

By: _____

____.B. No. _____

A BILL TO BE ENTITLED

AN ACT

relating to the agreements, costs, revenues, and finances of regional tollway authorities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subdivisions 366.003(7), (8), (9), and (11), Transportation Code, are amended by renumbering Section 366.003(7) to be Section 366.003(8), renumbering Section 366.003(8) to be Section 366.003(7), and amending Sections 366.003(7), (8), (9), and (11), as so renumbered, to read as follows:

[8](7) "~~[Local governmental]~~ Governmental entity" means a political subdivision of the state, including a municipality or a county, a political subdivision of a county, a group of adjoining counties, or a district organized or operating under Section 52, Article III, or Section 59, Article XVI, Texas Constitution; the department; another state agency; ~~[or]~~ a nonprofit corporation, including a transportation corporation created under Chapter 431; or any other public entity or instrumentality.

[7](8) "Highway" means a road, highway, farm-to-market road, or street under the supervision of the state or a political subdivision of the state.

(9) "Revenue" means the tolls, rents, and other money received by an authority from the ownership or operation of a

turnpike project or under an agreement under Section 366.302 or Section 366.303.

(11) "Turnpike project" means a highway of any number of lanes, with or without grade separations, owned or operated by an authority under this chapter and any improvement, extension, or expansion to that highway, including:

(A) an improvement to relieve traffic congestion and promote safety;

(B) a bridge, tunnel, overpass, underpass, interchange, service road, ramp, entrance plaza, approach, or tollhouse;

(C) an administration, storage, or other building the authority considers necessary to operate the turnpike project;

(D) a parking area or structure, rest stop, park, and other improvement or amenity the authority considers necessary, useful, or beneficial for the operation of a turnpike project; ~~and~~

(E) property rights, easements, and interests the authority acquires to construct or operate the turnpike project~~[-]~~; and

(F) improvements in a transportation reinvestment zone designated under Subchapter E, Chapter 222.

SECTION 2. Section 366.004(a), Transportation Code, is amended to read as follows:

Sec. 366.004. CONSTRUCTION COSTS DEFINED. (a) The cost of acquisition, construction, improvement, extension, or expansion of a turnpike project or system under this chapter includes the cost of:

(1) the actual acquisition, construction, improvement, extension, or expansion of the turnpike project or system;

(2) the acquisition of real property, rights-of-way, property rights, easements, and other interests in real property;

(3) machinery and equipment;

(4) interest payable before, during, and after acquisition, construction, improvement, extension, or expansion as provided in the bond proceedings;

(5) traffic estimates, revenue estimates, engineering and legal services, plans, specifications, surveys, appraisals, construction cost estimates, and other expenses necessary or incidental to determining the feasibility of the acquisition, construction, improvement, extension, or expansion;

(6) necessary or incidental administrative, legal, and other expenses;

(7) compliance with laws, regulations, and administrative rulings, including any costs associated with necessary environmental mitigation measures;

(8) financing;

(9) the assumption of debts, obligations, and liabilities of an entity relating to a turnpike project or system transferred to an authority by that entity; ~~and~~

(10) expenses related to the initial operation of the turnpike project or system; and

(11) payment obligations of an authority under a contract or agreement authorized by this chapter in connection with the acquisition, construction, improvement, extension, expansion, or financing of the turnpike project or system.

