

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 8, 2003

TO: Honorable Frank Corte, Chair, House Committee on Defense Affairs and State-Federal Relations

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB652 by Shapleigh (Relating to economic development, strategic planning, and other issues regarding military facilities, and the merger of certain state agencies with military responsibilities; granting authority to issue bonds.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

Fiscal Analysis

The bill would amend the Government Code, renaming the Texas Strategic Military Planning Commission to the Texas Military Preparedness Commission within the Office of the Governor. The Office of Defense Affairs and the Texas Strategic Military Planning Commission would be abolished and their powers, duties, and funding transferred to the new commission. The new commission would advise the governor and the legislature on defense-related issues, including private industry and Federal actions that will affect Texas.

The bill requires a state agency to consider enhancing the military value of federally owned or operated military installations or facilities when establishing agency goals. It provides that the state agency is encouraged to use the most current Texas Military preparedness criteria in making that evaluation. The bill requires the state agency to make an expenditure high priority if, based on base realignment and closure criteria, the agency determines it will enhance the military value of a federally owned or operated military installation or facility.

The bill authorizes the Commission to provide loans from the Texas Military Value Revolving Loan Account, created by this bill, to certain political subdivisions for projects that will enhance the military value of a military facility in, or adjacent to the political subdivision. It requires the Commission, upon receipt of the loan application, to analyze the project with the criteria used by the U.S. Department of Defense (DOD) to evaluate military bases in the Base Realignment and Closure (BRAC) process. Upon receiving a Military Value Enhancement Statement, the Commission shall first refer the defense community to a state agency that has existing programs to address their needs. If none exist, then the Commission may provide loans as state above. A project financed with a loan under this section must be completed within five years.

The bill requires a defense community that applies for financial assistance from the Texas Military Value Revolving Loan Account to prepare, in consultation with each defense base associated with the community, a defense base military value enhancement statement illustrating specifically how the funds will enhance the military value of the installations. It also requires the community to prepare a Comprehensive Defense Installation and Community Strategic Impact Plan explaining the effects of future growth on the defense base and minimizing encroachment.

The bill includes natural gas in the specification of what an agency can sell or convey on behalf of the state to military installations.

The Office of the Governor would be required to resolve any disputes about which obligations, rights, contracts, leases, records, personnel, property, and unspent and unobligated appropriations or other

funds are entitled to be transferred to the Texas Military Preparedness Commission.

The bill requires the Texas Education Agency (TEA) to pursue reciprocity agreements with other states to address the needs of military dependents transferring into, out of, and between Texas. The TEA is to give priority to pursuing agreements with Florida, Georgia, North Carolina and Virginia.

The bill establishes rules and procedures for the state and local governments necessary to carry out the provisions of the bill.

The bill would take effect immediately upon enactment if it receives a two-thirds vote in both houses. Otherwise, it would take effect September 1, 2003.

Methodology

All of the agencies affected by the bill indicated that the administrative provisions of the bill would not result in a significant fiscal impact.

The bill would authorize the Commission to provide loans from the Texas Military Value Revolving Loan Account. The revolving loan account is to be funded through the issuance of general obligation bonds issued by the Texas Department of Economic Development, or by gifts and grants. The bonds are designed to be self-supporting through loan payments made by political subdivisions.

Local Government Impact

Costs to local governmental entities to implement the bill would depend on each entity's participation.

The bill would require defense communities that apply for assistance from the commission to prepare a defense base military value enhancement statement and allow a defense community to request financial assistance to prepare a comprehensive defense installation and community strategic impact plan. Communities that prepared impact plans would be encouraged to prepare planning manuals based on the impact plans. Bell County reported that the studies would potentially be so complex and costly as to preclude the objectives of the plans.

Local entities that provide discounted electric services to military bases at discounted rates would be allowed to recover the costs through assessed surcharges to retail customers.

Bexar, Bowie, Comal, and Coryell counties reported that the provisions of the bill would have no significant fiscal implication on their budgets. The city of Corpus Christi and Val Verde County reported that the bill could have a positive fiscal effect on their budgets, but were unable to estimate revenues or savings. El Paso County reported that the bill could have a positive effect, as it could impact local taxes, jobs, retail sales and property values, but could not place a dollar amount on the effect.

Source Agencies: 116 Sunset Advisory Commission, 301 Office of the Governor, 302 Office of the Attorney General, 303 Building and Procurement Commission, 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 313 Department of Information Resources, 332 Department of Housing and Community Affairs, 344 Commission on Human Rights, 347 Public Finance Authority, 352 Bond Review Board, 354 Texas Aerospace Commission, 356 Texas Ethics Commission, 360 State Office of Administrative Hearings, 403 Veterans Commission, 473 Public Utility Commission of Texas, 580 Water Development Board, 582 Commission on Environmental Quality, 592 Soil and Water Conservation Board, 601 Department of Transportation

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