

BILL ANALYSIS

Senate Research Center

H.B. 1986
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Transportation
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, there is no regional transit authority (RTA) in the counties of Hidalgo, Cameron, and Willacy to aid in creating, developing, and maintaining means of public transit. RTAs have been formed in other areas of the state and have proven essential in providing efficient transportation services to the public. As the Rio Grande Valley continues to grow at one of the fastest paces in the country, let alone the state, there is a need for regional oversight and coordination of public transit services.

H.B. 1986 creates a regional transit authority among Hidalgo, Cameron, and Willacy counties in order to provide for a united, comprehensive effort in the development and sustainability of regional public transit services in the area.

H.B. 1986 amends current law relating to the creation of regional transit authorities, grants the power of eminent domain, provides authority to issue bonds and charge fees, and creates a criminal offense.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the executive committee of an authority in SECTION 1 (Sections 463.105 and 463.254, Transportation Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle K, Title 6, Transportation Code, by adding Chapter 463, as follows:

CHAPTER 463. REGIONAL TRANSIT AUTHORITIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 463.001. DEFINITIONS. Defines "authority," "complementary transportation services," "executive committee," "mass transit system," "public transportation system," "regional high capacity transit," and "service plan."

Sec. 463.002. APPLICATION. Provides that this chapter applies to:

- (1) a county that is contiguous to the Gulf of Mexico or a bay or inlet opening into the gulf and that borders the United Mexican States; and
- (2) a county that borders a county described by Subdivision (1).

Sec. 463.003. MUNICIPALITIES MAY PROVIDE TRANSPORTATION SERVICES. Provides that this chapter does not prohibit a municipality from providing public transportation services. Authorizes a regional transit authority created under this chapter (authority) to coordinate the provision of services with the municipality and include the services provided by the municipality in the authority's service plan.

SUBCHAPTER B. POWERS OF AUTHORITIES

Sec. 463.051. **POWERS APPLICABLE TO CONFIRMED AUTHORITY.** Provides that this chapter applies only to an authority that has been confirmed.

Sec. 463.052. **NATURE OF AUTHORITY.** (a) Provides that an authority is a public political entity and corporate body, has perpetual succession, and exercises public and essential governmental functions.

(b) Provides that the exercise of a power granted by this chapter, including a power related to a station or terminal complex, is for a public purpose and is a matter of public necessity.

(c) Provides that an authority is a governmental unit under Chapter 101 (Tort Claims), Civil Practice and Remedies Code, and the operations of the authority are not proprietary functions for any purpose including the application of Chapter 101, Civil Practice and Remedies Code.

Sec. 463.053. **RESPONSIBILITY FOR CONTROL OF AUTHORITY.** Provides that, except as provided by Section 463.104, the executive committee is responsible for the management, operation, and control of an authority and its property.

Sec. 463.054. **GENERAL POWERS OF AUTHORITY.** (a) Provides that an authority has any power necessary or convenient to carry out this chapter or to effect a purpose of this chapter.

(b) Authorizes an authority to sue and be sued. Prohibits an authority from being required to give security for costs in a suit brought or prosecuted by the authority and from being required to give a supersedeas or cost bond in an appeal of a judgment.

(c) Authorizes an authority to hold, use, sell, lease, dispose of, and acquire, by any means, property and licenses, patents, rights, and other interests necessary, convenient, or useful to the exercise of any power under this chapter.

(d) Authorizes an authority to sell, lease, or dispose of in another manner:

(1) any right, interest, or property of the authority that is not needed for, or, if a lease, is inconsistent with, the efficient operation and maintenance of the public transportation system; or

(2) at any time, surplus materials or other property that is not needed for the requirements of the authority or for carrying out a power under this chapter.

(e) Authorizes an authority to leverage funds with a municipality that provides public transportation services in the territory of the authority to finance a project.

Sec. 463.055. **CONTRACTS; GRANTS AND LOANS.** (a) Authorizes an authority to contract with any person.

(b) Authorizes an authority to accept a grant or loan from any person.

(c) Authorizes an authority to enter one or more agreements with any municipality included in the territory of the authority for the distribution of the authority's revenues.

(d) Authorizes an authority to enter into a contract with a private entity under Chapter 2267 (Public and Private Facilities and Infrastructure), Government Code.

