

TRANSPORTATION CODE

CHAPTER 460. COORDINATED COUNTY TRANSPORTATION AUTHORITIES  
SUBCHAPTER A. GENERAL PROVISIONS

Sec. 460.001. DEFINITIONS. In this chapter:

(1) "Authority" means a coordinated county transportation authority created under this chapter.

(2) "Balance of the county" means that part of the county that is outside the boundaries of a municipality with a population of 12,000 or more.

(3) "Board of directors " means the governing body of the authority.

(4) "Service plan" means an outline of the service that would be provided by an authority.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.  
Amended by Acts 2003, 78th Leg., ch. 306, Sec. 1, eff. Sept. 1, 2003.

Sec. 460.002. APPLICABILITY. This chapter applies only to a county that is adjacent to a county with a population of more than one million.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.003. INELIGIBILITY OF CERTAIN MUNICIPALITIES. (a) A municipality that is a member of a subregion of a transportation authority governed by a board described in Subchapter O, Chapter 452, is not eligible to join or become a member of an authority created under this chapter unless:

(1) the municipality holds a withdrawal election in accordance with the requirements of Section 452.655 and a majority of the voters at the election approve the withdrawal;

(2) the municipality has paid in full all amounts that it is required to pay under Sections 452.659 and 452.660; and

(3) the comptroller has ceased under Section 452.658 to collect sales and use taxes within the municipality that were levied and collected in the municipality for purposes of the authority from which the municipality has withdrawn.

(b) A municipality that is not eligible under this section for membership in an authority created under this chapter may not be added to or join an authority under Section 460.302 or 460.303 until the municipality meets the requirements of this section.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.004. REFERENCE. A reference in this chapter to the executive committee means the board of directors.

Added by Acts 2003, 78th Leg., ch. 306, Sec. 2, eff. Sept. 1, 2003.

SUBCHAPTER B. CREATION OF AUTHORITY

Sec. 460.051. CREATION OF AUTHORITY. (a) The commissioners court of a county may initiate the process to create an authority to provide public transportation and transportation-related services:

(1) on adoption of a resolution or order initiating the process to create an authority; or

(2) on receipt of a petition requesting creation of an authority signed by a number of registered voters of the county equal to or greater than five percent of the votes cast in the county in the most recent gubernatorial election.

(b) If a petition described by Subsection (a)(2) is received by the commissioners court, the petition shall be verified by the county clerk, consistent with Chapter 277, Election Code, and returned to the commissioners court with a finding of verification.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.052. HEARING. (a) The commissioners court shall hold a public hearing on creation of an authority not later than the 60th day after the date the commissioners court:

(1) receives a petition described by Section 460.051(a)(2); or

(2) adopts a resolution or order to initiate the process to create an authority.

(b) Notice of the time and place of the public hearing on the creation of the authority shall be published, beginning at least 30 days before the date of the hearing, once a week for two consecutive weeks in a newspaper of general circulation in the county.

(c) Each municipality in the county with a population of 12,000 or more shall be notified of the public hearing by notice mailed to the governing body of the municipality.

(d) Any person may appear at a hearing and offer evidence on:

(1) the creation of the authority;

(2) operation of the county transportation system;

(3) public interest served in the creation of the authority; or  
(4) other facts relating to the creation of the authority.

(e) A hearing may be continued until completed.  
Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.053. RESOLUTION OR ORDER. After the hearing, the commissioners court may adopt a resolution or order:

- (1) designating the name of the authority;
- (2) stating that all land within the county shall be part of the authority; and
- (3) stating that the territory described in Subdivision (2) is subject to the authority based on the results of the confirmation election.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.054. MEMBERSHIP OF INTERIM EXECUTIVE COMMITTEE. (a) After adopting a resolution or order under Section 460.053, the commissioners court and certain municipalities, as provided by this section, shall appoint an interim executive committee for the authority.

(b) The interim executive committee is composed of:

(1) one member appointed by the governing body of each municipality with a population of 12,000 or more that is located in the county;

(2) three members appointed by the commissioners court, two of whom must reside in the unincorporated area of the county; and

(3) three members to be designated by the remaining municipalities with a population of more than 500 but less than 12,000 located in the county.

