Transportation Reinvestment Zones

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Transportation Reinvestment Zones

• Transportation Reinvestment Zones (“TRZ”) are tools for generating funding by capturing economic growth associated with transportation project
• Tax increments from the TRZ are used to defray capital costs of a project—specifically the construction costs of building a project
• Think TIF or TIRZ for transportation projects
Transportation Code

• Section 222.106 (Municipal TRZ’s):
  – governing body determines an area to be unproductive and underdeveloped
  – governing body by ordinance designates a contiguous geographic area in the jurisdiction to be a TRZ
  – 30 days before, public hearing
  – may contract with a public or private entity to develop, redevelop, or improve TRZ project & pledge tax increment to that entity
• Section 222.107 (County TRZ’s):
  – commissioners court, after determining that an area is unproductive and underdeveloped, by order or resolution designates a contiguous geographic area as a TRZ
  – 30 days before, public hearing
  – Failure of Prop 4 (November 2011) means counties cannot issue bonds directly from TRZ revenues, but counties can still form TRZ’s, contract with other parties, etc.
Transportation Code

• Section 222.108:
  – *Eliminated pass-through requirement for TRZ projects*
  – “*Notwithstanding the requirement in Sections 222.106(b) and 222.107(b) that a transportation reinvestment zone be established in connection with a project under Section 222.104, a municipality or county may establish a transportation reinvestment zone for any transportation project.*”
A Rose by Any Other Name…?

• Why a TRZ instead of a TIRZ?
  – Financing of transportation projects is more restrictive in a TIRZ
  – TIRZ requires separate board of directors
  – Some greater ease of administration & creation
  – TRZ is focused on transportation
Examples

• City of El Paso/ Camino Real RMA
  – TRZ Financing with RMA & SIB
• City of Forney, TX (Kaufman County)
• Hidalgo County, TX.