

TRANSPORTATION CODE

TITLE 6. ROADWAYS

SUBTITLE K. MASS TRANSPORTATION

CHAPTER 457. COUNTY MASS TRANSIT AUTHORITY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 457.001. DEFINITIONS. In this chapter:

(1) "Authority" means a mass transit authority created under this chapter or former Article 1118z-1, Revised Statutes.

(2) "Board" means the governing body of an authority.

(3) "Bond" includes a note.

(4) "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.

(5) "Principal municipality" means the municipality of greatest population in a county to which this chapter applies.

(6) "Transit authority system" means:

(A) property owned or held by an authority 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.

(7) "Unit of election" means a municipality, including the principal municipality, or the unincorporated area of a county.

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

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 1038, Sec. 9, eff. Sept. 1, 2001.

Sec. 457.002. APPLICABILITY. This chapter applies only to a county containing a municipality with a population of 500,000 or more that has created a mass transit department under Chapter [453](#) or

former Article 1118z, Revised Statutes.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

SUBCHAPTER B. CREATION AND ADMINISTRATION OF AUTHORITY

Sec. 457.051. CREATION OF AUTHORITY. (a) An authority is created under this chapter if a resolution finding that the creation of an authority would be in the public interest and a benefit to persons residing in the county is adopted by:

- (1) the county commissioners court;
- (2) the governing body of the principal municipality;

and

(3) the governing body of at least one municipality other than the principal municipality.

(b) An authority may not be created if the rate of the sales and use tax charged by the city transit department of the principal municipality, when added to an existing sales and use tax collected in the county other than by the principal municipality, would exceed the limit imposed by Section [457.302](#).

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.052. BOARD OF AUTHORITY. (a) The board of an authority consists of seven members. A member of the board serves without compensation but is entitled to reimbursement for expenses incurred in board service. The board shall elect one of its members as presiding officer. The members are appointed as follows:

- (1) two members by the county commissioners court;
- (2) four members by the governing body of the

principal municipality; and

(3) one member by the governing bodies of all municipalities that adopt the resolution described by Section [457.051](#).

(b) A member of the board serves at the pleasure of the appointing entity.

(c) The board shall administer and operate the authority.

(d) The board shall hold at least one regular meeting each month for the purpose of transacting business of the authority.

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

(f) The principal municipality shall make its appointments to the board so that at least one of the appointees is designated to represent the interests of the transportation disadvantaged.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 1038, Sec. 10, eff. Sept. 1, 2001.

Sec. 457.053. CONFIRMATION ELECTION. (a) If an authority is created under Section 457.051, the board shall propose a service plan and an initial tax rate for the authority. The initial tax rate must be the same rate as that collected by the city transit department created by the principal municipality.

(b) After proposing a service plan and an initial tax rate, the board shall call an election in the county to approve the creation of the authority and the tax rate. The election must be held on a uniform election date but may not be held on the same day as an election held by the county under Section 323.101, Tax Code. The election is not held in the territory of the principal municipality.

(c) Notice of the election must include a description of the nature and rate of the proposed tax. The board shall send a copy of the notice to the department and the comptroller.

(d) At the election, the ballots shall be printed to permit voting for or against the following proposition: "The creation of the (name of county) Transit Authority and the imposition of a (rate of tax) percent sales and use tax in (name of county) County."

(e) If a majority of the votes cast at the election approve the proposition:

(1) the board shall record the result in its minutes and adopt an order implementing the service plan; and

(2) on the day the sales and use tax takes effect in the authority, the city transit department created by the principal municipality under Chapter 453 or former Article 1118z, Revised

Statutes, is dissolved, and its assets, personnel, and obligations are transferred to the authority.

(f) If less than a majority of the votes cast at the election approve the proposition, the board shall adopt an order dissolving the authority, and the city transit department of the principal municipality is not affected.

(g) The jurisdiction of an authority is coextensive with the territory of the county.