(c) The members described by Subsection (b)(3) shall be designated as follows:

(1) each municipality with a population of more than 500 but less than 12,000 located in the county shall nominate one person using a nomination form sent to the governing body of the municipality by mail;

(2) the county judge shall add the names on the nomination forms that are received before the 31st day after the date of the mailing of the nomination forms;

(3) each municipality with a population of more than 500 but less than 12,000 located in the county is entitled to cast one vote;

(4) only ballots returned to the county judge on or before a predetermined date shall be counted;

(5) the county judge shall designate the three persons with the highest plurality vote as members of the executive committee; and

(6) if three members are not designated by this process, the county judge shall name the balance of the members of the interim executive committee described by Subsection (b)(3).

(d) The county judge may fill a vacancy in a position described by Subsection (b)(3) by naming a person nominated under Subsection (c) for the unexpired term.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.  
Amended by Acts 2005, 79th Leg., ch. 991, Sec. 2, eff. Sept. 1, 2005.

Sec. 460.055. DUTIES OF INTERIM EXECUTIVE COMMITTEE. (a) The interim executive committee shall elect three of its members to serve as the chair, vice chair, and secretary.

(b) The interim executive committee shall develop a service plan and determine a proposed tax not later than the 180th day after the date of the interim executive committee's first meeting.

(c) The interim executive committee shall hold at least one regular meeting a month for the purpose of developing a service plan and determining a proposed tax rate.

(d) The interim executive committee shall consider the following in developing the service plan:

(1) the regional transportation plan for the county and major thoroughfare plan;

(2) actual and projected traffic counts of private passenger vehicles and projected destinations of the vehicles;

(3) feasible alternative modes of public transportation, including:

(A) a fixed guideway system;

(B) passenger commercial carriers;

- (C) dedicated thoroughfare lanes;
- (D) fixed skyway rail;
- (E) high occupancy toll lanes;
- (F) traffic management systems; and
- (G) bus transit and associated lanes;
- (4) the most efficient location of collection points and transfer points;
- (5) alternative routes linking access and discharge points;
- (6) alternative alignments using least populous areas if right-of-way acquisition will be required for a transit route;
- (7) estimates of capital expenditures for a functional public transportation system;
- (8) various forms of public transportation consistent with use of transit routes, including for each form a determination of:
  - (A) cost per passenger per mile;
  - (B) the capital expense of acquisition of the public transportation system;
  - (C) costs associated with the acquisition, improvement, or modification of the transit way; and
  - (D) maintenance and operating costs;
- (9) administrative overhead costs separately from other costs;
- (10) load factors based on surveys, interviews, and other reasonable quantification for the modes of transportation;
- (11) a fare structure for the ridership of the public transportation system by mode;
- (12) a comparison of revenue from all sources, including fares, fees, grants, and debt issuance, with estimated costs and expenses;
- (13) revenue minus expenses expressed numerically and a per rider factor for each trip or segment of a trip;
- (14) if the service plan contemplates joint use of other transit systems or transfer to them, estimated dates of access; and
- (15) segments of the service plan separately if:
  - (A) some segments are more profitable than others; or
  - (B) some segments show a smaller deficit than others.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.056. APPROVAL OF SERVICE PLAN AND TAX RATE. (a) On approval by the interim executive committee of the service plan and tax rate, a copy of the plan and tax rate shall be provided to the commissioners court and the governing body of each municipality with a population of 12,000 or more located in the county.

(b) Notice of the interim executive committee's approval of the service plan and tax rate shall be published in a newspaper of general circulation in the county and mailed to all governing bodies of municipalities with a population of more than 500 located in the county.

(c) Not later than the 60th day after the date the interim executive committee approves the service plan and tax rate, the governing body of a municipality with a population of 12,000 or more may approve by resolution or order the service plan and tax rate.

(d) A municipality with a population of 12,000 or more located in the county that does not give its approval under Subsection (c) may not participate in the service plan or the confirmation election for the authority.

(e) The commissioners court may not order a confirmation election in a municipality with a population of 12,000 or more in which the governing body of the municipality does not approve the service plan and tax rate.

(f) The board of directors of a confirmed authority may by rule create a procedure by which a municipality described by Subsection (d) may become a participating member of an authority.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001. Amended by Acts 2003, 78th Leg., ch. 306, Sec. 4, eff. Sept. 1, 2003.

Sec. 460.057. CONFIRMATION ELECTION. (a) The interim executive committee shall notify the commissioners court of the need to call a confirmation election.

(b) The commissioners court in ordering the confirmation election shall submit to the qualified voters in the county the

following proposition:

"Shall the creation of (name of authority) be confirmed?"