Sec. 463.056. OPERATION OF PUBLIC TRANSPORTATION SYSTEM. (a) Authorizes an authority to:

(1) acquire, construct, develop, plan, own, operate, and maintain a public transportation system in the territory of the authority, including the territory of a political subdivision;

(2) contract with a municipality, county, or other political subdivision for the authority to provide public transportation services outside the authority; and

(3) lease all or a part of the public transportation system to, or contract for the operation of all or a part of the public transportation system by, an operator.

(b) Requires an authority, as the authority determines advisable, to determine routes.

(c) Authorizes the executive committee to submit a referendum for the approval of a power by Subsection (a) or (b).

(d) Provides that a private operator who contracts with an authority under this chapter is not a public entity for purposes of any law of this state except that an independent contractor of the authority that performs a function of the authority is liable for damages only to the extent that the authority would be liable if the authority itself were performing the function.

Sec. 463.057. ACQUISITION OF PROPERTY BY AGREEMENT. Authorizes an authority to acquire rolling stock or other property under a contract or trust agreement, including a conditional sales contract, lease, and equipment trust certificate.

Sec. 463.058. USE AND ACQUISITION OF PROPERTY OF OTHERS. (a) Authorizes an authority, for a purpose described by Section 463.056(a)(1) and as necessary or useful in the construction, repair, maintenance, or operation of the public transportation system, to:

(1) use a public way, including an alley; and

(2) directly, or indirectly by another person, relocate or reroute the property of another person or alter the construction of the property of another person.

(b) Authorizes an authority, for an act authorized by Subsection (a)(2), to contract with the owner of the property to allow the owner to make the relocation, rerouting, or alteration by the owner's own means or through a contractor of the owner. Authorizes the contract to provide for reimbursement of the owner for costs or payment to the contractor.

(b-1) Defines "telecommunications provider." Prohibits an authority, notwithstanding Subsection (b), from relocating the property of a telecommunications provider on behalf of the provider without the provider's permission. Requires an authority to reimburse a telecommunications provider for the cost of the relocation if otherwise provided by law.

(c) Authorizes an authority, except as otherwise provided by this subsection, to acquire by eminent domain any interest in real property, including a fee simple interest. Prohibits the right of eminent domain from being exercised in a manner that would authorize the authority to run an authority vehicle on a railroad track that is used to transport property.

(d) Requires that if an authority, through the exercise of a power under this chapter, makes necessary the relocation or rerouting of, or alteration of the construction of, a road, alley, overpass, underpass, railroad track, bridge, or associated property, an electric, telegraph, telephone, or television cable line, conduit, or associated property, or a water, sewer, gas, or other pipeline, or associated property, the relocation or rerouting or alteration of the construction be accomplished at the sole cost and expense of the authority, and damages that are incurred by an owner of the property be paid by the authority.

(e) Prohibits an authority from beginning an activity authorized under Subsection (a) to alter or damage property of others, including this state or a political subdivision of this state, without having first received the written permission of the owner.

(f) Provides that Subsection (e) does not apply if the power of eminent domain is exercised.

Sec. 463.059. EMINENT DOMAIN PROCEEDINGS. (a) Provides that an eminent domain proceeding by an authority is initiated by the adoption by the executive committee of a resolution, after notice and a hearing, that:

(1) describes the property interest to be acquired by the authority;

(2) declares the public necessity for and interest in the acquisition; and

(3) states that the acquisition is necessary and proper for the construction, extension, improvement, or development of the public transportation system.

(b) Provides that a resolution adopted under this section is conclusive evidence of the public necessity for the acquisition described in the resolution and that the property interest is necessary for public use.

(c) Provides that, except as otherwise provided by this chapter, Chapter 21 (Eminent Domain), Property Code, applies to an eminent domain proceeding by an authority.

Sec. 463.060. AGREEMENT WITH UTILITIES; CARRIERS. Authorizes an authority to agree with any other public or private utility, communication system, common carrier, or transportation system for:

(1) the joint use in the authority of the property of the agreeing entities; or

(2) the establishment of through routes, joint fares, or transfers of passengers.

