

1-1 By: Corte (Senate Sponsor - Shapleigh) H.B. No. 2340
1-2 (In the Senate - Received from the House April 29, 2005;
1-3 May 2, 2005, read first time and referred to Subcommittee on Base
1-4 Realignment and Closure; May 5, 2005, reported favorably to
1-5 Committee on Veteran Affairs and Military Installations;
1-6 May 9, 2005, reported favorably from Committee on Veteran Affairs
1-7 and Military Installations by the following vote: Yeas 5, Nays 0;
1-8 May 9, 2005, sent to printer.)

1-9 A BILL TO BE ENTITLED
1-10 AN ACT

1-11 relating to grants and loans for certain economic development
1-12 projects to assist defense communities affected by the federal
1-13 military base realignment and closure process.

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

1-15 SECTION 1. Subchapter D, Chapter 436, Government Code, is
1-16 amended by adding Sections 436.1531 and 436.1532 to read as
1-17 follows:

1-18 Sec. 436.1531. LOANS FOR COMMUNITIES ADVERSELY AFFECTED BY
1-19 DEFENSE BASE REDUCTION. (a) The commission may provide a loan of
1-20 financial assistance to a defense community for an economic
1-21 development project that minimizes the negative effects of a
1-22 defense base reduction on the defense community. The loan shall be
1-23 made from the Texas military value revolving loan account
1-24 established under Section 436.156.

1-25 (b) On receiving an application for a loan under this
1-26 section, the commission shall evaluate the economic development
1-27 project to determine how the project will minimize the negative
1-28 effects of a defense base reduction on the defense community,
1-29 including the number of jobs that the project will create and the
1-30 economic impact the project will have on the community.

1-31 (c) If the commission determines that a project will reduce
1-32 the negative effects of a defense base reduction on the defense
1-33 community, the commission shall:

1-34 (1) analyze the creditworthiness of the defense
1-35 community to determine the defense community's ability to repay the
1-36 loan; and

1-37 (2) evaluate the feasibility of the project to be
1-38 financed to ensure that the defense community has pledged a source
1-39 of revenue or taxes sufficient to repay the loan for the project.

1-40 (d) If the commission determines that the funds will be used
1-41 to finance an economic development project that will reduce the
1-42 negative effects of a defense base reduction on the defense
1-43 community and that the project is financially feasible, the
1-44 commission may award a loan to the defense community for the
1-45 project. The commission shall enter into a written agreement with a
1-46 defense community that is awarded a loan. The agreement must
1-47 contain the terms and conditions of the loan, including the loan
1-48 repayment requirements.

1-49 (e) The commission shall notify the Texas Public Finance
1-50 Authority of the amount of the loan and the recipient of the loan
1-51 and request the authority to issue general obligation bonds in an
1-52 amount necessary to fund the loan. The commission and the authority
1-53 shall determine the amount and time of a bond issue to best provide
1-54 funds for one or multiple loans.

1-55 (f) The commission shall administer the loans to ensure full
1-56 repayment of the general obligation bonds issued to finance the
1-57 project.

1-58 (g) A project financed with a loan under this section must
1-59 be completed on or before the fifth anniversary of the date the loan
1-60 is awarded.

1-61 (h) The amount of a loan under this section may not exceed
1-62 the total cost of the project.

1-63 Sec. 436.1532. LOANS FOR COMMUNITIES POSITIVELY AFFECTED BY
1-64 DEFENSE BASE RESTRUCTURING. (a) The commission may provide a

2-1 loan of financial assistance to a defense community for an
 2-2 infrastructure project to accommodate new or expanded military
 2-3 missions assigned to a military facility located in, near, or
 2-4 adjacent to the defense community as a result of the United States
 2-5 Department of Defense base realignment process. The loan shall be
 2-6 made from the Texas military value revolving loan account
 2-7 established under Section 436.156.

2-8 (b) On receiving an application for a loan under this
 2-9 section, the commission shall evaluate the infrastructure project
 2-10 to determine how the project will assist the defense community in
 2-11 accommodating the new or expanded military missions that are
 2-12 assigned to the military facility.

2-13 (c) If the commission determines that the project will
 2-14 assist the defense community in accommodating the new or expanded
 2-15 military missions that are assigned to the military facility, the
 2-16 commission shall:

2-17 (1) analyze the creditworthiness of the defense
 2-18 community to determine the defense community's ability to repay the
 2-19 loan; and

2-20 (2) evaluate the feasibility of the project to be
 2-21 financed to ensure that the defense community has pledged a source
 2-22 of revenue or taxes sufficient to repay the loan for the project.

2-23 (d) If the commission determines that the funds will be used
 2-24 to finance an infrastructure project to accommodate new or expanded
 2-25 military missions assigned to the military facility located in,
 2-26 near, or adjacent to the defense community and that the project is
 2-27 financially feasible, the commission may award a loan to the
 2-28 defense community for the project. The commission shall enter into
 2-29 a written agreement with a defense community that is awarded a loan.
 2-30 The agreement must contain the terms and conditions of the loan,
 2-31 including the loan repayment requirements.

