

1-1 By: Shapleigh S.B. No. 652
1-2 (In the Senate - Filed February 21, 2003; February 27, 2003,
1-3 read first time and referred to Committee on Veteran Affairs and
1-4 Military Installations; April 22, 2003, reported adversely, with
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1-6 0; April 22, 2003, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 652 By: Shapleigh

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to economic development, strategic planning, and other
1-11 issues regarding military facilities, and the merger of certain
1-12 state agencies with military responsibilities; establishing a
1-13 related bond guarantee program.

1-14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-15 SECTION 1. This Act may be known as the Military
1-16 Preparedness Act.

1-17 SECTION 2. The Military Preparedness Act represents a
1-18 proactive response to the presently evolving transformation of
1-19 national defense strategies. It clearly conveys this state's
1-20 intent to create a business climate that is favorable to defense
1-21 installations and activities through legislation that assists in
1-22 reducing base operating costs while enhancing military value. To
1-23 realign existing infrastructure and generate cost savings
1-24 necessary for these new defense strategies, the United States
1-25 Department of Defense will undergo another round of base
1-26 realignment and closure in 2005. Our military installations and
1-27 defense-related businesses are vital to the state's economy. The
1-28 United States Department of Defense is Texas' largest employer,
1-29 employing 228,790 persons in the year 2000. The \$20.9 billion in
1-30 military expenditures made in fiscal year 2000 had a total economic
1-31 impact of approximately \$49.3 billion on the state. It is clearly
1-32 evident that the legislature must develop programs to assist
1-33 communities in adding military value to their local defense
1-34 installations if Texas is to maintain its strong military heritage
1-35 and presence.

1-36 SECTION 3. Chapter 436, Government Code, is amended and
1-37 reorganized into Subchapters A through E to read as follows:

1-38 CHAPTER 436. TEXAS MILITARY PREPAREDNESS [~~STRATEGIC MILITARY~~
1-39 ~~PLANNING~~] COMMISSION

1-40 SUBCHAPTER A. GENERAL PROVISIONS

1-41 Sec. 436.001. DEFINITION. In this chapter, "commission"
1-42 means the Texas Military Preparedness [~~Strategic Military~~
1-43 ~~Planning~~] Commission.

1-44 Sec. 436.002. COMMISSION. The commission is within the
1-45 office of the governor and shall report to the governor or the
1-46 governor's designee.

1-47 Sec. 436.003. SUNSET PROVISION. The commission is subject
1-48 to Chapter 325 (Texas Sunset Act). Unless continued in existence as
1-49 provided by that chapter, the commission is abolished and this
1-50 chapter expires September 1, 2007.

1-51 [Sections 436.004-436.050 reserved for expansion]

1-52 SUBCHAPTER B. ORGANIZATION AND ADMINISTRATION

1-53 Sec. 436.051 [~~436.003~~]. COMPOSITION; ELIGIBILITY.

1-54 (a) The commission is composed of:

1-55 (1) nine public members, appointed by the governor;

1-56 and

1-57 (2) the following ex officio members:

1-58 (A) the chair of the committee of the Texas House
1-59 of Representatives that has primary jurisdiction of matters
1-60 concerning defense affairs and state, federal, and international
1-61 relations; and

1-62 (B) the chair of the committee of the Texas
1-63 Senate that has primary jurisdiction of matters concerning veteran

2-1 affairs and military installations.

2-2 (b) To be eligible for appointment as a public member to the
 2-3 commission, a person must have demonstrated experience in economic
 2-4 development, the defense industry, military installation command,
 2-5 environmental issues, finance, local government, or the use of
 2-6 airspace or outer space for future military missions.

2-7 (c) Appointments to the commission shall be made without
 2-8 regard to the race, color, disability, sex, religion, age, or
 2-9 national origin of the appointee.

2-10 Sec. 436.052 [436.004]. TERMS AND OFFICERS. (a) The nine
 2-11 public members of the commission serve staggered terms of six
 2-12 [three] years with the terms of one-third of the members expiring
 2-13 February 1 of each odd-numbered year. A legislative member vacates
 2-14 the person's position on the commission if the person ceases to be
 2-15 the chair of the applicable legislative committee.

2-16 (b) The governor shall designate a member of the commission
 2-17 as the presiding officer of the commission to serve in that capacity
 2-18 at the pleasure of the governor [from among the members of the
 2-19 commission].

2-20 Sec. 436.053 [436.005]. COMPENSATION AND EXPENSES. A
 2-21 public member of the commission is not entitled to compensation but
 2-22 is entitled to reimbursement, from commission funds, for the travel
 2-23 expenses incurred by the member while conducting the business of
 2-24 the commission, as provided by the General Appropriations Act. The
 2-25 entitlement of a legislative member to compensation or
 2-26 reimbursement for travel expenses is governed by the law applying
 2-27 to the member's service in that underlying position, and any
 2-28 payments to the member shall be made from the appropriate funds of
 2-29 the applicable house of the legislature.

2-30 Sec. 436.054 [436.006]. MEETINGS[; — OPEN GOVERNMENT].
 2-31 (a) The commission shall meet at least quarterly. The commission
 2-32 may meet at other times at the call of the presiding officer or as
 2-33 provided by the rules of the commission.

2-34 (b) The commission is a governmental body for purposes of
 2-35 the open meetings law, Chapter 551.

2-36 Sec. 436.055. CONFLICT OF INTEREST. (a) In this section,
 2-37 "Texas trade association" means a cooperative and voluntarily
 2-38 joined statewide association of business or professional
 2-39 competitors in this state designed to assist its members and its
 2-40 industry or profession in dealing with mutual business or
 2-41 professional problems and in promoting their common interest.

2-42 (b) A person may not be a public member of the commission and
 2-43 may not be a commission employee employed in a "bona fide executive,
 2-44 administrative, or professional capacity," as that phrase is used
 2-45 for purposes of establishing an exemption to the overtime
 2-46 provisions of the federal Fair Labor Standards Act of 1938 (29
 2-47 U.S.C. Section 201 et seq.), and its subsequent amendments, if:

2-48 (1) the person is an officer, employee, or paid
 2-49 consultant of a Texas trade association in the field of military
 2-50 affairs; or

2-51 (2) the person's spouse is an officer, manager, or paid
 2-52 consultant of a Texas trade association in the field of military
 2-53 affairs.

2-54 (c) A person may not be a public member of the commission or
 2-55 act as the general counsel to the commission if the person is
 2-56 required to register as a lobbyist under Chapter 305 because of the
 2-57 person's activities for compensation on behalf of a profession
 2-58 related to the operation of the commission.

2-59 Sec. 436.056. REMOVAL. (a) It is a ground for removal from
 2-60 the commission that a public member:

2-61 (1) does not have at the time of taking office the
 2-62 qualifications required by Section 436.051(b);

2-63 (2) does not maintain during service on the commission
 2-64 the qualifications required by Section 436.051(b);

2-65 (3) is ineligible for membership under Section
 2-66 436.055;

2-67 (4) cannot, because of illness or disability,
 2-68 discharge the member's duties for a substantial part of the member's
 2-69 term; or

3-1 (5) is absent from more than half of the regularly
 3-2 scheduled commission meetings that the member is eligible to attend
 3-3 during a calendar year without an excuse approved by a majority vote
 3-4 of the commission.

3-5 (b) The validity of an action of the commission is not
 3-6 affected by the fact that it is taken when a ground for removal of a
 3-7 commission member exists.

3-8 (c) If the executive director has knowledge that a potential
 3-9 ground for removal exists, the executive director shall notify the
 3-10 presiding officer of the commission of the potential ground. The
 3-11 presiding officer shall then notify the governor and the attorney
 3-12 general that a potential ground for removal exists. If the
 3-13 potential ground for removal involves the presiding officer, the
 3-14 executive director shall notify the next highest ranking officer of
 3-15 the commission, who shall then notify the governor and the attorney
 3-16 general that a potential ground for removal exists.