Sec. 463.061. FARES AND OTHER CHARGES. (a) Requires an authority to impose reasonable and nondiscriminatory fares, tolls, charges, rents, and other compensation for the use of the public transportation system sufficient to produce revenue, together with grants received by the authority, in an amount adequate to:

(1) pay all expenses necessary to operate and maintain the public transportation system;

(2) pay when due the principal of and interest on, and sinking fund and reserve fund payments agreed to be made with respect to, all bonds that are issued by the authority and payable wholly or partly from the revenue; and

(3) fulfill the terms of any other agreement with the holders of bonds described by Subdivision (2) or with a person acting on behalf of the bondholders.

(b) Provides that it is intended by this chapter that the compensation imposed under Subsection (a) not exceed the amounts necessary to produce revenue sufficient to meet the obligations of the authority under this chapter.

(c) Authorizes compensation for the use of the public transportation system to be set according to a zone system or to another classification that the authority determines to be reasonable.

(d) Provides that the state agrees with holders of bonds issued under this chapter not to alter the power given to an authority under this section to impose fares, tolls, charges, rents, and other compensation in amounts sufficient to comply with Subsection (a), or to impair the rights and remedies of an authority bondholder, or a person acting on behalf of a bondholder, until the bonds, interest on the bonds, interest on unpaid installments of interest, costs and expenses in connection with an action or proceeding by or on behalf of a bondholder, and other obligations of the authority in connection with the bonds are discharged.

Sec. 463.062. ENFORCEMENT OF FARES AND OTHER CHARGES; PENALTIES.

(a) Authorizes the authority directors who serve as the governing body of the authority (executive committee) by resolution to prohibit the use of the public transportation system by a person without payment of the appropriate fare for the use of the system and to establish reasonable and appropriate methods to ensure that persons using the public transportation system pay the appropriate fare for that use.

(b) Authorizes an executive committee by resolution to provide that a fare for or charge for the use of the public transportation system that is not paid incurs a reasonable administrative fee.

(c) Requires that an authority post signs designating each area in which a person is prohibited from using the transportation system without payment of the appropriate fare.

(d) Provides that a person commits an offense if the person or another for whom the person is criminally responsible under Section 7.02 (Criminal Responsibility for Conduct of Another), Penal Code, uses the public transportation system without paying the appropriate fare.

(e) Provides that if the person fails to provide proof that the person paid the appropriate fare for the use of the public transportation system and fails to pay any administrative fee assessed under Subsection (b) on or before the 30th day after the date the authority notifies the person that the person is required to pay the amount of the fare and the administrative fee, it is prima facie evidence that the person used the public transportation system without paying the appropriate fare.

(f) Authorizes the notice required by Subsection (e) 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, or by a fare enforcement officer under Section 463.063, in connection with an offense relating to the nonpayment of the appropriate fare for the use of the public transportation system.

(g) Provides that it is an exception to the application of Subsection (d) that on or before the 30th day after the date the authority notified the person that the person is required to pay the amount of the fare and any administrative fee assessed under Subsection (b), the person:

(1) provided proof that the person paid the appropriate fare at the time the person used the transportation system or at a later date or that the person was exempt from payment; and

(2) paid the administrative fee assessed under Subsection (b), if applicable.

(h) Provides that an offense under Subsection (d) is a misdemeanor punishable by a fine not to exceed \$100 and is not a crime of moral turpitude.

(i) Authorizes a justice court located in the territory of the authority to enter into an agreement with the authority to try all criminal cases that arise under Subsection (d). Provides that, notwithstanding Articles 4.12 (Misdemeanor Cases; Precinct in Which Defendant to be Tried in Justice Court) and 4.14 (Jurisdiction of Municipal Court), Code of Criminal Procedure, if a justice court enters into an agreement with the authority, a criminal case that arises under Subsection (d) is required to be tried in the justice court and the justice court has exclusive jurisdiction in all criminal cases that arise under Subsection (d).

Sec. 463.063. FARE ENFORCEMENT OFFICERS. (a) Authorizes an authority to employ or contract for persons to serve as fare enforcement officers to enforce the payment of fares for use of the public transportation system by requesting and inspecting evidence showing payment of the appropriate fare from a person using the public transportation system and issuing a citation to a person described by Section 463.062(d).

