

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: Keffer

H.B. No. 4025

A BILL TO BE ENTITLED

AN ACT

relating to county energy transportation reinvestment zones.

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

SECTION 1. Sections 222.1071(b), (f), (i), and (m),  
Transportation Code, are amended to read as follows:

(b) A county, after determining that an area is affected  
because of oil and gas exploration and production activities and  
would benefit from funding under Chapter 256, by order or  
resolution of the commissioners court:

(1) may designate a contiguous geographic area in the  
jurisdiction of the county to be a county energy transportation  
reinvestment zone to promote one or more transportation  
infrastructure projects, as that term is defined by Section  
256.101, located in the county [~~zone~~]; and

(2) may jointly administer a county energy  
transportation reinvestment zone with a contiguous county energy  
transportation reinvestment zone formed by another county.

(f) The order or resolution designating an area as a county  
energy transportation reinvestment zone must:

(1) describe the boundaries of the zone with  
sufficient definiteness to identify with ordinary and reasonable  
certainty the territory included in the zone;

(2) provide that the zone takes effect immediately on  
adoption of the order or resolution designating an area and that the

1 base year shall be the year of passage of the order or resolution  
2 designating an area or some year in the future;

3 (3) establish an ad valorem tax increment account for  
4 the zone or provide for the establishment of a joint ad valorem tax  
5 increment account, if applicable; and

6 (4) if two or more counties are designating a zone for  
7 the same transportation infrastructure project or projects,  
8 include a finding that:

9 (A) the project or projects will benefit the  
10 property and residents located in the counties [~~zone~~];

11 (B) the creation of the zone will serve a public  
12 purpose of the county; and

13 (C) details the transportation infrastructure  
14 projects for which each county is responsible.

15 (i) The county may:

16 (1) use money in the tax increment account to provide:

17 (A) matching funds under Section 256.105; and

18 (B) funding for one or more transportation  
19 infrastructure projects located in the county [~~zone~~];

20 (2) apply for grants under Subchapter C, Chapter 256 [~~7~~  
21 ~~subject to Section 222.1072~~];

22 (3) use five percent of any grant distributed to the  
23 county under Subchapter C, Chapter 256, for the administration of a  
24 county energy transportation reinvestment zone, not to exceed  
25 \$250,000;

26 (4) enter into an agreement to provide for the joint  
27 administration of county energy transportation reinvestment zones

1 if the commissioners court of the county has designated a county  
2 energy transportation reinvestment zone under this section for the  
3 same transportation infrastructure project or projects as another  
4 county commissioners court; and

5 (5) pledge money in the tax increment account to a road  
6 utility district formed as provided by Subsection (n).

7 (m) The commissioners court of a county may enter into an  
8 agreement with the department to designate a county energy  
9 transportation reinvestment zone under this section for a specified  
10 transportation infrastructure project involving a state highway  
11 located in the county [~~proposed zone~~].

12 SECTION 2. Section 222.1072(a), Transportation Code, is  
13 amended to read as follows:

14 (a) A county may create [~~is eligible to apply for a grant~~  
15 ~~under Subchapter C, Chapter 256, if the county creates~~] an advisory  
16 board to advise the county on the establishment, administration,  
17 and expenditures of a county energy transportation reinvestment  
18 zone. The county commissioners court shall determine the terms and  
19 duties of the advisory board members.

20 SECTION 3. This Act takes effect September 1, 2015.

**ADOPTED**

MAY 26 2015

*Hotel*  
Secretary of the Senate  
Secretary of the Senate

By: Keffer / Vosti

H.B. No. 4025

Substitute the following for H.B. No. 4025:

By: [Signature]

C.S. H.B. No. 4025

A BILL TO BE ENTITLED

1 AN ACT

2 relating to funding to counties for transportation infrastructure  
3 projects located in areas of the state affected by increased oil and  
4 gas production, including money from county energy transportation  
5 reinvestment zones.

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

7 SECTION 1. Sections 222.1071(b), (f), (i), and (m),  
8 Transportation Code, are amended to read as follows:

9 (b) A county, after determining that an area is affected  
10 because of oil and gas exploration and production activities and  
11 would benefit from funding under Chapter 256, by order or  
12 resolution of the commissioners court:

13 (1) may designate a contiguous geographic area in the  
14 jurisdiction of the county to be a county energy transportation  
15 reinvestment zone to promote one or more transportation  
16 infrastructure projects, as that term is defined by Section  
17 256.101, located in the county [~~zone~~]; and

18 (2) may jointly administer a county energy  
19 transportation reinvestment zone with a contiguous county energy  
20 transportation reinvestment zone formed by another county.

21 (f) The order or resolution designating an area as a county  
22 energy transportation reinvestment zone must:

23 (1) describe the boundaries of the zone with  
24 sufficient definiteness to identify with ordinary and reasonable

1 certainty the territory included in the zone;

2 (2) provide that the zone takes effect immediately on  
3 adoption of the order or resolution designating an area and that the  
4 base year shall be the year of passage of the order or resolution  
5 designating an area or some year in the future;

6 (3) establish an ad valorem tax increment account for  
7 the zone or provide for the establishment of a joint ad valorem tax  
8 increment account, if applicable; and

9 (4) if two or more counties are designating a zone for  
10 the same transportation infrastructure project or projects,  
11 include a finding that:

12 (A) the project or projects will benefit the  
13 property and residents located in the counties [~~zone~~];

14 (B) the creation of the zone will serve a public  
15 purpose of the county; and

16 (C) details the transportation infrastructure  
17 projects for which each county is responsible.

18 (i) The county may:

19 (1) use money in the tax increment account to provide:

20 (A) matching funds under Section 256.105; and

21 (B) funding for one or more transportation  
22 infrastructure projects located in the county [~~zone~~];

23 (2) apply for grants under Subchapter C, Chapter 256 [~~7~~  
24 ~~subject to Section 222.1072~~];

25 (3) use one [~~five~~] percent of any grant distributed to  
26 the county under Subchapter C, Chapter 256, for the administration  
27 of a county energy transportation reinvestment zone, not to exceed

1 \$100,000 [~~\$250,000~~];

2 (4) enter into an agreement to provide for the joint  
3 administration of county energy transportation reinvestment zones  
4 if the commissioners court of the county has designated a county  
5 energy transportation reinvestment zone under this section for the  
6 same transportation infrastructure project or projects as another  
7 county commissioners court; and

8 (5) pledge money in the tax increment account to a road  
9 utility district formed as provided by Subsection (n).

10 (m) The commissioners court of a county may enter into an  
11 agreement with the department to designate a county energy  
12 transportation reinvestment zone under this section for a specified  
13 transportation infrastructure project involving a state highway  
14 located in the county [~~proposed zone~~].

15 SECTION 2. Sections 222.1072(a) and (b), Transportation  
16 Code, are amended to read as follows:

17 (a) A county may create [~~is eligible to apply for a grant~~  
18 ~~under Subchapter C, Chapter 256, if the county creates~~] an advisory  
19 board to advise the county on the establishment, administration,  
20 and expenditures of a county energy transportation reinvestment  
21 zone. The county commissioners court shall determine the terms and  
22 duties of the advisory board members.

23 (b) Except as provided by Subsection (c), the advisory board  
24 of a county energy transportation reinvestment zone consists of the  
25 following members appointed by the county judge and approved by the  
26 county commissioners court:

27 (1) up to three oil and gas company representatives

1 who perform a company activity or related service [~~activities in~~  
2 ~~the county and are local taxpayers~~]; and

3 (2) two public members.

