

BILL ANALYSIS

Senate Research Center
87R18315 JAM-F

C.S.S.B. 1727
By: Nichols
Transportation
4/7/2021
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Approved by voters in 1983, the Harris County Toll Road Authority (HCTRA) has managed construction, operation, and maintenance of a network of toll roads facilitating traffic through and around the heavily congested Greater Houston area and beyond for more than 30 years.

In September 2020, the Harris County Commissioners Court voted to create a local government corporation (LGC) to manage Harris County's toll road system in a move expected to provide a windfall to county coffers and allow surplus toll collections to be spent on non-transportation purposes. The local government model would allow the Harris County Toll Road Authority to refinance its debt at historically low rates and divert funds to help the county respond to the COVID-19 pandemic and subsequent economic downturn, as well as invest in flood control.

S.B. 1727 would prohibit Harris County from creating a local government corporation (LGC) to develop, construct, operate, manage, or finance a toll project or system. Further, it prohibits any existing LGC created by Harris County from undertaking any new bonds, notes, or other obligations or extending the terms of any existing bonds, notes, or other obligations; or from entering into any new contracts or extending the terms of any existing contracts. Revenue earned by such an LGC can only be used to pay the costs of a turnpike project, or road, street, or highway projects.

(Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 1727 amends current law relating to certain local government corporations created for the development, construction, operation, management, or financing of transportation projects.

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 Subchapter D. Chapter 431, Transportation Code, by adding Section 431.1015, as follows:

Sec. 431.1015. CORPORATIONS OF CERTAIN COUNTIES FOR TOLL PROJECTS.

(a) Prohibits a county with a population of more than four million, notwithstanding Chapter 284 (Causeways, Bridges, Tunnels, Turnpikes, Ferries and Highways in Certain Counties) or any other law, from creating a local government corporation under Chapter 431 (Texas Transportation Corporation Act) to develop, construct, operate, manage, or finance a toll project or system located in the county.

(b) Provides that an existing local government corporation created by a county described by Subsection (a) for the purposes described by that subsection:

(1) is prohibited from:

(A) undertaking any new bonds, notes, or other obligations or extending the terms of any existing bonds, notes, or other obligations; or

(B) entering into any new contracts or extending the terms of any existing contracts; and

(2) is required to be dissolved when all bonds, notes, and other obligations and contracts of the corporation have been satisfied.

(c) Provides that this subsection and Subsection (b) expire on the date that the local government corporation described by Subsection (b) is dissolved.

(d) Authorizes income earned and revenues received by or from a local government corporation created to develop, construct, operate, manage, or finance a toll project or system under Chapter 284, notwithstanding any other provision of this chapter, to be used only to pay the costs of a turnpike project, as defined by Section 370.003 (Definitions), or a road, street, or highway project as provided for under Section 284.0031 (Other Road, Street, or Highway Projects).

SECTION 2. Effective date: upon passage or September 1, 2021.