

1-1 By: Martinez, Guerra (Senate Sponsor - Lucio) H.B. No. 1986
 1-2 (In the Senate - Received from the House May 8, 2017;
 1-3 May 10, 2017, read first time and referred to Committee on
 1-4 Transportation; May 23, 2017, reported favorably by the following
 1-5 vote: Yeas 7, Nays 2; May 23, 2017, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9		X		
1-10	X			
1-11	X			
1-12		X		
1-13	X			
1-14	X			
1-15	X			
1-16	X			

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to the creation of regional transit authorities; granting
 1-20 the power of eminent domain; providing authority to issue bonds and
 1-21 charge fees; creating a criminal offense.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Subtitle K, Title 6, Transportation Code, is
 1-24 amended by adding Chapter 463 to read as follows:

1-25 CHAPTER 463. REGIONAL TRANSIT AUTHORITIES

1-26 SUBCHAPTER A. GENERAL PROVISIONS

1-27 Sec. 463.001. DEFINITIONS. In this chapter:

1-28 (1) "Authority" means a regional transit authority
 1-29 created under this chapter.

1-30 (2) "Complementary transportation services" includes:

1-31 (A) special transportation services for a person
 1-32 who is elderly or has a disability;

1-33 (B) medical transportation services;

1-34 (C) assistance in street modifications as
 1-35 necessary to accommodate the public transportation system;

1-36 (D) construction of new general aviation
 1-37 facilities or renovation or purchase of existing facilities not
 1-38 served by certificated air carriers to relieve air traffic
 1-39 congestion at existing facilities; and

1-40 (E) any other service that complements the public
 1-41 transportation system, including providing parking garages.

1-42 (3) "Executive committee" means the authority
 1-43 directors who serve as the governing body of the authority.

1-44 (4) "Mass transit system" means a system constructed
 1-45 by an authority for the transportation of passengers and
 1-46 hand-carried packages or baggage of a passenger by any means of
 1-47 surface, overhead, or underground transportation, other than an
 1-48 aircraft or taxicab. The term includes a rail system and services
 1-49 coordinated with a transit system operated by a municipality.

1-50 (5) "Public transportation system" means:

1-51 (A) all property owned or held by an authority
 1-52 for public transportation service purposes;

1-53 (B) real property, facilities, and equipment for
 1-54 the protection and environmental enhancement of all the facilities;
 1-55 and

1-56 (C) property held:

1-57 (i) in accordance with a contract with the
 1-58 owner making the property subject to the control of or regulation by
 1-59 the authority; and

1-60 (ii) for public transportation service
 1-61 purposes.

2-1 (6) "Regional high capacity transit" means intercity
2-2 transit service designed to transport more people than typical,
2-3 local fixed-route bus service by using dedicated lanes or
2-4 rights-of-way or by having transit priority, including queue jumps
2-5 or traffic signal priority. The term includes bus rapid transit,
2-6 light rail, commuter rail, streetcars, high occupancy toll lanes,
2-7 or other fixed guideway operations.

2-8 (7) "Service plan" means an outline of the service
2-9 that would be provided by the authority to counties if confirmed at
2-10 an election.

2-11 Sec. 463.002. APPLICATION. This chapter applies to:

2-12 (1) a county that is contiguous to the Gulf of Mexico
2-13 or a bay or inlet opening into the gulf and that borders the United
2-14 Mexican States; and

2-15 (2) a county that borders a county described by
2-16 Subdivision (1).

2-17 Sec. 463.003. MUNICIPALITIES MAY PROVIDE TRANSPORTATION
2-18 SERVICES. This chapter does not prohibit a municipality from
2-19 providing public transportation services. An authority may
2-20 coordinate the provision of services with the municipality and
2-21 include the services provided by the municipality in the
2-22 authority's service plan.

2-23 SUBCHAPTER B. POWERS OF AUTHORITIES

2-24 Sec. 463.051. POWERS APPLICABLE TO CONFIRMED AUTHORITY.
2-25 This subchapter applies only to an authority that has been
2-26 confirmed.

2-27 Sec. 463.052. NATURE OF AUTHORITY. (a) An authority:

2-28 (1) is a public political entity and corporate body;

2-29 (2) has perpetual succession; and

2-30 (3) exercises public and essential governmental
2-31 functions.

2-32 (b) The exercise of a power granted by this chapter,
2-33 including a power relating to a station or terminal complex, is for
2-34 a public purpose and is a matter of public necessity.

2-35 (c) An authority is a governmental unit under Chapter 101,
2-36 Civil Practice and Remedies Code, and the operations of the
2-37 authority are not proprietary functions for any purpose including
2-38 the application of Chapter 101, Civil Practice and Remedies Code.

2-39 Sec. 463.053. RESPONSIBILITY FOR CONTROL OF AUTHORITY.
2-40 Except as provided by Section 463.104, the executive committee is
2-41 responsible for the management, operation, and control of an
2-42 authority and its property.

2-43 Sec. 463.054. GENERAL POWERS OF AUTHORITY. (a) An
2-44 authority has any power necessary or convenient to carry out this
2-45 chapter or to effect a purpose of this chapter.

2-46 (b) An authority may sue and be sued. An authority may not
2-47 be required to give security for costs in a suit brought or
2-48 prosecuted by the authority and may not be required to give a
2-49 supersedeas or cost bond in an appeal of a judgment.

2-50 (c) An authority may hold, use, sell, lease, dispose of, and
2-51 acquire, by any means, property and licenses, patents, rights, and
2-52 other interests necessary, convenient, or useful to the exercise of
2-53 any power under this chapter.

2-54 (d) An authority may sell, lease, or dispose of in another
2-55 manner:

2-56 (1) any right, interest, or property of the authority
2-57 that is not needed for, or, if a lease, is inconsistent with, the
2-58 efficient operation and maintenance of the public transportation
2-59 system; or

2-60 (2) at any time, surplus materials or other property
2-61 that is not needed for the requirements of the authority or for
2-62 carrying out a power under this chapter.