(c) In addition to other information required by law, the notice of the election must include:

(1) a brief description of the service plan; and

(2) a statement that an imposition of a tax to pay for the service plan must be approved by the voters at a subsequent election.

(d) The election must be held on a uniform election date.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.058. CONDUCT OF ELECTION. (a) A confirmation election shall be conducted so that the votes are separately tabulated and canvassed in order to show the results for:

(1) each municipality located in the county that passed a resolution or order approving the service plan and tax rate; and

(2) the qualified voters in the balance of the county.

(b) The interim executive committee shall canvass the returns and declare the results of the election.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.059. RESULTS OF ELECTION. (a) If a majority of votes received in the county favor the proposition, the authority is confirmed, except that the authority does not include a municipality with a population of 12,000 or more located in the county in which a majority of the votes did not favor the proposition.

(b) The authority ceases unless one or more municipalities with a population of 12,000 or more votes in favor of the proposition.

(c) If the authority is confirmed, the interim executive committee shall record the results in its minutes and adopt an order:

(1) declaring that the creation of the authority is confirmed;

(2) stating the date of the election; and

(3) showing the number of votes cast for or against the proposition in each municipality that passed a resolution or order approving the service plan and tax rate and in the unincorporated area of the county.

(d) On adoption of the order confirming the authority, the interim executive committee becomes the executive committee of the authority.

(e) A certified copy of the order shall be filed with the Texas Department of Transportation and the comptroller of public accounts.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.060. FAILURE TO CONFIRM AUTHORITY. (a) If the authority ceases, the interim executive committee shall record the results of the election in its minutes and adopt an order declaring that the authority is dissolved.

(b) The county and each municipality that passed a resolution or order approving the service plan and tax rate shall share the expenses of the election proportionately based on the population of the areas in which the election was conducted.

(c) An authority that has not been confirmed expires on the third anniversary of the effective date of the resolution or order initiating the process to create the authority.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

#### SUBCHAPTER C. POWERS OF AUTHORITY

Sec. 460.101. POWERS APPLICABLE TO CONFIRMED AUTHORITY. This subchapter applies only to an authority that has been confirmed.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.102. NATURE OF AUTHORITY. (a) An authority:

(1) is a governmental body and a corporate body;

(2) has perpetual succession; and

(3) exercises public and essential governmental functions.

(b) An authority is a governmental unit under Chapter 101, Civil Practice and Remedies Code, and the operations of the authority are not proprietary functions for any purpose including the application of Chapter 101, Civil Practice and Remedies Code.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.103. GENERAL POWERS OF AUTHORITY. (a) The authority has any power necessary or convenient to carry out this

chapter or effect the purpose of this chapter.

(b) An authority may sue and be sued. An authority may not be required to give security for costs in a suit brought or prosecuted by the authority and may not be required to post a supersedeas or cost bond in an appeal of a judgment.

(c) An authority may hold, use, sell, lease, dispose of, and acquire, by any means, property and licenses, patents, rights and other interests necessary, convenient, or useful to the exercise of any power under this chapter.

(d) An authority may sell, lease, or dispose of in another manner:

(1) any right, interest, or property of the authority that is not necessary for the efficient operation and maintenance of public transportation; or

(2) at any time, surplus materials or other property that is not needed by the authority to carry out a power under this chapter.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.104. POWER TO CONTRACT; GRANTS AND LOANS. (a) An authority may contract with any person.

(b) An authority may accept a gift, grant, donation, or loan from any person.

(c) An authority may enter into an agreement, including an interlocal agreement, with a transportation or transit entity, including a municipality, that is consistent with and beneficial to the service plan approved by the authority.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.105. OPERATION OF PUBLIC TRANSPORTATION SYSTEM. (a) An authority may:

(1) acquire, construct, develop, plan, own, operate, and maintain a public transportation system in the territory of the authority, including the territory of a political subdivision or municipality partially located in the territory of the authority;

(2) contract with a municipality, county, or other political subdivision for the authority to provide public transportation services outside the authority;

(3) lease all or part of the public transportation to, or contract for the operation of all or a part of the public transportation system by, an operator;

(4) contract with a political subdivision or governmental entity to provide public transportation services inside the authority consistent with rules and regulations established by the authority, including capital, maintenance, operation, and other costs specifically approved and audited by the authority; and

(5) acquire, construct, develop, plan, own, operate, maintain, or manage a public transportation system or project not located in the territory of the authority if the system or project provides a service, benefit, or convenience to the people in the territory of the authority.

