AN ACT
relating to funding and donations for transportation projects,
including projects of county energy transportation reinvestment
zones.

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

SECTION 1. Chapter 256, Transportation Code, is amended by
adding Subchapter C to read as follows:

SUBCHAPTER C. TRANSPORTATION INFRASTRUCTURE FUND

Sec. 256.101. DEFINITIONS. In this subchapter:

(1) "Fund" means the transportation infrastructure
fund established under this subchapter.

(2) "Transportation infrastructure project" means the
planning for, construction of, reconstruction of, or maintenance of
transportation infrastructure, including roads, bridges, and
culverts, intended to alleviate degradation caused by the
exploration, development, or production of oil or gas. The term
includes the lease or rental of equipment used for road
maintenance.

(3) "Weight tolerance permit" means a permit issued
under Chapter 623 authorizing a vehicle to exceed maximum legal
weight limitations.

(4) "Well completion" means the completion, reentry,
or recompletion of an oil or gas well.

Sec. 256.102. TRANSPORTATION INFRASTRUCTURE FUND.
The transportation infrastructure fund is a dedicated fund in the state treasury outside the general revenue fund. The fund consists of:

1. any federal funds received by the state deposited to the credit of the fund;
2. matching state funds in an amount required by federal law;
3. funds appropriated by the legislature to the credit of the fund;
4. a gift or grant;
5. any fees paid into the fund; and
6. investment earnings on the money on deposit in the fund.

Money in the fund may be appropriated only to the department for the purposes of this subchapter.

Sections 403.095 and 404.071, Government Code, do not apply to the fund.

Sec. 256.103. GRANT PROGRAM. (a) The department shall develop policies and procedures to administer a grant program under this subchapter to make grants to counties for transportation infrastructure projects located in areas of the state affected by increased oil and gas production. The department may adopt rules to implement this subchapter.

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

1. 20 percent according to weight tolerance permits, determined by the ratio of weight tolerance permits issued in the
preceding fiscal year for the county that designated a county
ergy transportation reinvestment zone to the total number of
weight tolerance permits issued in the state in that fiscal year, as
determined by the Texas Department of Motor Vehicles;
(2) 20 percent according to oil and gas production
taxes, determined by the ratio of oil and gas production taxes
collected by the comptroller in the preceding fiscal year in the
county that designated a county energy transportation reinvestment
zone to the total amount of oil and gas production taxes collected
in the state in that fiscal year, as determined by the comptroller;
(3) 50 percent according to well completions,
determined by the ratio of well completions in the preceding fiscal
year in the county that designated a county energy transportation
reinvestment zone to the total number of well completions in the
state in that fiscal year, as determined by the Railroad Commission
of Texas; and
(4) 10 percent according to the volume of oil and gas
waste injected, determined by the ratio of the volume of oil and gas
waste injected in the preceding fiscal year in the county that
designated a county energy transportation reinvestment zone to the
total volume of oil and gas waste injected in the state in that
fiscal year, as determined by the Railroad Commission of Texas.
Sec. 256.104. GRANT APPLICATION PROCESS. (a) In applying
for a grant under this subchapter, the county shall:
(1) provide the road condition report described by
Section 251.018 made by the county for the previous year; and
(2) submit to the department:
(A) a copy of the order or resolution establishing a county energy transportation reinvestment zone in the county, except that the department may waive the submission until the time the grant is awarded; and

(B) a plan that:

(i) provides a list of transportation infrastructure projects to be funded by the grant;

(ii) describes the scope of the transportation infrastructure project or projects to be funded by the grant using best practices for prioritizing the projects;

(iii) provides for matching funds as required by Section 256.105; and

(iv) meets any other requirements imposed by the department.

(b) In reviewing grant applications under this subchapter, the department shall:

(1) seek other potential sources of funding to maximize resources available for the transportation infrastructure projects to be funded by grants under this subchapter; and

(2) consult related transportation planning documents to improve project efficiency and work effectively in partnership with counties.

