

AN ACT

relating to grants and loans for certain economic development projects to assist defense communities affected by the federal military base realignment and closure process.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter D, Chapter 436, Government Code, is amended by adding Sections 436.1531 and 436.1532 to read as follows:

Sec. 436.1531. LOANS FOR COMMUNITIES ADVERSELY AFFECTED BY DEFENSE BASE REDUCTION. (a) The commission may provide a loan of financial assistance to a defense community for an economic development project that minimizes the negative effects of a defense base reduction on the defense community. The loan shall be made from the Texas military value revolving loan account established under Section 436.156.

(b) On receiving an application for a loan under this section, the commission shall evaluate the economic development project to determine how the project will minimize the negative effects of a defense base reduction on the defense community, including the number of jobs that the project will create and the economic impact the project will have on the community.

(c) If the commission determines that a project will reduce the negative effects of a defense base reduction on the defense community, the commission shall:

1 (1) analyze the creditworthiness of the defense
2 community to determine the defense community's ability to repay the
3 loan; and

4 (2) evaluate the feasibility of the project to be
5 financed to ensure that the defense community has pledged a source
6 of revenue or taxes sufficient to repay the loan for the project.

7 (d) If the commission determines that the funds will be used
8 to finance an economic development project that will reduce the
9 negative effects of a defense base reduction on the defense
10 community and that the project is financially feasible, the
11 commission may award a loan to the defense community for the
12 project. The commission shall enter into a written agreement with a
13 defense community that is awarded a loan. The agreement must
14 contain the terms and conditions of the loan, including the loan
15 repayment requirements.

16 (e) The commission shall notify the Texas Public Finance
17 Authority of the amount of the loan and the recipient of the loan
18 and request the authority to issue general obligation bonds in an
19 amount necessary to fund the loan. The commission and the authority
20 shall determine the amount and time of a bond issue to best provide
21 funds for one or multiple loans.

22 (f) The commission shall administer the loans to ensure full
23 repayment of the general obligation bonds issued to finance the
24 project.

25 (g) A project financed with a loan under this section must
26 be completed on or before the fifth anniversary of the date the loan
27 is awarded.

1 (h) The amount of a loan under this section may not exceed
2 the total cost of the project.

3 Sec. 436.1532. LOANS FOR COMMUNITIES POSITIVELY AFFECTED BY
4 DEFENSE BASE RESTRUCTURING. (a) The commission may provide a
5 loan of financial assistance to a defense community for an
6 infrastructure project to accommodate new or expanded military
7 missions assigned to a military facility located in, near, or
8 adjacent to the defense community as a result of the United States
9 Department of Defense base realignment process. The loan shall be
10 made from the Texas military value revolving loan account
11 established under Section 436.156.

12 (b) On receiving an application for a loan under this
13 section, the commission shall evaluate the infrastructure project
14 to determine how the project will assist the defense community in
15 accommodating the new or expanded military missions that are
16 assigned to the military facility.

17 (c) If the commission determines that the project will
18 assist the defense community in accommodating the new or expanded
19 military missions that are assigned to the military facility, the
20 commission shall:

21 (1) analyze the creditworthiness of the defense
22 community to determine the defense community's ability to repay the
23 loan; and

24 (2) evaluate the feasibility of the project to be
25 financed to ensure that the defense community has pledged a source
26 of revenue or taxes sufficient to repay the loan for the project.

27 (d) If the commission determines that the funds will be used

1 to finance an infrastructure project to accommodate new or expanded
2 military missions assigned to the military facility located in,
3 near, or adjacent to the defense community and that the project is
4 financially feasible, the commission may award a loan to the
5 defense community for the project. The commission shall enter into
6 a written agreement with a defense community that is awarded a loan.
7 The agreement must contain the terms and conditions of the loan,
8 including the loan repayment requirements.

9 (e) The commission shall notify the Texas Public Finance
10 Authority of the amount of the loan and the recipient of the loan
11 and request the authority to issue general obligation bonds in an
12 amount necessary to fund the loan. The commission and the authority
13 shall determine the amount and time of a bond issue to best provide
14 funds for one or multiple loans.

15 (f) The commission shall administer the loans to ensure full
16 repayment of the general obligation bonds issued to finance the
17 project.

18 (g) A project financed with a loan under this section must
19 be completed on or before the fifth anniversary of the date the loan
20 is awarded.