(h) The board shall file a certified copy of an order adopted under Subsection (e)(1) or (f) with the department, with the comptroller, and in the deed records of the county.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.054. CONFLICTS OF INTEREST: AUTHORITY EMPLOYEES. An employee of an authority may not have a pecuniary interest in, or receive a benefit from, an agreement to which the authority is a party.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.055. TRANSFER OF RESOURCES BETWEEN MUNICIPALITY AND AUTHORITY. (a) The governing body of a municipality may transfer to an authority created under this chapter:

(1) property and employees of a division of the municipality that before the creation of the authority 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 an authority is required to be dissolved under this chapter, the board, on dissolution of the authority, shall transfer to a municipality the funds, property, and employees that were transferred to the authority under this section. The governing body of the municipality may then re-create or change the duties of any municipal division abolished or changed as a result of

transfers made under this section.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.056. INVESTMENTS. (a) A board may invest authority funds in any obligation, security, or evidence of indebtedness in which the principal municipality may invest municipal funds.

(b) In making an investment of authority 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.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.057. DEPOSIT OF MONEY. (a) The board shall designate one or more banks as depositories for authority funds. All authority money, other than money invested as provided by Section [457.056](#), shall be deposited in one or more of the authority's depository banks.

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

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.058. LIABILITY OF CREATING ENTITIES. The political subdivisions that adopt a resolution under Section [457.051](#)(a) are liable for an expense the authority incurs before the date a sales and use tax is approved for the authority under this chapter, including the costs of holding the election.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1,

1997.

SUBCHAPTER C. POWERS OF AUTHORITY

Sec. 457.101. ACQUIRING AND DISPOSING OF PROPERTY. (a) An authority 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 authority may acquire property described in Subsection (a) in any manner, including by gift or devise.

(c) An authority may dispose of, by sale, lease, or other conveyance:

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

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

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

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.102. TRANSIT AUTHORITY SYSTEM. (a) An authority may:

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

(2) use any public way; and

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

(b) In the exercise of a power under Subsection (a), an authority 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.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.103. 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 authority system sufficient to produce revenue, together with receipts from taxes imposed by the authority, in an amount adequate to:

- (1) pay all the expenses necessary to operate and maintain the transit authority 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.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.104. AGREEMENT WITH UTILITIES AND CARRIERS. An authority 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 authority; or

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

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.105. CONTRACTS; ACQUISITION OF PROPERTY BY AGREEMENT. (a) An authority may contract with any person and may

accept a grant or loan from any person.

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

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.106. USE AND ACQUISITION OF PROPERTY OF OTHERS.

(a) An authority 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) An authority 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 authority to the owner of the costs incurred by the owner in making the relocation or alteration.

(c) The authority 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.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.107. ROUTES. An authority shall determine each route, including route changes, as the board considers advisable.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.108. TORT LIABILITY AND GOVERNMENTAL IMMUNITY.

(a) An authority is a separate governmental unit for purposes of Chapter 101, Civil Practice and Remedies Code, and operations of an authority 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.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.109. TAX EXEMPTION. The assets of an authority are exempt from any tax of the state or a state taxing authority.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

SUBCHAPTER D. SPECIAL TRANSPORTATION PROGRAMS

Sec. 457.151. TRANSPORTATION FOR JOBS PROGRAM PARTICIPANTS. (a) An authority shall contract with the Texas Workforce Commission to provide, in accordance with federal law, transportation services to a person who:

(1) resides in the area served by the authority;

(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, as amended (42 U.S.C. Section 682).

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

(1) the authority 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 authority serves under the

authority's authorized rate structure and existing services;

(2) the authority is to provide directly to the Texas Workforce Commission trip vouchers for distribution by the workforce commission to a person who is eligible under this section to receive transportation services;

(3) the workforce commission reimburses the authority for allowable costs, at the applicable federal matching rate; and

(4) the workforce commission may return undistributed trip vouchers to the authority.

