

TRANSPORTATION CODE

TITLE 6. ROADWAYS

SUBTITLE K. MASS TRANSPORTATION

CHAPTER 453. MUNICIPAL TRANSIT DEPARTMENTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 453.001. DEFINITIONS. In this chapter:

(1) "Board" means the governing body of a transit department.

(2) "Mass transit" means the transportation of passengers and hand-carried packages or baggage of a passenger by any means of surface, overhead, or underground transportation, other than an aircraft or taxicab.

(3) "Transit department" means a mass transit department created under this chapter or under former Article 1118z, Revised Statutes, enacted by Section 34, Article 1, Chapter 10, Acts of the 69th Legislature, 3rd Called Session, 1986.

(4) "Transit department system" means:

(A) property owned or held by a municipality and used by a transit department for mass transit purposes; and

(B) facilities necessary or convenient for:

(i) the use of or access to mass transit by persons or vehicles; or

(ii) the protection or environmental enhancement of mass transit.

(5) "Transportation disadvantaged" has the meaning assigned by Section [451.001](#).

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2001, 77th Leg., ch. 1038, Sec. 7, eff. Sept. 1, 2001.

Sec. 453.002. EXCLUDED MUNICIPALITIES. (a) This chapter does not apply to a municipality any part of which is located in:

(1) a county that contains territory within the corporate limits of a principal municipality that is a part of an authority operating under Chapter [451](#) or [452](#); or

(2) a federal metropolitan statistical area or primary

metropolitan statistical area that contains a principal municipality that is a part of an authority operating under Chapter 451 or 452.

(b) For the purpose of this section "principal municipality" has the meaning assigned by Section 451.001 or 452.001.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.003. CONTINUING APPLICATION OF CHAPTER. The continuation of a transit department created in compliance with, and for which a tax has been approved under, this chapter is not affected by a later failure of the municipality that created the transit department to meet a requirement of Section 453.002(a) or 453.051(a)(2).

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

SUBCHAPTER B. CREATION AND ADMINISTRATION OF TRANSIT DEPARTMENT

Sec. 453.051. CREATION OF TRANSIT DEPARTMENT. (a) The governing body of a municipality, by ordinance or resolution, may create a transit department if:

- (1) the municipality operates a mass transportation system;
- (2) the municipality has a population of 50,000 or more; and
- (3) the governing body determines that the creation of a transit department and operation of a transit department system would be in the public interest and of benefit to persons residing in the municipality.

(b) The jurisdiction of a transit department is coextensive with the territory of the municipality that creates the transit department.

(c) The jurisdiction of a transit department created by a municipality with a population of more than 500,000 that borders the United Mexican States does not include any territory within the boundaries of a federal military installation that is located in that municipality's extraterritorial jurisdiction.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.31(a), eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 146 (H.B. 205), Sec. 2, eff. July 1, 2011.

Sec. 453.052. ADMINISTRATION OF TRANSIT DEPARTMENT. The board of a transit department shall administer and operate the transit department.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.053. BOARD. (a) The board of a transit department consists of the members of the governing body of the municipality that creates the transit department.

(b) Service as a member of the board is an additional duty of the office of a member of the governing body and is without compensation.

(c) The presiding officers of the governing body of the municipality that creates a transit department are the presiding officers of the board.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.054. BOARD MEETINGS. (a) The board shall hold at least one regular meeting each month for the purpose of transacting business of the transit department.

(b) The presiding officer may call a special meeting of the board.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.055. CONFLICTS OF INTEREST: TRANSIT DEPARTMENT EMPLOYEES. An employee of a transit department may not have a pecuniary interest in, or receive a benefit from, an agreement to which the transit department is a party.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.056. TRANSFER OF MUNICIPAL RESOURCES TO TRANSIT DEPARTMENT. (a) The governing body of a municipality may transfer

to a transit department created by the municipality:

(1) property and employees of a division of the municipality that before the creation of the transit department was responsible for municipal public transportation; and

(2) municipal funds that may be used for mass transit.

(b) The governing body may abolish or change the functions of the municipal division formerly responsible for municipal public transportation.

(c) If a transit department is required to be dissolved under this chapter, the board, on dissolution of the transit department, shall transfer to the municipality the funds, property, and employees that were transferred to the transit department under this section. The governing body of the municipality may then recreate or change the duties of any municipal division abolished or changed as a result of transfers made under this section.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.057. INVESTMENTS. (a) A board may invest transit department funds in any obligation, security, or evidence of indebtedness in which the municipality for which the transit department was created may invest municipal funds.