SECTION 3. Section 366.033(a), Transportation Code, is amended to read as follows:

Sec. 366.033. GENERAL POWERS. (a) An authority, acting through its board, without state approval, supervision, or regulation, may:

(1) adopt rules for the regulation of its affairs and the conduct of its business;

(2) adopt an official seal;

(3) study, evaluate, design, finance, acquire, construct, maintain, repair, and operate turnpike projects, individually or as one or more systems;

(4) acquire, hold, and dispose of property in the exercise of its powers and the performance of its duties under this chapter;

(5) enter into contracts or operating agreements with similar authorities, other governmental entities, or agencies of the United States, a state of the United States, the United Mexican States, or a state of the United Mexican States;

(6) enter into contracts or agreements necessary or incidental to its duties and powers under this chapter;

(7) cooperate and work directly with property owners and governmental entities and agencies and officials to support an activity required to promote or develop a turnpike project or system;

(8) employ and set the compensation and benefits of administrators, consulting engineers, attorneys, accountants, construction and financial experts, superintendents, managers, full-time and part-time employees, agents, consultants, and such other persons as the authority considers necessary or useful;

(9) apply for, and directly or indirectly receive and spend, loans, gifts, grants, and other contributions for the construction of a turnpike project or system, and receive and spend contributions of money, property, labor, or other things of value from any source, including the United States, a state of the United States, the United Mexican States, a state of the United Mexican States, the commission, the department, any subdivision of the state, or any other [~~local~~] governmental or

private entity, to be used for the purposes for which the grants, gifts, loans, or contributions are made, and enter into any agreement necessary for the grants, gifts, loans, or contributions;

(10) install, construct, maintain, repair, renew, relocate, and remove public utility facilities in, on, along, over, or under a turnpike project;

(11) organize a corporation under Chapter 431 for the promotion and development of turnpike projects and systems;

(12) adopt and enforce rules not inconsistent with this chapter for the use of any turnpike project or system, including enforcement of tolls, fares, or other user fees, speed and weight limits, and traffic and other public safety rules;

(13) enter into leases, operating agreements, service agreements, licenses, franchises, and similar agreements with public or private parties governing the parties' use of all or any portion of a turnpike project and the rights and obligations of the authority with respect to a turnpike project; and

(14) do all things necessary or appropriate to carry out the powers expressly granted by this chapter.

SECTION 4. Section 366.034, Transportation Code, is amended by adding Subsection (c) to read as follows:

(c) Notwithstanding Subsection (b), an authority may transfer revenue from one or more turnpike projects or systems to a general fund of the authority so long as such action does not violate, and is not inconsistent with, any bond proceedings governing the use of the revenues and is authorized by the board of the authority. An authority may use revenue or other money in a general fund for any purpose authorized by this chapter.

SECTION 5. Section 366.036, Transportation Code, is hereby amended to read as follows:

Sec. 366.036. TRANSFER OF TURNPIKE PROJECT OR SYSTEM. (a)

An authority may transfer any of its turnpike projects or systems to one or more [~~local~~] governmental entities if:

(1) the authority has commitments from the governing bodies of the [~~local~~] governmental entities to assume jurisdiction over the transferred projects or systems;

(2) property and contract rights in the transferred projects or systems and bonds issued for the projects or systems are not affected unfavorably;

(3) the transfer is not prohibited under the bond proceedings applicable to the transferred projects or systems;

(4) adequate provision has been made for the assumption of all debts, obligations, and liabilities of the authority relating to the transferred projects or systems by the local governmental entities assuming jurisdiction over the transferred projects or systems;

(5) the [~~local~~] governmental entities are authorized to assume jurisdiction over the transferred projects or systems and to assume the debts, obligations, and liabilities of the authority relating to the transferred projects or systems; and

(6) the transfer has been approved by the commissioners court of each county that is part of the authority.

(b) An authority may transfer to one or more [~~local~~] governmental entities any traffic estimates, revenue estimates, plans, specifications, surveys, appraisals, and other work product developed by the authority in determining the feasibility of the acquisition, 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) A [~~local~~]governmental entity shall, using any lawfully available funds, reimburse any expenditures made by an 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. The reimbursement may be made over time, as determined by the local governmental entity and the authority.

SECTION 6. Section 366.037, Transportation Code, is hereby amended by amending Subsections (a), (c), and (f) to read as follows:

Sec. 366.037. OTHER HIGHWAY PROJECTS. (a) In addition to the powers granted under this chapter and without supervision or regulation by any state agency or [~~local~~]other governmental entity, but subject to an agreement entered into under Subsection (c), the board of an authority may by resolution, and on making the findings set forth in this subsection, authorize the use of surplus revenue of a turnpike project or system for the study, design, acquisition, construction, maintenance, repair, and operation of a highway or similar facility that is not a turnpike project if the highway or similar facility is:

(1) situated in a county in which the authority is authorized to design, construct, and operate a turnpike project;

(2) anticipated to either:

(A) enhance the operation or revenue of an existing, or the feasibility of a proposed, turnpike project by bringing traffic to that turnpike project or enhancing the flow of traffic either on that turnpike project or to or from that turnpike project to another facility; or

(B) ameliorate the impact of an existing or proposed turnpike project by enhancing the capability of another

facility to handle traffic traveling, or anticipated to travel, to or from that turnpike project; and

(3) not anticipated to result in an overall reduction of revenue of any turnpike project or system.

(c) An authority shall enter into an agreement to implement this section with the department, the commission, [~~a local~~] any other governmental entity[~~, or another political subdivision~~] that owns a street, road, alley, or highway that is directly affected by the authority's turnpike project or related facility.

(f) Except as provided by this section, an authority has the same powers and may use the same procedures with respect to the study, financing, design, acquisition, construction, maintenance, repair, and operation of a highway or similar facility under this section as are available to the authority with respect to a turnpike project or system.

SECTION 7. Section 366.038(c) is amended to read as follows:

(c) An authority may not provide financial security, including a cash collateral account, for the performance of tolling services the authority provides under this section if:

(1) the authority determines that providing security could restrict the amount, or increase the cost, of bonds or other debt obligations the authority may subsequently issue under this chapter; or

(2) the authority is not reimbursed its cost of providing the security.

Financial security and any related agreement, which are authorized hereby, shall not require the approval of the attorney general under Subchapter D or any other statute.

SECTION 8. Section 366.071(a), Transportation Code, is amended to read as follows:

Sec. 366.071. EXPENDITURES FOR FEASIBILITY STUDIES. (a)

An authority may pay the expenses of studying the cost and feasibility of a proposed turnpike project or system, the design and engineering of a proposed turnpike project or system, and any other expenses relating to the preparation and issuance of bonds for a proposed turnpike project or system by:

(1) using legally available revenue derived from an existing turnpike project or system;

(2) borrowing money and issuing bonds or entering into a loan agreement payable out of legally available revenue anticipated to be derived from the operation of an existing turnpike project or system; ~~[or]~~

(3) pledging to the payment of the bonds or loan agreements legally available revenue anticipated to be derived from the operation of an existing turnpike project or system or revenue legally available to the authority from another source; or

(4) pledging to the payment of the bonds or loan agreements the proceeds from the sale of other bonds.

SECTION 9. Section 366.072(c), Transportation Code, is amended to read as follows:

(c) Money in the feasibility study fund may be used only to pay the expenses of studying the cost and feasibility of a proposed turnpike project or system, the design and engineering of a proposed turnpike project or system, and any other expenses relating to:

(1) the preparation and issuance of bonds for or the financing of the acquisition and construction of a proposed turnpike project or system or ~~[+~~

~~(2) the financing of]~~ the improvement, extension, or expansion of an existing turnpike project or system; and

(~~3~~2) private participation, as authorized by law, in the financing of a proposed turnpike project or system, the refinancing of an existing turnpike project or system, or the financing of an improvement, extension, or expansion of a turnpike project or system.

