines "air quality project."

(i) Makes no change to this subsection.

(j) Provides that the requirements of this section do not apply to a highway or segment that meets certain criteria. Deletes existing text relating to a nonstate highway or segment of a nontoll state highway.

SECTION 25. Amends Subchapter A, Chapter 361, Transportation Code, by adding Sections 361.005 and 361.006, as follows:

Sec. 361.005. REVENUE OF TURNPIKE PROJECT. Requires toll revenue or other revenue from a turnpike project that is collected or received by the department under this chapter and any payment received by the department under a comprehensive development agreement for a turnpike project, except as provided by Subchapter E, to be deposited in the state highway fund. Provides that such revenue is exempt from the application of Section 403.095 (Use of Dedicated Revenue), Government Code.

Sec. 361.006. USE OF CONTRACT PAYMENTS. Authorizes payments received by the department under a comprehensive development agreement to be used by the department to finance the construction, maintenance, or operation of a transportation project of air quality project in the region.

SECTION 26. Amends Section 361.137(c), Transportation Code, to prohibit the department from filing a declaration of taking before the completion of a written notification to the property owner that the occupants meet certain criteria, if the property contains a business, farm, or ranch.

SECTION 27. Amends Section 361.179(f), Transportation Code, to prohibit the revenue from one turnpike project from being used to pay the cost of another project except as authorized by Section 361.006.

SECTION 28. Amends Subchapter F, Chapter 361, Transportation Code, by adding Section 361.237, as follows:

Sec. 361.237. OPERATION OF TURNPIKE PROJECT. Authorize the department to enter into an agreement with one or more persons to provide, on terms approved by the department, personnel, equipment, systems, facilities, and services necessary to operate a turnpike project, including the operation of toll plazas and lanes and customer service centers and the collection of tolls.

SECTION 29. Amends the heading to Section 361.255, Transportation, to read as follows:

Sec. 361.255. ELECTRONIC TOLL COLLECTION.

SECTION 30. Amends Section 361.255, Transportation Code, by adding Subsections (c), (d), (e), and (f), as follows:

(c) Authorizes the department to enter into an agreement with one or more persons to market and sell transponders for use on department toll roads.

(d) Authorizes the department to charge reasonable fees for administering electronic toll collection customer accounts.

(e) Requires a contract for the acquisition, construction, maintenance, or operation of a toll project to ensure the confidentiality of all electronic toll collection customer account information, including contact and payment information and trip data.

(f) Provides that electronic toll collection customer account information, including contact and payment information and trip data, is confidential and not subject to disclosure under Chapter 552 (Public Information), Government Code.

SECTION 31. Amends Section 361.302, Transportation Code, by adding Subsection (f), to authorize the department to combine in a comprehensive development agreement under this chapter a turnpike project and a rail facility as defined by Section 91.001 (Definitions).

SECTION 32. Amends Section 361.3022, Transportation Code, by adding Subsections (e-1) and (e-2) and amending Subsections (f), (i), and (j), as follows:

(e-1) Authorizes the department, notwithstanding the requirements of this section, to prequalify a private entity to submit a detailed proposal to provide services under a design-build contract. Provides that the department is not required to publish a request under Subsection (c) for a design-build contract, and authorizes the department to enter into a design-build contract based solely on an evaluation of detailed proposals submitted in response to a request under Subsection (f) by prequalified private entities. Requires the commission to adopt rules establishing criteria for the prequalification of a private entity that include the precertification requirements applicable to providers of engineering services and the qualification requirements for bidders on highway construction contracts. Requires rules for design-build projects adopted pursuant to this subsection to also provide for an expedited selection process less costly to proposers, reasonable bonding requirements, appropriate sharing of risks, and incentives for proposers to develop innovative ideas.

(e-2) Defines "design-build contract."

(f) Requires the department to issue a request for detailed proposals from all private entities qualified under Subsection (e-1) if the department proceeds with the further evaluation of a proposed project.

(i) Authorizes the department to enter into negotiations, rather than discussions, with the private entity whose proposal offers the apparent best value for the purpose of establishing the final terms of a comprehensive development agreement. Deletes existing text requiring discussions to be limited to certain topics.

(j) Makes conforming changes.

SECTION 33. Amends Section 361.305(a), Transportation Code, to require the department to negotiate the terms of private participation in a turnpike project, subject to Section 227.023(d).

