By: Hall S.B. No. 437

A BILL TO BE ENTITLED

AN ACT

relating to providing for the elimination of toll roads and projects in this state, including toll cessation by toll project entities and a prohibition on new toll project construction and on the conversion of nontolled lanes.

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

SECTION 1. Sections 228.012(a) and (b), Transportation Code, are amended to read as follows:

(a) The department shall create a separate account in the state highway fund to hold payments received by the department under a comprehensive development agreement [~~and the surplus revenue of a toll project or system~~]. The department shall create subaccounts in the account for each project, system, or region. Interest earned on money in a subaccount shall be deposited to the credit of that subaccount.

(b) The department shall hold money in a subaccount in trust for the benefit of the region in which a project or system is located and may assign the responsibility for allocating money in a subaccount to a metropolitan planning organization in which the region is located for projects approved by the department. At the time the project is approved by the department money shall be allocated and distributed to projects authorized by Section 228.0055 [~~or Section 228.006, as applicable~~].

SECTION 2. Section 228.053(f), Transportation Code, is

amended to read as follows:

(f) The revenue and disbursements for each toll project or system shall be kept separately. The revenue from one project may not be used to pay the cost of another project except as authorized by Section [~~Sections~~] 228.0055 [~~and 228.006~~].

SECTION 3. Section 228.104(a), Transportation Code, is amended to read as follows:

(a) The principal of, interest on, and any redemption premium on bonds issued by the commission under this subchapter are payable solely from:

(1) the revenue of the toll project or system for which the bonds are issued, including tolls pledged to pay the bonds;

(2) the proceeds of bonds issued for the project or system;

(3) the amounts deposited in a debt service reserve fund as required by the trust agreement securing bonds issued for the project or system;

(4) amounts received under a credit agreement relating to the project or system for which the bonds are issued; and

(5) [~~surplus revenue of another project or system as authorized by Section 228.006; and~~

[~~(6)~~] amounts received by the department:

(A) as pass-through tolls under Section 222.104;

(B) under an agreement with a local governmental entity entered into under Section 228.254;

(C) under other agreements with a local governmental entity relating to the project or system for which the

bonds are issued; and

(D) under a comprehensive development agreement entered into under Section 223.201.

SECTION 4. Section 228.105, Transportation Code, is amended to read as follows:

Sec. 228.105. SOURCES OF PAYMENT OF AND SECURITY FOR TOLL REVENUE BONDS. Notwithstanding any other provisions of this subchapter, toll revenue bonds issued by the commission may:

(1) be payable from and secured by:

(A) payments made under an agreement with a local governmental entity as provided by Section 228.254;

(B) the proceeds of bonds issued for the toll project or system; or

(C) amounts deposited in a debt service reserve fund as required by the trust agreement securing bonds issued for the project or system; [~~or~~

[~~(D) surplus revenue of another toll project or system as authorized by Section 228.006;~~] and

(2) state on their faces any pledge of revenue or taxes and any security for the bonds under the agreement.

SECTION 5. The heading to Subchapter E, Chapter 228, Transportation Code, is amended to read as follows:

SUBCHAPTER E. [~~LIMITATION ON TOLL FACILITY DESIGNATION;~~]

CONVERSION OF NONTOLLED STATE HIGHWAY

SECTION 6. The heading to Section 228.201, Transportation Code, is amended to read as follows:

Sec. 228.201. PROHIBITION ON CONVERSION OF NONTOLLED STATE

HIGHWAY [~~LIMITATION ON TOLL FACILITY DESIGNATION~~].

SECTION 7. Section 228.201(a), Transportation Code, is amended to read as follows:

(a) The department may not operate all or part of a nontolled state highway, including a nontolled exclusive lane, high occupancy vehicle lane, or other restricted lane [~~or a segment of a nontolled state highway~~] as a toll project, and may not transfer all or part of a nontolled highway [~~or segment~~] to another entity for operation as a toll project[~~, unless:~~

[~~(1) the commission by order designated the highway or segment as a toll project before the contract to construct the highway or segment was awarded;~~

[~~(2) the project was designated as a toll project in a plan or program of a metropolitan planning organization on or before September 1, 2005;~~

[~~(3) the highway or segment is reconstructed so that the number of nontolled lanes on the highway or segment is greater than or equal to the number in existence before the reconstruction; or~~

[~~(4) a facility is constructed adjacent to the highway or segment so that the number of nontolled lanes on the converted highway or segment and the adjacent facility together is greater than or equal to the number in existence on the converted highway or segment before the conversion~~].

SECTION 8. Section 366.113(a), Transportation Code, is amended to read as follows:

(a) The principal of, interest on, and any redemption

premium on bonds issued by an authority are payable solely from:

(1) the revenue of the turnpike project or system for which the bonds are issued, including tolls pledged to pay the bonds;

(2) payments made under an agreement with the commission or a local governmental entity as provided by Subchapter G;

(3) money derived from any other source available to the authority, other than money derived from a turnpike project that is not part of the same system or money derived from a different system[~~, except to the extent that the surplus revenue of a turnpike project or system has been pledged for that purpose~~]; and

(4) amounts received under a credit agreement relating to the turnpike project or system for which the bonds are issued.

