

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 22, 2003

TO: Honorable Leticia Van de Putte, Chair, Senate Committee on Veteran Affairs & Military Installations

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; establishing a related bond guarantee program.), **Committee Report 1st 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 and reporting to 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 military issues and economic and industrial development related to military issues.

The Texas Strategic Military Planning Commission would refer defense communities to the appropriate state agencies that have existing programs to provide financing for projects identified in the community's military value enhancement statement. If no such existing programs are available, the commission may approve the issuance of bonds for eligible projects. Following the issuance of bonds, the commission shall instruct the comptroller to transfer from the appropriate fund to the subdivision's paying agent the amount necessary to pay the maturing or matured principal or interest. The bonds are designed to be self-supporting through the loan payments made by political subdivisions.

The bill would require each state agency to include in its strategic plan an analysis of the agency's expected expenditures relating to federally owned or operated military installations, or communities where a federally operated or owned military installation was located.

The bill would allow a defense community to request financial assistance from the Texas Military Preparedness Commission to prepare a comprehensive defense installation and community strategic impact plan that states the defense community's long-range goals and development proposals.

The bill would allow discounted rates for electric service provided to a military base. Exemptions to the discounted electric service provision of the military base are provided in the bill.

The bill would require the Texas Education Agency to facilitate the transfer of military personnel and their dependents to and from the public schools of this state through reciprocity agreements with other states. The Texas Education Agency shall give priority to pursuing reciprocity 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 community infrastructure development revolving loan account is re-created as a separate account in the general revenue fund. Any money in the account is rededicated for the purposes described in the chapter of the Government Code related to assistance for local areas affected by defense reduction.

Local Government Impact

Costs to local governments to implement the provisions of the bill would depend on each entity's participation.

The bill would authorize the Texas Public Finance Authority to issue political subdivision bonds for eligible projects. The political subdivision may levy and collect taxes to pay the interest on the bonds and to provide a sinking fund for the redemption of the bonds.

The bill would require defense communities that apply for assistance from the commission 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 these studies would potentially be so complex and costly as to preclude the objectives of the plans.

The bill would require the commission to analyze a defense community's military value enhancement statement and determine which should be forwarded to state agencies with appropriate funding for the military enhancement projects. If no funding is available, the commission would be able to guarantee the debt issued by the defense community for the approved projects. Local governments that participate would incur responsibility for repayment of any bond debt issued, and would likely establish fees, maintain rates, and obtain grants at a level to pay all expenses necessary for operations, maintenance or any approved project to do so.

The bill provides for local government development of former military land. Local governments would incur costs in creating a development plan for the land to submit to the commission.

Certain municipally owned utilities, electric cooperatives, and electrical utilities in areas where customer choice is not available would be required to provide discounted electric services to military bases. The utilities would be allowed to recover the costs from retail and wholesale customers after first filing tariffs reflecting the surcharge with the Public Utilities Commission.

Development and implementation of the incentive program described in Section 23 would result in no significant fiscal impact.

Bexar, Bowie, Comal, and Coryell counties reported that the provisions of the bill would have no significant fiscal implications 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, job, 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
LBB Staff: JK, WK, WP, KG, GG