(b) Requires a person, before commencing duties as a fare enforcement officer, to complete at least eight hours of training approved by the authority that is appropriate to the duties required of a fare enforcement officer.

(c) Requires a fare enforcement officer, while performing duties, to wear a distinctive uniform, badge, or insignia that identifies the person as a fare enforcement officer and work under the direction of the authority's chief administrative officer.

(d) Authorizes a fare enforcement officer to request evidence showing payment of the appropriate fare from passengers of the public transportation system or evidence showing exemption from the payment requirement, request personal identification or other documentation designated by the authority from a passenger who does not produce evidence showing payment of the appropriate fare on request by the officer, instruct a passenger to immediately leave the public transportation system if the passenger does not possess evidence showing payment or exemption from payment of the appropriate fare, or file a complaint in the appropriate court that charges the person with an offense under Section 463.062(d).

(e) Prohibits a fare enforcement officer from carrying a weapon while performing duties under this section unless the officer is a certified peace officer.

(f) Provides that a fare enforcement officer who is not a certified peace officer is not a peace officer and has not authority to enforce a criminal law, except as provided by this section.

Sec. 463.064. ENFORCEMENT OF HIGH OCCUPANCY VEHICLE LANE USAGE.

(a) Authorizes an executive committee by resolution to regulate or prohibit improper entrance into, exit from, and vehicle occupancy in high occupancy vehicle lanes operated, managed, or maintained by the authority.

(b) Authorizes an executive committee by resolution to establish reasonable and appropriate methods to enforce regulations or prohibitions established under Subsection (a).

Sec. 463.065. INSURANCE. (a) Authorizes an authority to insure, through purchased insurance policies or self-insurance programs, or both, the legal liability of the authority and of its contractors and subcontractors arising from the acquisition, construction, or operation of the programs and facilities of the authority for personal or property damage and officers' and employees' liability.

(b) Authorizes an authority to use contracts, rating plans, and risk management programs designed to encourage accident prevention.

(c) Authorizes an authority, in developing an insurance or self-insurance program, to consider the peculiar hazards, indemnity standards, and past and prospective loss and expense experience of the authority and of its contractors and subcontractors.

Sec. 463.066. TAX EXEMPTION. Provides that the property, revenue, and income of an authority are exempt from state and local taxes.

Sec. 466.067. CONTINUATION OF EXISTING RAIL USE. Provides that for purposes of ownership or transfer of ownership of an interest in real property, a rail mass transit system line operating on property previously used by a railroad, railway, street railway, or interurban railway is a continuation of existing rail use.

Sec. 466.068. ELECTIONS. (a) Provides that in an election ordered by the executive committee:

(1) the executive committee is required to give notice of the election by publication in a newspaper of general circulation in the authority at least once each week for three consecutive weeks, with the first publication occurring at least 21 days before the date of election; and

(2) a resolution ordering the election and the election notice is required to show, in addition to the requirements of the Election Code, the hours of the election and polling places in election precincts.

(b) Provides that Subsection (a) does not apply to an election under Section 463.309.

(c) Requires that a copy of the notice of each election held under this chapter be furnished to the Texas Transportation Commission (TTC) and the Texas comptroller of public accounts (comptroller).

Sec. 463.069. ADDITIONAL FEE. (a) Authorizes an entity that operates an international bridge, in addition to a toll or other charge imposed under Section 367.011 (Tolls and Charges) or other law, to impose a fee for the use of the bridge as follows: \$1 for passenger vehicles, \$2 for commercial motor vehicles, and 25 cents for pedestrians.

(b) Requires the entity, before a fee is authorized to be imposed under this section, to enter into a written agreement with an authority relating to the imposition and disposition of the fee. Requires that the agreement provide for collection of the fee by the entity and remittance of the authority's portion of the fee to the authority each month, and if more than one entity operates an international bridge, for the division of the amount described by Subsection (c)(1) among the entities.

(c) Provides that of the fees collected under this section:

(1) 25 percent is required to be retained by the entity for transportation projects or complementary transportation services;

(2) 50 percent is required to be used for a rail mass transit system; and

(3) 25 percent is required to be used for regional high capacity transit.