(b) In making an investment of transit department funds, a board shall exercise the judgment and care, under the circumstances prevailing at the time of making the investment, that persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs in making a permanent and nonspeculative disposition of their funds, considering the probable income from the disposition and the probable safety of their capital.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.058. ACCOUNTS AND DEPOSIT OF MONEY; DEDICATION OF MONEY. (a) The board shall deposit all transit department money, other than money invested as provided by Section 453.057, with the treasurer of the creating municipality to the credit of the accounts described by Subsection (b).

(b) All money received from the collection of the sales and

use tax under Subchapter H shall be credited to an account separate from an account to which all other money governed by Subsection (a) shall be credited.

(c) Sales and use tax collections under Subchapter H may be used only for mass transit.

(d) The board may transfer money credited to the account that does not contain sales and use tax collections back to the municipality.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.059. LIABILITY OF CREATING MUNICIPALITY. A municipality that creates a transit department is liable for an expense the transit department incurs before the date a sales and use tax is approved for the transit department under Subchapter D, including the costs of holding the election.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.060. PROHIBITION OF CONSUMPTION OF ALCOHOLIC BEVERAGE. (a) A board by resolution may prohibit the consumption of an alcoholic beverage on property a transit department possesses or controls. The resolution must describe with particularity each place where consumption of an alcoholic beverage is prohibited.

(b) The transit department shall post a sign in each place where consumption of an alcoholic beverage is prohibited under this section. The sign must indicate that a person may not consume an alcoholic beverage in that place.

(c) A person commits an offense if the person consumes an alcoholic beverage in a place where the consumption of an alcoholic beverage is prohibited under this section.

(d) An offense under this section is a Class C misdemeanor.

(e) In this section, "alcoholic beverage" has the meaning assigned by Section 1.04, Alcoholic Beverage Code.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.32(a), eff. Sept. 1, 1997.

Sec. 453.061. TRANSPORTATION DISADVANTAGED. The board shall consider the interests of the transportation disadvantaged in

making decisions under this chapter.

Added by Acts 2001, 77th Leg., ch. 1038, Sec. 8, eff. Sept. 1, 2001.

SUBCHAPTER C. POWERS OF TRANSIT DEPARTMENT

Sec. 453.101. POWERS APPLICABLE TO TRANSIT DEPARTMENT HAVING TAX. Except for the administration of assets transferred under Section 453.056, this subchapter applies only to a transit department that has a local sales and use tax approved under Subchapter D.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.102. ACQUIRING AND DISPOSING OF PROPERTY. (a) A transit department may acquire, hold, use, sell, lease, or dispose of property, including licenses, patents, rights, and other interests, necessary, convenient, or useful for the full exercise of any of its powers under this chapter.

(b) The transit department may acquire property described in Subsection (a) in any manner, including by gift or devise.

(c) An acquisition made or other action taken under Subsection (a) shall be in the name of the municipality that created the transit department.

(d) A transit department may dispose of, by sale, lease, or other conveyance:

(1) any property of the transit department not needed for the efficient operation and maintenance of the transit department system; and

(2) any surplus property not needed for its requirements or for the purpose of carrying out its powers under this chapter.

(e) The lease of unneeded property under Subsection (c) must be consistent with the efficient operation and maintenance of the transit department system.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.103. TRANSIT DEPARTMENT SYSTEM. (a) A transit department may in the municipality creating the transit department:

(1) acquire, construct, own, operate, and maintain a transit department system;

(2) use any public way; and

(3) construct, repair, and maintain a municipal street, as authorized by the governing body of the municipality.

(b) In the exercise of a power under Subsection (a), a transit department may relocate or reroute, or alter the construction of, any public or private property, including:

(1) an alley, road, street, or railroad;

(2) an electric line and facility;

(3) a telegraph and telephone property and facility;

(4) a pipeline and facility; and

(5) a conduit and facility.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.104. FARES AND OTHER CHARGES. The board shall, after a public hearing, impose reasonable and nondiscriminatory fares, tolls, charges, rents, or other compensation for the use of the transit department system sufficient to produce revenue, together with receipts from taxes imposed by the transit department, in an amount adequate to:

(1) pay all the expenses necessary to operate and maintain the transit department system;

(2) pay when due the principal of and interest on, and sinking fund and reserve fund payments agreed to be made with respect to, all bonds that are issued by the board and payable in whole or part from the revenue; and

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

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.105. AGREEMENT WITH UTILITIES, CARRIERS. A transit department may agree with a public or private utility, communication system, common carrier, or transportation system for:

(1) the joint use of the property of the agreeing

entities in the municipality; or

(2) the establishment of through routes, joint fares, or transfers of passengers.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.106. CONTRACTS; ACQUISITION OF PROPERTY BY AGREEMENT. (a) A transit department may contract with any person and may accept a grant or loan from any person.

