

## **BILL ANALYSIS**

Senate Research Center  
80R19645 JD-F

C.S.S.B. 2051  
By: Ogden  
Transportation & Homeland Security  
5/10/2007  
Committee Report (Substituted)

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

C.S.S.B. 2051 authorizes the Texas Transportation Commission (commission) to create transportation finance zones (TFZs) within two miles on either side of the center line of a state highway. This bill also requires state sales and use taxes collected within the boundaries of the TFZ to be deposited into a separate account for the sole purpose of paying the principal of and interest on obligations issued in connection with the state highway project within the boundaries of the TFZ. Furthermore, this bill requires the legislature to review and approve the designation and boundaries of a TFZ before the TFZ becomes effective. This bill provides that a TFZ ends either on a date specified by the commission or when the principal and interest of the obligation are paid, whichever is earlier. This bill is the enabling legislation for S.J.R. 67, 80th Legislature, Regular Session, 2007.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Transportation Commission and the comptroller of public accounts in SECTION 2 (Section 201.9435, Transportation Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 201.943(e) and (f), Transportation Code, as follows:

(e) Prohibits long-term obligations in the amount proposed to be issued by the Texas Transportation Commission (commission) from being issued unless the comptroller of public accounts (comptroller) projects in a comptroller's certification that the amount of money dedicated to the Texas Mobility Fund (fund) pursuant to Sections 49-k(e) and (e-1), rather than only Section 49-k(e), Article III, Texas Constitution, and required to be on deposit in the fund pursuant to Sections 49-k(e-1) and (f), rather than only Section 49-k(f), Article III, Texas Constitution, and the investment earnings on that money, during each year of the period during which the proposed obligations are scheduled to be outstanding will be equal to at least 110 percent of the requirements to pay the principal of and interest on the proposed long-term obligations during that year.

(f) Makes conforming changes.

SECTION 2 Amends Subchapter M, Chapter 201, Transportation Code, by adding Section 201.9435, as follows:

Sec. 201.9435. TRANSPORTATION FINANCE ZONES. (a) Provides that this section applies only to a state highway project in connection with which the commission has issued or proposes to issue obligations under Section 201.943 (Authority to Issue Obligations; Purposes; Limitations).

(b) Authorizes the commission by order or resolution to designate as a transportation finance zone (TFZ) an area that is adjacent to the right-of-way of an existing or proposed state highway project and within two miles on either side of the center line of the state highway. Authorizes the area designated as a TFZ to extend more than two miles on either side of the center line of a state highway if necessary to avoid the splitting of a location in which the sale, storage, use, or other consumption of a taxable item would be consummated.

(c) Provides that the designation of a TFZ is not effective until the legislature has reviewed and approved the designation and boundaries of the TFZ.

(d) Requires proceeds from the collection of the taxes imposed by Chapter 151 (Limited Sales, Excise, and Use Tax), Tax Code, in connection with a sale, storage, use, or other consumption that is consummated in a TFZ to be deposited to the credit of a separate account in the fund, notwithstanding Section 151.801(a) (regarding disposition of proceeds), Tax Code.

(e) Authorizes the proceeds from the collection of taxes deposited to the credit of the fund under Subsection (d) to be used only for the purpose of paying the principal of and interest on obligations issued in connection with the state highway project located in the TFZ in which the taxes were collected or a related credit agreement.

(f) Prohibits the comptroller from depositing more than \$250 million to the credit of the fund under Subsection (d) in any state fiscal year.

(g) Provides that a TFZ terminates on the earlier of the termination date, if any, specified in the order or resolution designating the TFZ or the date on which the principal of an interest on the applicable obligations or related credit agreement are paid.

(h) Requires the commission and the comptroller to adopt rules to implement and administer this section.

SECTION 3. Amends Section 201.944(a), Transportation Code, to make conforming changes.

SECTION 4. Effective date: January 1, 2008, contingent upon approval by the voters of the constitutional amendment relating to authorizing the legislature to permit the commission, subject to legislative review and approval, to designate the area adjacent to a state highway project as a TFZ and dedicating the proceeds of the state sales and use taxes imposed in the TFZ to the fund for certain purposes.