

BILL ANALYSIS

Senate Research Center

S.B. 1428
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Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

This legislation authorizes the Texas Transportation Commission (TTC) to create transportation finance zones within two miles on either side of the center line of a state highway. The state portion of the sales and use tax collected within the boundaries of the transportation finance zone shall be deposited into the state infrastructure bank (SIB) or similar revolving fund 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 transportation finance zone. Before any transportation finance zone becomes effective, the legislature is required to review and approve the designation and boundaries. No more than \$250 million per year may be deposited to the credit of the SIB or revolving fund and the comptroller of public accounts may not deposit any funds until September 1, 2014. A transportation finance zone ends either on a date specified by TTC or when the principal and interest on the obligation are paid, whichever is earlier.

S.B. 1428 is the enabling legislation for S.J.R. 42.

As proposed, S.B. 1428 amends current law relating to authorizing the designation of an area adjacent to a state highway project as a transportation finance zone, and authorizing the revenue from the state sales and use taxes imposed in the zone to be deposited in a revolving fund and used to repay financial assistance provided from the fund for highway projects.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Transportation Commission in SECTION 1 (Section 222.005, Transportation Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 222, Transportation Code, by adding Section 222.005, as follows:

Sec. 222.005. TRANSPORTATION FINANCE ZONES. (a) Authorizes the Texas Transportation Commission (TTC), by order or resolution, to designate as a transportation finance zone 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 centerline of the state highway. Authorizes the area designated as a transportation finance zone to extend more than two miles on either side of the centerline of a state highway if necessary, as determined by TTC, to avoid the splitting of a location in which the sale, storage, use, or other consumption of a taxable item would be consummated. Requires that each transportation finance zone be designated by TTC with a separate number or name.

(b) Provides that the designation of a transportation finance zone is not effective until the legislature has reviewed and approved the designation and boundaries of the zone.

(c) Requires that proceeds from the collection of the taxes imposed by that chapter in connection with a sale, storage, use, or other consumption that is consummated in a transportation finance zone be deposited in the state

infrastructure bank or similar revolving fund authorized by law, to be used for the repayment of financial assistance provided from the revolving fund for highway projects as provided by law, notwithstanding Section 151.801(a) (relating to disposition of proceeds), Tax Code.

(d) Authorizes the proceeds from the collection of taxes deposited to the credit of a revolving fund under Subsection (c) to only be used for the repayment of financial assistance provided to the Texas Department of Transportation for tolled or nontolled highway projects within the transportation finance zone in which the taxes were collected, and prohibits the proceeds from being used to provide financial assistance for a project developed, constructed, or operated by a private entity under a comprehensive development agreement.

(e) Prohibits the comptroller of public accounts (comptroller) from depositing more than \$250 million to the credit of a revolving fund under Subsection (c) in any state fiscal year.

(f) Provides that a transportation finance zone terminates on the earlier of:

(1) the termination date, if any, specified in the order or resolution designating the zone; or

(2) the date on which the financial assistance secured by proceeds from the collection of taxes imposed within the zone has been repaid.

(g) Requires TTC to adopt rules to implement and administer this section.

SECTION 2. (a) Provides that, except as provided in Subsection (b) of this section, this Act takes effect January 1, 2012, but only if the constitutional amendment authorizing the legislature to permit TTC, subject to legislative review and approval, to designate the area adjacent to a state highway project as a transportation finance zone and authorizing the revenue from the state sales and use taxes imposed in the zone to be deposited in a revolving fund and used to repay financial assistance provided from the fund for transportation projects is approved by the voters. Provides that if that amendment is not approved by the voters, this Act has no effect.

(b) Prohibits the comptroller from depositing any funds to the credit of a revolving fund under Section 222.005, Transportation Code, as added by this Act, until September 1, 2014.