3-17 Sec. 436.057. EXECUTIVE DIRECTOR. (a) The commission
 3-18 shall hire an executive director to serve as the chief executive
 3-19 officer of the commission and to perform the administrative duties
 3-20 of the commission.

3-21 (b) The executive director serves at the will of the
 3-22 commission.

3-23 (c) The executive director may hire staff within guidelines
 3-24 established by the commission.

3-25 Sec. 436.058. PUBLIC ACCESS. The commission shall develop
 3-26 and implement policies that provide the public with a reasonable
 3-27 opportunity to appear before the commission and to speak on any
 3-28 issue under the jurisdiction of the commission.

3-29 Sec. 436.059. EQUAL EMPLOYMENT OPPORTUNITY. (a) The
 3-30 executive director or the executive director's designee shall
 3-31 prepare and maintain a written policy statement that implements a
 3-32 program of equal employment opportunity to ensure that all
 3-33 personnel decisions are made without regard to race, color,
 3-34 disability, sex, religion, age, or national origin.

3-35 (b) The policy statement must include:

3-36 (1) personnel policies, including policies relating
 3-37 to recruitment, evaluation, selection, training, and promotion of
 3-38 personnel, that show the intent of the commission to avoid the
 3-39 unlawful employment practices described by Chapter 21, Labor Code;
 3-40 and

3-41 (2) an analysis of the extent to which the composition
 3-42 of the commission's personnel is in accordance with state and
 3-43 federal law and a description of reasonable methods to achieve
 3-44 compliance with state and federal law.

3-45 (c) The policy statement must:

3-46 (1) be updated annually;
 3-47 (2) be reviewed by the state Commission on Human
 3-48 Rights for compliance with Subsection (b)(1); and
 3-49 (3) be filed with the governor's office.

3-50 Sec. 436.060. QUALIFICATIONS AND STANDARDS OF CONDUCT. The
 3-51 executive director or the executive director's designee shall
 3-52 provide to members of the commission and to commission employees,
 3-53 as often as necessary, information regarding the requirements for
 3-54 office or employment under this chapter, including information
 3-55 regarding a person's responsibilities under applicable laws
 3-56 relating to standards of conduct for state officers or employees.

3-57 Sec. 436.061. STATE EMPLOYEE INCENTIVE PROGRAM. The
 3-58 executive director or the executive director's designee shall
 3-59 provide to commission employees information and training on the
 3-60 benefits and methods of participation in the State Employee
 3-61 Incentive Program.

3-62 Sec. 436.062. COMPLAINTS. (a) The commission shall
 3-63 maintain a file on each written complaint filed with the
 3-64 commission. The file must include:

3-65 (1) the name of the person who filed the complaint;
 3-66 (2) the date the complaint is received by the
 3-67 commission;
 3-68 (3) the subject matter of the complaint;
 3-69 (4) the name of each person contacted in relation to

4-1 the complaint;
 4-2 (5) a summary of the results of the review or
 4-3 investigation of the complaint; and

4-4 (6) an explanation of the reason the file was closed,
 4-5 if the commission closed the file without taking action other than
 4-6 to investigate the complaint.

4-7 (b) The commission shall provide to the person filing the
 4-8 complaint and to each person who is a subject of the complaint a
 4-9 copy of the commission's policies and procedures relating to
 4-10 complaint investigation and resolution.

4-11 (c) The commission, at least quarterly until final
 4-12 disposition of the complaint, shall notify the person filing the
 4-13 complaint and each person who is a subject of the complaint of the
 4-14 status of the investigation unless the notice would jeopardize an
 4-15 undercover investigation.

4-16 Sec. 436.063. USE OF ALTERNATIVE PROCEDURES. (a) The
 4-17 commission shall develop and implement a policy to encourage the
 4-18 use of:

4-19 (1) negotiated rulemaking procedures under Chapter
 4-20 2008 for the adoption of commission rules; and

4-21 (2) appropriate alternative dispute resolution
 4-22 procedures under Chapter 2009 to assist in the resolution of
 4-23 internal and external disputes under the commission's
 4-24 jurisdiction.

4-25 (b) The commission's procedures relating to alternative
 4-26 dispute resolution must conform, to the extent possible, to any
 4-27 model guidelines issued by the State Office of Administrative
 4-28 Hearings for the use of alternative dispute resolution by state
 4-29 agencies.

4-30 (c) The commission shall designate a trained person to:

4-31 (1) coordinate the implementation of the policy
 4-32 adopted under Subsection (a);

4-33 (2) serve as a resource for any training needed to
 4-34 implement the procedures for negotiated rulemaking or alternative
 4-35 dispute resolution; and

4-36 (3) collect data concerning the effectiveness of those
 4-37 procedures, as implemented by the commission.

4-38 Sec. 436.064. TECHNOLOGY POLICY. The commission shall
 4-39 develop and implement a policy requiring the executive director and
 4-40 commission employees to research and propose appropriate
 4-41 technological solutions to improve the commission's ability to
 4-42 perform its functions. The technological solutions must:

4-43 (1) ensure that the public is able to easily find
 4-44 information about the commission on the Internet;

4-45 (2) ensure that persons who want to use the
 4-46 commission's services are able to:

4-47 (A) interact with the commission through the
 4-48 Internet; and

4-49 (B) access any service that can be provided
 4-50 effectively through the Internet; and

4-51 (3) be cost-effective and developed through the
 4-52 commission's planning processes.

4-53 [Sections 436.065-436.100 reserved for expansion]

4-54 SUBCHAPTER C. POWERS AND DUTIES

4-55 [Sec. 436.007. APPLICABILITY OF ADVISORY COMMITTEE LAW.
 4-56 Chapter 2110 does not apply to the commission.]

4-57 Sec. 436.101 [436.008]. POWERS AND DUTIES OF COMMISSION.
 4-58 The commission shall:

4-59 (1) advise [serve as an advisory committee to the
 4-60 office of] the governor and the legislature [Office of Defense
 4-61 Affairs in the Texas Department of Economic Development] on
 4-62 military issues and economic and industrial development related to
 4-63 military issues [the effect of the military on the economy of this
 4-64 state]; [and]

4-65 (2) make recommendations regarding:

4-66 (A) the development of policies and plans to
 4-67 support the long-term viability and prosperity of the military,
 4-68 active and civilian, in this state, including promoting strategic
 4-69 regional alliances that may extend over state lines;

5-1 (B) the development of methods to improve private
5-2 and public employment opportunities for former members of the
5-3 military residing in this state; and

5-4 (C) the development of methods to assist
5-5 defense-dependent communities in the design and execution of
5-6 programs that enhance a community's relationship with military
5-7 installations and defense-related businesses;

5-8 (3) develop and maintain a database of the names and
5-9 public business information of all prime contractors and
5-10 subcontractors operating in this state who perform defense-related
5-11 work;

5-12 (4) provide information to communities, the
5-13 legislature, the state's congressional delegation, and state
5-14 agencies regarding federal actions affecting military
5-15 installations and missions;

5-16 (5) serve as a clearinghouse for:

5-17 (A) defense economic adjustment and transition
5-18 information and activities along with the Texas Business and
5-19 Community Economic Development Clearinghouse; and

5-20 (B) information about:

5-21 (i) issues related to the operating costs,
5-22 missions, and strategic value of federal military installations
5-23 located in the state;

5-24 (ii) employment issues for communities that
5-25 depend on defense bases and in defense-related businesses; and

5-26 (iii) defense strategies and incentive
5-27 programs that other states are using to maintain, expand, and
5-28 attract new defense contractors;

5-29 (6) provide assistance to communities that have
5-30 experienced a defense-related closure or realignment;

5-31 (7) assist communities in the design and execution of
5-32 programs that enhance a community's relationship with military
5-33 installations and defense-related businesses, including regional
5-34 alliances that may extend over state lines;

5-35 (8) assist communities in the retention and recruiting
5-36 of defense-related businesses, including fostering strategic
5-37 regional alliances that may extend over state lines;

5-38 (9) prepare a biennial strategic plan that:

5-39 (A) fosters the enhancement of military value of
5-40 the contributions of Texas military installations to national
5-41 defense strategies;

5-42 (B) considers all current and anticipated base
5-43 realignment and closure criteria; and

5-44 (C) develops strategies to protect the state's
5-45 existing military missions and positions the state to be
5-46 competitive for new and expanded military missions; and

5-47 (10) encourage economic development in this state by
5-48 fostering the development of industries related to defense affairs
5-49 [and

5-50 [~~(D) the compilation of information for use in~~
5-51 ~~the report required under Section 481.0065(c)].~~

5-52 Sec. 436.102. CONSULTING AGREEMENTS. With prior approval
5-53 of the governor, the commission may enter into an agreement with a
5-54 consulting firm to provide information and assistance on a pending
5-55 decision of the United States Department of Defense or other
5-56 federal agency regarding the status of military installations and
5-57 defense-related businesses located in this state.

