

By: Shapleigh

S.B. No. 1481

A BILL TO BE ENTITLED

AN ACT

relating to loans for economic development projects to assist defense communities affected by military base closures.

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

SECTION 1. Subchapter D, Chapter 436, Government Code, is amended by adding Subsection 436.1531 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) analyze the creditworthiness of the defense community to determine the defense community's ability to repay the

1 loan; and

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

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

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

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

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

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

1 SECTION 2. This Act takes effect immediately if it receives
2 a vote of two-thirds of all the members elected to each house, as
3 provided by Section 39, Article III, Texas Constitution. If this
4 Act does not receive the vote necessary for immediate effect, this
5 Act takes effect September 1, 2005.