SECTION 10. Section 366.073(a), Transportation Code, is amended to read as follows:

Sec. 366.073. FEASIBILITY STUDY BY MUNICIPALITY, COUNTY, OTHER LOCAL GOVERNMENTAL ENTITY, OR PRIVATE GROUP. (a) One or more municipalities, counties, or ~~local~~ governmental entities, a combination of municipalities, counties, and ~~local~~ governmental entities, or a private group or combination of individuals ~~[in this state]~~ may pay all or part of the expenses of studying the cost and feasibility of a proposed turnpike project or system, the design and engineering of a proposed turnpike project or system, and any other expenses relating to:

(1) the preparation and issuance of bonds for or the financing of the acquisition and construction of a proposed turnpike project or system by an authority~~+~~

~~(2)~~ or the improvement, extension, or expansion of an authority's existing turnpike project or system; or

(~~3~~2) the use of private participation under applicable law in connection with the acquisition, construction, improvement, expansion, extension, maintenance, repair, or operation of a turnpike project or system by an authority.

SECTION 11. Section 366.111, Transportation Code, is amended by amending Subsection (a) and adding Subsection (i) to read as follows:

Sec. 366.111. TURNPIKE REVENUE BONDS. (a) An authority, by adoption of a bond resolution, may authorize the issuance of bonds to pay all or part of the cost of a turnpike project or system, to refund any bonds previously issued for the turnpike

project or system, or to pay for all or part of the cost of a turnpike project or system that is or will become a part of another system.

(i) Bonds issued under this chapter shall be considered authorized investments under Chapter 2256, Government Code for this state, any governmental entity, and any other public entity proposing to invest in the bonds.

SECTION 12. Sections 366.113(a) and (b), Transportation Code, are amended to read as follows:

Sec. 366.113. PAYMENT OF BONDS; STATE AND COUNTY CREDIT NOT PLEDGED. (a) The principal of, interest on, and any redemption premium on bonds issued by an authority are payable solely from:

(1) the revenue of the turnpike project or system for which the bonds are issued, including tolls pledged to pay the bonds;

(2) payments made under an agreement with the commission or a [~~local~~] governmental entity as authorized [~~provided~~] by ~~Subchapter G~~ this chapter;

(3) revenue or other money in a general fund of an authority;

(4) money derived from any other source available to the authority, other than money derived from a turnpike project that is not part of the same system or money derived from a different system, except to the extent that the [~~surplus~~] revenue of a turnpike project or system has been pledged for that purpose; [~~and~~]

(~~4~~)5) amounts received under a credit agreement relating to the turnpike project or system for which the bonds are issued; and

(6) the proceeds of the sale of other bonds.

(b) Bonds issued under this chapter do not constitute a

debt of the state or any of the counties of an authority or a pledge of the faith and credit of the state or any of the counties. Each bond must contain on its face a statement to the effect that the state, the authority, and the counties of the authority are not obligated to pay the bond or the interest on the bond from a source other than the amount pledged to pay the bond and the interest on the bond, and neither the faith and credit and taxing power of the state or the counties of the authority are pledged to the payment of the principal of or interest on the bond. This subsection does not apply to a governmental entity that has issued bonds or entered in to an agreement under Subchapter G of this chapter.

SECTION 13. Section 366.114(a), Transportation Code, is amended to read as follows:

Sec. 366.114. EFFECT OF LIEN. (a) A lien on or a pledge of revenue from a turnpike project or system under this chapter or on a reserve, replacement, or other fund established in connection with a bond issued under this chapter or a contract or agreement entered into under this chapter:

(1) is enforceable at the time of payment for and delivery of the bond or on the effective date of the contract or agreement;

(2) applies to an item on hand or subsequently received;

(3) applies without physical delivery of an item or other act; and

(4) is enforceable against any person having any claim, in tort, contract, or other remedy, against the applicable authority without regard to whether the person has notice of the lien or pledge.

SECTION 14. Section 366.117(a), Transportation Code, is amended to read as follows:

Sec. 366.117. FURNISHING OF INDEMNIFYING BONDS OR PLEDGES OF SECURITIES. (a) A bank or trust company incorporated under the laws of this state or that maintains an office in this state that acts as depository of the proceeds of bonds or of revenue may furnish indemnifying bonds or pledge securities that an authority requires.