(c) Except as otherwise provided by this subsection, the department shall review a grant application before the 31st day after the date the department receives the application. The department may act on an application not later than the 60th day after the date the department receives the application if the
Sec. 256.105. MATCHING FUNDS. (a) Except as provided by Subsection (b), to be eligible to receive a grant under the program, matching funds must be provided, from any source, in an amount equal to at least 20 percent of the amount of the grant.

(b) A county that the department determines to be economically disadvantaged must provide matching funds in an amount equal to at least 10 percent of the amount of the grant.

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

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

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

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

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

SECTION 2. Subchapter E, Chapter 222, Transportation Code, is amended by adding Sections 222.1071 and 222.1072 to read as follows:

Sec. 222.1071. COUNTY ENERGY TRANSPORTATION REINVESTMENT ZONES. (a) A county shall determine the amount of the tax
increment for a county energy transportation reinvestment zone in
the same manner the county would determine the tax increment as
provided in Section 222.107(a) for a county transportation
reinvestment zone.

(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 zone; and

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

(c) A commissioners court must:

(1) dedicate or pledge all of the captured appraised
value of real property located in the county energy transportation
reinvestment zone to transportation infrastructure projects; and

(2) comply with all applicable laws in the application
of this chapter.

(d) Not later than the 30th day before the date a
commissioners court proposes to designate an area as a county
energy transportation reinvestment zone under this section, the
commissioners court must hold a public hearing on the creation of
the zone and its benefits to the county and to property in the
proposed zone. At the hearing an interested person may speak for or
against the designation of the zone, its boundaries, the joint
administration of a zone in another county, or the use of tax
increment paid into the tax increment account.

(e) Not later than the seventh day before the date of the
hearing, notice of the hearing and the intent to create a zone must
be published in a newspaper having general circulation in the
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
base year shall be the year of passage of the order or resolution
designating an area or some year in the future;

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

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

(A) the project or projects will benefit the
property and residents located in the zone;

(B) the creation of the zone will serve a public
purpose of the county; and
(C) details the transportation infrastructure projects for which each county is responsible.

(g) Compliance with the requirements of this section constitutes designation of an area as a county energy transportation reinvestment zone without further hearings or other procedural requirements.

(h) The county may, from taxes collected on property in a zone, pay into a tax increment account for the zone or zones an amount equal to the tax increment produced by the county less any amounts allocated under previous agreements, including agreements under Section 381.004, Local Government Code, or Chapter 312, Tax Code.

(i) The county may:

(1) use money in the tax increment account to provide:
   (A) matching funds under Section 256.105; and
   (B) funding for one or more transportation infrastructure projects located in the zone;

(2) apply for grants under Subchapter C, Chapter 256, subject to Section 222.1072;

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

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

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

(j) Tax increment paid into a tax increment account may not
be pledged as security for bonded indebtedness.

(k) A county energy transportation reinvestment zone
terminates on December 31 of the 10th year after the year the zone
was designated unless extended by an act of the county
commissioners court that designated the zone. The extension may
not exceed five years. On termination of the zone, any money
remaining in the tax increment account must be transferred to the
road and bridge fund described by Chapter 256 for the county that
deposited the money into the tax increment account.

(l) The captured appraised value of real property located in
a county energy transportation reinvestment zone shall be treated
as provided by Section 26.03, Tax Code.

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

(n) In the alternative, to assist the county in developing a
transportation infrastructure project, if authorized by the
commission under Chapter 441, a road utility district may be formed
under that chapter that has the same boundaries as a county energy
transportation reinvestment zone created under this section. The
road utility district may issue bonds to pay all or part of the cost
of a transportation infrastructure project and may pledge and
assign all or a specified amount of money in the tax increment
account to secure those bonds if the county:

(1) collects a tax increment; and

(2) pledges all or a specified amount of the tax
increment to the road utility district.

(o) A road utility district formed as provided by Subsection
(n) may enter into an agreement to fund development of a
transportation infrastructure project or to repay funds owed to the
department. Any amount paid for this purpose is considered to be
an operating expense of the district. Any taxes collected by the
district that are not paid for this purpose may be used for any
district purpose.