(b) A transit department may acquire rolling stock or other property under a contract or trust agreement, including a conditional sales contract, lease, and equipment trust certificate.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.107. USE AND ACQUISITION OF PROPERTY OF OTHERS.

(a) A transit department may not alter or damage any property of this state or a political subdivision of this state or owned by a person rendering public services and may not disrupt services being provided by others or inconvenience in any other manner an owner of property, without first having obtained:

(1) the written consent of the owner; or

(2) the right from the governing body of the municipality to take the action under the municipality's power of eminent domain.

(b) A transit department may agree with an owner of property to provide for:

(1) a necessary relocation or alteration of property by the owner or a contractor chosen by the owner; and

(2) the reimbursement by the transit department to the owner of the costs incurred by the owner in making the relocation or alteration.

(c) The transit department shall pay the cost of any relocation, rerouting, or other alteration in the construction made under this chapter and is liable for any damage to property occurring because of the change.

(d) The department shall permit a transit department to construct a separate area adjacent to a highway under the

jurisdiction of the department so that buses may safely board and discharge passengers without impeding the flow of traffic. The location, design, and construction standards of an area constructed under this subsection must be approved by the department to ensure the safety of the traveling public.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Amended by:

Acts 2005, 79th Leg., Ch. 1281 (H.B. 2348), Sec. 1, eff. June 18, 2005.

Sec. 453.108. ROUTES. A transit department shall determine each route, including route changes, as the board considers advisable.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.109. TORT LIABILITY AND GOVERNMENTAL IMMUNITY.

(a) A transit department is a separate governmental unit for purposes of Chapter 101, Civil Practice and Remedies Code, and operations of a transit department are essential governmental functions and not proprietary functions for all purposes, including the purposes of that chapter.

(b) This chapter does not create or confer any governmental immunity or limitation of liability on any entity that is not a governmental unit, governmental entity or authority, or public agency or a subdivision of one of those persons. In this subsection "governmental unit" has the meaning assigned by Section 101.001, Civil Practice and Remedies Code.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.110. TAX EXEMPTION. The assets of a transit department are exempt from any tax of the state or a state taxing authority.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

SUBCHAPTER D. TRANSIT DEPARTMENT TAX ELECTION

Sec. 453.151. BOARD TO ORDER TAX ELECTION. (a) If the

board determines that implementation of a mass transit plan developed by the transit department is feasible, the board shall order an election to approve a local sales and use tax at the rate determined by the board under Section 453.401 unless the municipality that created the transit department imposes an additional sales and use tax under Section 321.101(b), Tax Code.

(b) The board may not order an election under this section to be held on the same day as an election held by the creating municipality to approve an additional sales and use tax under Section 321.101(b), Tax Code.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.152. NOTICE OF ELECTION. (a) Notice of the election must include a description of the nature and rate of the proposed tax.

(b) The board shall send a copy of the notice to the Texas Department of Transportation and to the comptroller.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.153. BALLOT PROPOSITION. At an election under this subchapter, the ballots shall be prepared to provide for voting for or against the proposition: "Levy of a proposed local sales and use tax at the rate of _____ (insert appropriate rate) percent."

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.154. RESULTS OF ELECTION. (a) If a majority of the votes received at the election favor the proposition, the board shall:

(1) record the result in its minutes; and

(2) adopt an order requiring implementation of the mass transit plan.

(b) If a majority of the votes received at the election do not favor the proposition, the board shall:

(1) record in its minutes an order declaring the result; and

(2) dissolve the transit department as soon as

practicable.

(c) The board shall file a certified copy of an order under this section with the Texas Department of Transportation, with the comptroller, and in the deed records of the county.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

SUBCHAPTER E. SPECIAL TRANSPORTATION PROGRAMS

Sec. 453.201. TRANSPORTATION FOR JOBS PROGRAM PARTICIPANTS. (a) A transit department shall contract with the Texas Department of Human Services to provide, in accordance with federal law, transportation services to a person who:

(1) resides in the area served by the transit department;

(2) is receiving financial assistance under Chapter 31, Human Resources Code; and

(3) is registered in the jobs opportunities and basic skills training program under Part F, Subchapter IV, Social Security Act (42 U.S.C. Section 682).