SECTION 15. Section 366.118, Transportation Code, is amended to read as follows:

Sec. 366.118. APPLICABILITY OF OTHER LAW; CONFLICTS. All laws affecting the issuance of bonds by [~~local~~] governmental entities, including Chapters 1201, 1202, 1204, and 1371, Government Code, apply to bonds issued under this chapter. To the extent of a conflict between those laws and this chapter, the provisions of this chapter prevail.

SECTION 16. Section 366.162(a), Transportation Code, is amended to read as follows:

Sec. 366.162. POWERS AND PROCEDURES OF AUTHORITY IN ACQUIRING PROPERTY. (a) An authority may construct or improve a turnpike project on real property, including a right-of-way acquired by the authority or provided to the authority for that purpose by the commission, a political subdivision of this state, or any other [local] governmental entity.

SECTION 17. Section 366.1631 is added to Chapter 366, Transportation Code, to read as follows:

Sec. 366.1631. PARTICIPATION PAYMENT FOR REAL PROPERTY. (a) As an alternative to paying for an interest in real property or a real property right with a single fixed payment, the authority may, with the owner's consent, pay the owner by means of a participation payment.

(b) A right to receive a participation payment under this section is subordinate to any right to receive a fee as payment

on the principal of or interest on a bond that is issued for the construction of the applicable segment.

(c) In this section, "participation payment" means an intangible legal right to receive a percentage of one or more identified fees related to a segment constructed by the authority.

SECTION 18. Section 366.168(b) is amended to read as follows:

(b) At its option, an authority may negotiate for and purchase the severed real property or any part of the severed real property if the authority and the property owner agree on terms for the purchase. ~~[An]~~ Notwithstanding Section 272.001, Local Government Code, an authority may by any commercially reasonable method sell and dispose of severed real property that it determines is not necessary or useful to the authority. Severed property must be appraised before being offered for sale by an authority.

SECTION 19. Sections 366.169(a), (b), and (c), Transportation Code, are amended to read as follows:

Sec. 366.169. ACQUISITION OF RIGHTS IN PUBLIC REAL PROPERTY. (a) An authority may use real property, including submerged land, streets, alleys, and easements, owned by the state or a ~~[local]~~ governmental entity that the authority considers necessary for the construction or operation of a turnpike project.

(b) The state or a ~~[local]~~ governmental entity having charge of public real property may consent to the use of the property for a turnpike project.

(c) Except as provided by Section 228.201, the state or a ~~[local]~~ governmental entity may convey, grant, or lease to an authority real property, including highways and other real property already devoted to public use and rights or easements

in real property, that may be necessary or convenient to accomplish the authority's purposes, including the construction or operation of a turnpike project. A conveyance, grant, or lease under this section may be made without advertising, court order, or other action other than the normal action of the state or a [local] governmental entity necessary for a conveyance, grant, or lease.

SECTION 20. Section 366.170(c), Transportation Code, is amended to read as follows:

(c) An authority has full easements and rights-of-way through, across, under, and over any property owned by the state or any [local] governmental entity that are necessary or convenient to construct, acquire, or efficiently operate a turnpike project or system under this chapter. This subsection does not affect the obligation of the authority under other state law, including Section 373.102, to compensate or reimburse the state for the use or acquisition of an easement or right-of-way on property owned by or on behalf of the state. An authority's use of property owned by or on behalf of the state is subject to any covenants, conditions, restrictions, or limitations affecting that property.