2-32 (e) The commission shall notify the Texas Public Finance
 2-33 Authority of the amount of the loan and the recipient of the loan
 2-34 and request the authority to issue general obligation bonds in an
 2-35 amount necessary to fund the loan. The commission and the authority
 2-36 shall determine the amount and time of a bond issue to best provide
 2-37 funds for one or multiple loans.

2-38 (f) The commission shall administer the loans to ensure full
 2-39 repayment of the general obligation bonds issued to finance the
 2-40 project.

2-41 (g) A project financed with a loan under this section must
 2-42 be completed on or before the fifth anniversary of the date the loan
 2-43 is awarded.

2-44 (h) The amount of a loan under this section may not exceed
 2-45 the total cost of the project.

2-46 SECTION 2. The heading to Chapter 486, Government Code, is
 2-47 amended to read as follows:

2-48 CHAPTER 486. ASSISTANCE FOR LOCAL AREA AFFECTED BY DEFENSE
 2-49 RESTRUCTURING [REDUCTION]

2-50 SECTION 3. The heading to Subchapter A, Chapter 486,
 2-51 Government Code, is amended to read as follows:

2-52 SUBCHAPTER A. GRANTS TO LOCAL AREAS AFFECTED BY DEFENSE BASE
 2-53 RESTRUCTURING [REDUCTION]

2-54 SECTION 4. Section 486.002(b), Government Code, is amended
 2-55 to read as follows:

2-56 (b) The department shall establish criteria and procedures
 2-57 for evaluations and awarding grants. The department shall award
 2-58 grants equitably based on evaluations so as to not
 2-59 disproportionally favor one [~~adversely affected~~] defense-dependent
 2-60 community over another. In awarding grants under this chapter, the
 2-61 department shall give a preference to adversely affected
 2-62 defense-dependent communities over positively affected
 2-63 defense-dependent communities.

2-64 SECTION 5. Section 486.003, Government Code, is amended by
 2-65 amending Subsection (a) and adding Subsection (c) to read as
 2-66 follows:

2-67 (a) A local governmental entity is eligible for a grant
 2-68 under this chapter if it is:

2-69 (1) a municipality or county that is a [~~an adversely~~

3-1 ~~affected]~~ defense-dependent community;
3-2 (2) a regional planning commission that has a ~~[an~~
3-3 ~~adversely affected]~~ defense-dependent community within its
3-4 boundaries;

3-5 (3) a public junior college district all or part of
3-6 which is located in a ~~[an adversely affected]~~ defense-dependent
3-7 community; ~~[or]~~

3-8 (4) a campus or extension center for education
3-9 purposes of the Texas State Technical College System located in a
3-10 ~~[an adversely affected]~~ defense-dependent community; or

3-11 (5) a defense base development authority created under
3-12 Chapter 379B, Local Government Code.

3-13 (c) A municipality or county is a positively affected
3-14 defense-dependent community if the department determines that a
3-15 military facility located in or near the local governmental entity
3-16 receives new or expanded military missions as a result of the United
3-17 States Department of Defense base realignment process.

3-18 SECTION 6. Section 486.004(a), Government Code, is amended
3-19 to read as follows:

3-20 (a) From money appropriated for this purpose, the
3-21 department may make a grant to an eligible local governmental
3-22 entity to:

3-23 (1) allow the entity to meet a matching money or
3-24 investment requirement in order to receive from the United States
3-25 assistance that is provided to allow the local governmental entity
3-26 to respond to or recover from an event described by Section
3-27 486.003(b)(1);

3-28 (2) ~~[. In addition, a grant may be made to an eligible~~
3-29 ~~local governmental entity to]~~ match the entity's contribution for a
3-30 purpose described in Section 486.005 on a closed or realigned
3-31 defense facility; or

3-32 (3) construct infrastructure and other projects
3-33 necessary to accommodate the new or expanded military missions at a
3-34 military facility located in or near the local governmental entity.

3-35 SECTION 7. Subchapter A, Chapter 486, Government Code, is
3-36 amended by adding Section 486.010 to read as follows:

3-37 Sec. 486.010. DEFENSE-DEPENDENT COMMUNITY WITH MORE THAN
3-38 ONE MILITARY FACILITY. For purposes of the preference for
3-39 adversely affected defense-dependent communities under Section
3-40 486.002(b), a defense-dependent community that contains or is near
3-41 more than one military facility is considered an adversely affected
3-42 defense-dependent community if the local governmental entity is
3-43 applying for a grant under this subchapter for a project relating to
3-44 the military facility that is closed or whose operations are
3-45 significantly reduced.

3-46 SECTION 8. Section 2.03, Chapter 1134, Acts of the 77th
3-47 Legislature, Regular Session, 2001, is repealed.

3-48 SECTION 9. This Act takes effect immediately if it receives
3-49 a vote of two-thirds of all the members elected to each house, as
3-50 provided by Section 39, Article III, Texas Constitution. If this
3-51 Act does not receive the vote necessary for immediate effect, this
3-52 Act takes effect September 1, 2005.

3-53 * * * * *