

BILL ANALYSIS

Senate Research Center
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S.B. 1266
By: Brimer
Transportation & Homeland Security
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law authorizes pass-through financing for construction of certain state highway projects. Under the pass-through financing model, local entities, including cities and counties, may be designated to finance costs and oversee construction of certain roads and be reimbursed by the state for costs over a period of time. The success of this program has led to concerns about availability of funding for future projects to sustain the pass-through financing model.

As proposed, S.B. 1266 creates a transportation reinvestment fund and authorizes local governments to dedicate a portion of revenue from the development of road projects to the fund in order to sustain the pass-through financing program and fund future projects and programs.

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 the heading to Section 222.104, Transportation Code, to read as follows:

Sec. 222.104. PASS-THROUGH FINANCING.

SECTION 2. Amends Subchapter E, Chapter 222, Transportation Code, by adding Section 222.105, as follows:

Sec. 222.105. CREATION OF THE TRANSPORTATION REINVESTMENT FUND.

(a) Provides that the Transportation Reinvestment Fund (fund) is an account in the state treasury.

(b) Provides that the fund is administered by the comptroller of public accounts (comptroller) for the benefit of the plan established under Section 222.106. Exempts the fund from the application of Section 403.095 (Use of Dedicated Revenue), Government Code. Requires the interest earned on the fund to be credited to the fund.

(c) Provides that the fund consists of revenue collected under Section 222.106. Requires any revenue deposited to this account to be limited to use in the geographic regions described in Sections 222.106 and 222.107 for the sole purpose of providing funding for projects authorized under Section 222.104 as determined by the Texas Department of Transportation (TxDOT).

SECTION 3. Amends Subchapter E, Chapter 222, Transportation Code, by adding Section 222.106, as follows:

Sec. 222.106. CREATION OF TRANSPORTATION REINVESTMENT ZONES BY A MUNICIPALITY. (a) Authorizes the governing body of a municipality which has entered into a pass-through toll agreement with TxDOT to, by ordinance, designate a contiguous geographic area within its jurisdiction to be a Transportation Reinvestment Zone (zone) to promote certain transportation projects. Sets forth the criteria that the governing body of a municipality is authorized to use in determining a zone.

(b) Requires the governing body of a municipality to hold a public hearing on the creation of the zone and its benefits to the municipality and to the property in the proposed zone, not later than the seventh day before the adoption of the ordinance. Requires notice of the public hearing to be published in a newspaper of general circulation in the municipality not later than the seventh day before the public hearing. Provides that the designation of an area as a zone by adoption of an ordinance constitutes designation of the area as a reinvestment zone under Chapters 311 (Tax Increment Financing Act) and 312 (Property Redevelopment and Tax Abatement Act), Tax Code, without further hearings or procedural requirements.

(c) Authorizes the municipality, for property located within a zone, to determine the increase in the assessed property value resulting from the transportation project developed through a pass-through financing agreement with TxDOT under Section 222.104.

(d) Authorizes a municipality, by affirmative vote of its governing body, to dedicate the tax increment to reimburse up to fifty percent of the aggregate amount of pass-through toll payments made by TxDOT to the municipality pursuant to an agreement under Section 222.104. Requires all reimbursements to be deposited to the credit of the fund to be used only for certain purposes and only within the TxDOT district where the zone is located. Requires that the maximum duration for the existence of a zone created hereunder is for a certain term of years.

SECTION 4. Amends Subchapter E, Chapter 222, Transportation Code, by adding Section 222.107, as follows:

Sec. 222.107. TAX ABATEMENTS AND RELATED ACTIONS OF A COUNTY. (a) Authorizes the commissioners court of a county which has entered into a pass-through financing agreement with TxDOT to, by ordinance or other official action, designate a contiguous geographic area within its jurisdiction to be a zone within which certain ad valorem taxes may be abated to promote certain transportation projects authorized under Section 222.104.

(b) Requires the commissioners court, not later than the seventh day before the adoption of the ordinance or other official action, to hold a public hearing on the creation of the zone, the abatement of taxes, and benefits to the county and to property in the proposed zone. Requires the notice of the public hearing to be published in a newspaper of general circulation in the county not later than the seventh day before the public hearing and requires it be delivered in writing to the presiding officer of the governing body of each taxing unit that includes in its boundaries property to be located in the zone. Provides that notice is deemed delivered when mailed and that designation of an area as a zone by adoption of an ordinance or other official action constitutes designation of the area as a reinvestment zone under Chapters 311 and 312, Tax Code, without further hearings or procedural requirements. Requires the notice of the adoption of an ordinance or other official action regarding an abatement of taxes to be delivered in writing to the presiding officer of the governing body of each taxing unit that includes in its boundaries property to be located in the zone and provides that notice is deemed delivered when mailed.

(c) Authorizes a county, for property within a zone, to determine the increase in assessed property value resulting from the transportation project developed through a pass-through financing agreement with TxDOT, and authorizes the county to agree to abate a portion of the increment of ad valorem taxes attributable to the increased value.

(d) Provides that, notwithstanding any law to the contrary, including without limitation Chapter 312 (Property Redevelopment and Tax Abatement Act), Tax

Code, an agreement to abate taxes within a zone created under this section does not require a separate agreement with each property owner. Authorizes the abatement of taxes to last no longer than the period required for a road utility district to satisfy any obligation to reimburse TxDOT for a portion of the pass-through financing provided to the county under an agreement under Section 222.104.

(e) Authorizes a road utility district, in order to assist a county in satisfying its obligations under a pass-through financing agreement with TxDOT, to be formed under Chapter 441 (Municipal Utility Districts), Transportation Code, with the same geographic boundaries as a zone created under this section.

(f) Authorizes a road utility district formed with the same geographic boundaries as a zone created under this section to impose a tax on property within the zone at a rate which does not exceed the amount of ad valorem taxes abated under an agreement of the county under Subsection (c).

(g) Authorizes a road utility district formed for the purpose set forth in Subsection (e) to assume the obligations of a county to make payments to TxDOT to reimburse up to fifty percent of funding provided to the county under a pass-through financing agreement. Requires such payments to be considered an operating expense of the district and requires reimbursement payments received by TxDOT under this section to be deposited to the credit of the fund to be used within the TxDOT district where the zone is located for any purpose identified in Section 222.105. Requires the obligation to make such payments to cease when the amount to be reimbursed to TxDOT has been paid or, if sooner, when the period of the abatement under Subsection (d) terminates.

SECTION 5. Effective date: upon passage or September 1, 2007.