(d) Authorizes the percentage described by Subsection (c)(3) to be retained by the entity if the entity is a mass transit provider and mass transit was provided in the municipality in which the international bridge is located on or before January 1, 2017.

SUBCHAPTER C. MANAGEMENT OF AUTHORITY

Sec. 463.101. POWERS AND AUTHORITY OF EXECUTIVE COMMITTEE. (a) Authorizes the executive committee to employ and prescribe the compensation for a chief executive officer whom the committee is authorized to designate as the general manager or the executive director, appoint auditors and attorneys and prescribe their duties, compensation, and tenure, adopt a seal for the authority, set the fiscal year for the authority, establish a complete system of accounts for the authority, designate by resolution an authorized representative of the authority to, according to terms prescribed by the executive committee, invest authority funds and withdraw money from authority accounts for investments, and designate by resolution an authorized representative of the authority to supervise the substitution of securities pledged to secure authority funds.

(b) Provides that the executive committee is the local designated recipient of funds committed to the authority by the federal government.

Sec. 463.102. INVESTMENTS. Requires the executive committee to invest authority funds in any investment authorized by for an entity under Chapter 2256 (Public Funds Investment), Government Code.

Sec. 462.103. DEPOSITORY; DEPOSIT OF FUNDS. (a) Requires the executive committee to designate one or more banks as depositories for authority funds.

(b) Requires that all funds of an authority that are not otherwise invested be deposited in one or more of the authority's depository banks unless otherwise required by an order or resolution authorizing the issuance of an authority bond or note or other contractual undertaking.

(c) Requires that funds in the depository, to the extent that those funds are not insured by the Federal Deposit Insurance Corporation, be secured in the manner provided by law for the security of county funds.

Sec. 463.104. CHIEF EXECUTIVE; DUTIES. (a) Requires the general manager of the authority (general manager) or executive director to administer the daily operation of an authority.

(b) Authorizes the general manager or executive director, in conformity with the policy of the executive committee, to employ persons to conduct the affairs of the authority, including any operating or management company and remove any employee.

(c) Requires the general manager or executive director to prescribe the duties, tenure, and compensation of each person employed.

Sec. 463.105. RULES. (a) Authorizes the executive committee by resolution to adopt certain rules.

(b) Requires the authority to encourage to the maximum extent feasible the participation of private enterprise.

(c) Requires that a notice of each rule adopted by the executive committee be published in a newspaper with general circulation in the area in which the authority is located once each week for two consecutive weeks after adoption of

the rule. Requires that the notice contain a condensed statement of the substance of the rule and advise that a copy of the complete text of the rule is filed in the principal office of the authority where the text may be read by any person.

(d) Provides that a rule becomes effective 10 days after the date of the second publication of the notice under this section.

Sec. 463.106. PURCHASES: COMPETITIVE BIDDING. (a) Prohibits an authority, except as provided by Subsection (c) and as otherwise provided by this chapter, from awarding a contract for construction, service, or property, other than real property, except through the solicitation of competitive sealed bids or proposals ensuring full and open competition.

(b) Requires the authority to describe in a solicitation each factor to be used to evaluate a bid or proposal and give the factor's relative importance.

(c) Authorizes the executive committee to authorize the negotiation of a contract without competitive sealed bids or proposals if certain criteria are met.

(d) Provides that for the purposes of entering into a contract authorized by Subsection (c)(12) (relating to a certain contract for an authority project and awarded for alternate project delivery using certain procedures), an authority is considered a "governmental entity" as described by Section 2269.002 (Applicability of Chapter to Governmental Entities Engaged in Public Works), Government Code.

Sec. 463.107. DURATION OF CONTRACTS. Authorizes an authority to contract for payment with debt obligations and for performance and payments to extend longer than one fiscal year if the contract provides for the discharge of the authority's contractual obligations by certain methods.

Sec. 463.108. SECURITY. Authorizes the executive committee to establish a security force and provide for the employment of security personnel.

Sec. 463.109. BUDGET RECOMMENDATIONS. Requires the executive committee to make a proposed annual budget available to the commissioners courts of the counties in the authority at least 30 days before the date of the adoption by the executive committee of the final annual budget.

