

## **BILL ANALYSIS**

Senate Research Center  
84R3640 JTS-F

S.B. 1144  
By: Watson  
Transportation  
3/24/2015  
As Filed

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

The Lone Star Rail District (LSRD) was formed in 2003, pursuant to legislative authorization. Since that time, LSRD has worked with its partners, including Union Pacific (UP), to advance a transformative plan for the Austin-San Antonio corridor. More specifically, LSRD and UP are working to create a new freight bypass, which would in turn free up the mainline along I-35 for passenger rail service. Once completed, LSRD estimates that the passenger rail service could move as many passengers as two new lanes on I-35. Furthermore, the improved and relocated freight line will stimulate further economic development.

S.B. 1144 seeks to enhance LSRD's operations by making several changes to its governing statute. First, the bill allows smaller public entities such as small cities, state colleges, and special districts to join LSRD. Second, S.B. 1144 allows a public entity to donate, exchange, sell, or lease land to LSRD without completing the public notice, competitive bidding, and related requirements that typically apply when a public entity sells land. Third, S.B. 1144 allows a local government to enter into an agreement with LSRD that allows LSRD to exercise certain powers relating to a transportation infrastructure zone (TIF). These powers are already specified in existing Tax Code provisions that govern other TIFs, and they include things like building a station or transportation improvements, dealing with other transit facilities, and preserving or demolishing buildings and other infrastructure. Lastly, S.B. 1144 clarifies that LSRD can spend TIF revenue outside of the TIF territory; this is necessary since LSRD's trains will operate over a large territory that covers various TIFs.

As proposed, S.B. 1144 amends current law relating to 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 173.052, Transportation Code, as follows:

Sec. 173.052. ADDITION OF POLITICAL SUBDIVISION OR OTHER PUBLIC ENTITY TO DISTRICT. Authorizes the following political subdivisions and other public entities to become a part of an intermunicipal commuter rail district (district) with the approval of the district and the governing body of the political subdivision or public entity:

- (1) a county located adjacent to the county in which a creating municipality is located; or
- (2) a political subdivision or other public entity, rather than a municipality with a population of more than 18,000, located in:
  - (A) a county described by Subdivision (1); or

(B) a county that has become part of the district, rather than a public entity located in a county that has become part of the district.

Redesignates existing Subdivision (3) as Paragraph (B). Creates Subdivision (A) from existing text. Makes conforming changes.

SECTION 2. Amends Section 173.205(b), Transportation Code, as follows:

(b) Authorizes the governing body of a municipality, a county, any other political subdivision, or a public agency to donate, exchange, convey, sell, or lease land, improvements, or any other interest in real or personal property to a district to promote a public purpose of the political subdivision or public agency related to commuter rail service. Provides that the governing body of the political subdivision or public agency taking action under this subsection:

(1) must determine that the transaction will accomplish a public purpose of the political subdivision or public agency;

(2) is required to ensure that the terms of the transaction accomplish and maintain a public purpose of the political subdivision or public agency; and

(3) may establish the value of the property and complete the transaction without complying with the requirements of Chapter 271 (Purchasing and Contracting Authority of Municipalities, Counties, and Certain Other Local Governments) or 272 (Sale or Lease of Property by Municipalities, Counties, and Certain Other Local Governments), Local Government Code.

Deletes existing text authorizing the governing body of a municipality, a county, any other political subdivision, or a public agency to convey the title or the rights and easements to property needed by the district for its purposes in connection with the acquisition, construction, or operation of the system.

SECTION 3. Amends Sections 173.256(d-1) and (e), Transportation Code, as follows:

(d-1) Provides that, for a transportation infrastructure zone of a district established before January 1, 2005:

(1) the territory of the zone:

(A) may consist of a contiguous or noncontiguous geographic area in the territory of one or more local governments; and

(B) must include a commuter rail facility or the site of a proposed commuter rail facility;

(2) a local government and the district may agree that, at one or more specified times, the local government will pay to the district an amount that is calculated on the basis of increased ad valorem tax collections, increased sales tax collections, or both, in the area of the zone located in the local government that are attributable to an infrastructure project;

(3) the amount paid by a local government to the district may not exceed an amount that is equal to the increase in tax collections in the zone for the specified period; and

(4) a local government and the district may agree to allow the district to enter into agreements and establish programs, including agreements and programs described by Sections 311.010(b) (authorizing the board of directors of a reinvestment zone and the governing body of the municipality or county that creates a reinvestment zone to each enter into agreements as the board or the governing body considers

necessary or convenient to implement the project plan and reinvestment zone financing plan and achieve their purposes) and (h) (authorizing the board of directors of a reinvestment zone, as necessary or convenient to implement the project plan and reinvestment zone financing plan and achieve their purposes, subject to the approval of the governing body of the municipality or county that designated the zone, to establish and provide for the administration of one or more programs for the public purposes of developing and diversifying the economy of the zone, eliminating unemployment and underemployment in the zone, and developing or expanding transportation, business, and commercial activity in the zone, including programs to make grants and loans from the tax increment fund of the zone in an aggregate amount not to exceed the amount of the tax increment produced by the municipality and paid into the tax increment fund for the zone for activities that benefit the zone and stimulate business and commercial activity in the zone), Tax Code, that the local government and the district consider necessary or convenient to carry out the purposes described by Subsection (e).

(e) Authorizes money received by the district under this section to be used:

(1) to provide a local match for the acquisition of right-of-way in the territory of the local government;

(2) for design, construction, operation, or maintenance of transportation facilities in the territory of the local government; or

(3) for the local government's proportionate share of the cost of the design, construction, operation, or maintenance of transportation facilities that serve other areas of the district in addition to the territory of the local government.

Makes a nonsubstantive change.

SECTION 4. Effective date: September 1, 2015.