4 SECTION 3. Section 251.018, Transportation Code, as added  
5 by Chapter 1372 (S.B. 1747), Acts of the 83rd Legislature, Regular  
6 Session, 2013, is amended to read as follows:

7 Sec. 251.018. ROAD REPORTS. A road condition report made  
8 by a county that is operating under a system of administering county  
9 roads under Chapter 252 or a special law, including a report made  
10 under Section 251.005, must include the primary cause of any road,  
11 culvert, or bridge degradation if reasonably ascertained along with  
12 a brief description of the degradation.

13 SECTION 4. Sections 256.101(3) and (4), Transportation  
14 Code, are amended to read as follows:

15 (3) "Weight tolerance permit" means a permit issued  
16 under Section 623.011 for [~~Chapter 623 authorizing~~] a vehicle  
17 operating specifically in relation to the exploration,  
18 development, or production of oil or gas [~~to exceed maximum legal~~  
19 ~~weight limitations~~].

20 (4) "Well completion" means the completion, reentry,  
21 or recompletion of a vertical or horizontal [~~an~~] oil or gas well.

22 SECTION 5. Section 256.103(b), Transportation Code, is  
23 amended to read as follows:

24 (b) Grants distributed during a fiscal year must be  
25 allocated among counties as follows:

26 (1) 20 percent according to weight tolerance permits,  
27 determined by the ratio of weight tolerance permits issued in the

1 preceding fiscal year for the county that designated a county  
2 energy transportation reinvestment zone to the total number of  
3 weight tolerance permits issued in the state in that fiscal year, as  
4 determined by the Texas Department of Motor Vehicles;

5 (2) 20 percent according to oil and gas production  
6 taxes, determined by the ratio of oil and gas production taxes  
7 collected by the comptroller in the preceding fiscal year in the  
8 county that designated a county energy transportation reinvestment  
9 zone to the total amount of oil and gas production taxes collected  
10 in the state in that fiscal year, as determined by the comptroller;

11 (3) 10 [~~50~~] percent according to vertical well  
12 completions, determined by the ratio of vertical well completions  
13 in the preceding fiscal year in the county that designated a county  
14 energy transportation reinvestment zone to the total number of  
15 vertical well completions in the state in that fiscal year, as  
16 determined by the Railroad Commission of Texas; [~~and~~]

17 (4) 40 percent according to horizontal well  
18 completions, determined by the ratio of horizontal well completions  
19 in the preceding fiscal year in the county that designated a county  
20 energy transportation reinvestment zone to the total number of  
21 horizontal well completions in the state in that fiscal year, as  
22 determined by the Railroad Commission of Texas; and

23 (5) 10 percent according to the total number [~~volume~~]  
24 of oil and gas waste disposal wells as defined by the Railroad  
25 Commission of Texas [~~injected~~], determined by the ratio of the  
26 total number [~~volume~~] of oil and gas waste disposal wells  
27 [~~injected~~] in the last full [~~preceding fiscal~~] year for which the



1 Railroad Commission of Texas has a report for commercial disposal  
2 wells in the county that designated a county energy transportation  
3 reinvestment zone to the total number [~~volume~~] of oil and gas waste  
4 disposal wells [~~injected~~] in the state in that [~~fiscal~~] year, as  
5 determined by the Railroad Commission of Texas.

6 SECTION 6. Section 256.106, Transportation Code, is amended  
7 to read as follows:

8 Sec. 256.106. PROGRAM ADMINISTRATION. (a) A county that  
9 makes a second or subsequent application for a grant from the  
10 department under this subchapter must:

11 (1) provide the department with a copy of a report  
12 filed under Section 251.018;

13 (2) certify that all previous grants are being spent  
14 in accordance with the plan submitted under Section 256.104; [~~and~~]

15 (3) provide an update on and brief description of the  
16 status of all uncompleted transportation infrastructure projects;  
17 and

18 (4) provide an accounting of how previous grants were  
19 spent, including any amounts spent on administrative costs.

20 (b) The department may use [~~one-half of~~] one percent of the  
21 amount deposited into the fund in the preceding fiscal year, not to  
22 exceed \$500,000 in a state fiscal biennium, to administer this  
23 subchapter.

