

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 1251  
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Transportation & Homeland Security  
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Committee Report (Substituted)

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

Current law provides for certain formations of regional mobility authorities (mobility authority). Existing transportation authorities of various types have expressed concern regarding their treatment under these mobility authorities.

C.S.S.B. 1251 provides necessary, but permissive, accommodations to facilitate the formation of a mobility authority. It provides for the transfer of assets from one authority to another or to a new authority subject to the constitution, property, and contract rights and the effect on bonds; provides for dissolution of an authority and transfer of assets and debts; allows for a proposal of a structure for the initial board of directors; allows the transfer of turnpike projects to the authority subject to property and contract rights and effects on bonds; and sets forth other necessary provisions and accommodations to facilitate the formation of an authority.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Transportation Commission in SECTION 1 (Section 284.011, Transportation Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter A, Chapter 284, Transportation Code, by adding Section 284.011, as follows:

Sec. 284.011. TRANSFER OF ASSETS. (a) Authorizes a county, acting through the commissioners court of the county, to submit a request to the Texas Transportation Commission (commission) for authorization to create a regional mobility authority (mobility authority) under Chapter 370 (Regional Mobility Authorities) and to transfer all projects under this chapter to the mobility authority if certain conditions are met.

(b) Authorizes the county to submit to the commission a proposed structure for the initial board of directors of the mobility authority and a method for appointment to the board of directors at the creation of the mobility authority. Provides that subsequent appointments to the board of directors are subject to the requirements of Subchapter F (Governance), Chapter 370.

(c) Authorizes the county, after commission authorization, to transfer each of its projects under this chapter to the mobility authority to the extent authorized by the Texas Constitution if property and contract rights in the projects and bonds issued for the projects are not affected unfavorably.

(d) Requires the commission to adopt rules governing the creation of a mobility authority and the transfer of projects under this section.

SECTION 2. Amends Section 366.004(a), Transportation Code, as follows:

Sec. 366.004. CONSTRUCTION COSTS DEFINED. (a) Provides that the cost of acquisition, construction, improvement, extension, or expansion of a turnpike project or system under this chapter includes the cost of the assumption of debts, obligations, and liabilities of an entity relating to a turnpike project or system transferred to a regional tollway authority (tollway authority) by that entity. Makes a conforming change.

SECTION 3. Amends Section 366.033, Transportation Code, by adding Subsection (k), to authorize a tollway authority, acting through its board, to agree with another entity to acquire a turnpike project or system from that entity, and to assume any debts, obligations, and liabilities of the entity relating to a turnpike project or system transferred to the authority.

SECTION 4. Amends Subchapter B, Chapter 366, Transportation Code, by adding Section 366.036, as follows:

Sec. 366.036. TRANSFER OF TURNPIKE PROJECT OR SYSTEM. (a) Authorizes a tollway authority to transfer any of its turnpike projects or systems to one or more local governmental entities if certain requirements are met.

(b) Authorizes a tollway authority to transfer to one or more local governmental entities certain work product materials developed by the tollway authority in determining the feasibility of the construction, improvement, extension, or expansion of a turnpike project or system, and the tollway authority's rights and obligations under any related agreements, if the requirements of Subsections (a)(1) and (6) are met.

(c) Requires a local governmental entity to, using any lawfully available funds, reimburse any expenditures made by a tollway authority from its feasibility study fund or otherwise to pay the costs of work product transferred to the local governmental entity under Subsection (b), and any other amounts expended under related agreements transferred to the local governmental entity. Authorizes the reimbursements to be made over time as determined by the local governmental entity.

SECTION 5. Amends Section 370.003, Transportation Code, to redefine "transportation project" and define "mass transit," "service area," "transit provider," and "transit system."

SECTION 6. Amends Section 370.004(a), Transportation Code, to make a conforming change.

SECTION 7. Amends Section 370.031, Transportation Code, by adding Subsection (c), to provide that a municipality that borders the United Mexican States and has a population of 500,000 or more has the same authority as a county to create and participate in a regional mobility authority (mobility authority). Provides that a municipality creating or participating in an authority has same powers and duties as a county participating in an authority, the governing body of the municipality has the same powers and duties as the commissioners court of a county participating in an authority, and an elected member of the municipality's governing body has the same powers and duties as a commissioner of a county that is participating in an authority.