Sec. 463.110. FINANCIAL AUDITS. (a) Requires the executive committee of an authority to have an annual audit of the affairs of the authority prepared by an independent certified public accountant or a firm of independent certified public accountants.

(b) Provides that the final audit report is open to public inspection.

SUBCHAPTER D. STATION OR TERMINAL COMPLEX SYSTEMS

Sec. 463.151. STATION OR TERMINAL COMPLEX: SYSTEM PLAN. (a) Prohibits an authority from acquiring an interest in real property for a station or terminal complex unless the station or terminal complex is included in the public transportation system in a comprehensive service plan approved by a resolution of the executive committee. Provides that a mass transit facility of an authority is not a station or terminal complex under this subchapter unless the facility is included in the authority's comprehensive service plan under this section.

(b) Prohibits a station or terminal complex from being included in a public transportation system unless the executive committee first finds that the station or complex meets certain criteria.

(c) Authorizes the executive committee, on making a finding under Subsection (b), to amend the authority's comprehensive service plan to include a station or terminal complex.

Sec. 463.152. STATION OR TERMINAL COMPLEX: FACILITIES. Provides that a station or terminal complex of an authority:

(1) is required to include adequate provision for the transfer of passengers among the various means of transportation available to the complex; and

(2) is authorized to include provisions for residential, institutional, recreational, commercial, and industrial facilities.

Sec. 463.153. STATION OR TERMINAL COMPLEX: LOCATION. Requires an authority to determine the location of a station or terminal complex after notice and a hearing.

Sec. 463.154. TRANSFER OF REAL PROPERTY IN STATION OR TERMINAL COMPLEX. (a) Authorizes an authority to transfer to any person by any means, including sale or lease, an interest in real property in a station or terminal complex and to contract with respect to it, in accordance with the comprehensive service plan approved by the executive committee, and subject to certain terms.

(b) Requires that a transfer be at the fair value of the interest transferred considering the use designated for the real property in the authority's comprehensive service plan.

SUBCHAPTER E. BONDS

Sec. 463.201. DEFINITIONS. Defines "bond."

Sec. 463.202. POWER TO ISSUE BONDS. (a) Authorizes an authority to issue bonds at any time and for any amounts it considers necessary or appropriate for the acquisition, construction, repair, equipping, improvement, or extension of its public transportation system or creating or funding self-insurance or retirement or pension fund reserves.

(b) Authorizes an authority to exercise the powers granted to the governing body of an insurer in connection with the issuance of obligations and the execution of credit agreements under Chapter 1371 (Obligations for Certain Public Improvements), Government Code.

Sec. 463.203. BOND TERMS. (a) Provides that an authority's bonds are fully negotiable. Authorizes an authority to make the bonds redeemable before maturity at the price and subject to the terms and conditions that are provided in the authority's resolution authorizing the bonds. Authorizes the authority's resolution authorizing the bonds to contain any other terms the executive committee considers appropriate.

(b) Provides that a bond issued under this subchapter is not a debt or pledge of the faith and credit of the state, a political subdivision included in the boundaries of the authority, or any other political subdivision of the state.

(c) Requires that each bond issued by an authority under this subchapter contain on its face a statement substantially to a certain effect. Sets forth the contents of the statement.

Sec. 463.204. SALE. Authorizes an authority's bonds to be sold at a public or private sale as determined by the executive committee to be the more advantageous.

Sec. 463.205. APPROVAL; REGISTRATION. (a) Requires that an authority's bonds and the records relating to their issuance be submitted to the Texas attorney general (attorney general) for examination before the bonds are authorized to be delivered.

(b) Requires the attorney general, if the attorney general finds that the bonds have been issued in conformity with the constitution and this chapter and that the bonds will be a binding obligation of the issuing authority, to approve the bonds.

(c) Requires the comptroller, after the bonds are approved by the attorney general, to register the bonds.

Sec. 463.206. INCONTESTABILITY. Provides that bonds are incontestable after they are approved by the attorney general, registered by the comptroller, and sold and delivered to the purchaser.

Sec. 463.207. SECURITY PLEDGED. (a) Authorizes the authority, to secure the payment of an authority's bonds, to:

(1) pledge any part of the revenue of the public transportation system;

(2) mortgage any part of the public transportation system, including any part of the system subsequently acquired;

(3) pledge all or part of funds the federal government has committed to the authority as grants in aid; and

(4) provide that a pledge of revenue described by Subdivision (1) is a first or subordinate lien or charge against that revenue.

