

BILL ANALYSIS

Senate Research Center

S.J.R. 55
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Veteran Affairs & Military Installations
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Enrolled

DIGEST AND PURPOSE

Currently, Texas has 18 major military installations throughout the state that employ 225,000 people and contribute \$43.4 billion annually to the state economy. The Department of Defense has announced plans to adopt new technologies and national defense strategies to meet the changing needs of warfare. This transformation largely will be funded through execution of the 2005 Base Realignment and Closure process, which may close as much as 25 percent of the existing military installation infrastructure. State and defense community leaders are committed to ensuring that Texas remains a primary home and contributor to the evolving new defense strategies. S.J.R. 55 proposes a constitutional amendment to authorize the legislature, by general law, to provide for a guarantee program to which the state pledges its general credit in an amount not to exceed \$250 million, to enhance the military value of a military facility in the state. This joint resolution also establishes provisions to pay for the guarantee program and for how the guarantee program will be managed.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article III, Texas Constitution, by adding Section 49-n, as follows:

Sec. 49-n. (a) Authorizes the legislature by general law to authorize one or more state agencies to issue general obligation bonds or notes of the State of Texas in an aggregate amount not to exceed \$250 million and to enter into related credit agreements. Requires the proceeds from the sale of the bonds and notes to be deposited in the Texas military value revolving loan account in the state treasury or its successor account to be used by one or more state agencies designated by the legislature by general law without further appropriation to provide loans for economic development projects that benefit defense-related communities, as defined by the legislature by general law, including projects that enhance the military value of military installations located in the state.

(b) Authorizes the expenses incurred in connection with the issuance of the bonds and notes and the costs of administering the Texas military value revolving loan account to be paid from money in the account. Authorizes money in the Texas military value revolving loan account to be used to pay all or part of any payment owed under a credit agreement related to the bonds or notes.

(c) Authorizes a defense-related community receiving a loan from the Texas military value revolving loan account to use money from the account to capitalize interest on the loan.

(d) Authorizes an agency providing a loan from the Texas military value revolving loan account to a defense-related community to require the defense-related community to pay any pro rata cost of issuing the general obligation bonds and notes.

(e) Provides that bonds and notes authorized under this section are a general obligation of the state. Provides that while any of the bonds or notes or interest on

the bonds or notes is outstanding and unpaid, there is appropriated out of the first money coming into the treasury in each fiscal year, not otherwise appropriated by this constitution, the amount sufficient to pay the principal of and interest on the bonds or notes that mature or become due during the fiscal year, including an amount sufficient to make payments under a related credit agreement, less any amounts in the interest and sinking accounts at the close of the preceding fiscal year that are pledged to payment of the bonds or notes or interest.

SECTION 2. Requires that this proposed constitutional amendment be submitted to the voters at an election on September 13, 2003. Sets forth the required wording of the ballot.