21 (h) The amount of a loan under this section may not exceed
22 the total cost of the project.

23 SECTION 2. The heading to Chapter 486, Government Code, is
24 amended to read as follows:

25 CHAPTER 486. ASSISTANCE FOR LOCAL AREA AFFECTED BY DEFENSE

26 RESTRUCTURING [~~REDUCTION~~]

27 SECTION 3. The heading to Subchapter A, Chapter 486,

1 Government Code, is amended to read as follows:

2 SUBCHAPTER A. GRANTS TO LOCAL AREAS AFFECTED BY DEFENSE BASE

3 RESTRUCTURING [~~REDUCTION~~]

4 SECTION 4. Section 486.002(b), Government Code, is amended
5 to read as follows:

6 (b) The department shall establish criteria and procedures
7 for evaluations and awarding grants. The department shall award
8 grants equitably based on evaluations so as to not
9 disproportionally favor one [~~adversely affected~~] defense-dependent
10 community over another. In awarding grants under this chapter, the
11 department shall give a preference to adversely affected
12 defense-dependent communities over positively affected
13 defense-dependent communities.

14 SECTION 5. Section 486.003, Government Code, is amended by
15 amending Subsection (a) and adding Subsection (c) to read as
16 follows:

17 (a) A local governmental entity is eligible for a grant
18 under this chapter if it is:

19 (1) a municipality or county that is a [~~an adversely~~
20 ~~affected~~] defense-dependent community;

21 (2) a regional planning commission that has a [~~an~~
22 ~~adversely affected~~] defense-dependent community within its
23 boundaries;

24 (3) a public junior college district all or part of
25 which is located in a [~~an adversely affected~~] defense-dependent
26 community; [~~or~~]

27 (4) a campus or extension center for education

1 purposes of the Texas State Technical College System located in a
2 [~~an adversely affected~~] defense-dependent community; or

3 (5) a defense base development authority created under
4 Chapter 379B, Local Government Code.

5 (c) A municipality or county is a positively affected
6 defense-dependent community if the department determines that a
7 military facility located in or near the local governmental entity
8 receives new or expanded military missions as a result of the United
9 States Department of Defense base realignment process.

10 SECTION 6. Section 486.004(a), Government Code, is amended
11 to read as follows:

12 (a) From money appropriated for this purpose, the
13 department may make a grant to an eligible local governmental
14 entity to:

15 (1) allow the entity to meet a matching money or
16 investment requirement in order to receive from the United States
17 assistance that is provided to allow the local governmental entity
18 to respond to or recover from an event described by Section
19 486.003(b)(1);

20 (2) [~~. In addition, a grant may be made to an eligible~~
21 ~~local governmental entity to~~] match the entity's contribution for a
22 purpose described in Section 486.005 on a closed or realigned
23 defense facility; or

24 (3) construct infrastructure and other projects
25 necessary to accommodate the new or expanded military missions at a
26 military facility located in or near the local governmental entity.

27 SECTION 7. Subchapter A, Chapter 486, Government Code, is

1 amended by adding Section 486.010 to read as follows:

2 Sec. 486.010. DEFENSE-DEPENDENT COMMUNITY WITH MORE THAN
3 ONE MILITARY FACILITY. For purposes of the preference for
4 adversely affected defense-dependent communities under Section
5 486.002(b), a defense-dependent community that contains or is near
6 more than one military facility is considered an adversely affected
7 defense-dependent community if the local governmental entity is
8 applying for a grant under this subchapter for a project relating to
9 the military facility that is closed or whose operations are
10 significantly reduced.

11 SECTION 8. Section 2.03, Chapter 1134, Acts of the 77th
12 Legislature, Regular Session, 2001, is repealed.

13 SECTION 9. This Act takes effect immediately if it receives
14 a vote of two-thirds of all the members elected to each house, as
15 provided by Section 39, Article III, Texas Constitution. If this
16 Act does not receive the vote necessary for immediate effect, this
17 Act takes effect September 1, 2005.

H.B. No. 2340

President of the Senate

Speaker of the House

I certify that H.B. No. 2340 was passed by the House on April 28, 2005, by a non-record vote.

Chief Clerk of the House

I certify that H.B. No. 2340 was passed by the Senate on May 19, 2005, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor