

## **BILL ANALYSIS**

Senate Research Center

H.B. 3030  
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Transportation & Homeland Security  
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Engrossed

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

H.B. 3030 amends current law relating to the funding of projects in the boundaries of certain intermunicipal commuter rail districts.

### **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 173.002, Transportation Code, by adding Subdivision (2-a), to define "commuter rail service."

SECTION 2. Amends Section 173.256, Transportation Code, by amending Subsections (b) and (d) and adding Subsection (d-1), as follows:

(b) Authorizes an intermunicipal commuter rail district (district) to enter into an interlocal contract with one or more local government members for the financing of transportation infrastructure that is constructed or that is to be constructed in the territory of the local government by the districts. Makes nonsubstantive changes.

(d) Prohibits the amount that is calculated on the basis of increased ad valorem tax collections that are attributed to increased property values in the zone, except as provided by Subsection (d-1), from exceeding an amount that is equal to 30 percent of the increase in ad valorem tax collections for the specific period.

(d-1) Authorizes a transportation infrastructure zone of a district established before January 1, 2005, to consist of a contiguous or noncontiguous geographic area in the territory of one or more local governments and requires that it include a commuter rail facility or the site of a proposed commuter rail facility. Prohibits the amount paid by a local government under Subsection (d) to a district established before January 1, 2005, from exceeding an amount that is equal to the increase in ad valorem tax collections in the zone for the specified period.

SECTION 3. Amends Subchapter G, Chapter 173, Transportation Code, by adding Sections 173.305 and 173.306, as follows:

Sec. 173.305. TAX INCREMENT FUND FOR TRANSPORTATION INFRASTRUCTURE ZONE IN CERTAIN DISTRICTS. Requires a district established before January 1, 2005, that creates a transportation infrastructure zone to establish a tax increment fund. Requires that all revenue from the sale of tax increment bonds or notes under Section 173.306, revenue from the sale of any property acquired as part of a plan adopted to use tax increment financing, and other revenue to be used in implementing the plan, in addition to the amount of tax increment deposited to the tax increment fund, be deposited in the tax increment fund for the zone.

Sec. 173.306. TAX INCREMENT BONDS AND NOTES ISSUED BY LOCAL GOVERNMENT MEMBER IN CERTAIN DISTRICTS. (a) Provides that this section applies only to a district created before January 1, 2005.

(b) Authorizes a local government member of a district creating a transportation infrastructure zone to issue tax increment bonds or notes, including refunding bonds, secured by revenue in the local government's tax increment fund. Authorizes that proceeds of bonds issued under this section be used to:

(1) pay project costs for the zone on behalf of which the bonds or notes were issued; or

(2) satisfy claims of holders of the bonds or notes.

(c) Provides that tax increment bonds and notes are payable, as to both principal and interest, solely from the tax increment fund established for the transportation infrastructure zone. Authorizes the local government to pledge irrevocably all or part of the fund for payment of tax increment bonds or notes. Authorizes that the part of the fund pledged in payment be used only for the payment of the bonds or notes or interest on the bonds or notes until the bonds or notes have been fully paid. Provides that a holder of the bonds or notes or of coupons issued on the bonds has a lien against the fund for payment of the bonds or notes and interest on the bonds or notes and may protect or enforce the lien at law or in equity.

(d) Provides that a tax increment bond or note is not a general obligation of the local government issuing the bond or note. Provides that a tax increment bond or note does not give rise to a charge against the general credit or taxing powers of the local government and is not payable except as provided by this section.

(e) Provides that a local government's obligation to deposit sales and use taxes into the tax increment fund is not a general obligation of the local government. Provides that an obligation to make payments from sales and use taxes does not give rise to a charge against the general credit or taxing powers of the local government and is not payable except as provided by this section. Requires that a tax increment bond or note issued under this section that pledges payments state the restrictions of this section on its face.

(f) Prohibits a tax increment bond or note from being included in any computation of the debt of the issuing local government.

SECTION 4. Effective date: September 1, 2011.