

1-1 By: Shapleigh S.B. No. 1481
1-2 (In the Senate - Filed March 10, 2005; March 21, 2005, read
1-3 first time and referred to Subcommittee on Base Realignment and
1-4 Closure; March 30, 2005, reported favorably to Committee on Veteran
1-5 Affairs and Military Installations; April 18, 2005, reported
1-6 adversely, with favorable Committee Substitute from Committee on
1-7 Veteran Affairs and Military Installations by the following vote:
1-8 Yeas 5, Nays 0; April 18, 2005, sent to printer.)

1-9 COMMITTEE SUBSTITUTE FOR S.B. No. 1481 By: Shapleigh

1-10 A BILL TO BE ENTITLED
1-11 AN ACT

1-12 relating to loans for economic development and infrastructure
1-13 projects to assist defense communities affected by military base
1-14 realignment.

1-15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-16 SECTION 1. Subchapter D, Chapter 436, Government Code, is
1-17 amended by adding Sections 436.1531 and 436.1532 to read as
1-18 follows:

1-19 Sec. 436.1531. LOANS FOR COMMUNITIES ADVERSELY AFFECTED BY
1-20 DEFENSE BASE REDUCTION. (a) The commission may provide a loan of
1-21 financial assistance to a defense community for an economic
1-22 development project that minimizes the negative effects of a
1-23 defense base reduction on the defense community. The loan shall be
1-24 made from the Texas military value revolving loan account
1-25 established under Section 436.156.

1-26 (b) On receiving an application for a loan under this
1-27 section, the commission shall evaluate the economic development
1-28 project to determine how the project will minimize the negative
1-29 effects of a defense base reduction on the defense community,
1-30 including the number of jobs that the project will create and the
1-31 economic impact the project will have on the community.

1-32 (c) If the commission determines that a project will reduce
1-33 the negative effects of a defense base reduction on the defense
1-34 community, the commission shall:

1-35 (1) analyze the creditworthiness of the defense
1-36 community to determine the defense community's ability to repay the
1-37 loan; and

1-38 (2) evaluate the feasibility of the project to be
1-39 financed to ensure that the defense community has pledged a source
1-40 of revenue or taxes sufficient to repay the loan for the project.

1-41 (d) If the commission determines that the funds will be used
1-42 to finance an economic development project that will reduce the
1-43 negative effects of a defense base reduction on the defense
1-44 community and that the project is financially feasible, the
1-45 commission may award a loan to the defense community for the
1-46 project. The commission shall enter into a written agreement with a
1-47 defense community that is awarded a loan. The agreement must
1-48 contain the terms and conditions of the loan, including the loan
1-49 repayment requirements.

1-50 (e) The commission shall notify the Texas Public Finance
1-51 Authority of the amount of the loan and the recipient of the loan
1-52 and request the authority to issue general obligation bonds in an
1-53 amount necessary to fund the loan. The commission and the authority
1-54 shall determine the amount and time of a bond issue to best provide
1-55 funds for one or multiple loans.

1-56 (f) The commission shall administer the loans to ensure full
1-57 repayment of the general obligation bonds issued to finance the
1-58 project.

1-59 (g) A project financed with a loan under this section must
1-60 be completed on or before the fifth anniversary of the date the loan
1-61 is awarded.

1-62 (h) The amount of a loan under this section may not exceed
1-63 the total cost of the project.

2-1 Sec. 436.1532. LOANS FOR COMMUNITIES POSITIVELY AFFECTED BY
2-2 DEFENSE BASE RESTRUCTURING. (a) The commission may provide a loan
2-3 of financial assistance to a defense community for an
2-4 infrastructure project to accomodate new or expanded military
2-5 missions assigned to a military facility located in, near, or
2-6 adjacent to the defense community as a result of the United States
2-7 Department of Defense base realignment process. The loan shall be
2-8 made from the Texas military value revolving loan account
2-9 established under Section 436.156.

2-10 (b) On receiving an application for a loan under this
2-11 section, the commission shall evaluate the infrastructure project
2-12 to determine how the project will assist the defense community in
2-13 accommodating the new or expanded military missions that are
2-14 assigned to the military facility.

2-15 (c) If the commission determines that the project will
2-16 assist the defense community in accommodating the new or expanded
2-17 military missions that are assigned to the military facility, the
2-18 commission shall:

2-19 (1) analyze the creditworthiness of the defense
2-20 community to determine the defense community's ability to repay the
2-21 loan; and

2-22 (2) evaluate the feasibility of the project to be
2-23 financed to ensure that the defense community has pledged a source
2-24 of revenue or taxes sufficient to repay the loan for the project.

2-25 (d) If the commission determines that the funds will be used
2-26 to finance an infrastructure project to accommodate new or expanded
2-27 military missions assigned to the military facility located in,
2-28 near, or adjacent to the defense community and that the project is
2-29 financially feasible, the commission may award a loan to the
2-30 defense community for the project. The commission shall enter into
2-31 a written agreement with a defense community that is awarded a loan.
2-32 The agreement must contain the terms and conditions of the loan,
2-33 including the loan repayment requirements.

2-34 (e) The commission shall notify the Texas Public Finance
2-35 Authority of the amount of the loan and the recipient of the loan
2-36 and request the authority to issue general obligation bonds in an
2-37 amount necessary to fund the loan. The commission and the authority
2-38 shall determine the amount and time of a bond issue to best provide
2-39 funds for one or multiple loans.

2-40 (f) The commission shall administer the loans to ensure full
2-41 repayment of the general obligation bonds issued to finance the
2-42 project.

2-43 (g) A project financed with a loan under this section must
2-44 be completed on or before the fifth anniversary of the date the loan
2-45 is awarded.

2-46 (h) The amount of a loan under this section may not exceed
2-47 the total cost of the project.

2-48 SECTION 2. This Act takes effect immediately if it receives
2-49 a vote of two-thirds of all the members elected to each house, as
2-50 provided by Section 39, Article III, Texas Constitution. If this
2-51 Act does not receive the vote necessary for immediate effect, this
2-52 Act takes effect September 1, 2005.

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