(b) An authority shall determine routes of the public transportation system or approve routes submitted to the authority.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001. Amended by Acts 2005, 79th Leg., ch. 991, Sec. 3, eff. Sept. 1, 2005.

Sec. 460.106. AUTHORIZATION OF TAX LEVY. (a) An authority may call an authorization election for a tax levy associated with the service plan developed by the interim executive committee or a tax rate that has been modified by action of the executive committee at any time after the confirmation election that creates the authority.

(b) The executive committee in ordering the authorization election shall submit to the qualified voters in the county located in an area participating in the authority the following proposition:

"Shall the (name of authority) levy of a proposed tax, not to exceed (rate), be authorized?"

(c) An election authorizing a tax levy shall be conducted in the same manner as a confirmation election under Subchapter B.

(d) A service plan may be implemented in an area of the county participating in the authority only if a majority of votes received favor the authorization of a tax levy by the authority.

(e) An authority that does not authorize an initial tax levy at an authorization election expires on the second anniversary of the date the executive committee adopts an order declaring that the

creation of the authority is confirmed.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.107. ACQUISITION OF PROPERTY. (a) As necessary or useful in the construction, repair, maintenance, or operation of a public transportation system, an authority may use a public way, including an alley.

(b) An authority may acquire by eminent domain any interest in real property, including a fee simple interest and the use of air or subsurface space, except the right of eminent domain may not be exercised:

(1) in a municipality without the approval of the proposed acquisition by the governing body of the municipality; or

(2) in an unincorporated area without the approval of the proposed acquisition by the commissioners court of the county in which the property to be condemned is located.

(c) If an authority, through the exercise of eminent domain, makes any relocation necessary, the relocation costs shall be paid by the authority.

(d) An eminent domain proceeding by an authority is initiated by the adoption by the executive committee of a resolution authorizing the exercise that:

(1) describes the property to be condemned;

(2) declares the public necessity for the acquisition;

and

(3) declares that the acquisition is necessary for the construction, extension, improvement, or development of the public transportation system.

(e) A resolution adopted under this section and approved by the appropriate municipal governing body or commissioners court is conclusive evidence of the public necessity for the acquisition described in the resolution.

(f) Chapter 21, Property Code, applies to an eminent domain proceeding by an authority.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.108. AGREEMENT WITH UTILITIES, CARRIERS. (a) An authority may agree with any other public or private utility, communication system, common carrier, or transportation system for:

(1) the joint use of the property or fixtures of the agreeing entities; and

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

(b) If the exercise of a power granted to an authority under this subchapter requires a public utility facility to be relocated, adjusted, raised, lowered, rerouted, or changed as to grade or construction, the authority shall take the required action at the authority's expense.

(c) An authority may not impose an impact fee or assessment on the property, equipment, or facilities of a utility.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.109. FARES AND USE FEES. (a) An authority shall impose reasonable and nondiscriminatory fares, tolls, charges, rents, and other forms of compensation for the use of the public transportation system. The fares and other forms of compensation shall be sufficient to produce revenue, together with tax revenue and grants received by the authority, in an amount adequate to:

(1) pay annually the expenses necessary to operate and maintain the public transportation system;

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

(3) fulfill the terms of any other agreement with the holders of bonds issued by the authority.

(b) Fares for passenger transportation may be set according to a zone system or by any other classification system that the authority determines to be reasonable.

(c) This section does not limit the state's power to regulate taxes imposed by an authority. The state agrees not to alter the power granted to an authority under this section to impose taxes, fares, tolls, charges, rents, and other compensation sufficient to pay obligations incurred by the authority.

(d) The state agrees not to impair the rights and remedies of an authority bondholder, or a person acting on behalf of a bondholder, until the principal and interest on the bonds, the

interest on unpaid installments of interest, costs, and expenses in connection with an action or proceeding by or on behalf of a bondholder are discharged.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.110. INSURANCE. (a) An authority may insure, through purchased insurance policies, self-insurance programs, or both, the legal liability of the authority and of its contractors and subcontractors arising from the acquisition, construction, or operation of the programs and facilities of the authority for:

- (1) personal or property damage; and
- (2) officers' and employees' liability.

(b) An authority may use contracts, rating plans, and risk management programs designed to encourage accident prevention.