SECTION 8. Amends Section 370.033, Transportation Code, by amending Subsection (m) and adding Subsections (o) and (p), as follows:

(m) Authorizes the Texas Mobility Fund, or the state highway fund, if a mobility authority receives money from the general revenue fund, to use the money only for certain actions for a turnpike project under Section 370.003(14)(A) or (D) (Definitions), or a transit system under Section 370.351.

(o) Prohibits a mobility authority from providing mass transit services in the service area of another transit provider that has taxing authority and has implemented it anywhere in the service area unless the service is provided under a written agreement with the transit provider or under Section 370.186.

(p) Authorizes a mobility authority, acting through its board, to agree with another entity to acquire a transportation project or system from the entity, and to assume any debts, obligations, and liabilities of the entity relating to transportation project or system transferred to the authority.

SECTION 9. Amends Subchapter B, Chapter 370, Transportation Code, by adding Section 370.039, as follows:

Sec. 370.039. TRANSFER OF TRANSPORTATION PROJECT OR SYSTEM. (a) Authorizes a mobility authority to transfer any of its transportation projects or systems to one or more governmental entities if certain requirements are met.

(b) Authorizes a mobility authority to transfer to one or more local governmental entities certain work product materials developed by the authority in determining the feasibility of the construction, improvement, extension, or expansion of a turnpike project or system, and the authority's rights and obligations under any related agreements, if the requirements of Subsections (a)(1) and (6) are met.

(c) Requires a local governmental entity to, using any lawfully available funds, reimburse any expenditures made by a mobility authority from its feasibility study fund or otherwise to pay the costs of work product transferred to the local governmental entity under Subsection (b), and any other amounts expended under related agreements transferred to the local governmental entity. Authorizes the reimbursements to be made over time as determined by the local governmental entity.

SECTION 10. Amends Section 370.186, Transportation Code, by amending Subsection (a) and adding Subsections (c) and (d), as follows:

(a) Makes a conforming change to reference an exception provided by Subsection (c).

(c) Provides that Subsection (a) does not apply to turnpike or toll project located in a county in which a regional tollway authority has transferred under Section 366.036 or Section 366.172 (Lease, Sale, or Conveyance of Turnpike Project) certain turnpike projects and certain work product.

(d) Prohibits a mobility authority from constructing, maintaining, or operating a passenger rail facility within the boundaries of an intermunicipal commuter rail district created under Article 6550c-1 (Intermunicipal Commuter Rail Districts), V.T.C.S., as those boundaries existed on September 1, 2005, unless the district and the authority enter into a written agreement specifying the terms and conditions under which the project will be undertaken.

SECTION 11. Amends Chapter 370, Transportation Code, by adding Subchapter I and J, as follows:

#### SUBCHAPTER I. TRANSIT SYSTEMS

Sec. 370.351. TRANSIT SYSTEMS. (a) Authorizes a mobility authority to construct, own, operate, and maintain a transit system.

(b) Requires a mobility authority to determine each transit route, including transit route changes.

(c) Provides that this chapter does not prohibit a mobility authority, municipality, or transit provider from providing any service that complements a transit system, including providing parking garages, special transportation for persons who are disabled or elderly, or medical transportation services.

Sec. 370.352. PUBLIC HEARING ON FARE AND SERVICE CHANGES. (a) Defines "service change," "transit revenue vehicle mile," "transit route," and "transit route mile."

(b) Requires a mobility authority to hold a public meeting on certain fare and service changes, except as provided by Section 370.353.

(c) Requires a mobility authority to hold the public hearing required by Subsection (b) before the cumulative amount of service changes in a fiscal year equals a percentage amount described in Subsection (b)(2)(A) or (B).

Sec. 370.353. PUBLIC HEARING ON FARE AND SERVICE CHANGES: EXCEPTIONS. (a) Defines "experimental service change."

(b) Provides that a public hearing under Section 370.352 is not required for certain actions.