5-58 Sec. 436.103. ANNUAL REPORT; ANNUAL MEETING. (a) In this
5-59 section, "state agency" has the meaning assigned by Section
5-60 2151.002.

5-61 (b) Not later than July 1 of each year, the commission shall
5-62 prepare and submit a report to the governor and the legislature
5-63 about the active military installations, communities that depend on
5-64 military installations, and defense-related businesses in this
5-65 state. The report must include:

5-66 (1) an economic impact statement describing in detail
5-67 the effect of the military on the economy of this state;

5-68 (2) a statewide assessment of active military
5-69 installations and current missions;

6-1 (3) a statewide strategy to attract new military
 6-2 missions and defense-related business and include specific actions
 6-3 that add military value to existing military installations;

6-4 (4) a list of state and federal activities that have
 6-5 significant impact on active military installations and current
 6-6 missions;

6-7 (5) a statement identifying:
 6-8 (A) the state and federal programs and services
 6-9 that assist communities impacted by military base closures or
 6-10 realignments and the efforts to coordinate those programs; and

6-11 (B) the efforts to coordinate state agency
 6-12 programs and services that assist communities in retaining active
 6-13 military installations and current missions;

6-14 (6) an evaluation of initiatives to retain existing
 6-15 defense-related businesses; and

6-16 (7) a list of agencies with regulations, policies,
 6-17 programs, or services that impact the operating costs or strategic
 6-18 value of federal military installations and activities in the
 6-19 state.

6-20 (c) State agencies shall cooperate with and assist the
 6-21 commission in the preparation of the report required under
 6-22 Subsection (b), including providing information about regulations,
 6-23 policies, programs, and services that may impact communities
 6-24 dependent on military installations, defense-related businesses,
 6-25 and the viability of existing Texas military missions.

6-26 (d) The commission shall coordinate an annual meeting with
 6-27 the head of each state agency or member of the legislature whose
 6-28 district contains an active, closed, or realigned military
 6-29 installation to discuss the implementation of the recommendations
 6-30 outlined in the report required under Subsection (b).

6-31 Sec. 436.104. COORDINATING ASSISTANCE FOR EVALUATION OF
 6-32 MILITARY BASE. When a commander of a military installation
 6-33 receives a copy of the evaluation criteria for the base under the
 6-34 United States Department of Defense base realignment or closure
 6-35 process, the base commander may request that the commission
 6-36 coordinate assistance from other state agencies to assist the
 6-37 commander in preparing the evaluation. If the commission asks a
 6-38 state agency for assistance under this section, the state agency
 6-39 shall make the provision of that assistance a top priority
 6-40 [Sec. 436.009. ADMINISTRATIVE SUPPORT. The Texas Department of
 6-41 Economic Development shall provide administrative support to the
 6-42 commission].

6-43 [Sections 436.105-436.150 reserved for expansion]

6-44 SUBCHAPTER D. FISCAL PROVISIONS

6-45 Sec. 436.151. DEFINITIONS. In this subchapter, "defense
 6-46 community" has the meaning assigned by Section 397.001, Local
 6-47 Government Code.

6-48 Sec. 436.152. ANALYSIS OF PROJECTS; FINANCING. (a) A
 6-49 defense community may submit the community's military value
 6-50 enhancement statement prepared under Chapter 397, Local Government
 6-51 Code, to the commission.

6-52 (b) On receiving a defense community's military value
 6-53 enhancement statement, the commission shall analyze the projects
 6-54 included in the statement using the criteria it has developed. The
 6-55 commission shall develop project analysis criteria based on the
 6-56 criteria the United States Department of Defense uses for
 6-57 evaluating military facilities in the department's base
 6-58 realignment and closure process.

6-59 (c) The commission shall determine whether each project
 6-60 identified in the defense community's military value enhancement
 6-61 statement will enhance the military value of the military facility.
 6-62 The commission shall assist the community in prioritizing the
 6-63 projects that enhance the military value of a military facility,
 6-64 giving the highest priority to projects that add the most military
 6-65 value under the commission's project analysis criteria.

6-66 (d) The commission shall refer the defense community to the
 6-67 appropriate state agency that has an existing program to provide
 6-68 financing for each project identified in the community's military
 6-69 value enhancement statement that adds military value to a military

7-1 facility.

7-2 (e) If there is no existing program to finance a project,
7-3 the commission may guarantee, under Subchapter E, the debt issued
7-4 by the defense community for the project.

7-5 Sec. 436.153. GIFTS AND GRANTS. The commission may solicit
7-6 and accept gifts and grants from any source for the purposes of this
7-7 chapter. The commission shall deposit a gift or grant to the credit
7-8 of the specific account that is established for the purpose for
7-9 which the gift or grant was made. If a gift or grant is not made for
7-10 a specific purpose, the commission may deposit the gift or grant to
7-11 the credit of any of the commission's accounts created under this
7-12 chapter.

7-13 [Sections 436.154-436.200 reserved for expansion]

7-14 SUBCHAPTER E. GUARANTEE PROGRAM

7-15 Sec. 436.201. DEFINITIONS. In this subchapter:

7-16 (1) "Bonds" means bonds or other obligations issued by
7-17 a political subdivision, including bonds payable from ad valorem
7-18 taxes.

7-19 (2) "Eligible project" means a project that will
7-20 enhance the military value of a military facility located in, near,
7-21 or adjacent to a political subdivision as determined by the
7-22 commission, including economic development projects and refunding
7-23 bonds issued for an eligible project.

7-24 (3) "Paying agent" means the financial institution
7-25 that is designated by a political subdivision as its agent for the
7-26 payment of the principal and interest on guaranteed bonds.

7-27 (4) "Political subdivision" means any political
7-28 subdivision of the state, including a municipality, county, or
7-29 special district.

7-30 Sec. 436.202. GUARANTEE. (a) On approval by the
7-31 commission, bonds issued by a political subdivision for an eligible
7-32 project are guaranteed by the state in accordance with Section
7-33 50-g, Article III, Texas Constitution.

7-34 (b) For bonds to be eligible for guarantee, the political
7-35 subdivision must illustrate to the commission acceptable
7-36 arrangements relating to the maintenance of adequate reserves as
7-37 determined by the commission but not in excess of average annual
7-38 debt service on the bonds to be guaranteed.

7-39 (c) The commission shall endorse bonds approved for
7-40 guarantee with the signature or facsimile signature of the
7-41 presiding officer of the commission.

7-42 (d) The guarantee is not effective unless the attorney
7-43 general approves the bonds.

7-44 Sec. 436.203. RULES AND PROCEDURES. The commission shall
7-45 adopt rules, procedures, and guidelines to implement this
7-46 subchapter.

7-47 Sec. 436.204. NOTICE OF DEFAULT. Immediately following a
7-48 determination that a political subdivision will be or is unable to
7-49 pay maturing or matured principal or interest on a guaranteed bond,
7-50 but not later than the fifth day before maturity date, the political
7-51 subdivision shall notify the commission. If a political
7-52 subdivision fails to pay principal or interest on a guaranteed bond
7-53 when it matures, other amounts not yet mature are not accelerated
7-54 and do not become due by virtue of the political subdivision's
7-55 default.

