

BILL ANALYSIS

Senate Research Center
85R8184 MTB/CJC-F

S.B. 1305
By: Nichols
Transportation
3/20/2017
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 2013, the Legislature created County Energy Transportation Reinvestment Zones (CETRZ) in S.B. 1747. That bill created CETRZ and established the Transportation Infrastructure Fund. At the time, oil and gas operations were at an all-time high and transportation funding was not keeping pace with the impact on energy sector corridors. Additionally, counties were unable to address the road impacts of increased activity without risking tax rollback petitions. The zones were designed for heavy energy traffic and 191 counties took advantage of the zones and the grant program. The state and local financial mechanisms were made available across the state, rather than to a limited "energy sector" impacted area.

There have been at least two Office of the Attorney General opinions specifically discussing the questionable constitutionality of CETRZ (KP-0004 and GA-1076). Last session, efforts to amend the CETRZ law was passed but ultimately vetoed.

S.B. 1305: does one thing, it repeals the statute that allows creation of CETRZs. The grant funding has been awarded.

As proposed, S.B. 1305 amends current law relating to the abolishment of the transportation infrastructure fund and the grant program using money from the fund.

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 Sections 221.110(a), (e), and (h), Transportation Code, as follows:

(a) Deletes existing definition of "transportation reinvestment zone," which includes a county energy transportation reinvestment zone, and makes nonsubstantive changes.

(e) Deletes a reference to Section 222.1071 (County Energy Transportation Reinvestment Zones) from the list of sections under which sales and use taxes may be disbursed to satisfy claims of holders of certain obligations, notwithstanding Sections 321.506 (Use of Tax Revenue by Municipality) and 321.505 (Use of Tax Revenue), Tax Code.

(h) Authorizes the hearing required under Subsection (g) to be held in conjunction with a hearing held under Section 222.106(e) (relating to designating an area as a transportation reinvestment zone) or 222.107(e) (relating to ad valorem taxes or other relief imposed by the county for designating an area as a transportation reinvestment zone), rather than 222.106(e), 222.107(e), or 222.1071(d) (relating to designating an area as a county energy transportation reinvestment zone), if the ordinance or order designating an area as a transportation reinvestment zone under Section 222.106 (Municipal Transportation Reinvestment Zones), or 222.107 (County Transportation Reinvestment Zones), rather than Section 222.106, 222.107, or 222.1071 (County Energy Transportation Reinvestment Zones), also designates a sales tax increment under Subsection (b).

SECTION 2. Amends Section 256.009(a), Transportation Code, as follows:

(a) Deletes existing text requiring the county auditor or, if the county does not have a county auditor, the official having the duties of the county auditor to file a report with the Texas comptroller of public accounts (comptroller) that includes: an account of how if the county designated a county energy transportation reinvestment zone, money paid into a tax increment account for the zone or from an award under Subchapter C was spent and deletes existing text requiring a description, including location, of any new roads constructed in whole or in part with the money paid into a tax increment account for the zone or from an award under Subchapter C if the county designated a county energy transportation reinvestment zone. Makes nonsubstantive changes.

SECTION 3. Repealer: Subchapter C (Transportation Infrastructure Fund), Chapter 256 (Funds and Taxes for County Roads), Transportation Code.

Repealer: Section 222.1071, Transportation Code.

Repealer: Section 222.1072 (Advisory Board of County Energy Transportation Reinvestment Zone), Transportation Code.

Repealer: Section 222.110(i) (relating to authorizing the sales and use taxes deposited into the tax increment account to be disbursed from the account only to provide matching funds under Section 256.105 (Matching Funds), and funding for one or more transportation infrastructure projects located in a zone), Transportation Code.

SECTION 4. (a) Requires that on December 31, 2017, the transportation infrastructure fund be abolished and the comptroller transfer the unencumbered balance of the fund to the state highway fund for use in accordance with legislative appropriation.

(b) Provides that the abolishment of the transportation infrastructure fund and the repeal of Subchapter C, Chapter 256, Transportation Code, do not affect the validity of any contract or agreement between the Texas Department of Transportation and a county that is entered into under that subchapter before December 31, 2017.

SECTION 5. Provides that the repeal by this Act of Section 222.1071, Transportation Code, does not affect the validity of bonds issued under that section before the effective date of this Act. Provides that bonds issued before the effective date of this Act are governed by the law in effect when the bonds were issued, and that law is continued in effect for purposes of the validity of those bonds.

SECTION 6. Provides that the repeal by this Act of Section 222.1071, Transportation Code, does not affect the amount of any tax rate calculation under Chapter 26 (Assessment), Tax Code, for the 2018 tax year or a subsequent tax year pertaining to a county that imposes taxes on property that for the 2017 tax year was located in a county energy transportation reinvestment zone. Provides that under Section 26.03, Tax Code, for the duration of the zone, in any tax rate calculation under Chapter 26 of that code, the portion of the captured appraised value of property located in the zone that corresponded to the tax increment of the county from that property that the county agreed to pay into the tax increment account for the zone was excluded from the value of property taxable by the county, and the portion of the tax increment of the county that the county agreed to pay into the account for the zone was excluded from the amount of taxes imposed or collected by the county. Provides that because beginning with the 2018 tax year both that property value and the taxes corresponding to that property value will be included in the calculation of ad valorem tax rates of the county under Chapter 26, Tax Code, the amounts of those tax rates will be unaffected.

SECTION 7. Effective date: December 31, 2017.