2-63 (e) An authority may leverage funds with a municipality that
2-64 provides public transportation services in the territory of the
2-65 authority to finance a project.

2-66 Sec. 463.055. CONTRACTS; GRANTS AND LOANS. (a) An
2-67 authority may contract with any person.

2-68 (b) An authority may accept a grant or loan from any person.

2-69 (c) An authority may enter one or more agreements with any

3-1 municipality included in the territory of the authority for the
3-2 distribution of the authority's revenues.

3-3 (d) An authority may enter into a contract with a private
3-4 entity under Chapter 2267, Government Code.

3-5 Sec. 463.056. OPERATION OF PUBLIC TRANSPORTATION SYSTEM.

3-6 (a) An authority may:

3-7 (1) acquire, construct, develop, plan, own, operate,
3-8 and maintain a public transportation system in the territory of the
3-9 authority, including the territory of a political subdivision;

3-10 (2) contract with a municipality, county, or other
3-11 political subdivision for the authority to provide public
3-12 transportation services outside the authority; and

3-13 (3) lease all or a part of the public transportation
3-14 system to, or contract for the operation of all or a part of the
3-15 public transportation system by, an operator.

3-16 (b) An authority, as the authority determines advisable,
3-17 shall determine routes.

3-18 (c) The executive committee may submit a referendum for the
3-19 approval of a power granted by Subsection (a) or (b).

3-20 (d) A private operator who contracts with an authority under
3-21 this chapter is not a public entity for purposes of any law of this
3-22 state except that an independent contractor of the authority that
3-23 performs a function of the authority is liable for damages only to
3-24 the extent that the authority would be liable if the authority
3-25 itself were performing the function.

3-26 Sec. 463.057. ACQUISITION OF PROPERTY BY AGREEMENT. An
3-27 authority may acquire rolling stock or other property under a
3-28 contract or trust agreement, including a conditional sales
3-29 contract, lease, and equipment trust certificate.

3-30 Sec. 463.058. USE AND ACQUISITION OF PROPERTY OF OTHERS.

3-31 (a) For a purpose described by Section 463.056(a)(1) and as
3-32 necessary or useful in the construction, repair, maintenance, or
3-33 operation of the public transportation system, an authority may:

3-34 (1) use a public way, including an alley; and

3-35 (2) directly, or indirectly by another person,
3-36 relocate or reroute the property of another person or alter the
3-37 construction of the property of another person.

3-38 (b) For an act authorized by Subsection (a)(2), an authority
3-39 may contract with the owner of the property to allow the owner to
3-40 make the relocation, rerouting, or alteration by the owner's own
3-41 means or through a contractor of the owner. The contract may
3-42 provide for reimbursement of the owner for costs or payment to the
3-43 contractor.

3-44 (b-1) In this subsection, "telecommunications provider" has
3-45 the meaning assigned by Section 51.002, Utilities Code.
3-46 Notwithstanding Subsection (b), an authority may not relocate the
3-47 property of a telecommunications provider on behalf of the provider
3-48 without the provider's permission. An authority shall reimburse a
3-49 telecommunications provider for the cost of the relocation if
3-50 otherwise provided by law.

3-51 (c) Except as otherwise provided by this subsection, an
3-52 authority may acquire by eminent domain any interest in real
3-53 property, including a fee simple interest. The right of eminent
3-54 domain may not be exercised in a manner that would authorize the
3-55 authority to run an authority vehicle on a railroad track that is
3-56 used to transport property.

3-57 (d) If an authority, through the exercise of a power under
3-58 this chapter, makes necessary the relocation or rerouting of, or
3-59 alteration of the construction of, a road, alley, overpass,
3-60 underpass, railroad track, bridge, or associated property, an
3-61 electric, telegraph, telephone, or television cable line, conduit,
3-62 or associated property, or a water, sewer, gas, or other pipeline,
3-63 or associated property, the relocation or rerouting or alteration
3-64 of the construction must be accomplished at the sole cost and
3-65 expense of the authority, and damages that are incurred by an owner
3-66 of the property must be paid by the authority.

3-67 (e) An authority may not begin an activity authorized under
3-68 Subsection (a) to alter or damage property of others, including
3-69 this state or a political subdivision of this state, without having

4-1 first received the written permission of the owner.

4-2 (f) Subsection (e) does not apply if the power of eminent
4-3 domain is exercised.

4-4 Sec. 463.059. EMINENT DOMAIN PROCEEDINGS. (a) An eminent
4-5 domain proceeding by an authority is initiated by the adoption by
4-6 the executive committee of a resolution, after notice and a
4-7 hearing, that:

4-8 (1) describes the property interest to be acquired by
4-9 the authority;

4-10 (2) declares the public necessity for and interest in
4-11 the acquisition; and

4-12 (3) states that the acquisition is necessary and
4-13 proper for the construction, extension, improvement, or
4-14 development of the public transportation system.

4-15 (b) A resolution adopted under this section is conclusive
4-16 evidence of the public necessity for the acquisition described in
4-17 the resolution and that the property interest is necessary for
4-18 public use.

4-19 (c) Except as otherwise provided by this chapter, Chapter
4-20 21, Property Code, applies to an eminent domain proceeding by an
4-21 authority.

4-22 Sec. 463.060. AGREEMENT WITH UTILITIES; CARRIERS. An
4-23 authority may agree with any other public or private utility,
4-24 communication system, common carrier, or transportation system
4-25 for:

4-26 (1) the joint use in the authority of the property of
4-27 the agreeing entities; or

4-28 (2) the establishment of through routes, joint fares,
4-29 or transfers of passengers.