SECTION 21. Section 366.173, Transportation Code, is amended by amending Subsections (b), (c) and (d) and adding Subsection (h) to read as follows:

(b) Tolls must be set so that the aggregate of tolls from an authority's turnpike project or system, together with other revenue of the turnpike project or system:

(1) provides revenue sufficient to pay:

(A) the cost of maintaining, repairing, and operating the turnpike project or system; and

(B) the principal of and interest on the bonds issued for the turnpike project or system as those bonds become due and payable; and

(C) any other payment obligations of the authority under a contract or agreement authorized under this chapter; and

(2) creates reserves for a purpose listed under Subdivision (1).

(c) Tolls are not subject to supervision or regulation by any state agency or other [~~local~~] governmental entity.

(d) Tolls and other revenue derived from a turnpike project or system for which bonds are issued, except the part necessary to pay the cost of maintenance, repair, and operation and to provide reserves for those costs as may be provided in the bond proceedings, shall be set aside at regular intervals as may be provided in the bond resolution or trust agreement in a sinking fund that is pledged to and charged with the payment of:

(1) interest on the bonds as it becomes due;

(2) principal of the bonds as it becomes due;

(3) necessary charges of paying agents for paying principal and interest; [~~and~~]

(4) the redemption price or the purchase price of bonds retired by call or purchase as provided by the bond proceedings, and

(5) any amounts due under credit agreements.

(h) Notwithstanding any other provision of this chapter, an authority may pledge all or any part of its revenues and any other funds available to the authority to the payment of any obligations of the authority under a contract or agreement authorized by this chapter.

SECTION 22. Section 366.175, Transportation Code, is amended to read as follows:

Sec. 366.175. USE OF [~~SURPLUS~~] REVENUE. The board of an authority may by resolution authorize the use of [~~surplus~~] revenue of a turnpike project or system to pay the costs of another turnpike project or system [~~other than a project financed under Subchapter G~~]. The board may in the resolution prescribe terms for the use of the revenue, including the pledge of the revenue, but may not take an action under this section that violates, impairs, or is inconsistent with a bond resolution, trust agreement, or indenture governing the use of the [~~surplus~~] revenue.

SECTION 23. Section 366.176(b), Transportation Code, is amended to read as follows:

(b) An authority is exempt from payment of development fees, utility connection fees, assessments, and service fees imposed or assessed by a county, municipality, road and utility district, river authority, any other [~~state or local~~] governmental entity, or any property owners' or homeowners' association.

SECTION 24. Section 366.182(c), Transportation Code, is amended to read as follows:

(c) An authority may contract with any [~~state or local~~] governmental entity for the services of peace officers of that [~~agency~~] entity.

SECTION 25. Section 366.251, Transportation Code, is amended by amending Subsections (j) and (k), and adding Subsection (l), to read as follows:

(j) The board of an authority shall select one director as the presiding officer of the board to serve in that capacity until the person's [~~term~~] tenure as a director expires or the board selects another director as presiding officer. The board shall elect one director as assistant presiding officer. The

board shall select a secretary and treasurer, neither of whom need be a director.

(k) If a vacancy exists on a board, the majority of directors serving on the board is a quorum. The vote of a majority attending a board meeting is necessary for any action taken by the board[. ~~If a vacancy exists on a board, the majority of directors serving on the board is a quorum~~]; provided, that the directors of an authority may adopt rules requiring a vote of greater than a majority of directors attending a board meeting to approve or support:

(1) transferring all or substantially all of the authority's assets or a material portion of a turnpike project or system;

(2) assuming another entity's debts, obligations, or liabilities;

(3) undertaking a turnpike project that is not expected to satisfy financial criteria specified by the board within a time period specified by the board;

(4) the inclusion of a county in the authority under Section 366.031(d);

(5) the authority's cessation of operations, abolishment, or reconstitution as an entity different from a regional tollway authority;

(6) removing a director;

(7) amending a rule adopted pursuant to Subsection (k)(1) through Subsection(k)(6).

(1) The board of an authority may adopt rules specifying the financial criteria and time period under Subsection (k)(3) and the minimum percentage of votes greater than a majority to be required for any action described in Subsection (k)(1) through Subsection (k)(7).