SECTION 9. Section 370.113(a), Transportation Code, is amended to read as follows:

(a) The principal of, interest on, and any redemption premium on bonds issued by an authority are payable solely from:

(1) the revenue of the transportation project for which the bonds are issued;

(2) payments made under an agreement with the commission, the department, or other governmental entity as authorized by this chapter;

(3) money derived from any other source available to the authority, other than money derived from a transportation project that is not part of the same system or money derived from a

different system, except to the extent that the surplus revenue of a transportation project or system, other than a turnpike project, has been pledged for that purpose;

(4) amounts received under a credit agreement relating to the transportation project for which the bonds are issued; and

(5) the proceeds of the sale of other bonds.

SECTION 10. Subchapter A, Chapter 372, Transportation Code, is amended by adding Section 372.003 to read as follows:

Sec. 372.003. PROHIBITION ON CONSTRUCTION OF TOLL PROJECTS. Notwithstanding any other law, a toll project entity may not construct or enter into an agreement for the construction of a toll project.

SECTION 11. Section 372.0535(b), Transportation Code, is amended to read as follows:

(b) Not later than the 180th day after the last day of a toll project entity's fiscal year, the entity shall publish on the entity's Internet website a report on the entity's financial data, including:

(1) the final maturity of all bonds issued by the entity for a toll project or system;

(2) toll revenue for each toll project for the previous fiscal year;

(3) an accounting of total revenue collected and expenses incurred by the entity for the previous fiscal year, such as debt service, maintenance and operation costs, and any other miscellaneous expenses[~~, and any surplus revenue~~]; and

(4) a capital improvement plan with proposed or

expected capital expenditures over a period determined by the entity.

SECTION 12. Subchapter B, Chapter 372, Transportation Code, is amended by adding Section 372.060 to read as follows:

Sec. 372.060. CESSATION OF TOLLS. (a) A toll project shall be maintained without tolls in the manner provided by Subsection (c) when the costs of acquisition and construction of the project have been paid and:

(1) all of the bonds and interest on the bonds that are payable from or secured by revenues of the project have been paid by the issuer of the bonds or another person with the consent or approval of the issuer; or

(2) a sufficient amount for the payment of all bonds and interest on the bonds to maturity has been set aside by the issuer of the bonds or another person with the consent or approval of the issuer in a trust fund held for the benefit of the bondholders.

(b) A toll project entity may not amend a financing or other agreement in a manner that would extend the date by which a toll project must be maintained without tolls under Subsection (a).

(c) Beginning on the date on which a toll project must be maintained without tolls under Subsection (a), the toll project:

(1) becomes part of the state highway system and must be maintained by the commission if:

(A) the Legislative Budget Board determines that the state has available resources necessary to operate and maintain the project; and

(B) the project is not transferred to a county under Subdivision (2);

(2) becomes part of the road system of a county in which the project is located and must be maintained by that county if:

(A) the county requests from the Legislative Budget Board approval to operate and maintain the project; and

(B) the Legislative Budget Board approves the request made under Paragraph (A); or

(3) shall be maintained without tolls by the entity operating the project if the project does not become part of the state highway system under Subdivision (1) or a county road system under Subdivision (2).

SECTION 13. The following provisions of the Transportation Code are repealed:

(1) Section 228.006;

(2) Section 228.051;

(3) Section 228.109(d);

(4) Section 228.201(c);

(5) Section 228.204;

(6) Section 228.206;

(7) Sections 284.008(c) and (d);

(8) Section 366.003(9-a);

(9) Section 366.037;

(10) Section 366.071;

(11) Section 366.072(b); and

(12) Section 366.175.

SECTION 14. The repeal of Section 228.051, Transportation Code, by this Act does not affect the designation of a toll project or system made under that section before the effective date of this Act, and the former law is continued in effect for purposes of the designation.

SECTION 15. Section 228.201, Transportation Code, as amended by this Act, applies only to a contract for the conversion of a free segment of the state highway system to a toll project entered into on or after the effective date of this Act. A contract for the conversion of a free segment of the state highway system to a toll project entered into before the effective date of this Act is governed by the law in effect immediately before that date, and that law is continued in effect for that purpose.

SECTION 16. Section 372.003, Transportation Code, as added by this Act, applies only to a contract for the construction of a toll project for which a request for proposals is issued on or after the effective date of this Act. A contract for which a request for proposals was issued before the effective date of this Act is governed by the law in effect on the day the request was issued, and the former law is continued in effect for that purpose.

SECTION 17. Not later than September 1, 2028, the Texas Department of Transportation, in consultation with the Legislative Budget Board, shall conduct a study and produce a report regarding the costs associated with the cessation of the collection of tolls on highways in this state in the manner provided by Section 372.060, Transportation Code, as added by this Act. The study and report must identify:

(1) all toll roads in this state;

(2) the projected date by which each of those toll roads will be required to be maintained without tolls under Section 372.060, Transportation Code, as added by this Act; and

(3) the projected maintenance and operation costs associated with adding each of those roads to the state highway system.

SECTION 18. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2027.