4-30 Sec. 463.061. FARES AND OTHER CHARGES. (a) An authority
4-31 shall impose reasonable and nondiscriminatory fares, tolls,
4-32 charges, rents, and other compensation for the use of the public
4-33 transportation system sufficient to produce revenue, together with
4-34 grants received by the authority, in an amount adequate to:

4-35 (1) pay all expenses necessary to operate and maintain
4-36 the public transportation system;

4-37 (2) pay when due the principal of and interest on, and
4-38 sinking fund and reserve fund payments agreed to be made with
4-39 respect to, all bonds that are issued by the authority and payable
4-40 wholly or partly from the revenue; and

4-41 (3) fulfill the terms of any other agreement with the
4-42 holders of bonds described by Subdivision (2) or with a person
4-43 acting on behalf of the bondholders.

4-44 (b) It is intended by this chapter that the compensation
4-45 imposed under Subsection (a) not exceed the amounts necessary to
4-46 produce revenue sufficient to meet the obligations of the authority
4-47 under this chapter.

4-48 (c) Compensation for the use of the public transportation
4-49 system may be set according to a zone system or to another
4-50 classification that the authority determines to be reasonable.

4-51 (d) The state agrees with holders of bonds issued under this
4-52 chapter not to alter the power given to an authority under this
4-53 section to impose fares, tolls, charges, rents, and other
4-54 compensation in amounts sufficient to comply with Subsection (a),
4-55 or to impair the rights and remedies of an authority bondholder, or
4-56 a person acting on behalf of a bondholder, until the bonds, interest
4-57 on the bonds, interest on unpaid installments of interest, costs
4-58 and expenses in connection with an action or proceeding by or on
4-59 behalf of a bondholder, and other obligations of the authority in
4-60 connection with the bonds are discharged.

4-61 Sec. 463.062. ENFORCEMENT OF FARES AND OTHER CHARGES;
4-62 PENALTIES. (a) An executive committee by resolution may prohibit
4-63 the use of the public transportation system by a person without
4-64 payment of the appropriate fare for the use of the system and may
4-65 establish reasonable and appropriate methods to ensure that persons
4-66 using the public transportation system pay the appropriate fare for
4-67 that use.

4-68 (b) An executive committee by resolution may provide that a
4-69 fare for or charge for the use of the public transportation system

5-1 that is not paid incurs a reasonable administrative fee.

5-2 (c) An authority shall post signs designating each area in
5-3 which a person is prohibited from using the transportation system
5-4 without payment of the appropriate fare.

5-5 (d) A person commits an offense if the person or another for
5-6 whom the person is criminally responsible under Section 7.02, Penal
5-7 Code, uses the public transportation system without paying the
5-8 appropriate fare.

5-9 (e) If the person fails to provide proof that the person
5-10 paid the appropriate fare for the use of the public transportation
5-11 system and fails to pay any administrative fee assessed under
5-12 Subsection (b) on or before the 30th day after the date the
5-13 authority notifies the person that the person is required to pay the
5-14 amount of the fare and the administrative fee, it is prima facie
5-15 evidence that the person used the public transportation system
5-16 without paying the appropriate fare.

5-17 (f) The notice required by Subsection (e) may be included in
5-18 a citation issued to the person by a peace officer under Article
5-19 14.06, Code of Criminal Procedure, or by a fare enforcement officer
5-20 under Section 463.063, in connection with an offense relating to
5-21 the nonpayment of the appropriate fare for the use of the public
5-22 transportation system.

5-23 (g) It is an exception to the application of Subsection (d)
5-24 that on or before the 30th day after the date the authority notified
5-25 the person that the person is required to pay the amount of the fare
5-26 and any administrative fee assessed under Subsection (b), the
5-27 person:

5-28 (1) provided proof that the person paid the
5-29 appropriate fare at the time the person used the transportation
5-30 system or at a later date or that the person was exempt from
5-31 payment; and

5-32 (2) paid the administrative fee assessed under
5-33 Subsection (b), if applicable.

5-34 (h) An offense under Subsection (d) is:

5-35 (1) a misdemeanor punishable by a fine not to exceed
5-36 \$100; and

5-37 (2) not a crime of moral turpitude.

5-38 (i) A justice court located in the territory of the
5-39 authority may enter into an agreement with the authority to try all
5-40 criminal cases that arise under Subsection (d). Notwithstanding
5-41 Articles 4.12 and 4.14, Code of Criminal Procedure, if a justice
5-42 court enters into an agreement with the authority:

5-43 (1) a criminal case that arises under Subsection (d)
5-44 must be tried in the justice court; and

5-45 (2) the justice court has exclusive jurisdiction in
5-46 all criminal cases that arise under Subsection (d).

5-47 Sec. 463.063. FARE ENFORCEMENT OFFICERS. (a) An authority
5-48 may employ or contract for persons to serve as fare enforcement
5-49 officers to enforce the payment of fares for use of the public
5-50 transportation system by:

5-51 (1) requesting and inspecting evidence showing
5-52 payment of the appropriate fare from a person using the public
5-53 transportation system; and

5-54 (2) issuing a citation to a person described by
5-55 Section 463.062(d).

5-56 (b) Before commencing duties as a fare enforcement officer,
5-57 a person must complete at least eight hours of training approved by
5-58 the authority that is appropriate to the duties required of a fare
5-59 enforcement officer.

5-60 (c) While performing duties, a fare enforcement officer
5-61 shall:

5-62 (1) wear a distinctive uniform, badge, or insignia
5-63 that identifies the person as a fare enforcement officer; and

5-64 (2) work under the direction of the authority's chief
5-65 administrative officer.

5-66 (d) A fare enforcement officer may:

5-67 (1) request evidence showing payment of the
5-68 appropriate fare from passengers of the public transportation
5-69 system or evidence showing exemption from the payment requirement;

6-1 (2) request personal identification or other
 6-2 documentation designated by the authority from a passenger who does
 6-3 not produce evidence showing payment of the appropriate fare on
 6-4 request by the officer;

6-5 (3) instruct a passenger to immediately leave the
 6-6 public transportation system if the passenger does not possess
 6-7 evidence showing payment or exemption from payment of the
 6-8 appropriate fare; or

6-9 (4) file a complaint in the appropriate court that
 6-10 charges the person with an offense under Section 463.062(d).