(c) Authorizes a hearing on an experimental service change in effect for more than 180 days to be held before or while the experimental services change is in effect and provides that the hearing satisfies the requirement for a public hearing if the hearing notice required by Section 370.354 states that the change may become permanent at the end of the effective period. Requires the service that existed before the change, if a hearing is not held before or while the experimental service change is in effect, to be reinstated at the end of the 180th day after the change became effective and a public hearing to be held in accordance with Section 370.352 before the experimental service change may be continued.

Sec. 370.354. NOTICE OF HEARING ON FARE OR SERVICE CHANGE. (a) Requires the mobility authority, after calling a public hearing required by Section 370.352, to publish and post notice by a certain procedure.

(b) Requires the notice to contain certain information.

(c) Provides that the requirement for a public hearing under Section 370.352 is satisfied at a public hearing required by federal law if certain requirements are met and the proposed fare or service change is addressed at the meeting.

Sec. 370.355. CRIMINAL PENALTIES. (a) Authorizes a mobility authority by resolution to prohibit the use of the transit system by a person who fails to possess evidence showing that the appropriate fare for the use of the system has been paid and to establish reasonable and appropriate methods, including using peace officers under Section 370.181(c), to ensure that persons using the transit system pay the appropriate fare for that use.

(b) Authorizes a mobility authority by a resolution to provide that a fare for or charge for the use of the transit system that is not paid incurs a penalty, not to exceed \$100.

(c) Requires a mobility authority to post signs designating each area in which a person is prohibited from using the transit system without possession of evidence showing that the appropriate fare has been paid.

(d) Provides that a person commits an offense if the person uses the transit system without paying the appropriate fare or fails to pay the appropriate fare or other charge and any penalty within 30 days of being notified of the amount of fare or charge and penalty.

(e) Authorizes the notice required by Subsection (d)(2) to be included in a citation issued to the person by a peace officer under Article 14.06 (Must Take Offender Before Magistrate), Code of Criminal Procedure, in connection with an offense relating to the nonpayment of the appropriate fare or charge for the use of the transit system.

(f) Provides that an offense under Subsection (d) is a Class C misdemeanor.

(g) Provides an offense under Subsection (d) is not a crime of moral turpitude.

[Reserves Sections 370.356-370.360 for expansion.]

## SUBCHAPTER J. ACQUIRING TRANSIT SYSTEMS

Sec. 370.361. TRANSFER OF TRANSIT SYSTEMS. (a) Defines "unit of election."

(b) Authorizes a mobility authority to request a transit provider to transfer the provider's transit system to the authority if the board determines that the traffic needs of the counties in which the authority operates could be most efficiently and economically met by the transfer.

(c) Authorizes the governing body of the transit provider, on receipt of a written request under Subsection (b), to authorize the mobility authority to solicit public comment and to conduct at least one public hearing on the proposed transfer in each unit of election in the transit provider's services area. Requires notice of the hearing to be published in the Texas Register, one or more newspapers of general circulation in the counties in the transit provider's area, and a newspaper, if any published in the counties of the requesting authority. Requires the notice to also solicit written comments on the proposed transfer. Authorizes the transit provider to participate fully with the authority in conducting a public hearing.

(d) Authorizes the board of directors of a mobility authority (board) to approve the acquisition of the transit provider if the governing body of the transit provider approves transfer of its operations to the authority and dissolution of the transit provider is approved in an election ordered under Subsection (e). Requires the board, before approving the acquisition, to consider public comments received under Subsection (c).

(e) Authorizes the governing body of the transit provider, after considering public comments received under Subsection (c), to order an election to dissolve the transit provider and transfer all services, property, funds, assets, employees, debts, and obligations to the authority. Requires the governing body of the transit provider to submit to the qualified voters in the units of the election in the transit provider's service area a proposition that reads substantially as certain specific text.

(f) Requires an election under Subsection (e) to be conducted so that votes are separately tabulated and canvassed in each participating unit of election in the transit provider's service area.

(g) Requires the governing body of the transit provider to canvass the returns and declare the results of the election separately with respect to each unit of election. Provides that if a majority of the votes received in a unit election are in favor of the proposition, the proposition is approved in that unit of election. Provides that the transit provider is dissolved and its services, property, funds, assets, employees, debts, and obligations are transferred to the mobility authority only if the proposition is approved in every unit of election. Provides that if the proposition is not approved in every unit of election, the proposition does not pass and the transit provider is not dissolved.