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

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.152. WAIVER OF FEDERAL REQUIREMENTS. If, before implementing Section 457.151, the Texas Workforce Commission determines that a waiver or authorization from a federal agency is necessary for implementation, the workforce commission shall request the waiver or authorization, and the workforce commission and an authority may delay implementing Section 457.151 until the waiver or authorization is granted.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

SUBCHAPTER E. ALTERNATIVE FUEL USE PROGRAM

Sec. 457.201. PURCHASE AND PERCENT OF VEHICLES USING ALTERNATIVE FUEL. (a) An authority may not purchase or lease a motor vehicle that is not capable of using compressed natural gas or another alternative fuel the use of which results in comparably lower emissions of oxides of nitrogen, volatile organic compounds, carbon monoxide, or particulates or combinations of those materials.

(b) At least 50 percent of the fleet vehicles operated by an authority must be capable of using compressed natural gas or

another alternative fuel.

(c) Repealed by Acts 2005, 79th Leg., Ch. 864, Sec. 5, eff. September 1, 2005.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Amended by:

Acts 2005, 79th Leg., Ch. 864 (S.B. [1032](#)), Sec. 5, eff. September 1, 2005.

Sec. 457.202. ALTERNATIVE FUEL USE PROGRAM: EXCEPTIONS.

(a) An authority may make exceptions to the requirements of Section [457.201](#) if the authority certifies the facts described by Subsection (b).

(b) A certification under this section must state that:

(1) the authority's vehicles will be operating primarily in an area in which neither the authority nor a supplier has or can reasonably be expected to establish a central refueling station for compressed natural gas or other alternative fuel; or

(2) the authority is unable to acquire or be provided equipment or refueling facilities necessary to operate vehicles using compressed natural gas or other alternative fuel at a project cost that is reasonably expected to result in no greater net cost than the continued use of traditional gasoline or diesel fuel measured over the expected useful life of the equipment or facilities supplied.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.203. ALTERNATIVE FUEL EQUIPMENT AND FACILITIES.

(a) In addition to other methods authorized by law, an authority may acquire or be provided equipment or refueling facilities by an arrangement, including a gift or a loan, under a service contract for the supply of compressed natural gas or other alternative fuel.

(b) If an authority acquires or is provided equipment or facilities as authorized by Subsection (a), the supplier is entitled, under the supply contract, to recover the cost of giving, loaning, or providing the equipment or facilities through the fuel

charges.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.204. ALTERNATIVE FUEL USE PROGRAM: VEHICLES COVERED AND SAFETY. (a) In developing a compressed natural gas or other alternative fuel use program, an authority should work with vehicle manufacturers and converters, fuel distributors, and others to specify the vehicles to be covered considering relevant factors, including vehicle range, specialty vehicle uses, fuel availability, vehicle manufacturing and conversion capability, safety, and resale value.

(b) The authority may meet the percentage requirements of Section 457.201 by:

- (1) purchasing new vehicles; or
- (2) converting existing vehicles, in conformity with federal and state requirements and applicable safety laws, to alternative fuel use.

(c) In purchasing, leasing, maintaining, or converting a vehicle for alternative fuel use, the authority shall comply with all applicable safety standards adopted by the United States Department of Transportation or the Railroad Commission of Texas or their successor agencies.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

SUBCHAPTER F. BONDS

Sec. 457.251. POWER TO ISSUE BONDS. (a) An authority 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 authority voting in an election. Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.252. BOND TERMS. (a) An authority's bonds are fully negotiable.

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

(c) A revenue bond indenture may limit a power of the authority provided by this chapter as long as the bond containing the indenture is outstanding and unpaid.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.253. SALE. Bonds may be sold at a public or private sale as determined by the board.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.254. APPROVAL; REGISTRATION. (a) An authority'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 authority, the attorney general shall approve the bonds.

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

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.255. 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.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.256. SECURITY PLEDGED. (a) To secure the payment of an authority's bonds, the authority may:

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

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

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

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

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.257. PLEDGE OF REVENUE LIMITED. The expenses of operation and maintenance of a transit authority 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 an authority that is encumbered under this chapter.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.258. REFUNDING BONDS. An authority may issue refunding bonds for the purposes and in the manner authorized by Chapter [1207](#), Government Code, or other law.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.399, eff.

Sept. 1, 2001.

