

By: Corte

H.B. No. 2340

A BILL TO BE ENTITLED

AN ACT

1
2 relating to grants and loans for certain economic development
3 projects to assist defense communities affected by the federal
4 military base realignment and closure process.

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

6 SECTION 1. Subchapter D, Chapter 436, Government Code, is
7 amended by adding Section 436.1531 to read as follows:

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

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

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

24 (1) analyze the creditworthiness of the defense

1 community to determine the defense community's ability to repay the
2 loan; and

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

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

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

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

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

27 (h) The amount of a loan under this section may not exceed

1 the total cost of the project.

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

4 CHAPTER 486. ASSISTANCE FOR LOCAL AREA AFFECTED BY DEFENSE
5 RESTRUCTURING [~~REDUCTION~~]

6 SECTION 3. The heading to Subchapter A, Chapter 486,
7 Government Code, is amended to read as follows:

8 SUBCHAPTER A. GRANTS TO LOCAL AREAS AFFECTED BY DEFENSE BASE
9 RESTRUCTURING [~~REDUCTION~~]

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

12 (b) The department shall establish criteria and procedures
13 for evaluations and awarding grants. The department shall award
14 grants equitably based on evaluations so as to not
15 disproportionately favor one [~~adversely affected~~] defense-dependent
16 community over another. In awarding grants under this chapter, the
17 department shall give a preference to adversely affected
18 defense-dependent communities over positively affected
19 defense-dependent communities.

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

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

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

27 (2) a regional planning commission that has a [~~an~~

1 ~~adversely affected~~] defense-dependent community within its
2 boundaries;

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

6 (4) a campus or extension center for education
7 purposes of the Texas State Technical College System located in a
8 ~~[an adversely affected]~~ defense-dependent community.

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

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

16 (a) From money appropriated for this purpose, the
17 department may make a grant to an eligible local governmental
18 entity to:

19 (1) allow the entity to meet a matching money or
20 investment requirement in order to receive from the United States
21 assistance that is provided to allow the local governmental entity
22 to respond to or recover from an event described by Section
23 486.003(b)(1);

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

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

4 SECTION 7. Section 2.03, Chapter 1134, Acts of the 77th
5 Legislature, Regular Session, 2001, is repealed.

6 SECTION 8. This Act takes effect immediately if it receives
7 a vote of two-thirds of all the members elected to each house, as
8 provided by Section 39, Article III, Texas Constitution. If this
9 Act does not receive the vote necessary for immediate effect, this
10 Act takes effect September 1, 2005.

COMMITTEE AMENDMENT NO. 1

Amend H.B. No. 2340 as follows:

(1) On page 1, line 7, strike "Section 436.1531" and substitute "Sections 436.1531 and 436.1532".

(2) On page 3, between lines 1 and 2, insert:

Sec. 436.1532. LOANS FOR COMMUNITIES POSITIVELY AFFECTED BY DEFENSE BASE RESTRUCTURING. (a) The commission may provide a loan of financial assistance to a defense community for an infrastructure project to accommodate new or expanded military missions assigned to a military facility located in, near, or adjacent to the defense community as a result of the United States Department of Defense base realignment process. 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 infrastructure project to determine how the project will assist the defense community in accommodating the new or expanded military missions that are assigned to the military facility.

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

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

(2) evaluate the feasibility of the project to be

1 financed to ensure that the defense community has pledged a source
2 of revenue or taxes sufficient to repay the loan for the project.

3 (d) If the commission determines that the funds will be used
4 to finance an infrastructure project to accommodate new or expanded
5 military missions assigned to the military facility located in,
6 near, or adjacent to the defense community and that the project is
7 financially feasible, the commission may award a loan to the
8 defense community for the project. The commission shall enter into
9 a written agreement with a defense community that is awarded a loan.
10 The agreement must contain the terms and conditions of the loan,
11 including the loan repayment requirements.

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

18 (f) The commission shall administer the loans to ensure full
19 repayment of the general obligation bonds issued to finance the
20 project.

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

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

26 (3) On page 4, line 5, strike "or" and substitute "[~~or~~]".

27 (4) On page 4, line 8, between "community" and the period,

1 insert the following:

2 ; or

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

5 (5) Add the following appropriately numbered SECTION to the
6 bill and renumber the remaining SECTIONS of the bill as
7 appropriate:

8 SECTION 6. Subchapter A, Chapter 486, Government Code, is
9 amended by adding Section 486.010 to read as follows:

10 Sec. 486.010. DEFENSE-DEPENDENT COMMUNITY WITH MORE THAN
11 ONE MILITARY FACILITY. For purposes of the preference for
12 adversely affected defense-dependent communities under Section
13 486.002(b), a defense-dependent community that contains or is near
14 more than one military facility is considered an adversely affected
15 defense-dependent community if the local governmental entity is
16 applying for a grant under this subchapter for a project relating to
17 the military facility that is closed or whose operations are
18 significantly reduced.

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