(b) The contract must include provisions to ensure that:

(1) the transit department is required to provide transportation services only to a location:

(A) to which the person travels in connection with participation in the jobs opportunities and basic skills training program; and

(B) that the transit department serves under the transit department's authorized rate structure and existing services;

(2) the transit department is to provide directly to the Texas Department of Human Services trip vouchers for distribution by the Texas Department of Human Services to a person who is eligible under this section to receive transportation services;

(3) the Texas Department of Human Services reimburses the transit department for allowable costs, at the applicable federal matching rate; and

(4) the Texas Department of Human Services may return

undistributed trip vouchers to the transit department.

(c) A transit department shall certify the amount of public funds spent by the transit department under this section for the purpose of obtaining federal funds under the jobs opportunities and basic skills training program.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.202. WAIVER OF FEDERAL REQUIREMENTS. If, before implementing Section 453.201, the Texas Department of Human Services determines that a waiver or authorization from a federal agency is necessary for implementation, the Texas Department of Human Services shall request the waiver or authorization, and the Texas Department of Human Services and a transit department may delay implementing Section 453.201 until the waiver or authorization is granted.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

SUBCHAPTER G. BONDS

Sec. 453.301. DEFINITION. In this subchapter, "bond" includes a note.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.302. POWER TO ISSUE BONDS. (a) A transit department may issue revenue bonds at any time and for any amounts it considers necessary or appropriate for:

(1) the acquisition, construction, repair, equipping, improvement, or extension of its transit system; or

(2) the construction or general maintenance of streets of the creating municipality.

(b) Bonds payable solely from revenues may be issued by resolution of the board.

(c) Bonds, other than refunding bonds, any portion of which is payable from tax revenue, may not be issued until authorized by a majority vote of the voters of the municipality voting in an election.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.303. BOND TERMS. (a) A transit department's bonds are fully negotiable.

(b) The transit department may make the bonds redeemable before maturity at the price and subject to the terms and conditions that are provided in the resolution authorizing the bonds.

(c) A revenue bond indenture may limit a power of the transit department provided by Sections 453.101-453.108 or 453.109(b) as long as the bond containing the indenture is outstanding and unpaid.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.304. SALE. Bonds may be sold at a public or private sale as determined by the board.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.305. APPROVAL; REGISTRATION. (a) A transit department's bonds and the records relating to their issuance shall be submitted to the attorney general for examination before the bonds may be delivered.

(b) If the attorney general finds that the bonds have been issued in conformity with the constitution and this chapter and that the bonds will be a binding obligation of the issuing transit department, the attorney general shall approve the bonds.

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

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.306. INCONTESTABILITY. Bonds are incontestable after they are:

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

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.307. SECURITY PLEDGED. (a) To secure the payment of a transit department's bonds, the transit department may:

(1) pledge all or part of revenue received from any tax that the transit department may impose;

(2) pledge all or part of the revenue of the transit department system; and

(3) mortgage all or part of the transit department system, including any part of the system subsequently acquired.

(b) Under Subsection (a)(3), the transit department may, subject to the terms of the bond indenture or resolution authorizing the issuance of the bonds, encumber a separate item of the transit department system and acquire, use, hold, or contract for any property by lease, chattel mortgage, or other conditional sale, including an equipment trust transaction.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.308. PLEDGE OF REVENUE LIMITED. The expenses of operation and maintenance of a transit department system, including salaries, labor, materials, and repairs necessary to provide efficient service and every other proper item of expense, are a first lien and charge against any revenue of a transit department that is encumbered under this chapter.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.309. REFUNDING BONDS. A transit department may issue refunding bonds for the purposes and in the manner authorized by Chapter 1207, Government Code, or other law.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.397, eff. Sept. 1, 2001.

Sec. 453.310. BONDS AS AUTHORIZED INVESTMENTS. (a) A transit department's bonds are authorized investments for:

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

(b) The bonds, when accompanied by all appurtenant, unmatured coupons and to the extent of the lesser of their face value or market value, are eligible to secure the deposit of public

funds of this state, a political subdivision of this state, and any other political corporation of this state.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.311. INTEREST EXEMPTION. Interest on bonds issued by a transit department is exempt from any tax of the state or a state taxing authority.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

SUBCHAPTER H. TAXES

Sec. 453.401. SALES AND USE TAX. (a) The board may impose for the transit department a sales and use tax at a permissible rate that does not exceed the rate approved by the voters at an election under this chapter.