(b) Authorizes an authority, under Subsection (a)(2) to, subject to the terms of the bond indenture or the resolution authorizing the issuance of the bonds, encumber a separate item of the public transportation system and acquire, use, hold, or contract for the property by lease, chattel mortgage, or other conditional sale including an equipment trust transaction.

(c) Prohibits an authority from issuing bonds secured by ad valorem tax revenue.

(d) Provides that an authority is not prohibited by this subchapter from encumbering one or more public transportation systems to purchase, construct, extend, or repair one or more other public transportation systems of the authority.

(e) Authorizes the authority to pledge funds described by Subsection (a)(3) as the sole security for the bonds or in addition to any other security described by this section.

Sec. 463.208. USE OF REVENUE. Requires that revenue in excess of amounts pledged under Section 463.207(a)(1) be used to pay the expenses of operation and maintenance of a public transportation system, including salaries, labor, materials, and repairs necessary to provide efficient service and every other proper item of expense and fund operating reserves.

Sec. 463.209. REFUNDING FUNDS. Authorizes an authority to issue refunding bonds for the purposes and in the manner authorized by general law, including Chapter 1207 (Refunding Bonds), Government Code.

Sec. 463.210. BONDS AS AUTHORIZED INVESTMENTS. (a) Provides that an authority's bonds are authorized investments for a bank, a savings bank, a trust company, a savings and loan association, and an insurance company.

(b) Provides that the bonds, when accompanied by all appurtenant, unmatured coupons and to the extent of the lesser of their face value or market value, are eligible to secure the deposit of public funds of this state, a political subdivision of this state, and any other political corporation of this state.

Sec. 463.211. EXCHANGE OF BONDS FOR EXISTING SYSTEM. Authorizes an authority's revenue bonds to be exchanged, instead of cash, for the property of all or part of an existing public transportation system to be acquired by the authority. Authorizes the authority, if the property is owned by a corporation that will dissolve simultaneously with the exchange, to acquire the stock of the corporation.

Sec. 463.212. TAX EXEMPTION. Provides that the interest on bonds issued by an authority is exempt from state and local taxes.

SUBCHAPTER F. EXECUTIVE COMMITTEE

Sec. 463.251. COMPOSITION. (a) Provides that the executive committee of an authority is the board of directors of the regional planning commission established for the area of the authority under Chapter 391 (Regional Planning Commissions), Local Government Code.

(b) Provides that service on the executive committee by a public officer or employee is an additional duty of the office or employment.

Sec. 463.252. OFFICERS. (a) Requires the officers elected by the board of directors of the regional planning commission described by Section 463.251(a) to serve as the officers of the executive committee.

(b) Authorizes the executive committee to appoint, as necessary, members or nonmembers as assistant secretaries.

(c) Requires the secretary or assistant secretary of the executive committee to keep permanent records of each proceeding and transaction of the authority and perform other duties assigned by the executive committee.

Sec. 463.253. CONFLICTS OF INTEREST. Provides that members of the executive committee and officers of the authority are subject to Chapter 171 (Regulation of Conflicts of Interest of Officers or Municipalities, Counties, and Certain Other Local Governments), Local Government Code.

Sec. 463.254. MEETINGS. (a) Requires the executive committee to hold at least one regular meeting each month to transact the business of an authority.

(b) Authorizes the presiding officer, on written notice, to call special meetings as necessary.

(c) Requires the executive committee by resolution to set the time, place, and day of the regular meetings and adopt rules and bylaws as necessary to conduct meetings.

Sec. 463.255. VOTING REQUIREMENTS. Provides that a majority of the members of the executive committee constitutes a quorum, and provides that when a quorum is present, action is authorized to be taken by a majority vote of the members present unless the bylaws require a larger number for a particular action.

SUBCHAPTER G. CREATION OF AUTHORITIES

Sec. 463.301. CREATION OF AUTHORITY AUTHORIZED. Authorizes the board of directors of the regional planning commission (board of directors) established for the area included in the boundaries of the counties to which this chapter applies to initiate the

process to create a regional transit authority to provide public transportation services within the boundaries of the counties.

