

AN ACT

relating to certain sources of revenue for the funding of highways and transportation projects.

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

SECTION 1. Subchapter A, Chapter 222, Transportation Code, is amended by adding Section 222.004 to read as follows:

Sec. 222.004. ISSUANCE OF GENERAL OBLIGATION BONDS FOR HIGHWAY IMPROVEMENT PROJECTS. (a) In this section:

(1) "Bonds" means bonds, notes, and other public securities.

(2) "Credit agreement" has the meaning assigned by Section 1371.001, Government Code.

(3) "Improvement" includes acquisition of the highway, construction, reconstruction, and major maintenance, including any necessary design, and the acquisition of rights-of-way.

(b) The commission by order or resolution may issue general obligation bonds for the purposes provided in this section. The aggregate principal amount of the bonds that are issued may not exceed the amount specified by Section 49-p(a), Article III, Texas Constitution.

(c) The commission may enter into credit agreements relating to the bonds. A credit agreement entered into under this section may be secured by and payable from the same sources as the

1 bonds.

2 (d) The bonds shall be executed in the form, on the terms,
3 and in the denominations, bear interest, and be issued in
4 installments as prescribed by the commission, and must mature not
5 later than 30 years after their dates of issuance, subject to any
6 refundings or renewals. The bonds may be issued in multiple series
7 and issues from time to time and may have the provisions the
8 commission determines appropriate and in the interest of the state.

9 (e) The commission has all powers necessary or appropriate
10 to carry out this section and to implement Section 49-p, Article
11 III, Texas Constitution, including the powers granted to other
12 bond-issuing governmental agencies and units and to nonprofit
13 corporations by Chapters 1201, 1207, and 1371, Government Code.

14 (f) The bonds and the record of proceedings authorizing the
15 bonds and any related credit agreements shall be submitted to the
16 attorney general for approval as to their legality. If the attorney
17 general finds that they will be issued in accordance with this
18 section and other applicable law, the attorney general shall
19 approve them and deliver them to the comptroller for registration.
20 After approval by the attorney general, registration by the
21 comptroller, and payment by the purchasers of the bonds in
22 accordance with the terms of sale and after execution and delivery
23 of the related credit agreements, the bonds and related credit
24 agreements are incontestable for any cause.

25 (g) Bonds may be issued for one or more of the following
26 purposes:

27 (1) to pay all or part of the costs of highway

1 improvement projects; and

2 (2) to pay:

3 (A) the costs of administering projects
4 authorized under this section;

5 (B) the cost or expense of the issuance of the
6 bonds; or

7 (C) all or part of a payment owed or to be owed
8 under a credit agreement.

9 (h) The proceeds from the issuance and sale of the bonds may
10 not be expended or used for the purposes authorized under this
11 section unless those proceeds have been appropriated by the
12 legislature.

13 (i) The comptroller shall pay the principal of the bonds as
14 they mature and the interest as it becomes payable and shall pay any
15 cost related to the bonds that becomes due, including payments
16 under credit agreements.

17 SECTION 2. Rider No. 60, Article VII, S.B. No. 1, Acts of
18 the 81st Legislature, Regular Session, 2009 (the General
19 Appropriations Act appropriations to the Texas Department of
20 Transportation, page VII-36), is amended to read as follows:

21 60. Contingency for legislation authorizing issuance of
22 Proposition 12 bonds [~~Senate Bill 263~~] and Senate Bill 1350.

23 a. Out of funds appropriated above in strategy A.1.2, Contracted
24 Planning and Design, the amount of \$60,000,000 in fiscal year 2010,
25 and in Strategy A.1.3, Right-of-way Acquisition, the amount of
26 \$90,000,000 in fiscal year 2010, and in B.1.2, New Construction
27 Contracts, \$250,000,000 in fiscal year 2010 and \$600,000,000 in

1 fiscal year 2011, and in Strategy B.1.3, Construction Grants &
2 Services, \$1 billion in fiscal year 2011 in Proposition 12 General
3 Obligation Bond proceeds and in strategy F.1.1, General Obligation
4 Bonds, \$100 million in General Revenue are contingent upon the
5 enactment of [~~SB 263, or similar~~] legislation relating to the
6 issuance by the Texas Transportation Commission of general
7 obligation bonds for highway improvement projects, by the
8 Eighty-first Legislature, Regular Session, or by a called session
9 of the Eighty-first Legislature. The amounts from Proposition 12
10 General Obligation Bond Proceeds in Strategy B.1.2, New
11 Construction Contracts, shall be used to make progress payments on
12 a maximum of \$1,850,000,000 in new multi-year construction contract
13 obligations for non-tolled highway projects.

