

TRANSPORTATION CODE

TITLE 5. RAILROADS

SUBTITLE I. SPECIAL DISTRICTS

CHAPTER 173. INTERMUNICIPAL COMMUTER RAIL DISTRICTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 173.001. DEFINITION OF PERSON. In this chapter:

(1) "person" includes a corporation, as provided by Section 312.011, Government Code; and

(2) the definition of "person" assigned by Section 311.005, Government Code, does not apply.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.002. DEFINITIONS. In this chapter:

(1) "Board" means a district's board of directors.

(2) "Commuter rail facility" means any property necessary for the transportation of passengers and baggage between locations in a district. The term includes rolling stock, locomotives, stations, parking areas, and rail lines.

(2-a) "Commuter rail service" means the transportation of passengers and baggage by rail between locations in a district.

(3) "Creating municipality" means a municipality described by Section 173.051(a).

(4) "Director" means a board member.

(5) "District" means an intermunicipal commuter rail district created under this chapter or under Article 6550c-1, Revised Statutes, as that article existed before April 1, 2011.

(6) "District property" means property the district owns or leases under a long-term lease.

(7) "System" means all of the commuter rail and intermodal facilities leased or owned by or operated on behalf of a district.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1307 (H.B. 3030), Sec. 1, eff. September 1, 2011.

Sec. 173.003. LOCATION OF MUNICIPALITY IN COUNTY. For purposes of this chapter, a municipality is located in a county only if 90 percent or more of the population of the municipality resides in that county.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.004. NATURE OF DISTRICT. (a) A district is a public body and a political subdivision of this state exercising public and essential governmental functions.

(b) A district, in the exercise of powers under this chapter, is performing only governmental functions and is a governmental unit under Chapter 101, Civil Practice and Remedies Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.005. SUNSET PROVISION. A district is subject to review under Chapter 325, Government Code (Texas Sunset Act). A district shall be reviewed during the periods in which state agencies abolished in 2021 and every 12th year after that year are reviewed.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 938 (H.B. 3123), Sec. 1.03, eff. June 18, 2015.

SUBCHAPTER B. CREATION

Sec. 173.051. CREATION OF DISTRICT. (a) A district may be created to provide commuter rail service between two municipalities:

(1) each of which has a population of more than

450,000; and

(2) that are located not farther than 100 miles apart as determined by the department.

(b) The creating municipalities and the counties in which the creating municipalities are located may create a district on passage of a resolution favoring creation by the governing body of each municipality or county.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.052. ADDITION OF POLITICAL SUBDIVISION OR OTHER PUBLIC ENTITY TO DISTRICT. The following political subdivisions and other public entities may become a part of a district with the approval of the governing body of the political subdivision or public entity:

(1) a county located adjacent to the county in which a creating municipality is located;

(2) a municipality with a population of more than 18,000 located in a county described by Subdivision (1); and

(3) a public entity located in a county that has become part of the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 91 (S.B. 1303), Sec. 24.003(a), eff. September 1, 2011.

SUBCHAPTER C. BOARD OF DIRECTORS AND EMPLOYEES

Sec. 173.101. CONTROL OF DISTRICT. A district is governed by a board of directors. The board is responsible for the management, operation, and control of the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.102. COMPOSITION OF BOARD; TERMS. (a) The board is composed of:

- (1) two public directors appointed by the commission;
- (2) one elected member of the governing body of each political subdivision that has become a part of the district under Subchapter B;
- (3) one elected director appointed by the regional planning organization of which a creating municipality is a part;
- (4) one director appointed by each creating municipality to represent the business community of the municipality;
- (5) one director appointed by each authority created under Chapter 451 that serves a creating municipality;
- (6) one director appointed by each county in which a creating municipality is located to represent transportation providers that provide service to rural areas in the county;
- (7) one member appointed by each public entity that has become a part of the district under Section 173.052; and
- (8) one director appointed by all other directors to represent all municipalities in the district that do not otherwise have representation on the board who is an elected official of one of those municipalities.

(b) Each director serves a staggered two-year term, with as near as possible to half of the directors' terms expiring February 1 of each year. If one or more directors are added to the board, the directors other than the new directors shall determine the lengths of the new directors' terms so that one-half, or as near one-half as possible, of the directors serve terms expiring each year.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 91 (S.B. 1303), Sec. 24.004(a), eff. September 1, 2011.

Sec. 173.103. VACANCY. A vacancy on the board shall be filled in the same manner as the original appointment or election.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.104. PRESIDING OFFICER. (a) The directors shall elect one member as presiding officer.

(b) The presiding officer may select another director to preside in the absence of the presiding officer.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.105. MEETINGS. The presiding officer shall call at least one meeting of the board each year and may hold other meetings as the presiding officer determines are appropriate.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.106. BOARD MEETINGS BY TELEPHONE OR VIDEOCONFERENCE. (a) Chapter 551, Government Code, does not prohibit the board from holding an open or closed meeting by telephone conference call or videoconference.

(b) A meeting held by telephone conference call or videoconference need not have a quorum present at any one location.

(c) A telephone conference call or videoconference meeting is subject to the notice requirements applicable to other meetings.

(d) The notice of a telephone conference call or videoconference meeting must specify each location of the meeting where a director will participate and the physical location where the presiding officer of the board will preside. Each of those locations must be open to the public during the open portion of the meeting.

(e) Each part of a telephone conference call meeting that is required to be open to the public must be audible to the public at each meeting location specified in the notice of the meeting and shall be tape recorded. The district shall make the tape recording available to the public.

(f) Each part of a videoconference meeting that is required to be open to the public must:

(1) be visible and audible to the public at each meeting location specified in the notice of the meeting; and

(2) have two-way audio and video communications with

each participant in the meeting during the entire meeting.

(g) Without regard to whether a director is participating in a meeting from a remote location by videoconference call, the board may allow a member of the public to testify at a meeting from a remote location by videoconference call. The board shall designate the location for public participation in the notice of the meeting.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.107. RULES FOR PROCEEDINGS. The board shall adopt rules for its proceedings.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.108. COMPENSATION; REIMBURSEMENT. A director is not entitled to compensation for serving as a director but is entitled to reimbursement for reasonable expenses incurred while serving as a director.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.109. EMPLOYEES. The board may employ and compensate persons to carry out the powers and duties of the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.110. EXECUTIVE COMMITTEE. The board shall appoint an executive committee.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.111. RETIREMENT BENEFITS. A district is eligible to participate in the Texas County and District Retirement System.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

SUBCHAPTER D. GENERAL POWERS AND DUTIES

Sec. 173.151. GENERAL POWERS OF DISTRICT. (a) A district has all the powers necessary or convenient to carry out the purposes of this chapter.

(b) A district may generally perform all acts necessary for the full exercise of the district's powers.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.152. RULES. To protect district residents' health, safety, and general welfare, a district may adopt rules to govern the operation of the district, its employees, the system, service provided by the district, and any other necessary matter concerning its purposes, including rules regarding health, safety, alcohol or beverage service, food service, or telephone or utility service.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.153. AGREEMENTS GENERALLY. A district may make contracts, leases, and agreements with the United States, this state and its agencies and political subdivisions, public or private corporations, and any other person.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.154. AGREEMENTS WITH OTHER ENTITIES FOR JOINT USE. A district may:

(1) make agreements with a public utility, private utility, communication system, common carrier, state agency, or transportation system for the joint use of facilities, installations, or property inside or outside the district; and

(2) establish:

(A) through routes;

(B) joint fares; and

(C) divisions of tariffs, subject to approval of a tariff-regulating body that has jurisdiction.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.155. JOINT OWNERSHIP AGREEMENTS. A district may make a joint ownership agreement with any person.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.156. EXCLUSIVE DEVELOPMENT AGREEMENTS. (a) A board may enter into an exclusive development agreement with a private entity.

(b) The exclusive development agreement:

(1) at a minimum must provide for the design and construction of a commuter rail facility or system; and

(2) may provide for the financing, acquisition, maintenance, or operation of a commuter rail facility or system.