7-56 Sec. 436.205. PAYMENT ON GUARANTEE. (a) Immediately
7-57 following receipt of notice under Section 436.204, the commission
7-58 shall instruct the comptroller to transfer from the appropriate
7-59 fund to the political subdivision's paying agent the amount
7-60 necessary to pay the maturing or matured principal or interest.

7-61 (b) Immediately following receipt of the funds for payment
7-62 of the principal or interest, the paying agent shall pay the amount
7-63 due and forward the canceled bond to the comptroller. The
7-64 comptroller shall hold the canceled bond on behalf of the fund from
7-65 which payment was made.

7-66 (c) Following full reimbursement to the state with
7-67 interest, the comptroller shall further cancel the bond and forward
7-68 it to the political subdivision for which payment was made.

7-69 Sec. 436.206. REPEATED DEFAULTS. (a) If the state makes

8-1 two or more payments on guaranteed bonds as a result of a political
 8-2 subdivision's default and the commission determines that the
 8-3 political subdivision is acting in bad faith under the guarantee,
 8-4 the commission may request the attorney general to institute
 8-5 appropriate legal action to compel the political subdivision and
 8-6 its officers, agents, and employees to comply with the duties
 8-7 required of them by law in regard to the bonds.

8-8 (b) Jurisdiction of proceedings under this section is in
 8-9 district court in Travis County.

8-10 Sec. 436.207. ISSUANCE OF POLITICAL SUBDIVISION BONDS FOR
 8-11 ELIGIBLE PROJECTS. A political subdivision may, consistent with
 8-12 the Texas Constitution, issue bonds for eligible projects. The
 8-13 political subdivision may levy and collect taxes to pay the
 8-14 interest on the bonds and to provide a sinking fund for the
 8-15 redemption of the bonds. Any election required to permit action
 8-16 under this subchapter must be held in conformity with Chapter 1251
 8-17 or other law applicable to the political subdivision.

8-18 SECTION 4. Subdivision (3), Section 486.051, Government
 8-19 Code, is amended to read as follows:

8-20 (3) "Office" means the Texas Military Preparedness
 8-21 Commission [~~Office of Defense Affairs~~].

8-22 SECTION 5. Section 486.052, Government Code, is amended by
 8-23 adding Subsection (d) to read as follows:

8-24 (d) The office shall give first priority to awarding loans
 8-25 under the program according to the economic development needs of
 8-26 eligible communities with neighboring federal military
 8-27 installations that, before January 1, 2006, are publicly proposed
 8-28 for action by the department of defense or applicable military
 8-29 department under the base realignment or closure process. This
 8-30 subsection expires September 1, 2007.

8-31 SECTION 6. Subsection (b), Section 2056.002, Government
 8-32 Code, is amended to read as follows:

8-33 (b) The Legislative Budget Board and the Governor's Office
 8-34 of Budget and Planning shall determine the elements required to be
 8-35 included in each agency's strategic plan. Unless modified by the
 8-36 Legislative Budget Board and the Governor's Office of Budget and
 8-37 Planning, and except as provided by Subsection (c), a plan must
 8-38 include:

8-39 (1) a statement of the mission and goals of the state
 8-40 agency;

8-41 (2) a description of the indicators developed under
 8-42 this chapter and used to measure the output and outcome of the
 8-43 agency;

8-44 (3) identification of the groups of people served by
 8-45 the agency, including those having service priorities, or other
 8-46 service measures established by law, and estimates of changes in
 8-47 those groups expected during the term of the plan;

8-48 (4) an analysis of the use of the agency's resources to
 8-49 meet the agency's needs, including future needs, and an estimate of
 8-50 additional resources that may be necessary to meet future needs;

8-51 (5) an analysis of expected changes in the services
 8-52 provided by the agency because of changes in state or federal law;

8-53 (6) a description of the means and strategies for
 8-54 meeting the agency's needs, including future needs, and achieving
 8-55 the goals established under Section 2056.006 for each area of state
 8-56 government for which the agency provides services;

8-57 (7) a description of the capital improvement needs of
 8-58 the agency during the term of the plan and a statement, if
 8-59 appropriate, of the priority of those needs;

8-60 (8) identification of each geographic region of this
 8-61 state, including the Texas-Louisiana border region and the
 8-62 Texas-Mexico border region, served by the agency, and if
 8-63 appropriate the agency's means and strategies for serving each
 8-64 region;

8-65 (9) a description of the training of the agency's
 8-66 contract managers under Section 2262.053; [~~and~~]

8-67 (10) an analysis of the agency's expected expenditures
 8-68 that relate to federally owned or operated military installations
 8-69 or facilities, or communities where a federally owned or operated

9-1 military installation or facility is located; and

9-2 (11) other information that may be required.

9-3 SECTION 7. Chapter 2056, Government Code, is amended by
9-4 adding Section 2056.0065 to read as follows:

9-5 Sec. 2056.0065. GOALS: EMPHASIS ON ENHANCING MILITARY
9-6 FACILITIES. (a) In establishing the goals of a state agency, the
9-7 agency shall consider the enhancement of military value to
9-8 federally owned or operated military installations or facilities.
9-9 The state agency is encouraged to make this evaluation using the
9-10 most current criteria provided by the Texas Military Preparedness
9-11 Commission.

9-12 (b) If the state agency determines that an expenditure will
9-13 enhance the military value of a federally owned or operated
9-14 military installation or facility based on the base realignment and
9-15 closure criteria, the state agency shall make that expenditure a
9-16 high priority.

9-17 SECTION 8. Subchapter A, Chapter 2167, Government Code, is
9-18 amended by adding Section 2167.009 to read as follows:

9-19 Sec. 2167.009. CONSIDERATION TO MILITARY INSTALLATION. In
9-20 leasing space for the use of a state agency, the commission or the
9-21 private brokerage or real estate firm assisting the commission
9-22 shall give consideration to a federally owned or operated military
9-23 installation or facility.

9-24 SECTION 9. Subtitle C, Title 12, Local Government Code, is
9-25 amended by adding Chapter 397 to read as follows:

9-26 CHAPTER 397. STRATEGIC PLANNING RELATING TO MILITARY
9-27 INSTALLATIONS

9-28 Sec. 397.001. DEFINITIONS. In this subchapter:

9-29 (1) "Defense base" means a federally owned or operated
9-30 military installation or facility that is presently functioning or
9-31 has been closed or realigned under the Defense Base Closure and
9-32 Realignment Act of 1990 (10 U.S.C. Section 2687 note) and its
9-33 subsequent amendments.

9-34 (2) "Defense community" means a political
9-35 subdivision, including a municipality, county, or special
9-36 district, that is adjacent to, is near, or encompasses any part of a
9-37 defense base.

9-38 Sec. 397.002. DEFENSE BASE MILITARY VALUE ENHANCEMENT
9-39 STATEMENT. (a) A defense community that applies for financial
9-40 assistance from the Texas Military Preparedness Commission shall
9-41 prepare, in consultation with the authorities from each defense
9-42 base associated with the community, a defense base military value
9-43 enhancement statement that illustrates specific ways the funds will
9-44 enhance the military value of the installations and must include
9-45 the following information for each project:

9-46 (1) the purpose for which financial assistance is
9-47 requested, including a description of the project;

9-48 (2) the source of other funds for the project;

9-49 (3) a statement on how the project will enhance the
9-50 military value of the installation;

9-51 (4) whether the defense community has coordinated the
9-52 project with authorities of the military installation and whether
9-53 any approval has been obtained from those authorities;

9-54 (5) whether any portion of the project is to occur on
9-55 the military installation;

9-56 (6) whether the project will have any negative impact
9-57 on the natural or cultural environment; and

9-58 (7) a description of any known negative factors
9-59 arising from the project that will affect the community or the
9-60 military installation.

9-61 (b) The Texas Military Preparedness Commission may require
9-62 a defense community to provide any additional information the
9-63 commission requires to evaluate the community's request for
9-64 financial assistance under this section.