14 b. Contingent upon the enactment of Senate Bill 1350 or similar
15 legislation relating to the creation, administration, financing,
16 and use of a Texas Transportation Revolving Fund by the
17 Eighty-first Legislature, Regular Session, \$1 billion out of the
18 contingent appropriation of Proposition 12 General Obligation Bond
19 proceeds in Strategy B.1.3, Construction Grants & Services, in
20 subsection (a) of this rider shall be used to capitalize the Texas
21 Transportation Revolving Fund for the purpose of implementing the
22 provisions of Senate Bill 1350 or similar legislation. If Senate
23 Bill 1350 or similar legislation is not enacted, \$1 billion of the
24 contingent appropriation from Proposition 12 General Obligation
25 Bond proceeds in Strategy B.1.3, Construction Grants & Services, in
26 subsection (a) of this rider shall be used to capitalize the State
27 Infrastructure Bank for the purpose of making loans to public

1 entities; provided that money in the State Infrastructure Bank may
2 not be used for the purpose of converting a nontolled road or
3 highway to a tolled road or highway.

4 SECTION 3. Section 228.0111(p), Transportation Code, is
5 amended to read as follows:

6 (p) A local toll project entity and the department may issue
7 bonds, including revenue bonds and refunding bonds, or other
8 obligations, and enter into credit agreements, to pay any costs
9 associated with a project under this section, including the
10 payments deposited to the applicable toll project subaccount, and
11 the costs to construct, maintain, and operate additional
12 transportation projects that the local toll project entity or the
13 department commits to undertake in accordance with this section, as
14 follows:

15 (1) the bonds or other obligations and the proceedings
16 authorizing the bonds or other obligations must be submitted to the
17 attorney general for review and approval as required by Chapter
18 1202, Government Code;

19 (2) the bonds or other obligations may be payable from
20 and secured by revenue of one or more projects of the local toll
21 project entity or the department, including toll road system
22 revenues, or such other legally available revenue or funding
23 sources as the local toll project entity or department shall
24 determine;

25 (3) the bonds or other obligations may mature serially
26 or otherwise not more than 40 [~~30~~] years from their date of
27 issuance;

1 (4) the bonds or other obligations are not a debt of
2 and do not create a claim for payment against the revenue or
3 property of the local toll project entity or the department, other
4 than the revenue sources pledged for which the bonds or other
5 obligations are issued; and

6 (5) the local toll project entity and the department
7 may issue obligations and enter into credit agreements under
8 Chapter 1371, Government Code, and for purposes of that chapter, a
9 local toll project entity and the department shall be considered a
10 public utility and any cost authorized to be financed in accordance
11 with this subsection is an eligible project.

12 SECTION 4. This Act takes effect immediately if it receives
13 a vote of two-thirds of all the members elected to each house, as
14 provided by Section 39, Article III, Texas Constitution. If this
15 Act does not receive the vote necessary for immediate effect, this
16 Act takes effect on the 91st day after the last day of the
17 legislative session.

David Newkum

President of the Senate

Jim Strawn

Speaker of the House

I certify that H.B. No. 1 was passed by the House on July 2, 2009, by the following vote: Yeas 146, Nays 0, 1 present, not voting.

Robert Haney
Chief Clerk of the House

I certify that H.B. No. 1 was passed by the Senate on July 2, 2009, by the following vote: Yeas 31, Nays 0

Ratsy Spaw
Secretary of the Senate

APPROVED: 10 JUL '09

Date

RICK PERRY
Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
at 2:51 pm O'CLOCK
JUL 10 2009
Boye Roberts
Secretary of State

H.B. No. 1

I certify that the amounts appropriated in the herein H.B. No. 1, 1st Called Session of the 81st Legislature, are within amounts estimated to be available in the affected fund.

Certified July 8, 2009
Dush Combs
Comptroller of Public Accounts