Sec. 463.302. INITIATING ORDER OR RESOLUTION: CONTENTS. Requires the board of directors described by Section 463.301, to initiate the process of creating an authority, to adopt a resolution or order containing the designation of each time and place for holding public hearings on the proposal to create the authority.

Sec. 463.303. NOTICE OF HEARING. (a) Requires that notice of the time and place of the public hearings on the creation of the authority be published, beginning at least 30 days before the date of the hearing, once a week for two consecutive weeks in a newspaper of general circulation in each county.

(b) Requires the board of directors described by Section 463.301 to give a copy of the notice to TTC and the comptroller.

Sec. 463.304. CONDUCT OF HEARING. (a) Requires the board of directors described by Section 463.301 creating an authority to conduct public hearings on the creation.

(b) Authorizes any person to appear at a hearing and offer certain evidence.

(c) Authorizes a hearing to be continued until completed.

Sec. 463.305. RESOLUTION OR ORDER. (a) Authorizes the board, after hearing the evidence presented at the hearings, but not earlier than 75 days after the date the process is initiated by the board of directors described by Section 463.301, to adopt a certain resolution or order.

(b) Requires that the results of the hearing, after the hearing, be sent to the Texas Department of Transportation and the comptroller.

Sec. 463.306. INTERIM EXECUTIVE COMMITTEE. (a) Sets forth the composition of the interim executive committee.

(b) Requires the interim executive committee, after its organization, to develop a service plan.

(c) Provides that service on the interim executive committee by a public officer or employee is an additional duty of the office or employment.

Sec. 463.307. APPROVAL OF SERVICE PLAN. Requires the commissioners court of each county creating an authority, not later than the 45th day after the date the interim executive committee approves a service plan, to approve, by resolution or order, the service plan.

Sec. 463.308. NOTICE OF INTENT TO ORDER ELECTION. Requires the interim executive committee, not earlier than the 61st day after the date the interim executive committee approves a service plan, to notify the commissioners court of each county included in the boundaries of the authority of the interim executive committee's intention to call a confirmation election.

Sec. 463.309. CONFIRMATION ELECTION. Requires the interim executive committee in ordering the confirmation election to submit to the qualified voters of each county in the authority a certain proposition. Sets forth the contents of the proposition.

Sec. 463.310. CONDUCT OF ELECTION. Requires the interim executive committee to canvass the returns and declare the results of the election separately with respect to each county.

Sec. 463.311. RESULTS OF ELECTION; ORDER. (a) Provides that the authority is confirmed if a majority of the votes received in each county favor the proposition.

(b) Requires the interim executive committee, if the authority continues, to record the results in its minutes and adopt a certain order.

(c) Requires that a certified copy of the order be filed with certain entities.

(d) Requires the interim executive committee, if the authority does not continue, to enter an order declaring that the result of votes cast at the election is that the authority ceases in its entirety. Requires that the order be filed with TxDOT and the comptroller, and provides that the authority is dissolved.

Sec. 463.312. EFFECT OF CREATION. Provides that on the creation of an authority the boundaries of which overlap the territory of a commuter rail district described by Chapter 174 (Commuter Rail Districts), the commuter rail district is dissolved, and all assets, including property, and all liabilities, including debt and other obligations, of the commuter rail district transfer to and are assumed by the authority.

Sec. 463.313. COST OF ELECTION. Requires the board of directors described by Section 463.301 creating an authority to pay the cost of the confirmation election.

Sec. 463.314. EXPIRATION OF UNCONFIRMED AUTHORITY. Provides that an authority that has not been confirmed expires on the third anniversary of the effective date of a resolution or order initiating the process to create the authority.

SECTION 2. Amends Section 174.051, Transportation Code, by adding Subsection (c), to prohibit a district, notwithstanding Subsections (a) and (b), from being created in the boundaries of an authority under Chapter 463.

SECTION 3. Provides that Sections 463.058(c) and (f) and Section 463.059, Transportation Code, as added by this Act, take effect only if this Act receives a two-thirds vote of all the members elected to each house.

SECTION 4. Effective date: upon passage or September 1, 2017.