6-11 (e) A fare enforcement officer may not carry a weapon while
 6-12 performing duties under this section unless the officer is a
 6-13 certified peace officer.

6-14 (f) A fare enforcement officer who is not a certified peace
 6-15 officer is not a peace officer and has no authority to enforce a
 6-16 criminal law, except as provided by this section.

6-17 Sec. 463.064. ENFORCEMENT OF HIGH OCCUPANCY VEHICLE LANE
 6-18 USAGE. (a) An executive committee by resolution may regulate or
 6-19 prohibit improper entrance into, exit from, and vehicle occupancy
 6-20 in high occupancy vehicle lanes operated, managed, or maintained by
 6-21 the authority.

6-22 (b) An executive committee by resolution may establish
 6-23 reasonable and appropriate methods to enforce regulations or
 6-24 prohibitions established under Subsection (a).

6-25 Sec. 463.065. INSURANCE. (a) An authority may insure,
 6-26 through purchased insurance policies or self-insurance programs,
 6-27 or both, the legal liability of the authority and of its contractors
 6-28 and subcontractors arising from the acquisition, construction, or
 6-29 operation of the programs and facilities of the authority for:

6-30 (1) personal or property damage; and

6-31 (2) officers' and employees' liability.

6-32 (b) An authority may use contracts, rating plans, and risk
 6-33 management programs designed to encourage accident prevention.

6-34 (c) In developing an insurance or self-insurance program,
 6-35 an authority may consider the peculiar hazards, indemnity
 6-36 standards, and past and prospective loss and expense experience of
 6-37 the authority and of its contractors and subcontractors.

6-38 Sec. 463.066. TAX EXEMPTION. The property, revenue, and
 6-39 income of an authority are exempt from state and local taxes.

6-40 Sec. 463.067. CONTINUATION OF EXISTING RAIL USE. For
 6-41 purposes of ownership or transfer of ownership of an interest in
 6-42 real property, a rail mass transit system line operating on
 6-43 property previously used by a railroad, railway, street railway, or
 6-44 interurban railway is a continuation of existing rail use.

6-45 Sec. 463.068. ELECTIONS. (a) In an election ordered by the
 6-46 executive committee:

6-47 (1) the executive committee shall give notice of the
 6-48 election by publication in a newspaper of general circulation in
 6-49 the authority at least once each week for three consecutive weeks,
 6-50 with the first publication occurring at least 21 days before the
 6-51 date of election; and

6-52 (2) a resolution ordering the election and the
 6-53 election notice must show, in addition to the requirements of the
 6-54 Election Code, the hours of the election and polling places in
 6-55 election precincts.

6-56 (b) Subsection (a) does not apply to an election under
 6-57 Section 463.309.

6-58 (c) A copy of the notice of each election held under this
 6-59 chapter shall be furnished to the Texas Transportation Commission
 6-60 and the comptroller.

6-61 Sec. 463.069. ADDITIONAL FEE. (a) In addition to a toll or
 6-62 other charge imposed under Section 367.011 or other law, an entity
 6-63 that operates an international bridge may impose a fee for the use
 6-64 of the bridge as follows:

6-65 (1) \$1 for passenger vehicles;

6-66 (2) \$2 for commercial motor vehicles; and

6-67 (3) 25 cents for pedestrians.

6-68 (b) Before a fee may be imposed under this section, the
 6-69 entity must enter into a written agreement with an authority

7-1 relating to the imposition and disposition of the fee. The
7-2 agreement must provide:

7-3 (1) for collection of the fee by the entity and
7-4 remittance of the authority's portion of the fee to the authority
7-5 each month; and

7-6 (2) if more than one entity operates an international
7-7 bridge, for the division of the amount described by Subsection
7-8 (c)(1) among the entities.

7-9 (c) Of the fees collected under this section:

7-10 (1) 25 percent shall be retained by the entity for
7-11 transportation projects or complementary transportation services;

7-12 (2) 50 percent shall be used for a rail mass transit
7-13 system; and

7-14 (3) 25 percent shall be used for regional high
7-15 capacity transit.

7-16 (d) The percentage described by Subsection (c)(3) may be
7-17 retained by the entity if:

7-18 (1) the entity is a mass transit provider; and

7-19 (2) mass transit was provided in the municipality in
7-20 which the international bridge is located on or before January 1,
7-21 2017.

7-22 SUBCHAPTER C. MANAGEMENT OF AUTHORITY

7-23 Sec. 463.101. POWERS AND AUTHORITY OF EXECUTIVE COMMITTEE.

7-24 (a) The executive committee may:

7-25 (1) employ and prescribe the compensation for a chief
7-26 executive officer whom the committee may designate as the general
7-27 manager or the executive director;

7-28 (2) appoint auditors and attorneys and prescribe their
7-29 duties, compensation, and tenure;

7-30 (3) adopt a seal for the authority;

7-31 (4) set the fiscal year for the authority;

7-32 (5) establish a complete system of accounts for the
7-33 authority;

7-34 (6) designate by resolution an authorized
7-35 representative of the authority to, according to terms prescribed
7-36 by the executive committee;

7-37 (A) invest authority funds; and

7-38 (B) withdraw money from authority accounts for
7-39 investments; and

7-40 (7) designate by resolution an authorized
7-41 representative of the authority to supervise the substitution of
7-42 securities pledged to secure authority funds.

7-43 (b) The executive committee is the local designated
7-44 recipient of funds committed to the authority by the federal
7-45 government.

7-46 Sec. 463.102. INVESTMENTS. The executive committee shall
7-47 invest authority funds in any investment authorized for an entity
7-48 under Chapter 2256, Government Code.

7-49 Sec. 463.103. DEPOSITORY; DEPOSIT OF FUNDS. (a) The
7-50 executive committee shall designate one or more banks as
7-51 depositories for authority funds.