SECTION 34. Transfers Section 362.0041, Transportation Code, to Chapter 361, Transportation Code, designates it as Subchapter K, and amends it as follows:

#### SUBCHAPTER K. CONVERSION OF NONTOLLED HIGHWAY

Sec. 361.401. New heading: COMMISSION DETERMINATION. Redesignated from existing Section 362.0041(a). Authorizes the commission by order to convert a nontolled state highway or a segment of a nontolled state highway to a turnpike project, rather than a toll facility, if the commission obtains county and voter approval as required by Section 361.406.

Sec. 361.402. APPLICABILITY OF SUBCHAPTER. Provides that the requirements of this subchapter do not apply to a highway or segment that meets certain criteria.

Sec. 361.403. PUBLIC HEARING. Creates this section from existing Section 362.0041(b). Requires the commission, prior to converting a state highway or a segment



of a state highway, rather than the state highway system, under this subchapter, rather than section, to conduct a public hearing for the purpose of receiving comments for interested persons concerning the proposed conversion. Makes conforming changes.

Sec. 361.404. RULES. Creates this section from existing Section 362.0041(c). Makes conforming changes.

Sec. 361.405. QUEEN ISABELLA CAUSEWAY. Creates this section from existing Section 362.0041(d). Makes conforming changes.

Sec. 361.406. COUNTY AND VOTER APPROVAL. Creates this section from existing Section 362.0041(e). Authorizes the commission to only convert a state highway or segment of a state highway under this subchapter if the conversion is approved by certain entities. Deletes existing text relating to toll revenue collection.

Sec. 361.407. ELECTION TO APPROVE CONVERSION. (a) Requires the governing body of a municipality or county, if notified by the department of the proposed conversion of a highway or segment under this subchapter, to order an election for the approval of the conversion.

(b) Requires a governing body that orders an election to publish notice of the election in a newspaper of general circulation published in the county or municipality at least once each week for three consecutive weeks, with the first publication occurring at least 21 days before the date of the election.

(c) Requires the proposition submitted in the election to distinctly describe the highway or segment proposed to be converted and the limits of that highway or segment.

(d) Requires the ballot, at an election ordered under this section, to be printed to permit voting for or against the proposition. Sets forth the specific language for the proposition.

(e) Provides that a proposed conversion is approved only if it is approved by a majority of the votes cast.

(f) Requires a notice of the election and a certified copy of the order canvassing the election results to be sent to the commission.

(g) Requires the election to be held on the first uniform election date under Section 41.001 (Uniform Election Dates), Election Code, on which the county or municipality is holding another election that occurs on or after the 62nd day after the date the election is ordered.

SECTION 35. Amends Section 366.035, Transportation Code, by amending Subsection (a) and adding Subsections (h) and (i), as follows:

(a) Authorizes any segment located in a county of an authority or a county in which an authority operates a turnpike project or in any county adjacent to those counties, except as provided under Subsections (g) and (h), if the commission determines that the most feasible and economic means to accomplish necessary expansion, improvements, or extensions to the state highway system the conversion to a turnpike project of a nontolled segment of the state highway system, rather than free state highway system, to be transferred by order of the commission to that authority.

(h) Authorizes the commission to transfer a segment of the state highway system to an authority under this section only if the transfer is approved by the commissioners court of each county in which the segment of highway to be transferred is located.

(i) Provides that the requirements of this section do not apply to a segment of the state highway system that meets certain criteria.

SECTION 36. Amends Section 370.035, Transportation Code, by amending Subsection (a) and adding Subsection (i), as follows:

(a) Authorizes the commission by order to transfer a nontolled segment of the state highway system to an authority for the purpose of converting the segment to a turnpike project, or to transfer an existing toll project that is part of the state highway system, whether previously tolled or not, to an authority if the transfer is approved by the governor and in the case of a nontolled segment of the state highway system, the transfer is approved by the commissioners court of each county in which the segment of highway to be transferred is located.

(i) Provides that the requirements of this section do not apply to a segment of the state highway system that meets certain criteria.

SECTION 37. Amends Subchapter D, Chapter 502, Transportation Code, by adding Section 502.1515, as follows:

Sec. 502.1515. **OUTSOURCING PRODUCTION OF RENEWAL NOTICES; PAID ADVERTISING.** Authorizes the commission to authorize the department to enter into a contract with a private vendor to produce and distribute motor vehicle registration renewal notices. Authorizes the contract to provide for the inclusion of paid advertising in the registration renewal notice packet.