(c) In developing an insurance or self-insurance program, an authority may consider the peculiar hazards, indemnity standards, and past and prospective loss and expense experience of the authority and similar authorities and of its contractors and subcontractors.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.111. TAX EXEMPTION. The property, revenue, and income of an authority are exempt from state and local taxes.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.112. MASS TRANSIT RAIL SYSTEM; EXEMPTION. (a) An authority that constructs or operates or contracts with another entity to construct or operate a mass transit rail system is not subject to any state law regulating or governing the design, construction, or operation of a railroad, railway, street railway, streetcar, or interurban railway.

(b) For purposes of ownership or transfer of ownership of an interest in real property, a light rail mass transit system line operating on property previously used by a railroad, railway, street railway, or interurban railway is a continuation of existing rail use.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

#### SUBCHAPTER D. PROVISIONS APPLICABLE TO EXECUTIVE COMMITTEE

Sec. 460.201. TERMS; VACANCY. (a) Each member of the executive committee serves a term of two years.

(b) A member of the board of directors may not serve more than three consecutive terms.

(c) Except as provided by Section 460.2015, a vacancy on the board of directors is filled in the same manner as the original appointment to the interim executive committee.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001. Amended by Acts 2003, 78th Leg., ch. 306, Sec. 5, eff. Sept. 1, 2003; Acts 2005, 79th Leg., ch. 991, Sec. 4, eff. Sept. 1, 2005.

Sec. 460.2015. MEMBERSHIP OF BOARD OF DIRECTORS. (a) The board of directors of an authority confirmed under Subchapter B may increase the population amount stated by Section 460.054(b)(1) in increments of up to 5,000. If the board increases that population amount, the board shall also increase each population amount stated by Sections 460.054(b)(3) and 460.054(c) by the same amount.

(b) The board of directors may act under Subsection (a) only once a year.

(c) A municipality that has appointed a member to the board of directors under Section 460.054(b)(1) before the effective date of an increase under Subsection (a) may continue to appoint a member to the board of directors.

Added by Acts 2005, 79th Leg., ch. 991, Sec. 5, eff. Sept. 1, 2005.

Sec. 460.202. ELIGIBILITY. To be eligible for appointment to the executive committee, a person must have professional experience in the field of transportation, business, government, engineering, or law.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.203. CONFLICTS OF INTEREST. Members of the executive committee and officers and employees of the authority are subject to Chapter 171, Local Government Code.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.204. MEETINGS. (a) The executive committee shall meet at least monthly to transact the business of an authority.

(b) The chair may call special meetings as necessary.

(c) The executive committee by resolution shall:

- (1) set the time, place, and date of regular meetings; and
- (2) adopt rules and bylaws as necessary to conduct meetings.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.205. QUORUM; VOTING REQUIREMENTS. (a) Five members constitute a quorum of the executive committee.

(b) An action of the executive committee requires a vote of a majority of the members present unless the bylaws require a larger number for a specific action.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.206. RULES. The board of directors may adopt rules relating to the creation of a vacancy on the board by the absence of a board member at the board meetings, staggering the terms of up to one-half of the board of directors, and providing for alternates.

Added by Acts 2003, 78th Leg., ch. 306, Sec. 6, eff. Sept. 1, 2003.

#### SUBCHAPTER E. ADDITION OF TERRITORY

Sec. 460.301. ADDITION OF TERRITORY BY MUNICIPAL ANNEXATION. When a municipality that is part of an authority annexes territory that before the annexation is not part of the authority, the annexed territory becomes part of the authority.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.302. ADDITION OF MUNICIPALITY BY ELECTION. (a) The territory of a municipality that is not initially part of an authority may be added to an authority if:

(1) any part of the municipality is located in the territory of the authority;

(2) the governing body of the municipality orders an election under this section on whether the territory of the municipality should be added to the authority; and

(3) a majority of the votes received in the election favor the measure.

(b) The governing body of the municipality shall certify to the executive committee the result of an election in which the addition is approved.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.303. JOINING AUTHORITY; CERTAIN AUTHORITIES. (a) A municipality that has a population of more than 500,000 and that is located in a county with a population of more than one million may join a separate authority.

(b) If a municipality described by Subsection (a) joins an authority created under this chapter and another separate authority is subsequently established in the county in which the municipality is located, the municipality may:

(1) remain in the authority that was created first;

(2) join the new authority in the county in which the municipality is located; or

(3) participate with both authorities.