24 SECTION 7. This Act takes effect September 1, 2015.

# ADOPTED

MAY 26 2015

*Leta Spaw*  
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY: *C. H. Smith*

1 Amend C.S.H.B. No. 4025 (senate committee printing) as  
2 follows:

3 (1) In SECTION 5 of the bill, in amended Section  
4 256.103(b)(3), Transportation Code (page 3, line 6), strike "10"  
5 and substitute "20".

6 (2) In SECTION 5 of the bill, in amended Section  
7 256.103(b)(4), Transportation Code (page 3, line 12), strike "40"  
8 and substitute "30".

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 27, 2015**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB4025** by Keffer (Relating to funding to counties for transportation infrastructure projects located in areas of the state affected by increased oil and gas production, including money from county energy transportation reinvestment zones.), **As Passed 2nd House**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
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The bill would amend Subchapter C, Chapter 256, of the Transportation Code, relating to the Transportation Infrastructure Fund (TIF), to change the formula by which the grants from the TIF are allocated among counties.

Based on the information provided by the Texas Department of Transportation, it is assumed any duties associated with implementing the provisions of the bill could be absorbed within the agency's existing resources.

**Local Government Impact**

There could be a revenue loss to counties no longer eligible for grants under the provisions of the bill and a corresponding gain to other eligible counties.

Costs associated with the application requirements of the bill are not anticipated to be significant.

**Source Agencies:** 304 Comptroller of Public Accounts, 601 Department of Transportation

**LBB Staff:** UP, AG, NV, TG, EK

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 13, 2015**

**TO:** Honorable Robert Nichols, Chair, Senate Committee on Transportation

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB4025** by Keffer (Relating to funding to counties for transportation infrastructure projects located in areas of the state affected by increased oil and gas production, including money from county energy transportation reinvestment zones.), **Committee Report 2nd House, Substituted**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
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The bill would amend Subchapter C, Chapter 256, of the Transportation Code, relating to the Transportation Infrastructure Fund (TIF), to change the formula by which the grants from the TIF are allocated among counties.

Based on the information provided by the Texas Department of Transportation, it is assumed any duties associated with implementing the provisions of the bill could be absorbed within the agency's existing resources.

**Local Government Impact**

There could be a revenue loss to counties no longer eligible for grants under the provisions of the bill and a corresponding gain to other eligible counties.

Costs associated with the application requirements of the bill are not anticipated to be significant.

**Source Agencies:** 304 Comptroller of Public Accounts, 601 Department of Transportation

**LBB Staff:** UP, AG, NV, TG, EK

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 5, 2015**

**TO:** Honorable Robert Nichols, Chair, Senate Committee on Transportation

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB4025** by Keffer (Relating to county energy transportation reinvestment zones.), **As Engrossed**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Transportation Code to permit a county with a county energy transportation reinvestment zone (CERTZ) to use money in the tax increment account to provide funding for transportation infrastructure projects throughout the county. The bill would permit a commissioners court to enter into an agreement with the Texas Department of Transportation (TXDoT) to designate a CERTZ involving a state highway located in the county. The bill would permit a county to create an advisory board to advise the county on the CERTZ.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 601 Department of Transportation

**LBB Staff:** UP, AG, SD, EK

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 8, 2015**

**TO:** Honorable Joseph Pickett, Chair, House Committee on Transportation

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB4025** by Keffer (Relating to county energy transportation reinvestment zones.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Transportation Code to permit a county with a county energy transportation reinvestment zone (CERTZ) to use money in the tax increment account to provide funding for transportation infrastructure projects throughout the county. The bill would permit a commissioners court to enter into an agreement with the Texas Department of Transportation (TXDoT) to designate a CERTZ involving a state highway located in the county. The bill would permit a county to create an advisory board to advise the county on the CERTZ.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 601 Department of Transportation

**LBB Staff:** UP, AG, SD, EK