SECTION 26. Section 366.302, Transportation Code, is amended to read as follows:

Sec. 366.302. AGREEMENTS TO CONSTRUCT, MAINTAIN, AND OPERATE TURNPIKE PROJECTS. (a) An authority may enter into an agreement with ~~[a]~~ one or more public or private ~~[entity]~~ entities, including a toll road corporation, the United States, a state of the United States, the United Mexican States, a state of the United Mexican States, ~~[a local governmental entity,]~~ or ~~[another political subdivision]~~ a governmental entity, to permit the entity, jointly with the authority, to study the feasibility of a toll project or turnpike project or system or to acquire, design, finance, construct, maintain, repair, operate, extend, or expand a toll project or a turnpike project or system. An authority and a private entity jointly may enter into an agreement with another governmental entity to study the feasibility of a toll project or a turnpike project or system or to acquire, design, finance, construct, maintain, repair, operate, extend, or expand a toll project or a turnpike project or system.

(b) An authority has broad discretion to negotiate provisions in a development agreement with a private entity.

The provisions may include provisions relating to:

(1) the design, financing, acquisition, construction, maintenance, and operation of a toll project or a turnpike project or system in accordance with standards adopted by the authority; and

(2) professional and consulting services to be rendered under standards adopted by the authority in connection with a toll project or a turnpike project or system.

(c) An authority may not incur a financial obligation on behalf of, or otherwise guarantee the obligations of, a private

entity that acquires, constructs, maintains, or operates a toll project or a turnpike project or system.

(d) An authority or a county in an authority is not liable for any financial or other obligation of a toll project or a turnpike project or system solely because a private entity acquires, constructs, finances, or operates any part of a toll project or a turnpike project or system.

(e) An authority may authorize the investment of public and private money, including debt and equity participation, to finance a function described by this section.

(f) If an authority enters into an agreement with a private entity that includes the collection by the private entity of tolls for the use of a toll project or a turnpike project or system, the private entity shall submit to the authority for approval:

(1) the methodology for:

(A) the setting of tolls; and

(B) increasing the amount of the tolls;

(2) a plan outlining methods the entity will use to collect the tolls, including:

(A) any charge to be imposed as a penalty for late payment of a toll; and

(B) any charge to be imposed to recover the cost of collecting a delinquent toll; and

(3) any proposed change in an approved methodology for the setting of a toll or a plan for collecting the toll.

(g) An agreement with a private entity that includes the collection by the private entity of tolls for the use of a toll project or a turnpike project or system may not be for a term longer than 50 years.

SECTION 27. Section 366.303, Transportation Code, is amended to read as follows:

Sec. 366.303. AGREEMENTS BETWEEN AUTHORITY AND [~~LOCAL~~]
GOVERNMENTAL ENTITIES. (a) A [~~local~~] governmental entity [~~other
than a nonprofit corporation~~] may, consistent with the Texas
Constitution, issue bonds or enter into and make payments under
agreements with an authority to acquire, construct, maintain, or
operate a turnpike project or system, whether inside or outside
the geographic boundaries of the governmental entity, including
agreements to pay the principal of, and interest on, bonds,
notes, or other obligations issued by the authority and make
payments under any related credit agreements. The entity may
levy and collect taxes to pay the interest on the bonds and to
provide a sinking fund for the redemption of the bonds.

(b) In addition to the powers provided by Subsection (a),
a [~~local~~] governmental entity may, within any applicable
constitutional limitations, agree with an authority to:

(1) issue bonds or enter into and make payments under
an agreement to acquire, construct, maintain, or operate any
portion of a turnpike project or system of that authority; or

(2) create:

(A) a taxing district;

(B) a transportation reinvestment zone under
Subchapter E, Chapter 222; or

(C) an entity to promote economic development;

(3) collect and remit to an authority taxes, fees, or
assessments collected for purposes of developing turnpike
projects or systems.