9-65 (c) Two or more defense communities near the same defense
9-66 base that apply for financial assistance to the Texas Military
9-67 Preparedness Commission may prepare a joint statement.

9-68 (d) A copy of the defense base military value enhancement
9-69 statement shall be distributed to the authorities of each defense

10-1 base included in the statement and the Texas Military Preparedness
 10-2 Commission.

10-3 (e) This section does not prohibit a defense community that
 10-4 is not applying for financial assistance from preparing a defense
 10-5 base military value enhancement statement under this section.

10-6 Sec. 397.003. COMPREHENSIVE DEFENSE INSTALLATION AND
 10-7 COMMUNITY STRATEGIC IMPACT PLAN. (a) A defense community may
 10-8 request financial assistance from the Texas Military Preparedness
 10-9 Commission to prepare a comprehensive defense installation and
 10-10 community strategic impact plan that states the defense community's
 10-11 long-range goals and development proposals relating to the
 10-12 following purposes:

10-13 (1) controlling negative effects of future growth of
 10-14 the defense community on the defense base and minimizing
 10-15 encroachment on military exercises or training activities
 10-16 connected to the base;

10-17 (2) enhancing the military value of the defense base
 10-18 while reducing operating costs; and

10-19 (3) identifying which, if any, property and services
 10-20 in a region can be shared by the defense base and the defense
 10-21 community.

10-22 (b) The comprehensive defense installation and community
 10-23 strategic impact plan should include, if appropriate, maps,
 10-24 diagrams, and text to support its proposals and must include the
 10-25 following elements as they relate to each defense base included in
 10-26 the plan:

10-27 (1) a land use element that identifies:

10-28 (A) proposed distribution, location, and extent
 10-29 of land uses such as housing, business, industry, agriculture,
 10-30 recreation, public buildings and grounds, and other categories of
 10-31 public and private land uses as those uses may impact the defense
 10-32 base; and

10-33 (B) existing and proposed regulations of land
 10-34 uses, including zoning, annexation, or planning regulations as
 10-35 those regulations may impact the defense base;

10-36 (2) a transportation element that identifies the
 10-37 location and extent of existing and proposed freeways, streets, and
 10-38 roads and other modes of transportation;

10-39 (3) a population growth element that identifies past
 10-40 and anticipated population trends;

10-41 (4) a water resources element that:

10-42 (A) addresses currently available surface water
 10-43 and groundwater supplies; and

10-44 (B) addresses future growth projections and ways
 10-45 in which the water supply needs of the defense community and the
 10-46 defense base can be adequately served by the existing resources, or
 10-47 if such a need is anticipated, plans for securing additional water
 10-48 supplies;

10-49 (5) a conservation element that describes methods for
 10-50 conservation, development, and use of natural resources, including
 10-51 land, forests, soils, rivers and other waters, wildlife, and other
 10-52 natural resources;

10-53 (6) an open-space area element that includes:

10-54 (A) a list of existing open-space land areas;

10-55 (B) an analysis of the defense base's forecasted
 10-56 needs for open-space areas to conduct its military training
 10-57 activities; and

10-58 (C) suggested strategies under which land on
 10-59 which some level of development has occurred can make a transition
 10-60 to an open-space area, if needed;

10-61 (7) a restricted airspace element that creates buffer
 10-62 zones, if needed, between the defense base and the defense
 10-63 community; and

10-64 (8) a military training route element that identifies
 10-65 existing routes and proposes plans for additional routes, if
 10-66 needed.

10-67 (c) Two or more defense communities near the same defense
 10-68 base may prepare a joint plan.

10-69 Sec. 397.004. PLANNING MANUAL. A defense community that

11-1 has prepared a comprehensive defense installation and community
 11-2 strategic impact plan described by Section 397.003 is encouraged to
 11-3 develop, in coordination with the authorities of each defense base
 11-4 associated with the community, a planning manual based on the
 11-5 proposals contained in the plan. The manual should adopt
 11-6 guidelines for community planning and development to further the
 11-7 purposes described under Section 397.002. The defense community
 11-8 should, from time to time, consult with defense base authorities
 11-9 regarding any changes needed in the planning manual guidelines
 11-10 adopted under this section.

11-11 Sec. 397.005. CONSULTATION WITH DEFENSE BASE AUTHORITIES.
 11-12 If a defense community determines that an ordinance, rule, or plan
 11-13 proposed by the community may impact a defense base or the military
 11-14 exercise or training activities connected to the base, the defense
 11-15 community shall seek comments and analysis from the defense base
 11-16 authorities concerning the compatibility of the proposed
 11-17 ordinance, rule, or plan with base operations. The defense
 11-18 community shall consider and analyze the comments and analysis
 11-19 before making a final determination relating to the proposed
 11-20 ordinance, rule, or plan.

11-21 SECTION 10. Section 31.1571, Natural Resources Code, is
 11-22 amended by adding Subsection (c) to read as follows:

11-23 (c) Any unused or underused state property may be sold or
 11-24 leased, or an easement over the property may be granted, to the
 11-25 United States for the use and benefit of the United States armed
 11-26 forces if the commissioner or the commissioner's designee, after
 11-27 consultation with appropriate military authorities, determines
 11-28 that the sale, lease, or easement would materially assist the
 11-29 military in accomplishing its mission. A sale, lease, or easement
 11-30 under this subsection must be at market value. The state shall
 11-31 retain all minerals it owns with respect to the land, but it may
 11-32 relinquish the right to use the surface to extract them.

11-33 SECTION 11. Section 32.101, Natural Resources Code, is
 11-34 amended to read as follows:

11-35 Sec. 32.101. APPLICABLE LAW. Land shall be offered for
 11-36 sale, lease, or commitment to a contract for development subject to
 11-37 the terms and conditions provided by law. Sales and leases of
 11-38 upland within 2,500 feet of a military base may not be made unless
 11-39 the commissioner or the commissioner's designee, after
 11-40 consultation with appropriate military authorities, determines
 11-41 that the sale or lease will not adversely affect the mission of the
 11-42 military base.

11-43 SECTION 12. Section 33.103, Natural Resources Code, is
 11-44 amended to read as follows:

11-45 Sec. 33.103. INTERESTS WHICH MAY BE GRANTED BY THE BOARD.

11-46 (a) The board may grant the following interests in coastal public
 11-47 land for the indicated purposes:

- 11-48 (1) leases for public purposes;
- 11-49 (2) easements for purposes connected with:
 - 11-50 (A) ownership of littoral property; or
 - 11-51 (B) the operation of a facility operated by an
 - 11-52 existing channel and dock corporation that was issued articles of
 - 11-53 incorporation under Chapters 13 and 14, Title 32, Revised Statutes;
- 11-54 (3) permits authorizing limited continued use of
- 11-55 previously unauthorized structures on coastal public land not
- 11-56 connected with ownership of littoral property; and
- 11-57 (4) channel easements to the holder of any surface or
- 11-58 mineral interest in coastal public land for purposes necessary or
- 11-59 appropriate to the use of the interests.

11-60 (b) The board may not grant any interest in land within
 11-61 2,500 feet of a military base unless the commissioner or the
 11-62 commissioner's designee, after consultation with appropriate
 11-63 military authorities, determines that the grant will not adversely
 11-64 affect the mission of the military base.

11-65 SECTION 13. Section 51.011, Natural Resources Code, is
 11-66 amended to read as follows:

11-67 Sec. 51.011. SALE AND LEASE OF PUBLIC SCHOOL AND ASYLUM
 11-68 LAND. (a) Any land that is set apart to the permanent school fund
 11-69 and the various asylum funds under the constitution and laws of this

12-1 state together with the mineral estate in riverbeds, channels, and
 12-2 the tidelands, including islands, shall be controlled, sold, and
 12-3 leased by the school land board and the commissioner under the
 12-4 provisions of this chapter.

12-5 (b) Notwithstanding any other provision of this chapter,
 12-6 land within 2,500 feet of a military base may not be sold or leased
 12-7 and an easement over the land may not be granted unless the
 12-8 commissioner or the commissioner's designee, after consultation
 12-9 with appropriate military authorities, determines that the grant
 12-10 will not adversely affect the mission of the military base.