(b) The board by order may:

(1) decrease the rate of the sales and use tax for the transit department to a permissible rate; or

(2) call an election for the increase or decrease of the sales and use tax to a permissible rate.

(c) The permissible rates for a sales and use tax imposed under this chapter are:

(1) one-quarter of one percent; and

(2) one-half of one percent.

(d) Chapter 322, Tax Code, applies to a transit department's sales and use tax.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.402. MAXIMUM TAX RATE. (a) A board may not adopt a sales and use tax rate, including a rate increase, that when combined with the rates of all sales and use taxes imposed by all political subdivisions of this state having territory in the municipality exceeds two percent in any location in the municipality.

(b) An election by a transit department to approve a sales and use tax or increase the rate of the transit department's sales and use tax has no effect if:

(1) the voters of the transit department approve the department's sales and use tax rate or rate increase at an election held on the same day on which the municipality or county having territory in the jurisdiction of the transit department adopts a sales and use tax or an additional sales and use tax; and

(2) the combined rates of all sales and use taxes imposed by the transit department and all political subdivisions of this state would exceed two percent in any part of the territory in the jurisdiction of the transit department.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.403. ELECTION TO CHANGE TAX RATE. (a) At an election ordered under Section 453.401(b)(2), the ballots shall be prepared to permit voting for or against the proposition: "The increase (decrease) of the local sales and use tax rate of (name of transit department) to (percentage)."

(b) The increase or decrease in the tax rate becomes effective if it is approved by a majority of the votes cast.

(c) A notice of the election and a certified copy of the order canvassing the election results shall be:

(1) sent to the Texas Department of Transportation and the comptroller; and

(2) filed in the deed records of the county.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.404. SALES TAX: EFFECTIVE DATES. (a) A transit department's sales and use tax takes effect on the first day of the second calendar quarter that begins after the date the comptroller receives a copy of the order required to be sent under Section 453.154.

(b) An increase or decrease in the rate of a transit department's sales and use tax takes effect on:

(1) the first day of the first calendar quarter that begins after the date the comptroller receives the notice provided under Section 453.403(c); or

(2) the first day of the second calendar quarter that begins after the date the comptroller receives the notice if within

10 days after the date of receipt of the notice the comptroller gives written notice to the presiding officer of the board that the comptroller requires more time to implement tax collection and reporting procedures.

(c) The presiding officer of the board of a transit department that imposes a sales and use tax under this chapter shall send to the comptroller by United States registered or certified mail a certified copy of each order of the municipality that created the transit department that adds territory to, or removes territory from, the municipality unless notice of the boundary change is given under Chapter 321, Tax Code. The order must give the effective date of the change and be accompanied by a map of the municipality clearly showing the territory added or removed. The tax is effective in the added territory or is excluded from the removed territory in the same manner as provided for a change of tax rate in Subsection (b).

(d) If the notice of a boundary change is given as provided by Chapter 321, Tax Code, the tax imposed under this chapter takes effect at the same time that the municipal tax takes effect under that notice.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

SUBCHAPTER I. DISSOLUTION OF TRANSIT DEPARTMENT

Sec. 453.451. ELECTION TO DISSOLVE TRANSIT DEPARTMENT. (a) A board may order an election on the question of dissolving the transit department.

(b) The board shall dissolve the transit department if the dissolution is approved by a majority of the votes cast.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.452. ELECTION PROCEDURES. (a) The provisions of Subchapter D that relate to the notice and conduct of an election under that subchapter apply to an election to dissolve a transit department unless a different requirement is specified in this subchapter.

(b) The board shall send a notice of the election to the

Texas Department of Transportation and the comptroller.
Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.453. BALLOTS; NOTICE OF ELECTION RESULTS. (a) At the election, the ballots shall be prepared to provide for voting for or against the proposition: "Dissolution of (name of transit department)."

(b) The board shall send a certified copy of the order canvassing the election results to the Texas Department of Transportation and the comptroller and file a copy in the deed records of the county.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 453.454. EFFECTIVE DATE OF DISSOLUTION. The repeal of a transit department's sales and use tax under this subchapter takes effect on:

(1) the first day of the first calendar quarter that begins after the date the comptroller receives the notice of the dissolution of the transit department; or

(2) the first day of the second calendar quarter that begins after the date the comptroller receives the notice, if within 10 days after the date of receipt of the notice the comptroller gives written notice to the presiding officer of the board that the comptroller requires more time to implement the repeal of the tax.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.