(c) The board may adopt rules governing an agreement under this section.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.157. INTERLOCAL AGREEMENTS WITH COMMISSION. The commission may enter into an interlocal agreement with a district under which the district may exercise a power or duty of the commission for the development and efficient operation of intermodal corridors in the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.158. AWARDED CONSTRUCTION OR PURCHASE CONTRACTS. (a) A contract in the amount of more than \$15,000 for the construction of improvements or the purchase of material, machinery, equipment, supplies, or any other property except real property may be awarded only through competitive bidding after notice is published in a newspaper of general circulation in the

district at least 15 days before the date set for receiving bids.

(b) A board may adopt rules governing the taking of bids and the awarding of contracts.

(c) This section does not apply to:

(1) personal or professional services;

(2) the acquisition of an existing rail transportation system;

(3) a contract with a common carrier to construct lines and to operate commuter rail service on lines wholly or partly owned by the carrier; or

(4) an agreement with a private entity under Section [173.156](#).

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. [1540](#)), Sec. 2.04, eff. April 1, 2011.

Sec. 173.159. EMINENT DOMAIN. (a) A district may exercise the power of eminent domain to acquire:

(1) land in fee simple; or

(2) any interest less than fee simple in, on, under, or above land, including an easement, right-of-way, or right of use of airspace or subsurface space.

(b) The power of eminent domain under this section does not apply to:

(1) land under the jurisdiction of the department or a metropolitan transit authority; or

(2) a rail line owned by a common carrier or municipality.

(c) To the extent possible, the district shall use existing rail or intermodal transportation corridors for the alignment of its system.

(d) An eminent domain proceeding is begun by the board's adoption of a resolution declaring that the district's acquisition of the property or interest described in the resolution:

(1) is a public necessity; and

(2) is necessary and proper for the construction, extension, improvement, or development of commuter rail facilities and is in the public interest.

(e) The resolution is conclusive evidence of the public necessity of the proposed acquisition and that the real property or interest in property is necessary for public use.
Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.160. SUITS. (a) A district may:

- (1) sue and be sued;
- (2) institute and prosecute suits without giving security for costs; and
- (3) appeal from a judgment without giving a supersedeas or cost bond.

(b) An action at law or in equity against the district must be brought in the county in which a principal office of the district is located, except that a suit in eminent domain must be brought in the county in which the land is located.
Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.161. CHANGING NAME OF DISTRICT. The board shall adopt a name for the district and may by resolution change the name of the district.
Added by Acts 2011, 82nd Leg., R.S., Ch. 91 (S.B. 1303), Sec. 24.004(b), eff. September 1, 2011.

SUBCHAPTER E. POWERS AND DUTIES RELATING TO ACQUISITION,
CONSTRUCTION, AND OPERATION OF COMMUTER RAIL FACILITIES

Sec. 173.201. GENERAL AUTHORITY OVER COMMUTER RAIL FACILITIES. A district may acquire, construct, develop, own, operate, and maintain intermodal and commuter rail facilities, or intercity or other types of passenger rail services, inside, or connect political subdivisions in, the district.
Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 91 (S.B. 1303), Sec.

24.005(a), eff. September 1, 2011.

Sec. 173.202. POWERS RELATING TO DISTRICT PROPERTY. A district may acquire by grant, purchase, gift, devise, lease, or otherwise and may hold, use, sell, lease, or dispose of property, including a license, a patent, a right, or an interest, necessary, convenient, or useful for the full exercise of its powers under this chapter.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.203. USE AND ALTERATION OF PROPERTY OF ANOTHER POLITICAL SUBDIVISION. (a) For a purpose described by Section 173.201, as necessary or useful in the construction, reconstruction, repair, maintenance, and operation of the system, and with the consent of a municipality, county, or other political subdivision, a district may:

(1) use streets, alleys, roads, highways, and other public ways of the political subdivision; and

(2) relocate, raise, reroute, change the grade of, or alter, at the district's expense, the construction of a publicly owned or privately owned street, alley, highway, road, railroad, electric line or facility, telegraph or telephone property or facility, pipeline or facility, conduit or facility, and other property.