12-11 (c) Any public land may be sold or leased, or an easement
 12-12 over the property may be granted, to the United States for the use
 12-13 and benefit of the United States armed forces if the commissioner or
 12-14 the commissioner's designee, after consultation with appropriate
 12-15 military authorities, determines that the sale, lease, or easement
 12-16 would materially assist the military in accomplishing its mission.
 12-17 A sale, lease, or easement under this subsection must be at market
 12-18 value. The state shall retain all minerals it owns with respect to
 12-19 the land, but it may relinquish the right to use the surface to
 12-20 extract them.

12-21 (d) The commissioner shall determine whether a conveyance
 12-22 under this section takes priority over any preference otherwise
 12-23 granted by law, including the preferential right of a surrounding
 12-24 landowner. In making the determination, the commissioner must only
 12-25 consider the interests of preference holders who assert their
 12-26 preferences in writing after notice of the proposed conveyance is
 12-27 published in a newspaper of general circulation in the area. The
 12-28 commissioner shall, in the commissioner's discretion, balance the
 12-29 competing interests of the preference holders and the military.
 12-30 The commissioner's determination is final. After land is conveyed
 12-31 to the military, all competing preferences terminate.

12-32 SECTION 14. Section 53.011, Natural Resources Code, is
 12-33 amended to read as follows:

12-34 Sec. 53.011. LAND SUBJECT TO PROSPECT. Any tract of land
 12-35 that belongs to the state, including islands, salt and freshwater
 12-36 lakes, bays, inlets, marshes, and reefs owned by the state within
 12-37 tidewater limits, the part of the Gulf of Mexico within the state's
 12-38 jurisdiction, unsold surveyed public school land, rivers and
 12-39 channels that belong to the state, and land sold with a reservation
 12-40 of minerals to the state are subject to prospect by any person for
 12-41 those minerals which are not subject to lease or permit under any
 12-42 other statute. A person may not prospect from a location within
 12-43 2,500 feet of a military base, but prospectors may, from a location
 12-44 more than 2,500 feet from a base, look for minerals within the
 12-45 2,500-foot strip.

12-46 SECTION 15. Subsection (b), Section 53.016, Natural
 12-47 Resources Code, is amended to read as follows:

12-48 (b) Any lease covering land adjacent to a military base
 12-49 shall require the lessee to forego the right to use the surface
 12-50 within 2,500 feet of the military base while exploiting the
 12-51 minerals. The commissioner may include in the lease any other
 12-52 provision the commissioner considers necessary for protection of
 12-53 the interests of the state.

12-54 SECTION 16. Subsection (a), Section 53.064, Natural
 12-55 Resources Code, is amended to read as follows:

12-56 (a) No lease executed by the owner of the surface is binding
 12-57 on the state unless it recites the actual consideration paid or
 12-58 promised for the lease. A lease covering land adjacent to a
 12-59 military base shall require the lessee to forego the right to use
 12-60 the surface within 2,500 feet of the military base while exploiting
 12-61 the minerals.

12-62 SECTION 17. Section 53.151, Natural Resources Code, is
 12-63 amended to read as follows:

12-64 Sec. 53.151. LEASE OF CERTAIN AREAS. (a) Under the
 12-65 provisions of this subchapter, the board may lease to any person for
 12-66 the production of coal, lignite, sulphur, salt, and potash:

- 12-67 (1) islands, saltwater lakes, bays, inlets, marshes,
 12-68 and reefs owned by the state within tidewater limits;
 12-69 (2) the portion of the Gulf of Mexico within the

13-1 jurisdiction of the state;

13-2 (3) rivers and channels that belong to the state;

13-3 (4) all unsold surveyed and unsurveyed public school
13-4 land; and

13-5 (5) all land sold with a reservation of minerals to the
13-6 state under Section 51.054 of this code in which the state has
13-7 retained leasing rights.

13-8 (b) The lease may not be granted for any land within 2,500
13-9 feet of a military base.

13-10 SECTION 18. Section 312.204, Tax Code, is amended by adding
13-11 Subsection (g) to read as follows:

13-12 (g) Notwithstanding the other provisions of this chapter,
13-13 the governing body of a municipality eligible to enter into tax
13-14 abatement agreements under Section 312.002 may agree in writing
13-15 with the owner of real property that is located in a reinvestment
13-16 zone to exempt from taxation for a period not to exceed five years a
13-17 portion of the value of the real property or of tangible personal
13-18 property located on the real property, or both, that is used to
13-19 provide housing for military personnel employed at a military
13-20 facility located in or near the municipality. An agreement may
13-21 provide for the exemption of the real property in each year covered
13-22 by the agreement only to the extent its value for that year exceeds
13-23 its value for the year in which the agreement is executed. An
13-24 agreement may provide for the exemption of tangible personal
13-25 property located on the real property in each year covered by the
13-26 agreement other than tangible personal property that was located on
13-27 the real property at any time before the period covered by the
13-28 agreement with the municipality and other than inventory or
13-29 supplies. The governing body of the municipality may adopt
13-30 guidelines and criteria for tax abatement agreements entered into
13-31 under this subsection that are different from the guidelines and
13-32 criteria that apply to tax abatement agreements entered into under
13-33 another provision of this section. Tax abatement agreements
13-34 entered into under this subsection are not required to contain
13-35 identical terms for the portion of the value of the property that is
13-36 to be exempt or for the duration of the exemption as tax abatement
13-37 agreements entered into with the owners of property in the
13-38 reinvestment zone under another provision of this section.

13-39 SECTION 19. Subdivision (2), Section 35.101, Utilities
13-40 Code, is amended to read as follows:

13-41 (2) "Public retail customer" means a retail customer
13-42 that is an agency of this state, a state institution of higher
13-43 education, a public school district, ~~or~~ a political subdivision
13-44 of this state, a military installation of the United States, or a
13-45 United States Department of Veterans Affairs facility.

13-46 SECTION 20. Section 35.102, Utilities Code, is amended to
13-47 read as follows:

13-48 Sec. 35.102. STATE AUTHORITY TO SELL OR CONVEY POWER OR
13-49 NATURAL GAS. (a) The commissioner, acting on behalf of the state,
13-50 may sell or otherwise convey power or natural gas generated from
13-51 royalties taken in kind as provided by Sections 52.133(f), 53.026,
13-52 and 53.077, Natural Resources Code, directly to a public retail
13-53 customer regardless of whether the public retail customer is also
13-54 classified as a wholesale customer under other provisions of this
13-55 title.

13-56 (b) To ensure that the state receives the maximum benefit
13-57 from the sale of power or natural gas generated from royalties taken
13-58 in kind, the commissioner shall use all feasible means to sell that
13-59 power or natural gas first to public retail customers that are
13-60 military installations of the United States, agencies of this
13-61 state, institutions of higher education, or public school
13-62 districts. The remainder of the power or natural gas, if any, may
13-63 be sold to public retail customers that are political subdivisions
13-64 of this state or to a United States Department of Veterans Affairs
13-65 facility.

13-66 SECTION 21. Subchapter H, Chapter 36, Utilities Code, is
13-67 amended by adding Section 36.354 to read as follows:

13-68 Sec. 36.354. DISCOUNTED RATES FOR MILITARY BASES.
13-69 (a) Notwithstanding any other provision of this title, each

14-1 municipally owned utility, electric cooperative, or electric
 14-2 utility in an area where customer choice is not available or the
 14-3 commission has delayed the implementation of full customer choice
 14-4 in accordance with Section 39.103 shall discount charges for
 14-5 electric service provided to a military base.

14-6 (b) The discount under Subsection (a) is a 20 percent
 14-7 reduction of the base commercial rate that the municipally owned
 14-8 utility, electric cooperative, or electric utility would otherwise
 14-9 charge the military installation.