Sec. 222.1072. ADVISORY BOARD OF COUNTY ENERGY
TRANSPORTATION REINVESTMENT ZONE. (a) A county is eligible to
apply for a grant under Subchapter C, Chapter 256, if the county
creates an advisory board to advise the county on the
establishment, administration, and expenditures of a county energy
transportation reinvestment zone. The county commissioners court
shall determine the terms and duties of the advisory board members.

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

(1) up to three oil and gas company representatives
who perform company activities in the county and are local
taxpayers; and
(2) two public members.

(c) County energy transportation reinvestment zones that are jointly administered are advised by a single joint advisory board for the zones. A joint advisory board under this subsection consists of members appointed under Subsection (b) for each zone to be jointly administered.

(d) An advisory board member may not receive compensation for service on the board or reimbursement for expenses incurred in performing services as a member.

SECTION 3. Section 222.110, Transportation Code, is amended by amending Subsections (a) and (h) and adding Subsection (i) to read as follows:

(a) In this section:
(1) "Sales, "sales] tax base" for a transportation reinvestment zone means the amount of sales and use taxes imposed by a municipality under Section 321.101(a), Tax Code, or by a county under Chapter 323, Tax Code, as applicable, attributable to the zone for the year in which the zone was designated under this chapter.

(2) "Transportation reinvestment zone" includes a county energy transportation reinvestment zone.

(h) The hearing required under Subsection (g) may be held in conjunction with a hearing held under Section 222.106(e), 222.107(e), or 222.1071(d) if the ordinance or order designating an area as a transportation reinvestment zone under Section 222.106, 222.107, or 222.1071 also designates a sales tax increment
under Subsection (b).

(i) Notwithstanding Subsection (e), the sales and use taxes to be deposited into the tax increment account established by a county energy transportation reinvestment zone or zones under this section may be disbursed from the account only to provide:

(1) matching funds under Section 256.105; and
(2) funding for one or more transportation infrastructure projects located in a zone.

SECTION 4. Subchapter A, Chapter 251, Transportation Code, is amended by adding Sections 251.018 and 251.019 to read as follows:

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

Sec. 251.019. DONATIONS. (a) A commissioners court may accept donations of labor, money, or other property to aid in the building or maintaining of roads, culverts, or bridges in the county.

(b) A county operating under the county road department system on September 1, 2013, may use the authority granted under this section without holding a new election under Section 252.301.

(c) A county that accepts donations under this section must execute a release of liability in favor of the entity donating the labor, money, or other property.

SECTION 5. Subsection (a), Section 256.009, Transportation
Code, is amended to read as follows:

(a) Not later than January 30 of each year, the county auditor or, if the county does not have a county auditor, the official having the duties of the county auditor shall file a report with the comptroller that includes:

(1) an account of how:
   (A) the money allocated to a county under Section 256.002 during the preceding year was spent; and
   (B) if the county designated a county energy transportation reinvestment zone, money paid into a tax increment account for the zone or from an award under Subchapter C was spent;

(2) a description, including location, of any new roads constructed in whole or in part with the money:
   (A) allocated to a county under Section 256.002 during the preceding year; and
   (B) paid into a tax increment account for the zone or from an award under Subchapter C if the county designated a county energy transportation reinvestment zone;

(3) any other information related to the administration of Sections 256.002 and 256.003 that the comptroller requires; and

(4) the total amount of expenditures for county road and bridge construction, maintenance, rehabilitation, right-of-way acquisition, and utility construction and other appropriate road expenditures of county funds in the preceding county fiscal year that are required by the constitution or other law to be spent on public roads or highways.
SECTION 6. The Texas Department of Transportation shall adopt rules implementing Subchapter C, Chapter 256, Transportation Code, as added by this Act, as soon as practicable after the effective date of this Act.

SECTION 7. The amendment adding Sections 222.1071 and 222.1072 to Subchapter E, Chapter 222, Transportation Code, made by this Act prevails over the amendment adding those sections to Subchapter E, Chapter 222, Transportation Code, made by Section 1, House Bill No. 2300, 83rd Legislature, Regular Session, 2013, and the amendment made by Section 1, House Bill No. 2300, 83rd Legislature, Regular Session, 2013, has no effect.

SECTION 8. This Act takes effect September 1, 2013.