7-52 (b) All funds of an authority that are not otherwise
7-53 invested shall be deposited in one or more of the authority's
7-54 depository banks unless otherwise required by an order or
7-55 resolution authorizing the issuance of an authority bond or note or
7-56 other contractual undertaking.

7-57 (c) Funds in a depository, to the extent that those funds
7-58 are not insured by the Federal Deposit Insurance Corporation, shall
7-59 be secured in the manner provided by law for the security of county
7-60 funds.

7-61 Sec. 463.104. CHIEF EXECUTIVE: DUTIES. (a) The general
7-62 manager or executive director shall administer the daily operation
7-63 of an authority.

7-64 (b) In conformity with the policy of the executive
7-65 committee, the general manager or executive director may:

7-66 (1) employ persons to conduct the affairs of the
7-67 authority, including any operating or management company; and

7-68 (2) remove any employee.

7-69 (c) The general manager or executive director shall

8-1 prescribe the duties, tenure, and compensation of each person
 8-2 employed.

8-3 Sec. 463.105. RULES. (a) The executive committee by
 8-4 resolution may adopt rules for the:

8-5 (1) safe and efficient operation and maintenance of
 8-6 the public transportation system;

8-7 (2) use of the public transportation system and the
 8-8 authority's services by the public and the payment of fares, tolls,
 8-9 and other charges; and

8-10 (3) regulation of privileges on property owned,
 8-11 leased, or otherwise controlled by the authority.

8-12 (b) The authority shall encourage to the maximum extent
 8-13 feasible the participation of private enterprise.

8-14 (c) A notice of each rule adopted by the executive committee
 8-15 shall be published in a newspaper with general circulation in the
 8-16 area in which the authority is located once each week for two
 8-17 consecutive weeks after adoption of the rule. The notice must
 8-18 contain a condensed statement of the substance of the rule and must
 8-19 advise that a copy of the complete text of the rule is filed in the
 8-20 principal office of the authority where the text may be read by any
 8-21 person.

8-22 (d) A rule becomes effective 10 days after the date of the
 8-23 second publication of the notice under this section.

8-24 Sec. 463.106. PURCHASES: COMPETITIVE BIDDING. (a) Except
 8-25 as provided by Subsection (c) and as otherwise provided by this
 8-26 chapter, an authority may not award a contract for construction,
 8-27 services, or property, other than real property, except through the
 8-28 solicitation of competitive sealed bids or proposals ensuring full
 8-29 and open competition.

8-30 (b) The authority shall describe in a solicitation each
 8-31 factor to be used to evaluate a bid or proposal and give the
 8-32 factor's relative importance.

8-33 (c) The executive committee may authorize the negotiation
 8-34 of a contract without competitive sealed bids or proposals if:

8-35 (1) the aggregate amount involved in the contract is
 8-36 less than the greater of:

8-37 (A) \$50,000; or

8-38 (B) the amount of an expenditure under a contract
 8-39 that would require a municipality to comply with Section
 8-40 252.021(a), Local Government Code;

8-41 (2) the contract is for construction for which not
 8-42 more than one bid or proposal is received;

8-43 (3) the contract is for services or property for which
 8-44 there is only one source or for which it is otherwise impracticable
 8-45 to obtain competition;

8-46 (4) the contract is to respond to an emergency for
 8-47 which the public exigency does not permit the delay incident to the
 8-48 competitive process;

8-49 (5) the contract is for personal or professional
 8-50 services or services for which competitive bidding is precluded by
 8-51 law;

8-52 (6) the contract, without regard to form and which may
 8-53 include bonds, notes, loan agreements, or other obligations, is for
 8-54 the purpose of borrowing money or is a part of a transaction
 8-55 relating to the borrowing of money, including:

8-56 (A) a credit support agreement, such as a line or
 8-57 letter of credit or other debt guaranty;

8-58 (B) a bond, note, debt sale or purchase, trustee,
 8-59 paying agent, remarketing agent, indexing agent, or similar
 8-60 agreement;

8-61 (C) an agreement with a securities dealer,
 8-62 broker, or underwriter; and

8-63 (D) any other contract or agreement considered by
 8-64 the executive committee to be appropriate or necessary in support
 8-65 of the authority's financing activities;

8-66 (7) the contract is for work that is performed and paid
 8-67 for by the day as the work progresses;

8-68 (8) the contract is for the lease or purchase of an
 8-69 interest in land;