(b) A district may not use or alter:

(1) a road or highway in the state highway system without the permission of the commission; or

(2) a railroad without permission of the railroad.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.204. RULES GOVERNING SYSTEM AND ROUTINGS. A district by resolution may adopt rules governing the use, operation, and maintenance of the system and shall determine all routings and change them when the board considers it advisable.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04,

eff. April 1, 2011.

Sec. 173.205. ACQUISITION OF PROPERTY. (a) A district may purchase any interest in real property to acquire, construct, or operate a commuter rail facility on terms and at a price to which the district and the owner agree.

(b) The governing body of a municipality, a county, any other political subdivision, or a public agency may convey the title or the rights and easements to property needed by the district for its purposes in connection with the acquisition, construction, or operation of the system.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.206. ACQUISITION OF ROLLING STOCK AND OTHER PROPERTY. A district may acquire rolling stock or other property under a conditional sales contract, lease, equipment trust certificate, or other form of contract or trust agreement.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.207. COMPENSATION FOR USE OF SYSTEM FACILITIES.

(a) A district shall establish and maintain reasonable and nondiscriminatory rates or other compensation for the use of the facilities of the system acquired, constructed, operated, regulated, or maintained by the district.

(b) Together with grants received by the district, the rates or other compensation must be sufficient to produce revenue adequate to:

(1) pay all expenses necessary for the operation and maintenance of the district's property and facilities;

(2) pay the principal of and interest on all bonds issued by the district under this chapter payable wholly or partly from the revenue, as they become due and payable; and

(3) fulfill the terms of agreements made with the holders of bonds or with any person on their behalf.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04,

eff. April 1, 2011.

Sec. 173.208. OPERATION OR USE CONTRACTS. (a) A district may:

(1) lease all or part of the commuter rail facilities to any operator; or

(2) contract for the use or operation of all or part of the commuter rail facilities by any operator.

(b) To the maximum extent practicable, the district shall encourage the participation of private enterprise in the operation of commuter rail facilities.

(c) The term of an operating contract under this section may not exceed 20 years.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.209. RAIL TRANSPORTATION SERVICES AGREEMENTS WITH OTHER POLITICAL SUBDIVISIONS. A district may contract with a county or other political subdivision of this state for the district to provide commuter rail transportation services to an area outside the district on terms to which the parties agree.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

SUBCHAPTER F. FINANCIAL PROVISIONS

Sec. 173.251. FISCAL YEAR. Unless the board changes the fiscal year, the district's fiscal year ends on September 30.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.252. ANNUAL BUDGET. (a) Before beginning the operation of commuter rail facilities, the board shall adopt an annual operating budget specifying the district's anticipated revenue and expenses for the remainder of the fiscal year. The district shall adopt an operating budget for each succeeding fiscal year.

(b) The board must hold a public hearing before adopting each budget except the initial budget. Notice of the hearing must be published at least seven days before the date of the hearing in a newspaper of general circulation in the district.

(c) A budget may be amended at any time if notice of the proposed amendment is given in the notice of meeting.

(d) An expenditure that is not budgeted may not be made.
Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.253. GRANTS AND LOANS. A district may accept grants and loans from the United States, this state and its agencies and political subdivisions, public or private corporations, and other persons.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.254. DEPOSITORY. (a) The board by resolution shall name one or more banks for the deposit of district funds.

(b) District funds are public funds and may be invested in securities permitted by Chapter 2256, Government Code.

(c) To the extent district funds are not insured by the Federal Deposit Insurance Corporation or its successor, the funds shall be collateralized in the manner provided for county funds.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.255. PURCHASE OF ADDITIONAL INSURED PROVISIONS. A district may purchase an additional insured provision to any liability insurance contract.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.256. FINANCING OF CERTAIN TRANSPORTATION INFRASTRUCTURE. (a) This section applies only to a local government, other than a school district, that is a member of a district and that is authorized to impose ad valorem taxes on real

property.

(b) A district may enter into an interlocal contract with one or more local government members for the financing of transportation infrastructure that is constructed or that is to be constructed in the territory of the local governments by the district.

(c) The agreement must include:

- (1) the duration of the agreement;
- (2) a description of each transportation infrastructure project or proposed project;
- (3) a map showing the location of each project; and
- (4) an estimate of the cost of each project.