(b-1) An agreement under Subsection (b) may include a
means for a governmental entity to pledge or otherwise provide
funds for a transportation project that benefits the
governmental entity to be developed by the authority.

(c) To make payments under an agreement under Subsection
(b), to pay the interest on bonds issued under Subsection (b),

or to provide a sinking fund for the bonds or the [~~contract~~ agreement], a local governmental entity may:

(1) pledge revenue from any available source, including annual appropriations;

(2) levy and collect taxes; [~~or~~]

(3) use funds deposited in a tax increment account established for the transportation reinvestment zone under Subchapter E, Chapter 222; or

(4) provide for a combination of Subdivisions (1), [~~and~~] (2), and (3).

(d) The term of an agreement under this section may not exceed 40 years.

(e) Any election required to permit action under this subchapter must be held in conformity with Chapter 1251, Government Code, or other law applicable to the [~~local~~] governmental entity.

(f) The governing body of any governmental entity issuing bonds, notes, or other obligations or entering into agreements under this section may exercise the authority granted to the governing body of an issuer with regard to issuance of obligations under Chapter 1371, Government Code, except that the prohibition in that chapter on the repayment of an obligation with ad valorem taxes does not apply to an issuer exercising the authority granted by this section.

(g) An agreement under this section may contain repayment or reimbursement obligations of an authority.

SECTION 28. Section 366.407, Transportation Code, is amended by amending Subsections (f) and (g) to read as follows:

(f) If an authority enters into a comprehensive development agreement with a private participant that includes the collection by the private participant of tolls for the use

of a toll project or a turnpike project or system, the private participant shall submit to the authority for approval:

(1) the methodology for:

(A) the setting of tolls; and

(B) increasing the amount of the tolls;

(2) a plan outlining methods the private participant will use to collect the tolls, including:

(A) any charge to be imposed as a penalty for late payment of a toll; and

(B) any charge to be imposed to recover the cost of collecting a delinquent toll; and

(3) any proposed change in an approved methodology for the setting of a toll or a plan for collecting the toll.

(g) Except as provided by this subsection, a comprehensive development agreement with a private participant that includes the collection by the private participant of tolls for the use of a toll project or a turnpike project or system may be for a term not longer than 50 years from the later of the date of final acceptance of the project or the start of revenue operations by the private participant, not to exceed a total term of 52 years. The contract must contain an explicit mechanism for setting the price for the purchase by the authority of the interest of the private participant in the contract and related property, including any interest in a highway or other facility designed, developed, financed, constructed, operated, or maintained under the contract.

SECTION 29. Section 366.409(a), Transportation Code, is amended to read as follows:

Sec. 366.409. USE OF CONTRACT PAYMENTS. (a) Payments received by an authority under a comprehensive development agreement shall be used by the authority to finance the

acquisition, construction, maintenance, or operation of a
turnpike project or a highway.

SECTION 30. Section 222.108(d), Transportation Code, is amended to read as follows:

(d) In this section, "transportation project" includes:

(1) ~~[has the meaning assigned by]~~ a transportation project under Section 370.003; and

(2) a turnpike project under Section 366.003(11) and a system under Section 366.033(10).

SECTION 31. Section 222.110(e), Transportation Code, is amended to read as follows:

(e) The sales and use taxes to be deposited into the tax increment account under this section may be disbursed from the account only to:

(1) pay for the transportation project~~[s authorized under Section 222.104]~~ for which the transportation reinvestment zone was designated and for aesthetic improvements within the zone, including the repayment of amounts owed under [an agreement] a contract entered into under [that section] Section 222.106 or Section 222.107, as applicable; and

(2) notwithstanding Sections 321.506 and 323.505, Tax Code, satisfy claims of holders of tax increment bonds, notes, or other obligations issued or incurred for transportation projects ~~[authorized under Section 222.104]~~ for which the zone was designated.