(c) A municipality that has requested, participated in, or received a benefit of capital improvements made by an authority shall on its transfer to a different authority or participation with more than one authority continue to honor reimbursement obligations resulting from the improvements.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.304. TAX IMPOSED IN ADDED TERRITORY. (a) A sales and use tax imposed by an authority takes effect in territory added to the authority under this subchapter on the first day of the first calendar quarter that begins after the addition of the territory.

(b) An authority shall send to the comptroller of public accounts:

(1) a certified copy of an order adding the territory or of an order canvassing the returns and declaring the results of the election; and

(2) a map showing the territory added to the authority.

(c) The order must include the effective date of the tax.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

#### SUBCHAPTER F. MANAGEMENT OF AUTHORITY

Sec. 460.401. MANAGEMENT OF AUTHORITY. The executive committee is responsible for the management, operation, and control of the authority and its properties.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.402. FINANCIAL AUDIT. (a) The executive committee of an authority shall have an annual audit of the affairs of the authority prepared by an independent certified public accountant.

(b) The audit is a public record as defined by Chapter 552, Government Code.

(c) On receipt of the audit prescribed by Subsection (a), the executive committee shall address on the record any



deficiencies noted in the report at a regular meeting of the executive committee.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.403. BUDGET. The executive committee shall prepare an annual budget.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.404. FUNDING. (a) An authority may request funds for its operation from a municipality, the commissioners court, or both a municipality and the commissioners court. The request shall be accompanied by a budget.

(b) Funds appropriated to an authority are subject to audit.

(c) Federal funds or grants may be used to offset the authority's annual cost of debt service.

(d) An authority may accept gifts, grants, donations, receipts, or funds from any source to carry out its powers and duties under this chapter.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Amended by Acts 2003, 78th Leg., ch. 306, Sec. 7, eff. Sept. 1, 2003.

Sec. 460.405. PROHIBITIONS. (a) Federal funds and appropriated state funds may not be spent by or on behalf of an authority to influence or affect the award or outcome of a state or federal contract, loan, or cooperative agreement.

(b) This section does not apply to:

(1) a contested administrative matter; or

(2) pending or reasonably anticipated litigation.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Amended by Acts 2005, 79th Leg., ch. 991, Sec. 6, eff. Sept. 1, 2005.

Sec. 460.406. PURCHASES: COMPETITIVE BIDDING. (a) Except as provided by Subsection (c), an authority may not award a contract for construction, services, or property, other than real property, except through the solicitation of competitive sealed bids or proposals ensuring full and open competition.

(b) The authority shall describe in a solicitation each factor to be used to evaluate a bid or proposal and give the factor's relative importance.

(c) The executive committee may authorize the negotiation of a contract without competitive sealed bids or proposals if:

(1) the aggregate amount involved in the contract is \$25,000 or less;

(2) the contract is for construction for which not more than one bid or proposal is received;

(3) the contract is for services or property for which there is only one source or for which it is otherwise impracticable to obtain competition;

(4) the contract is to respond to an emergency for which the public exigency does not permit the delay incident to the competitive process;

(5) the contract is for personal or professional services or services for which competitive bidding is precluded by law; or

(6) the contract, without regard to form and which may include bonds, notes, loan agreements, or other obligations, is for the purpose of borrowing money or is a part of a transaction relating to the borrowing of money, including:

(A) a credit support agreement, such as a line or letter of credit or other debt guaranty;

(B) a bond, note, debt sale or purchase, trustee, paying agent, remarketing agent, indexing agent, or similar agreement;

(C) an agreement with a securities dealer, broker, or underwriter; and

(D) any other contract or agreement considered by the executive committee to be appropriate or necessary in support of the authority's financing activities.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

#### SUBCHAPTER G. BONDS AND NOTES

Sec. 460.501. DEFINITION. In this subchapter, "bond" includes a note.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.502. POWER TO ISSUE BONDS. (a) An authority may issue bonds at any time and for amounts the executive committee determines are appropriate.

(b) The bonds may be issued as necessary for:

(1) the acquisition, construction, repair, improvement, or extension of an authority's public transportation system; or

(2) the creation or funding of self-insurance or retirement or pension fund reserves.

(c) A bond issued by the authority may have a maturity of up to 30 years from the date of issuance.