(h) Requires a certified copy of the order or resolution recording the results of the election to be filed with the Texas Department of Transportation (TxDOT) the comptroller, and the governing body of each unit of election in the transit provider's service area.

(i) Requires the mobility authority to assume all debts or other obligations of the transferred transit provider in connection with the acquisition of property under Subsection (g). Prohibits the authority from using revenue from sales and use tax collected under this subchapter or other revenue of the transit system in a manner inconsistent with any pledge of that revenue for the payment of any outstanding bonds, unless provisions have been made for a full discharge of the bonds.

Sec. 370.362. SALES AND USE TAX. (a) Authorizes a mobility authority, if an authority acquires a transit provider with taxing authority, to impose a sales and use tax at a permissible rate that does not exceed the rate approved by the voters who reside in the services area of the transit provider's transit system at an election under this subchapter.

(b) Authorizes the mobility authority by resolution to take certain actions.

(c) Requires a mobility authority, if an authority orders an election, to publish notice of the election in a newspaper of general circulation in the territory of the authority at least once each week for three consecutive weeks, with the first publication occurring at least 21 days before the date of the election.

(d) Requires a resolution ordering an election and the election notice required by Subsection (c) to show, in addition to the requirements of the Election Code, the hours of the election and polling places in election precincts.

(e) Requires a copy of the election notice required by Subsection (c) to be furnished to the commission and the comptroller.

(f) Provides that the permissible rates for a sales and use tax imposed under this subchapter are of certain percentages.

(g) Provides that Chapter 322 (Sales and Use Taxes for Special Purpose Taxing Authorities), applies to a sales and use tax imposed under this subchapter.

Sec. 370.363. MAXIMUM TAX RATE. (a) Prohibits a mobility authority from adopting a sales and use tax rate, including a rate increase, that when combined with rates of all sales and use taxes imposed by all political subdivisions of this state having territory in the service area of the transferred transit system exceeds two percent in any location in the service area.

(b) Provides that an election to approve a sales and use tax or increase the rate of an authority's sales and use tax has no effect in certain circumstances.

Sec. 370.364. ELECTION TO CHANGE TAX RATE. (a) Requires the ballots, at an election ordered under Section 370.362(b)(2), to be printed with certain text, to permit voting for or against the proposition.

(b) Provides that the increase or decrease in the tax rate becomes effective only if it is approved by a majority of the votes cast.

(c) Requires a notice of the election and a certified copy of the order canvassing the election results to be sent to the commission and the comptroller and filed in the deed records of the county.

Sec. 370.365. SALES TAX: EFFECTIVE DATES. (a) Provides that a sales and use tax implemented under this subchapter takes effect on the first day of the second calendar quarter that begins after the date the comptroller receives a copy of the order required to be sent under Section 370.364(c).

(b) Provides that an increase or decrease in the rate of a sales and use tax implemented under this subchapter takes effect on certain dates.

SECTION 12. Amends Section 451.554, Transportation Code, as follows:

Sec. 451.554. BOARD APPROVAL OF ANNEXATION: EFFECTIVE DATE. (a) Provides that the addition of territory annexed under Section 451.551 (Addition of Territory by Municipal Annexation), or approved under Section 451.552 (Addition of Municipality by Election) or 451.553 (Addition of county area by Election), does not take effect if, before the effective date of the addition under Subsection (b), the board gives written notice to the governing body of the municipality that added new territory to the

mobility authority by virtue of annexation, or to the governing body of the municipality or the commissioners court of the county that held the election, that the addition would create a financial hardship on the authority because of certain reasons.

(b) Provides that in the absence of a notice under Subsection (a), the addition of territory takes effect on the 31st day after the date of a certain ordinance or a certain election.

SECTION 13. Repealer: Section 370.161(b) (Transportation Projects Extending Into Other Counties), Transportation Code.

SECTION 14. Provides that this Act applies to certain regional mobility authorities in a certain manner.

SECTION 15. Effective date: upon passage or September 1, 2005.