14-10 (c) An electric utility, municipally owned utility, or
 14-11 electric cooperative may assess a surcharge to all of the utility's
 14-12 retail customers in the state to recover the difference in revenue
 14-13 between the revenues from the discounted rate for military bases
 14-14 provided under Subsection (a) and the base commercial rate. This
 14-15 subsection does not apply to an electric utility, municipally owned
 14-16 utility, or electric cooperative that was providing electric
 14-17 service to a military base on December 31, 2002, at a rate
 14-18 constituting a discount of 20 percent or more from the utility's
 14-19 base commercial rate that the utility would otherwise charge the
 14-20 military base.

14-21 (d) Each electric utility shall file a tariff with the
 14-22 commission reflecting the discount required by Subsection (a) and
 14-23 may file a tariff reflecting the surcharge provided by Subsection
 14-24 (c). Not later than the 30th day after the date the commission
 14-25 receives the electric utility's tariff reflecting the surcharge,
 14-26 the commission shall approve the tariff. A proceeding under this
 14-27 subsection is not a rate change for purposes of Subchapter C.

14-28 (e) An electric utility, municipally owned utility, or
 14-29 electric cooperative is exempt from the requirements of Subsection
 14-30 (a) if:

14-31 (1) the 20 percent discount would result in a
 14-32 reduction of revenue in an amount that is greater than one percent
 14-33 of the utility's total annual revenues; or

14-34 (2) the utility:
 14-35 (A) was providing electric service to a military
 14-36 base on December 31, 2002, at a rate constituting a discount of 20
 14-37 percent or more from the utility's base commercial rate that the
 14-38 utility would otherwise charge the military base; and

14-39 (B) continues to provide electric service to the
 14-40 military base at a rate constituting a discount of 20 percent or
 14-41 more from the utility's base commercial rate that the utility would
 14-42 otherwise charge the military base.

14-43 (f) Each electric utility shall provide the Texas Military
 14-44 Preparedness Commission with the base commercial rate that the
 14-45 utility would otherwise charge the military base and the rate the
 14-46 utility is charging the military base.

14-47 (g) For the purposes of this section, the term "military
 14-48 base" does not include a military base:

14-49 (1) that has been closed or realigned under the
 14-50 Defense Base Closure and Realignment Act of 1990 (10 U.S.C. Section
 14-51 2687) and its subsequent amendments;

14-52 (2) that is administered by an authority established
 14-53 by a municipality under Chapter 378, Local Government Code, as
 14-54 added by Chapter 1221, Acts of the 76th Legislature, Regular
 14-55 Session, 1999;

14-56 (3) that is operated by or for the benefit of the Texas
 14-57 National Guard, as defined by Section 431.001, Government Code,
 14-58 unless the base is served by a municipally owned utility owned by a
 14-59 city with a population of 650,000 or more; or

14-60 (4) for which a municipally owned utility has acquired
 14-61 the electric distribution system under 10 U.S.C. Section 2688.

14-62 SECTION 22. Subchapter H, Chapter 39, Utilities Code, is
 14-63 amended by adding Section 39.3535 to read as follows:

14-64 Sec. 39.3535. MILITARY BASES AGGREGATORS. (a) In this
 14-65 section, "military bases aggregator" means a person joining two or
 14-66 more military bases that are located in areas of the state offering
 14-67 customer choice under this chapter into a single purchasing unit to
 14-68 negotiate electricity purchases from retail electric providers.

14-69 (b) It is the policy of this state to encourage military

15-1 bases located in areas of the state offering customer choice under
 15-2 this chapter to aggregate their facilities into a single purchasing
 15-3 unit as a method to reduce costs of electricity consumed by those
 15-4 bases. The commission shall provide assistance to a military bases
 15-5 aggregator regarding the evaluation of offers from retail electric
 15-6 providers on the request of the military bases aggregator.

15-7 (c) An aggregator registered under another section of this
 15-8 subchapter may provide aggregation services to military bases.

15-9 (d) A person, including a state agency, may register as a
 15-10 military bases aggregator to provide aggregation services
 15-11 exclusively to military bases located in areas of the state
 15-12 offering customer choice under this chapter.

15-13 (e) A person registered as a military bases aggregator under
 15-14 Subsection (d) is not required to comply with customer protection
 15-15 provisions, disclosure requirements, or marketing guidelines
 15-16 prescribed by this title or established by the commission while
 15-17 providing aggregation services exclusively to military bases.

15-18 (f) The commission shall expedite consideration of an
 15-19 application submitted by an applicant for registration under
 15-20 Subsection (d).

15-21 SECTION 23. Subchapter Z, Chapter 39, Utilities Code, is
 15-22 amended by adding Section 39.910 to read as follows:

15-23 Sec. 39.910. INCENTIVE PROGRAM AND GOAL FOR ENERGY
 15-24 EFFICIENCY FOR MILITARY BASES. (a) The commission by rule shall
 15-25 establish an electric energy efficiency incentive program under
 15-26 which each electric utility in an area where customer choice is not
 15-27 available will provide incentives sufficient for military bases,
 15-28 retail electric providers, or competitive energy service providers
 15-29 to install energy efficiency devices or other alternatives at
 15-30 military bases. The commission shall design the program to provide
 15-31 military bases with a variety of choices for cost-effective energy
 15-32 efficiency devices and other alternatives from the market to reduce
 15-33 energy consumption and energy costs.

15-34 (b) The commission shall establish a goal for the program to
 15-35 reduce, before January 1, 2005, the consumption of electricity by
 15-36 military bases in this state by five percent as compared to
 15-37 consumption levels in 2002.

15-38 (c) The commission shall approve a nonbypassable surcharge
 15-39 or other rate mechanism to recover costs associated with the
 15-40 program established under this section.

15-41 (d) An electric utility shall administer the electric
 15-42 energy efficiency incentive program in a market-neutral,
 15-43 nondiscriminatory manner. An electric utility may not offer
 15-44 underlying competitive services.

15-45 SECTION 24. Section 25.005, Education Code, is amended to
 15-46 read as follows:

15-47 Sec. 25.005. RECIPROCITY AGREEMENTS REGARDING MILITARY
 15-48 PERSONNEL AND DEPENDENTS. (a) To facilitate the transfer of
 15-49 military personnel and their dependents to and from the public
 15-50 schools of this state, the agency shall ~~may~~ pursue reciprocity
 15-51 agreements with other states governing the terms of those
 15-52 transfers.

15-53 (b) A reciprocity agreement must:

15-54 (1) address procedures for:

15-55 (A) transferring student records;

15-56 (B) ~~[(2) address procedures for]~~ awarding credit
 15-57 for completed course work; and

15-58 (C) permitting a student to satisfy the
 15-59 requirements of Section 39.025 through successful performance on
 15-60 comparable exit-level assessment instruments administered in
 15-61 another state; and

15-62 (2) ~~[(3)]~~ include appropriate criteria developed by
 15-63 the agency.

15-64 SECTION 25. Sections 481.0065, 482.002, 482.003, and
 15-65 482.004, Government Code, and Section 502.271, Transportation
 15-66 Code, are repealed.

15-67 SECTION 26. (a) Not later than the 90th day after the
 15-68 effective date of this Act, the governor shall appoint the initial
 15-69 members of the Texas Military Preparedness Commission in accordance

16-1 with Chapter 436, Government Code, as amended by this Act. The
16-2 governor shall appoint three members for a term expiring February
16-3 1, 2005, three members for a term expiring February 1, 2007, and
16-4 three members for a term expiring February 1, 2009. The commission
16-5 may not take action until a majority of the appointed members have
16-6 taken office.

16-7 (b) Not later than the 30th day after the date that a
16-8 majority of the initial appointed members of the Texas Military
16-9 Preparedness Commission take office, the commission shall employ an
16-10 executive director in accordance with Chapter 436, Government Code,
16-11 as amended by this Act.

16-12 (c) As soon as possible after the effective date of this
16-13 Act, the governor shall select a presiding officer for the Texas
16-14 Military Preparedness Commission.