(d) A bond any portion of which is secured by a pledge of sales and use tax revenues and that has a maturity of five years or longer from the date of issuance may not be issued by an authority until an election has been held and the proposition proposing the issue has been approved by a majority of the votes received on the issue in accordance with the provisions established for the authorization of a tax levy under Subchapter C.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001. Amended by Acts 2003, 78th Leg., ch. 306, Sec. 8, eff. Sept. 1, 2003.

Sec. 460.503. BOND TERMS. The bonds of an authority are fully negotiable. An authority may make the bonds redeemable before maturity. The terms and conditions of authority bonds are subject to rules adopted by the board of directors.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001. Amended by Acts 2003, 78th Leg., ch. 306, Sec. 9, eff. Sept. 1, 2003.

Sec. 460.504. SALE. An authority's bonds may be sold at a public or private sale as determined by the executive committee to be the more financially beneficial.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.505. INCONTESTABILITY. An authority's bonds are incontestable after the bonds are:

(1) approved by the attorney general;

(2) registered by the comptroller of public accounts; and

(3) sold to the purchaser.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.506. SECURITY PLEDGED. To secure the payment of an authority's bonds, the authority may:

(1) pledge all or part of revenue realized from any tax that is approved and levied;

(2) pledge any part of the revenue of the public transportation system;

(3) mortgage any part of the public transportation system; or

(4) pledge government grants, contractual revenue, or lease revenue.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Amended by Acts 2003, 78th Leg., ch. 306, Sec. 10, eff. Sept. 1, 2003.

Sec. 460.507. REFUNDING BONDS. An authority may issue refunding bonds at any time.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Amended by Acts 2003, 78th Leg., ch. 306, Sec. 11, eff. Sept. 1, 2003.

Sec. 460.508. NOTES. (a) An authority may issue negotiable notes payable from any of the authority's sources of revenue to pay for any lawful expenditure, other than principal and interest on the authority's debt.

(b) Notes issued by an authority shall be payable over a period not to exceed five years from the date of issuance.

(c) The Texas Natural Resource Conservation Commission is not required to approve notes issued under this section.

(d) An authority may not have outstanding notes in excess of \$10 million at any one time.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Amended by Acts 2003, 78th Leg., ch. 306, Sec. 12, eff. Sept. 1, 2003.

#### SUBCHAPTER H. TAXATION

Sec. 460.551. SALES AND USE TAX. (a) The executive committee may impose for an authority a sales and use tax at the rate of:

(1) one-quarter of one percent;

(2) three-eighths of one percent;

(3) one-half of one percent;

(4) five-eighths of one percent;

(5) three-quarters of one percent;

(6) seven-eighths of one percent; or

(7) one percent.

(b) The imposition of an authority's sales and use tax must be approved at an election and may not be imposed in an area that has not confirmed the authority.

(c) A sales and use tax may be imposed, as prescribed by this section, by a municipality that participates in a transportation or transit authority other than an authority created under this chapter if:

(1) the combined rates of all sales and use taxes imposed in the municipality does not exceed two percent; and

(2) the ballot of the authorization vote for the sales and use tax reads:

"(Name of city) already imposes a sales and use tax for participation in the transportation authority. The proposed sales and use tax is solely for the benefit of, and will be dedicated to, the county transportation authority."

(d) The authority shall impose a sales and use tax at a minimum uniform rate as determined by the executive committee if the tax is approved at an election in an area that has confirmed the authority.

(e) A municipality with a population of 12,000 or more that has confirmed the authority may impose a sales and use tax at a rate higher than the minimum uniform rate established under Subsection (d) on approval at an election if the authority will provide the municipality a higher level of service.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001. Amended by Acts 2003, 78th Leg., ch. 306, Sec. 3, eff. Sept. 1, 2003.

Sec. 460.552. MAXIMUM TAX RATE IN AUTHORITY AREA. (a) An authority 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 other political subdivisions having territory in the authority exceeds two percent in any location in the authority.

(b) An increase in the tax rate to a higher rate must be approved by a majority of the voters at a confirmation election.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.553. INITIAL SALES TAX: EFFECTIVE DATE. The adoption of a sales and use tax takes effect on the first day of the first calendar quarter after the confirmation election.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.

Sec. 460.554. RATE DECREASE. The executive committee by order may direct the comptroller of public accounts to collect the authority's sales and use tax at a rate that is lower than the rate approved by the voters at the confirmation hearing if the executive committee determines that it is in the best interest of the authority.

Added by Acts 2001, 77th Leg., ch. 1186, Sec. 1, eff. Sept. 1, 2001.