

By: Shapleigh

S.B. No. 1481

A BILL TO BE ENTITLED

AN ACT

1
2 relating to loans for economic development and infrastructure
3 projects to assist defense communities affected by military base
4 realignment.

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 Sections 436.1531 and 436.1532 to read as
8 follows:

9 Sec. 436.1531. LOANS FOR COMMUNITIES ADVERSELY AFFECTED BY
10 DEFENSE BASE REDUCTION. (a) The commission may provide a loan of
11 financial assistance to a defense community for an economic
12 development project that minimizes the negative effects of a
13 defense base reduction on the defense community as a result of the
14 United States Department of Defense 2005 base realignment process.
15 The loan shall be made from the Texas military value revolving loan
16 account established under Section 436.156.

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

23 (c) If the commission determines that a project will reduce
24 the negative effects of a defense base reduction on the defense

1 community, the commission shall:

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

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

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

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

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

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

1 is awarded.

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

4 Sec. 436.1532. LOANS FOR COMMUNITIES POSITIVELY AFFECTED BY
5 DEFENSE BASE RESTRUCTURING. (a) The commission may provide a loan
6 of financial assistance to a defense community for an
7 infrastructure project to accomodate new or expanded military
8 missions assigned to a military facility located in, near, or
9 adjacent to the defense community as a result of the United States
10 Department of Defense 2005 base realignment process. The loan
11 shall be made from the Texas military value revolving loan account
12 established under Section 436.156.

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

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

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

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

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

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

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

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

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

24 SECTION 2. This Act takes effect immediately if it receives
25 a vote of two-thirds of all the members elected to each house, as
26 provided by Section 39, Article III, Texas Constitution. If this
27 Act does not receive the vote necessary for immediate effect, this

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1 Act takes effect September 1, 2005.