(d) The agreement may establish one or more transportation infrastructure zones. The district and the local government may agree that, at one or more specified times, the local government will pay to the district an amount that is calculated on the basis of increased ad valorem tax collections in a zone that are attributable to increased values of property located in the zone resulting from an infrastructure project. Except as provided by Subsection (d-1), the amount may not exceed an amount that is equal to 30 percent of the increase in ad valorem tax collections for the specified period.

(d-1) A transportation infrastructure zone of a district established before January 1, 2005, may consist of a contiguous or noncontiguous geographic area in the territory of one or more local governments and must include a commuter rail facility or the site of a proposed commuter rail facility. The amount paid by a local government under Subsection (d) to a district established before January 1, 2005, may not exceed an amount that is equal to the increase in ad valorem tax collections in the zone for the specified period.

(e) Money received by the district under this section may be used:

- (1) to provide a local match for the acquisition of right-of-way in the territory of the local government; or
- (2) for design, construction, operation, or maintenance of transportation facilities in the territory of the

local government.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1307 (H.B. 3030), Sec. 2, eff. September 1, 2011.

Sec. 173.257. TAX EXEMPTION. District property, material purchases, revenue, and income and the interest on bonds and notes issued by the district are exempt from any tax imposed by this state or a political subdivision of this state.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

SUBCHAPTER G. BONDS

Sec. 173.301. REVENUE BONDS. A district may issue revenue bonds and notes in amounts that the board considers necessary or appropriate for the acquisition, purchase, construction, reconstruction, repair, equipping, improvement, or extension of its commuter rail facilities.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.302. SECURITY FOR PAYMENT OF BONDS. (a) To secure payment of district bonds or notes, the district may:

(1) encumber and pledge all or part of the revenue of its commuter rail facilities; and

(2) encumber all or part of the property of the commuter rail facilities and everything pertaining to them acquired or to be acquired.

(b) Unless prohibited by the resolution or indenture relating to outstanding bonds or notes, a district may encumber separately any item of property.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.303. BONDS AS AUTHORIZED INVESTMENTS AND SECURITY FOR DEPOSITS OF PUBLIC FUNDS. (a) District bonds and notes are legal and authorized investments for:

- (1) a bank;
- (2) a trust company;
- (3) a savings and loan association; and
- (4) an insurance company.

(b) The bonds and notes are:

(1) eligible to secure the deposit of public funds of this state or a municipality, a county, a school district, or any other political corporation or subdivision of this state; and

(2) lawful and sufficient security for the deposit to the extent of the principal amount or market value of the bonds or notes, whichever is less.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.304. LIMIT ON POWER. (a) A revenue bond indenture may limit the exercise of a power granted by Section 173.004, 173.005, 173.111, 173.151, 173.152, 173.153, 173.154, 173.155, 173.157, 173.159, 173.160, 173.201, 173.202, 173.203, 173.204, 173.205, 173.206, 173.207, 173.208, 173.209, 173.251, 173.252, 173.253, 173.254, or 173.255.

(b) The limitation applies while any of the revenue bonds issued under the indenture are outstanding and unpaid.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.305. TAX INCREMENT FUND FOR TRANSPORTATION INFRASTRUCTURE ZONE IN CERTAIN DISTRICTS. A district established before January 1, 2005, that creates a transportation infrastructure zone shall establish a tax increment fund. In addition to the amount of tax increment deposited to the tax increment fund, all revenue from the sale of tax increment bonds or notes under Section 173.306, revenue from the sale of any property acquired as part of a plan adopted to use tax increment financing, and other revenue to be used in implementing the plan shall be

deposited in the tax increment fund for the zone.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1307 (H.B. 3030), Sec. 3, eff. September 1, 2011.

Sec. 173.306. TAX INCREMENT BONDS AND NOTES ISSUED BY LOCAL GOVERNMENT MEMBER IN CERTAIN DISTRICTS. (a) This section applies only to a district created before January 1, 2005.

(b) A local government member of a district creating a transportation infrastructure zone may issue tax increment bonds or notes, including refunding bonds, secured by revenue in the local government's tax increment fund. Proceeds of bonds issued under this section may be used to:

(1) pay project costs for the zone on behalf of which the bonds or notes were issued; or

(2) satisfy claims of holders of the bonds or notes.