9-1 (9) the contract is for the purchase of personal
9-2 property sold:
9-3 (A) at an auction by a state licensed auctioneer;
9-4 (B) at a going out of business sale held in
9-5 compliance with Subchapter F, Chapter 17, Business & Commerce Code;
9-6 or
9-7 (C) by a political subdivision of this state, a
9-8 state agency, or an entity of the federal government;
9-9 (10) the contract is for services performed by persons
9-10 who are blind or have severe disabilities;
9-11 (11) the contract is for the purchase of electricity;
9-12 (12) the contract is one for an authority project and
9-13 awarded for alternate project delivery using the procedures under
9-14 Subchapters E, F, G, and I, Chapter 2269, Government Code; or
9-15 (13) the contract is for fare enforcement officer
9-16 services under Section 463.063.
9-17 (d) For the purposes of entering into a contract authorized
9-18 by Subsection (c)(12), an authority is considered a "governmental
9-19 entity" as described by Section 2269.002, Government Code.
9-20 Sec. 463.107. DURATION OF CONTRACTS. An authority may
9-21 contract for payment with debt obligations and for performance and
9-22 payments to extend longer than one fiscal year if the contract
9-23 provides for the discharge of the authority's contractual
9-24 obligations by any method, including:
9-25 (1) committing current year funds or cancellation
9-26 charges; and
9-27 (2) making the contract subject to the future
9-28 availability of funds.
9-29 Sec. 463.108. SECURITY. The executive committee may
9-30 establish a security force and provide for the employment of
9-31 security personnel.
9-32 Sec. 463.109. BUDGET RECOMMENDATIONS. The executive
9-33 committee shall make a proposed annual budget available to the
9-34 commissioners courts of the counties in the authority at least 30
9-35 days before the date of the adoption by the executive committee of
9-36 the final annual budget.
9-37 Sec. 463.110. FINANCIAL AUDITS. (a) The executive
9-38 committee of an authority shall have an annual audit of the affairs
9-39 of the authority prepared by an independent certified public
9-40 accountant or a firm of independent certified public accountants.
9-41 (b) The final audit report is open to public inspection.
9-42 SUBCHAPTER D. STATION OR TERMINAL COMPLEX SYSTEMS
9-43 Sec. 463.151. STATION OR TERMINAL COMPLEX: SYSTEM PLAN.
9-44 (a) An authority may not acquire an interest in real property for a
9-45 station or terminal complex unless the station or terminal complex
9-46 is included in the public transportation system in a comprehensive
9-47 service plan approved by a resolution of the executive committee. A
9-48 mass transit facility of an authority is not a station or terminal
9-49 complex under this subchapter unless the facility is included in
9-50 the authority's comprehensive service plan under this section.
9-51 (b) A station or terminal complex may not be included in a
9-52 public transportation system unless the executive committee first
9-53 finds that the station or complex:
9-54 (1) will encourage and provide for efficient and
9-55 economical public transportation;
9-56 (2) will facilitate access to public transportation
9-57 and provide for other public transportation purposes;
9-58 (3) will reduce vehicular congestion and air
9-59 pollution; and
9-60 (4) is reasonably essential to the successful
9-61 operation of the public transportation system.
9-62 (c) On making a finding under Subsection (b), the executive
9-63 committee may amend the authority's comprehensive service plan to
9-64 include a station or terminal complex.
9-65 Sec. 463.152. STATION OR TERMINAL COMPLEX: FACILITIES. A
9-66 station or terminal complex of an authority:
9-67 (1) must include adequate provisions for the transfer
9-68 of passengers among the various means of transportation available
9-69 to the complex; and

10-1 (2) may include provisions for residential,
10-2 institutional, recreational, commercial, and industrial
10-3 facilities.

10-4 Sec. 463.153. STATION OR TERMINAL COMPLEX: LOCATION. An
10-5 authority shall determine the location of a station or terminal
10-6 complex after notice and a hearing.

10-7 Sec. 463.154. TRANSFER OF REAL PROPERTY IN STATION OR
10-8 TERMINAL COMPLEX. (a) An authority may transfer to any person by
10-9 any means, including sale or lease, an interest in real property in
10-10 a station or terminal complex and may contract with respect to it,
10-11 in accordance with the comprehensive service plan approved by the
10-12 executive committee, and subject to terms:

10-13 (1) the executive committee finds to be in the public
10-14 interest or necessary to carry out this section; and

10-15 (2) specified in the instrument transferring the title
10-16 or right of use.

10-17 (b) A transfer must be at the fair value of the interest
10-18 transferred considering the use designated for the real property in
10-19 the authority's comprehensive service plan.

10-20 SUBCHAPTER E. BONDS

10-21 Sec. 463.201. DEFINITION. In this subchapter, "bond"
10-22 includes a note.

10-23 Sec. 463.202. POWER TO ISSUE BONDS. (a) An authority may
10-24 issue bonds at any time and for any amounts it considers necessary
10-25 or appropriate for:

10-26 (1) the acquisition, construction, repair, equipping,
10-27 improvement, or extension of its public transportation system; or

10-28 (2) creating or funding self-insurance or retirement
10-29 or pension fund reserves.

10-30 (b) An authority may exercise the powers granted to the
10-31 governing body of an issuer in connection with the issuance of
10-32 obligations and the execution of credit agreements under Chapter
10-33 1371, Government Code.

10-34 Sec. 463.203. BOND TERMS. (a) An authority's bonds are
10-35 fully negotiable. An authority may make the bonds redeemable
10-36 before maturity at the price and subject to the terms and conditions
10-37 that are provided in the authority's resolution authorizing the
10-38 bonds. The authority's resolution authorizing the bonds may
10-39 contain any other terms the executive committee considers
10-40 appropriate.

10-41 (b) A bond issued under this subchapter is not a debt or
10-42 pledge of the faith and credit of the state, a political subdivision
10-43 included in the boundaries of the authority, or any other political
10-44 subdivision of the state.

10-45 (c) Each bond issued by an authority under this subchapter
10-46 must contain on its face a statement substantially to the effect
10-47 that:

10-48 (1) the state, a political subdivision included in the
10-49 boundaries of the authority, or any other political subdivision of
10-50 the state is not obligated to pay the principal of or the interest
10-51 on the bond; and

10-52 (2) the faith and credit and taxing power of the state,
10-53 a political subdivision included in the boundaries of the
10-54 authority, or any other political subdivision of the state are not
10-55 pledged to the payment of the principal of or the interest on the
10-56 bond.

10-57 Sec. 463.204. SALE. An authority's bonds may be sold at a
10-58 public or private sale as determined by the executive committee to
10-59 be the more advantageous.

10-60 Sec. 463.205. APPROVAL; REGISTRATION. (a) An authority's
10-61 bonds and the records relating to their issuance shall be submitted
10-62 to the attorney general for examination before the bonds may be
10-63 delivered.

10-64 (b) If the attorney general finds that the bonds have been
10-65 issued in conformity with the constitution and this chapter and
10-66 that the bonds will be a binding obligation of the issuing
10-67 authority, the attorney general shall approve the bonds.

10-68 (c) After the bonds are approved by the attorney general,
10-69 the comptroller shall register the bonds.

11-1 Sec. 463.206. INCONTESTABILITY. Bonds are incontestable
 11-2 after they are:

- 11-3 (1) approved by the attorney general;
 11-4 (2) registered by the comptroller; and
 11-5 (3) sold and delivered to the purchaser.