16-15 SECTION 27. (a) On the date on which a majority of the
16-16 initial appointed members of the Texas Military Preparedness
16-17 Commission have taken office, the Office of Defense Affairs is
16-18 abolished and all powers, duties, obligations, rights, contracts,
16-19 leases, records, property, and unspent and unobligated
16-20 appropriations and other funds of the Office of Defense Affairs are
16-21 transferred to the Texas Military Preparedness Commission.

16-22 (b) The abolishment of the Office of Defense Affairs does
16-23 not affect the validity of a right, privilege, or obligation
16-24 accrued, a contract or acquisition made, any liability incurred, a
16-25 permit or license issued, any penalty, forfeiture, or punishment
16-26 assessed, a rule adopted, a proceeding, investigation, or remedy
16-27 begun, a decision made, or other action taken by or in connection
16-28 with the Office of Defense Affairs.

16-29 (c) All rules, policies, procedures, and decisions of the
16-30 Office of Defense Affairs are continued in effect as rules,
16-31 policies, procedures, and decisions of the Texas Military
16-32 Preparedness Commission until superseded by a rule or other
16-33 appropriate action of the Texas Military Preparedness Commission.

16-34 (d) Any action or proceeding before the Office of Defense
16-35 Affairs is transferred without change in status to the Texas
16-36 Military Preparedness Commission, and the Texas Military
16-37 Preparedness Commission assumes, without a change in status, the
16-38 position of the Office of Defense Affairs in any action or
16-39 proceeding to which the Office of Defense Affairs is a party.

16-40 (e) The Texas Military Preparedness Commission is
16-41 authorized to employ the same number of full-time equivalent
16-42 employees as the Office of Defense Affairs to exercise the powers
16-43 and perform the duties transferred under this section.

16-44 (f) A fund, foundation, or account administered by the
16-45 Office of Defense Affairs is not considered to be abolished and
16-46 re-created by this Act but is considered to be transferred to the
16-47 Texas Military Preparedness Commission.

16-48 (g) Until the date the Office of Defense Affairs is
16-49 abolished as provided by Subsection (a) of this section, the Office
16-50 of Defense Affairs shall continue to exercise the powers and
16-51 perform the duties assigned to the Office of Defense Affairs under
16-52 the law as it existed immediately before the effective date of this
16-53 Act or as modified by another Act of the 78th Legislature, Regular
16-54 Session, 2003, that becomes law, and the former law is continued in
16-55 effect for that purpose.

16-56 SECTION 28. (a) On the date on which a majority of the
16-57 initial appointed members of the Texas Military Preparedness
16-58 Commission have taken office, the Texas Strategic Military Planning
16-59 Commission is abolished, and all powers, duties, obligations,
16-60 rights, contracts, leases, records, personnel, property, and
16-61 unspent and unobligated appropriations and other funds of the Texas
16-62 Strategic Military Planning Commission are transferred to the Texas
16-63 Military Preparedness Commission.

16-64 (b) The abolishment of the Texas Strategic Military
16-65 Planning Commission does not affect the validity of a right,
16-66 privilege, or obligation accrued, a contract or acquisition made,
16-67 any liability incurred, a permit or license issued, any penalty,
16-68 forfeiture, or punishment assessed, a rule adopted, a proceeding,
16-69 investigation, or remedy begun, a decision made, or other action

17-1 taken by or in connection with the Texas Strategic Military
17-2 Planning Commission.

17-3 (c) All rules, policies, procedures, and decisions of the
17-4 Texas Strategic Military Planning Commission are continued in
17-5 effect as rules, policies, procedures, and decisions of the Texas
17-6 Military Preparedness Commission until superseded by a rule or
17-7 other appropriate action of the Texas Military Preparedness
17-8 Commission.

17-9 (d) Any action or proceeding before the Texas Strategic
17-10 Military Planning Commission is transferred without change in
17-11 status to the Texas Military Preparedness Commission, and the Texas
17-12 Military Preparedness Commission assumes, without a change in
17-13 status, the position of the Texas Strategic Military Planning
17-14 Commission in any action or proceeding to which the Texas Strategic
17-15 Military Planning Commission is a party.

17-16 (e) The Texas Military Preparedness Commission is
17-17 authorized to employ the same number of full-time equivalent
17-18 employees as the Texas Strategic Military Planning Commission to
17-19 exercise the powers and perform the duties transferred under this
17-20 section.

17-21 (f) A fund, foundation, or account administered by the Texas
17-22 Strategic Military Planning Commission is not considered to be
17-23 abolished and re-created by this Act but is considered to be
17-24 transferred to the Texas Military Preparedness Commission.

17-25 (g) Until the date the Texas Strategic Military Planning
17-26 Commission is abolished as provided by Subsection (a) of this
17-27 section, the Texas Strategic Military Planning Commission shall
17-28 continue to exercise the powers and perform the duties assigned to
17-29 the Texas Strategic Military Planning Commission under the law as
17-30 it existed immediately before the effective date of this Act or as
17-31 modified by another Act of the 78th Legislature, Regular Session,
17-32 2003, that becomes law, and the former law is continued in effect
17-33 for that purpose.

17-34 SECTION 29. (a) In implementing Section 25.005, Education
17-35 Code, as amended by this Act, the Texas Education Agency shall give
17-36 priority to pursuing reciprocity agreements with Florida, Georgia,
17-37 North Carolina, and Virginia.

17-38 (b) Not later than January 1, 2004, the Texas Education
17-39 Agency shall report the results of its efforts to enter into
17-40 reciprocity agreements in compliance with Section 25.005,
17-41 Education Code, as amended by this Act, to the presiding officers of
17-42 the Senate Committee on Veteran Affairs and Military Installations
17-43 and the House of Representatives Committee on Defense Affairs and
17-44 State-Federal Relations. If the agency has been unable to enter
17-45 into a reciprocity agreement with each state identified in
17-46 Subsection (a) of this section by the date of the report, the report
17-47 must include, for each state with which the agency did not enter
17-48 into an agreement:

17-49 (1) a detailed description of the agency's efforts to
17-50 reach an agreement; and

17-51 (2) an explanation of each factor contributing to the
17-52 failure to reach an agreement.

17-53 SECTION 30. The executive director of the Texas Military
17-54 Preparedness Commission may change the duties of any employee who
17-55 is transferred to the Texas Military Preparedness Commission.

17-56 SECTION 31. The Legislative Budget Board shall resolve any
17-57 disputes about which obligations, rights, contracts, leases,
17-58 records, personnel, property, and unspent and unobligated
17-59 appropriations or other funds are entitled to be transferred to the
17-60 Texas Military Preparedness Commission.

17-61 SECTION 32. Section 397.005, Local Government Code, as
17-62 added by this Act, applies only to an ordinance, rule, or plan that
17-63 is proposed on or after the effective date of this Act.

17-64 SECTION 33. The community infrastructure development
17-65 revolving loan account described by Section 486.053, Government
17-66 Code, is re-created as a separate account in the general revenue
17-67 fund. Any money in the account is rededicated for the purposes
17-68 described by Subsection (b), Section 486.053, Government Code.

17-69 SECTION 34. Subsection (e), Section 436.152, Government

18-1 Code, and Subchapter E, Chapter 436, Government Code, as added by
18-2 this Act take effect only if the constitutional amendment proposed
18-3 by the 78th Texas Legislature, Regular Session, 2003, authorizing a
18-4 program to guarantee bonds or other obligations issued by a
18-5 political subdivision for a project that will enhance the military
18-6 value of a military facility located in, near, or adjacent to the
18-7 political subdivision is approved by the voters. If that amendment
18-8 is not approved by the voters, Subsection (e), Section 436.152,
18-9 Government Code, and Subchapter E, Chapter 436, Government Code,
18-10 have no effect.

18-11 SECTION 35. This Act takes effect immediately if it
18-12 receives a vote of two-thirds of all the members elected to each
18-13 house, as provided by Section 39, Article III, Texas Constitution.
18-14 If this Act does not receive the vote necessary for immediate
18-15 effect, this Act takes effect September 1, 2003.

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