SECTION 38. Amends the heading to Section 542.203, Transportation Code, to read as follows:

Sec. 542.203. **LIMITATIONS ON LOCAL AUTHORITIES.**

SECTION 39. Amends Section 542.203, Transportation Code, by adding Subsections (d) and (e), as follows:

(d) Prohibits a local authority from implementing or operating a photographic traffic signal enforcement system with respect to a highway under its jurisdiction. Requires the attorney general to enforce this subsection.

(e) Defines "photographic traffic signal enforcement system."

SECTION 40. Amends Section 551.301, Transportation Code, by amending Subdivision (2) and adding Subdivision (3), as follows:

(2) Redefines "motor assisted scooter."

(3) Defines "pocket bike or minimotorbike."

SECTION 41. Amends Subchapter D, Chapter 551, Transportation Code, by adding Section 551.304, as follows:

Sec. 551.304. **APPLICATION OF SUBCHAPTER TO POCKET BIKE OR MINIMOTORBIKE.** Prohibits this subchapter from being construed to authorize the operation of a pocket bike or minimotorbike on any highway, road, or street, path set aside for the exclusive operation of bicycles, or sidewalk.

SECTION 42. Amends Section 11.11, Tax Code, by adding Subsection (j), as follows:

(j) Provides that, for purposes of this section, any portion of a facility owned by the department that is part of the Trans-Texas Corridor, is a rail facility or system, or is a highway in the state highway system, and that is licensed or leased to a private entity by that department under Chapter 91, 227, or 361, Transportation Code, is public property used for a public purpose if the rail facility or system, highway, or facility is operated by the private entity to provide transportation or utility services. Provides that any part of a facility, rail facility or system, or state highway that is licensed or leased to a private entity for a commercial purpose is not exempt from taxation.

SECTION 43. Amends Section 25.06, Tax Code, by adding Subsection (c), to provide that this section (Property Encumbered by Possessory or Security Interest) does not apply to certain entities.

SECTION 44. Amends Section 25.07, Tax Code, by adding Subsection (a), to provide that this section (Leasehold and Other Possessory Interest in Exempt Property) does not apply to certain entities.

SECTION 45. Amends Section 21.021, Property Code, by amending Subsection (a) and adding Subsection (e), as follows:

(a) Authorizes the condemner, after the special commissioners have made an award in a condemnation proceeding, except as provided by Subsection (c), to take possession of the condemned property pending the results of further litigation if the condemner obtains from the court a writ of possession of the condemned property.

(e) Provides that Subsection (a)(4) does not apply to a condemnation by the department.

SECTION 46. Repealer: Sections 91.071(b) (Funding), 227.062(c)-(g) (Limitations of Department Financial Participation), 361.180 (Tolls on Converted Highways), 370.163(b) (Acquisition of Property), and 542.202(b)(3) (Powers of Local Authorities), Transportation Code.

SECTION 47. REGIONAL TRANSIT SYSTEM REVIEW COMMITTEE. (a) Defines "region."

(b) Sets forth that the Regional Transit System Review Committee (committee) is created to conduct public hearings regarding , and study the implementing regional transit services in the region.

(c) Sets forth the composition of the committee.

(d) Requires the committee, in conducting hearings and studies, to make certain examinations relating to the regional transit system.

(e) Requires the initial meeting of the committee to take place before September 30, 2005. Requires the committee, at the initial meeting, to adopt rules governing the committee and establish a work plan and schedule for future meetings.

(f) Authorizes the committee to accept gifts, grants, technical support, or any other resources from any other source to carry out the functions of the committee.

(g) Requires the committee, not later than September 1, 2006, to issue a report summarizing certain information.

(h) Provides that this section expires September 1, 2007.

SECTION 48. (a) Requires the department to conduct a study to determine how to maximize the use of highway rights-of-way by public utilities. Requires the department to submit a written report of its findings to the appropriate legislative committees not later than December 31, 2006.

(b) Provides that this section expires January 1, 2007.

SECTION 49. Makes application of Section 21.021(a), Property Code, as amended by this Act, prospective.

SECTION 50. Effective date: upon passage or September 1, 2005.