

BILL ANALYSIS

S.B. 1295
By: Van de Putte
Defense Affairs and State-Federal Relations
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The military represents a significant part of the Texas economy, accounting for more than \$49 billion in economic impact. The Office of Defense Affairs (ODA) is responsible for assisting defense communities to develop infrastructure to minimize the possibility of, or the negative effects of, a base closure. S.B. 1295 requires ODA, in coordination with the Texas Strategic Military Planning Commission, to assist defense communities in obtaining financing for economic development projects that will improve the function of a defense base that is in, adjacent to, or near the defense community. This bill also establishes the framework in which defense communities receive assistance from a state agency.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly delegate any additional rulemaking authority to any state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Requires the Office of Defense Affairs (ODA), in coordination with the Texas Strategic Military Planning Commission (commission), to assist defense communities in obtaining financing for economic development projects that will improve the function of a defense base that is in, adjacent to, or near the defense community. Requires the ODA and the commission to refer the defense community to certain entities.

The bill requires a state agency making a loan to a defense community under this section to evaluate the project and determine whether the project may be financed through the agency's program. Provides that the state agency has sole discretion on whether to finance the project.

The bill requires state agencies, in reviewing applications for financing from defense communities, to consider the ODA's priority for the project. Requires ODA to maintain a record of each loan granted to a defense community that includes the amount of the loan, the agency making the loan, and a description of the project. Requires ODA to submit to the state agencies a priority list of economic development projects under this subsection that totals up to \$150 million. Provides that this subsection expires December 31, 2006.

The bill requires ODA to enter into a memorandum of understanding with each state agency that has a program to fund economic development projects for defense communities. Requires the memorandum of understanding to include each agencies responsibilities in granting and administering a loan to a defense community.

The bill authorizes a state agency making a loan to the defense community for a project described in Section 481.502(a), in addition to any other security provided by law if a defense community defaults on a loan, to foreclose under a loan agreement in the manner provided by law for foreclosure and liquidate any collateral provided under the loan agreement to recover any outstanding debt.

The bill authorizes ODA to accept gifts and grants from any source for the purposes of this subchapter.

SECTION 2. This Act takes effect September 1, 2003, unless it receives the votes necessary for immediate effect.