Sec. 457.259. BONDS AS AUTHORIZED INVESTMENTS. (a) An authority'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.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.260. INTEREST EXEMPTION. Interest on bonds issued by an authority is exempt from any tax of the state or a state taxing authority.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

SUBCHAPTER G. TAXES

Sec. 457.301. SALES AND USE TAX. (a) The board may impose for the authority 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 authority 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 an authority's sales and use tax.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.302. 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 county exceeds two percent in any location in the county.

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

(1) the voters of the authority approve the authority'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 authority 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 authority and all political subdivisions of this state would exceed two percent in any part of the territory in the jurisdiction of the authority.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.303. ELECTION TO CHANGE TAX RATE. (a) At an election ordered under Section 457.301(b)(2), the ballots shall be printed to permit voting for or against the proposition: "The increase (decrease) of the local sales and use tax rate of (name of authority) to (percentage)."

(b) The increase or decrease in the tax rate becomes effective only 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 department and the comptroller; and

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

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1,

1997.

Sec. 457.304. SALES TAX: EFFECTIVE DATES. (a) An authority'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 457.053(h).

(b) An increase or decrease in the rate of an authority'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 457.303(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.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

SUBCHAPTER H. DISSOLUTION OF AUTHORITY; WITHDRAWAL OF UNIT OF ELECTION

Sec. 457.351. ELECTION TO DISSOLVE AUTHORITY. (a) A board may order an election on the question of dissolving the authority.

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

(c) The provisions of Section 457.053 that relate to the notice and conduct of an election under that section apply to an election to dissolve an authority unless a different requirement is specified in this section.

(d) The board shall send a notice of the election to the department and the comptroller.

(e) At the election, the ballots shall be printed to permit voting for or against the proposition: "Dissolution of (name of authority)."

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

(g) The repeal of an authority's sales and use tax under this chapter 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 authority; 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.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.352. WITHDRAWAL FROM AUTHORITY. (a) The governing body of a unit of election may order an election to withdraw the unit from an authority.

(b) On the determination by a governing body of a unit of election that a petition for withdrawal under this chapter is valid, the governing body shall order an election to withdraw the unit of election from the authority.

(c) An election to withdraw may not be ordered, and a petition for an election to withdraw may not be accepted for filing, more frequently than once during each period of 12 months preceding the anniversary of the date of the election confirming the authority.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.353. PETITION FOR WITHDRAWAL. (a) At the request of a qualified voter of a unit of election in an authority, the municipal secretary or other clerk or administrator of the unit of election shall deliver to the voter, in the number requested, petition signature sheets for a petition to withdraw from the

authority prepared, numbered, and authenticated by the municipal secretary or other official. During the period when signatures on the petition may be obtained, the official shall authenticate and deliver additional petition signature sheets as requested by the voter. Only one petition for withdrawal may be in circulation at a time.

(b) Each sheet of a petition must have a heading in capital letters as follows:

"THIS PETITION IS TO REQUIRE AN ELECTION TO BE HELD IN (name of the unit of election) TO DISSOLVE (name of authority) IN (name of the unit of election) SUBJECT TO THE CONTINUED COLLECTION OF SALES TAXES FOR THE PERIOD REQUIRED BY LAW."

(c) In addition to the requirements of Section 277.002, Election Code, to be valid a petition must:

(1) be signed on authenticated petition sheets by not less than 10 percent of the number of registered voters of the unit of election as shown on the voter registration list of the county;

(2) be filed with the secretary, clerk, or administrator of the unit of election not later than the 60th day after the date the first sheet of the petition was received under Subsection (a);

(3) contain signatures that are signed in ink or indelible pencil by the voter; and

(4) have affixed or printed on each sheet an affidavit that is executed before a notary public by the person who circulated the sheet and that is in the following form and substance:

"STATE OF TEXAS

"COUNTY OF _____

"I, _____, affirm that I personally witnessed each signer affix his or her signature to this page of this petition for the dissolution of (name of authority) in (name of unit of election). I affirm to the best of my knowledge and belief that each signature is the genuine signature of the person whose name is signed and that the date entered next to each signature is the date the signature was affixed to this page.