11-6 Sec. 463.207. SECURITY PLEDGED. (a) To secure the payment
 11-7 of an authority's bonds, the authority may:

- 11-8 (1) pledge any part of the revenue of the public
 11-9 transportation system;
 11-10 (2) mortgage any part of the public transportation
 11-11 system, including any part of the system subsequently acquired;
 11-12 (3) pledge all or part of funds the federal government
 11-13 has committed to the authority as grants in aid; and
 11-14 (4) provide that a pledge of revenue described by
 11-15 Subdivision (1) is a first or subordinate lien or charge against
 11-16 that revenue.

11-17 (b) Under Subsection (a)(2) an authority may, subject to the
 11-18 terms of the bond indenture or the resolution authorizing the
 11-19 issuance of the bonds, encumber a separate item of the public
 11-20 transportation system and acquire, use, hold, or contract for the
 11-21 property by lease, chattel mortgage, or other conditional sale
 11-22 including an equipment trust transaction.

11-23 (c) An authority may not issue bonds secured by ad valorem
 11-24 tax revenue.

11-25 (d) An authority is not prohibited by this subchapter from
 11-26 encumbering one or more public transportation systems to purchase,
 11-27 construct, extend, or repair one or more other public
 11-28 transportation systems of the authority.

11-29 (e) The authority may pledge funds described by Subsection
 11-30 (a)(3):

- 11-31 (1) as the sole security for the bonds; or
 11-32 (2) in addition to any other security described by
 11-33 this section.

11-34 Sec. 463.208. USE OF REVENUE. Revenue in excess of amounts
 11-35 pledged under Section 463.207(a)(1) shall be used to:

- 11-36 (1) pay the expenses of operation and maintenance of a
 11-37 public transportation system, including salaries, labor,
 11-38 materials, and repairs necessary to provide efficient service and
 11-39 every other proper item of expense; and
 11-40 (2) fund operating reserves.

11-41 Sec. 463.209. REFUNDING BONDS. An authority may issue
 11-42 refunding bonds for the purposes and in the manner authorized by
 11-43 general law, including Chapter 1207, Government Code.

11-44 Sec. 463.210. BONDS AS AUTHORIZED INVESTMENTS. (a) An
 11-45 authority's bonds are authorized investments for:

- 11-46 (1) a bank;
 11-47 (2) a savings bank;
 11-48 (3) a trust company;
 11-49 (4) a savings and loan association; and
 11-50 (5) an insurance company.

11-51 (b) The bonds, when accompanied by all appurtenant,
 11-52 unmatured coupons and to the extent of the lesser of their face
 11-53 value or market value, are eligible to secure the deposit of public
 11-54 funds of this state, a political subdivision of this state, and any
 11-55 other political corporation of this state.

11-56 Sec. 463.211. EXCHANGE OF BONDS FOR EXISTING SYSTEM. An
 11-57 authority's revenue bonds may be exchanged, instead of cash, for
 11-58 the property of all or part of an existing public transportation
 11-59 system to be acquired by the authority. If the property is owned by
 11-60 a corporation that will dissolve simultaneously with the exchange,
 11-61 the authority may acquire the stock of the corporation.

11-62 Sec. 463.212. TAX EXEMPTION. The interest on bonds issued
 11-63 by an authority is exempt from state and local taxes.

11-64 SUBCHAPTER F. EXECUTIVE COMMITTEE

11-65 Sec. 463.251. COMPOSITION. (a) The executive committee of
 11-66 an authority is the board of directors of the regional planning
 11-67 commission established for the area of the authority under Chapter
 11-68 391, Local Government Code.

11-69 (b) Service on the executive committee by a public officer

12-1 or employee is an additional duty of the office or employment.
 12-2 Sec. 463.252. OFFICERS. (a) The officers elected by the
 12-3 board of directors of the regional planning commission described by
 12-4 Section 463.251(a) shall serve as the officers of the executive
 12-5 committee.
 12-6 (b) The executive committee may appoint, as necessary,
 12-7 members or nonmembers as assistant secretaries.
 12-8 (c) The secretary or assistant secretary shall:
 12-9 (1) keep permanent records of each proceeding and
 12-10 transaction of the authority; and
 12-11 (2) perform other duties assigned by the executive
 12-12 committee.
 12-13 Sec. 463.253. CONFLICTS OF INTEREST. Members of the
 12-14 executive committee and officers of the authority are subject to
 12-15 Chapter 171, Local Government Code.
 12-16 Sec. 463.254. MEETINGS. (a) The executive committee shall
 12-17 hold at least one regular meeting each month to transact the
 12-18 business of an authority.
 12-19 (b) On written notice, the presiding officer may call
 12-20 special meetings as necessary.
 12-21 (c) The executive committee by resolution shall:
 12-22 (1) set the time, place, and day of the regular
 12-23 meetings; and
 12-24 (2) adopt rules and bylaws as necessary to conduct
 12-25 meetings.
 12-26 Sec. 463.255. VOTING REQUIREMENTS. A majority of the
 12-27 members of the executive committee constitutes a quorum, and when a
 12-28 quorum is present, action may be taken by a majority vote of the
 12-29 members present unless the bylaws require a larger number for a
 12-30 particular action.
 12-31 SUBCHAPTER G. CREATION OF AUTHORITIES
 12-32 Sec. 463.301. CREATION OF AUTHORITY AUTHORIZED. The board
 12-33 of directors of the regional planning commission established for
 12-34 the area included in the boundaries of the counties to which this
 12-35 chapter applies may initiate the process to create a regional
 12-36 transit authority to provide public transportation services within
 12-37 the boundaries of the counties.
 12-38 Sec. 463.302. INITIATING ORDER OR RESOLUTION: CONTENTS.
 12-39 To initiate the process of creating an authority, the board of
 12-40 directors described by Section 463.301 must adopt a resolution or
 12-41 order containing the designation of each time and place for holding
 12-42 public hearings on the proposal to create the authority.
 12-43 Sec. 463.303. NOTICE OF HEARING. (a) Notice of the time
 12-44 and place of the public hearings on the creation of the authority
 12-45 shall be published, beginning at least 30 days before the date of
 12-46 the hearing, once a week for two consecutive weeks in a newspaper of
 12-47 general circulation in each county.
 12-48 (b) The board of directors described by Section 463.301
 12-49 shall give a copy of the notice to the Texas Transportation
 12-50 Commission and the comptroller.
 12-51 Sec. 463.304. CONDUCT OF HEARING. (a) The board of
 12-52 directors described by Section 463.301 creating an authority shall
 12-53 conduct public hearings on the creation.
 12-54 (b) Any person may appear at a hearing and offer evidence
 12-55 on:
 12-56 (1) the creation of the authority;
 12-57 (2) the operation of a public transportation system;
 12-58 (3) the public utility and public interest served in
 12-59 the creation of an authority; or
 12-60 (4) other facts bearing on the creation of an
 12-61 authority.
 12-62 (c) A hearing may be continued until completed.
 12-63 Sec. 463.305. RESOLUTION OR ORDER. (a) After hearing the
 12-64 evidence presented at the hearings, but not earlier than 75 days
 12-65 after the date the process is initiated by the board of directors
 12-66 described by Section 463.301, the board may adopt a resolution or
 12-67 order:
 12-68 (1) designating the name of the authority; and
 12-69 (2) authorizing the appointment of the interim