(c) Tax increment bonds and notes are payable, as to both principal and interest, solely from the tax increment fund established for the transportation infrastructure zone. The local government may pledge irrevocably all or part of the fund for payment of tax increment bonds or notes. The part of the fund pledged in payment may be used only for the payment of the bonds or notes or interest on the bonds or notes until the bonds or notes have been fully paid. A holder of the bonds or notes or of coupons issued on the bonds has a lien against the fund for payment of the bonds or notes and interest on the bonds or notes and may protect or enforce the lien at law or in equity.

(d) A tax increment bond or note is not a general obligation of the local government issuing the bond or note. A tax increment bond or note does not give rise to a charge against the general credit or taxing powers of the local government and is not payable except as provided by this section.

(e) A local government's obligation to deposit sales and use taxes into the tax increment fund is not a general obligation of the local government. An obligation to make payments from sales and use taxes does not give rise to a charge against the general credit or taxing powers of the local government and is not payable except as provided by this section. A tax increment bond or note issued

under this section that pledges payments must state the restrictions of this section on its face.

(f) A tax increment bond or note may not be included in any computation of the debt of the issuing local government.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1307 (H.B. 3030), Sec. 3, eff. September 1, 2011.

SUBCHAPTER H. SALES AND USE TAXES

Sec. 173.351. TAX AUTHORIZED. A sales and use tax is imposed on items sold on district property.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.352. TAX RATE. The sales and use tax shall be imposed at the rate of the highest combination of local sales and use taxes imposed at the time of the district's creation in any local governmental jurisdiction that is part of the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.353. PREEMPTION OF OTHER SALES AND USE TAXES. The tax imposed under this subchapter preempts all other local sales and use taxes that would otherwise be imposed on district property.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.354. APPLICABILITY OF TAX CODE. Chapter 321, Tax Code, governs the computation, administration, governance, and use of the tax except as inconsistent with this chapter.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.355. NOTICE TO COMPTROLLER. (a) The district shall notify the comptroller in writing by United States registered or certified mail of the district's creation and of its intent to impose the sales and use tax under this chapter.

(b) The district shall provide to the comptroller all information required to implement the tax, including:

(1) an adequate map showing the property boundaries of the district;

(2) a certified copy of the resolution of the board adopting the tax; and

(3) certified copies of the resolutions of the governing bodies of the creating municipalities and of the commissioners courts of the counties in which the municipalities are located.

(c) Not later than the 30th day after the date the comptroller receives the notice, map, and other information, the comptroller shall inform the district whether the comptroller is prepared to administer the tax.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.356. NOTICE TO LOCAL GOVERNMENTS. At the same time the district notifies the comptroller under Section 173.355, the district shall:

(1) notify each affected local governmental jurisdiction of the district's creation; and

(2) provide each jurisdiction with an adequate map showing the property boundaries of the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.357. ACQUISITION OF ADDITIONAL TERRITORY SUBJECT TO TAX. (a) Not later than the 30th day after the date a district acquires additional territory, the district shall notify the comptroller and each affected local governmental jurisdiction of the acquisition.

(b) The district must include with each notification:

(1) an adequate map showing the new property boundaries of the district; and

(2) the date the additional territory was acquired.

(c) Not later than the 30th day after the date the

comptroller receives the notice under this section, the comptroller shall inform the district whether the comptroller is prepared to administer the tax in the additional territory.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.358. DUTY OF COMPTROLLER. The comptroller shall:

(1) administer, collect, and enforce a tax imposed under this chapter; and

(2) remit to a district the tax collected on the district's property.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.

Sec. 173.359. EFFECTIVE DATE OF TAX. A tax imposed under this chapter or the repeal of a tax imposed under this chapter takes effect on the first day of the first calendar quarter that begins after the expiration of the first complete calendar quarter that occurs after the date the comptroller receives a notice of the action as required by this subchapter.

Added by Acts 2009, 81st Leg., R.S., Ch. 85 (S.B. 1540), Sec. 2.04, eff. April 1, 2011.