"Sworn to and subscribed before me this the ____ day of ____,
_____.

(SEAL)

Notary Public, State of Texas"

(d) Each sheet of the petition must be filed under Subsection (c)(2) at the same time as a single filing.

(e) The secretary, clerk, or administrator of a unit of election in which a petition for withdrawal from an authority is filed shall examine the petition and file with the governing body of the unit a report stating whether the petition, in the opinion of the secretary, clerk, or administrator, is valid.

(f) On receipt of a petition and a report under Subsection (e), the governing body shall examine the petition to determine whether the petition is valid. The governing body may hold public hearings and conduct or order investigations as appropriate to make the determination. The governing body's determination is conclusive of the issues.

(g) The governing body of a unit of election that receives an invalid petition shall reject the petition.

(h) A petition that is rejected is void, and the petition and each sheet of the rejected petition may not be used in connection with a subsequent petition.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.354. WITHDRAWAL ELECTION. (a) An election to withdraw from an authority must be held on the first applicable uniform election date occurring after the expiration of 12 calendar months after the date the governing body orders the election.

(b) The governing body shall give notice of the election to the board, the department, and the comptroller immediately on calling the election.

(c) At the election, the ballots shall be printed to permit voting for or against the proposition: "Shall the (name of authority) be continued in (name of unit of election)?"

(d) If a majority of the votes received on the measure in an

election favor the proposition, the authority continues in the unit of election.

(e) If less than a majority of the votes received on the measure in the election favor the proposition, the authority ceases in the unit of election on the day after the date of the canvass of the election.

(f) On the effective date of a withdrawal from an authority:

(1) the authority shall cease providing transportation services in the withdrawn unit of election; and

(2) the financial obligations of the authority attributable to the withdrawn unit of election cease to accrue.

(g) Withdrawal from an authority does not affect the right of the authority to travel through the territory of the unit of election to provide service to a unit of election that is a part of the authority.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.

Sec. 457.355. PROCEDURE AFTER WITHDRAWAL ELECTION. (a) Until the amount of revenue from an authority's sales and use tax collected in a withdrawn unit of election after the effective date of withdrawal and paid to the authority equals the total financial obligation of the unit, the sales and use tax continues to be collected in the territory of the election unit.

(b) After the amount described by Subsection (a) has been collected, the comptroller shall discontinue collecting the tax in the territory of the unit of election.

(c) The total financial obligation of a withdrawn unit of election to the authority is an amount equal to:

(1) the unit's apportioned share of the authority's outstanding obligations; and

(2) the amount, not computed under Subdivision (1), that is necessary and appropriate to allocate to the unit because of financial obligations of the authority that specifically relate to the unit.

(d) An authority's outstanding obligation under Subsection (c)(1) is the sum of:

(1) the obligations of the authority authorized in the budget of, and contracted for by, the authority;

(2) outstanding contractual obligations for capital or other expenditures, including expenditures for a subsequent year, the payment of which is not made or provided for from the proceeds of notes, bonds, or other obligations;

(3) payments due or to become due in a subsequent year on notes, bonds, or other securities or obligations for debt issued by the authority;

(4) the amount required by the authority to be reserved for all years to comply with financial covenants made with lenders, note or bond holders, or other creditors or contractors; and

(5) the amount necessary for the full and timely payment of the obligations of the authority, to avoid a default or impairment of those obligations, including contingent liabilities.

(e) The apportioned share of a unit's obligation is the amount of the obligation times a fraction, the numerator of which is the number of inhabitants of the withdrawing unit of election and the denominator of which is the number of inhabitants of the authority, including the number of inhabitants of the unit.

(f) The board shall determine the amount of each component of the computations required under this section, including the components of the unit's apportioned share, as of the effective date of withdrawal. The number of inhabitants shall be determined according to the most recent and available applicable data of an agency of the United States.

(g) The board shall certify to a withdrawn unit of election and to the comptroller the total financial obligation of the unit to the authority as determined under this section.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.35(a), eff. Sept. 1, 1997.