

BILL ANALYSIS

Senate Research Center

S.B. 293
By: Carona
Transportation & Homeland Security
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, Dallas Area Rapid Transit (DART) has the authority to issue long-term debt secured by a pledge of sales tax revenues and by the non-tax revenues of its transportation system. However, an inconsistency in the statute also requires that the expenses and costs of operation constitute a "first lien" on the operating revenues of the transportation system. This "first lien" requirement is an impediment to DART's ability to issue bonds secured by all revenue sources since the market will not accept a "junior" or "subordinate" lien pledge of transportation system revenues as security for bonds.

DART needs to expand its bond-issuing capacity by pledging a portion of the revenues of its transportation system, such as all or a portion of its fare box revenues, to the payment of bonds.

S.B. 293 amends current law relating to the pledge of certain revenue of a regional transportation authority to the payment of bonds.

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 Section 452.357(a), Transportation Code, to provide that among the actions that a regional transportation authority (authority) is authorized to perform to secure the payment of the authority's bonds, is to provide that a pledge of revenue described by Subdivision (1) or (2) is a first lien or charge against that revenue.

SECTION 2. Amends Section 452.358, Transportation Code, as follows:

Sec. 452.358. New heading: USE OF REVENUE. Creates this subsection from existing text. Requires that revenue in excess of amounts pledged under Section 452.357(a)(1) or (2) be used to pay the expenses of operation and maintenance of a public transportation system, including salaries, labor, materials, and repairs necessary to provide efficient service and every other proper item of expense and fund operating reserves. Deletes existing text that provides that the expenses of operation and maintenance of a public transportation system are a first lien and charge against any revenue of a public transportation system that is encumbered under this chapter.

SECTION 3. Effective date: upon passage or September 1, 2009.