13-1 executive committee.
 13-2 (b) After the hearing, the results of the hearing shall be
 13-3 sent to the Texas Department of Transportation and the comptroller.
 13-4 Sec. 463.306. INTERIM EXECUTIVE COMMITTEE. (a) The
 13-5 interim executive committee is composed as provided by Section
 13-6 463.251 for an executive committee except that the interim
 13-7 executive committee must include an additional member who is a
 13-8 member of the board of directors of a commuter rail district
 13-9 described by Chapter 174.
 13-10 (b) The interim executive committee, after its
 13-11 organization, shall develop a service plan.
 13-12 (c) Service on the interim executive committee by a public
 13-13 officer or employee is an additional duty of the office or
 13-14 employment.
 13-15 Sec. 463.307. APPROVAL OF SERVICE PLAN. Not later than the
 13-16 45th day after the date the interim executive committee approves
 13-17 the service plan, the commissioners court of each county creating
 13-18 an authority must approve, by resolution or order, the service
 13-19 plan.
 13-20 Sec. 463.308. NOTICE OF INTENT TO ORDER ELECTION. Not
 13-21 earlier than the 61st day after the date the interim executive
 13-22 committee approves a service plan, the interim executive committee
 13-23 shall notify the commissioners court of each county included in the
 13-24 boundaries of the authority of the interim executive committee's
 13-25 intention to call a confirmation election.
 13-26 Sec. 463.309. CONFIRMATION ELECTION. The interim executive
 13-27 committee in ordering the confirmation election shall submit to the
 13-28 qualified voters of each county in the authority the following
 13-29 proposition: "Shall the creation of (name of authority) be
 13-30 confirmed?"
 13-31 Sec. 463.310. CONDUCT OF ELECTION. The interim executive
 13-32 committee shall canvass the returns and declare the results of the
 13-33 election separately with respect to each county.
 13-34 Sec. 463.311. RESULTS OF ELECTION; ORDER. (a) The
 13-35 authority is confirmed if a majority of the votes received in each
 13-36 county favor the proposition.
 13-37 (b) If the authority continues, the interim executive
 13-38 committee shall record the results in its minutes and adopt an
 13-39 order:
 13-40 (1) declaring that the creation of the authority is
 13-41 confirmed;
 13-42 (2) stating the date of the election;
 13-43 (3) containing the proposition; and
 13-44 (4) showing the number of votes cast for or against the
 13-45 proposition in each county.
 13-46 (c) A certified copy of the order shall be filed with:
 13-47 (1) the Texas Department of Transportation; and
 13-48 (2) the comptroller.
 13-49 (d) If the authority does not continue, the interim
 13-50 executive committee shall enter an order declaring that the result
 13-51 of votes cast at the election is that the authority ceases in its
 13-52 entirety. The order shall be filed with the Texas Department of
 13-53 Transportation and the comptroller, and the authority is dissolved.
 13-54 Sec. 463.312. EFFECT OF CREATION. On the creation of an
 13-55 authority the boundaries of which overlap the territory of a
 13-56 commuter rail district described by Chapter 174, the commuter rail
 13-57 district is dissolved, and all assets, including property, and all
 13-58 liabilities, including debt and other obligations, of the commuter
 13-59 rail district transfer to and are assumed by the authority.
 13-60 Sec. 463.313. COST OF ELECTION. The board of directors
 13-61 described by Section 463.301 creating an authority shall pay the
 13-62 cost of the confirmation election.
 13-63 Sec. 463.314. EXPIRATION OF UNCONFIRMED AUTHORITY. An
 13-64 authority that has not been confirmed expires on the third
 13-65 anniversary of the effective date of a resolution or order
 13-66 initiating the process to create the authority.
 13-67 SECTION 2. Section 174.051, Transportation Code, is amended
 13-68 by adding Subsection (c) to read as follows:
 13-69 (c) Notwithstanding Subsections (a) and (b), a district may

14-1 not be created in the boundaries of a regional transit authority
14-2 under Chapter 463.

14-3 SECTION 3. Sections 463.058(c) and (f) and Section 463.059,
14-4 Transportation Code, as added by this Act, take effect only if this
14-5 Act receives a two-thirds vote of all the members elected to each
14-6 house.

14-7 SECTION 4. This Act takes effect immediately if it receives
14-8 a vote of two-thirds of all the members elected to each house, as
14-9 provided by Section 39, Article III, Texas Constitution. If this
14-10 Act does not receive the vote necessary for immediate effect, this
14-11 Act takes effect September 1, 2017.

14-12

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