1-1 S.B. No. 1724 By: Ogden 1**-**2 1**-**3 (In the Senate - Filed March 9, 2007; March 21, 2007, read first time and referred to Subcommittee on Base Realignment and 1-4 Closure; April 12, 2007, reported adversely, with favorable Committee Substitute from Committee on Veteran Affairs and Military 1-5 Installations by the following vote: Yeas 5, Nays 0; April 12, 2007, 1-6 sent to printer.) 1 - 7

1-8 COMMITTEE SUBSTITUTE FOR S.B. No. 1724

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By: Estes

A BILL TO BE ENTITLED AN ACT

relating to abolishing the Texas Military Facilities Commission and transferring its functions to the adjutant general.

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

SECTION 1. Section 431.018, Government Code, is amended to read as follows:

Sec. 431.018. MILITARY FACILITIES PROJECTS: FEDERAL FUNDS. If the governor, after consulting with the adjutant general [and the executive director of the Texas Military Facilities Commission], finds that the state is eligible for federal matching funds for projects at military facilities in this state, the governor may direct that money appropriated for the purpose be used to obtain the federal matching funds.

SECTION 2. Section 431.021, Government Code, is amended to read as follows:

[DEFINITION]. Sec. 431.021. DEFINITIONS Tn this subchapter<u>:</u>

"Bond" includes a debenture or other evidence of indebtedness. (2) (1)

"Depar $\underline{\mathsf{tment}}$ " [$\underline{\mathsf{r}}$ "department"] means the adjutant general's department.

SECTION 3. Section 431.023, Government Code, is amended to read as follows:

Sec. 431.023. SUNSET PROVISION. The adjutant general's department is subject to Chapter 325 (Texas Sunset Act). Unless continued in existence as provided by that chapter, the department is abolished and this subchapter expires September 1, 2015 [2009].

SECTION 4. Section 431.030, Government Code, is amended to read as follows:

Sec. 431.030. REPORT OF MILITARY OF USE [Except as provided by Subsection (b), the adjutant general, and on behalf of the state, may lease from the Texas Military Commission a building, its site, and the equipment in as provided by Section 435.023, for use as an armory or another proper purpose. The adjutant general may renew the lease.

[(b) If adequate facilities for armory purposes are available for rental from the Texas Military Facilities Commission in or about a municipality, the adjutant general may not lease property in or about the municipality for those purposes from person other than the commission.

[(c) If all or part of a state-owned Texas National Guard camp and the land, improvements, buildings, facilities, installations, and personal property connected with the camp are designated by the adjutant general as surplus or are in excess of the needs of the Texas National Guard or its successors components, the adjutant general, for and on behalf of the state, may transfer the property to the Texas Military Facilities Commission for administration, sale, or other proper disposal. Before declaring property as surplus and transferring it to the commission, the adjutant general may remove, sever, dismantle, or exchange all or part of the property for the use and benefit of the Texas National Cuard or its successors.

[(d) For the purposes of this section, "lease" includes "sublease."

If the adjutant general receives notice from the asset management division of the General Land Office as provided by Section 31.156, Natural Resources Code, the adjutant general shall produce a report evaluating the military use of any real property under the management and control of the department [or the Texas National Guard Armory Board]. The adjutant general shall evaluate the use of the property as required by this subsection according to military criteria for use of real property.

(b) [(f)] Not later than August 1 of the year in which the Commissioner of the General Land Office submits a report as provided by Section 31.157, Natural Resources Code, the adjutant general shall submit a preliminary report of the report required under Subsection (a) [(e)] to the Commissioner of the General Land Office identifying the real property used for military purposes. Not later than September 1 of the year in which the Commissioner of the General Land Office submits a report as provided by Section 31.157, Natural Resources Code, the adjutant general shall submit the report as required by Subsection (a) [(e)] to:

(1)the governor;

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- (2) the presiding officer of each house of the legislature;
 - the Legislative Budget Board; and

the governor's budget office. (4)

SECTION 5. Subsection (c), Section 431.045, Government

Code, is amended to read as follows:

(c) The governing body of a county or municipality, on behalf of the county or municipality, may donate to the adjutant general [Texas Military Facilities Commission], or to a unit for transfer to the adjutant general [that commission], land for use as a state military forces facility [site for an armory or other building suitable for use by a unit]. The donation may be in fee simple or otherwise.

SECTION 6. Sections 435.013, 435.014, 435.021, 435.022, 435.023, 435.024, 435.025, 435.026, and 435.027, Government Code, are transferred to Subchapter B, Chapter 431, Government Code, redesignated respectively as Sections 431.0291, 431.0293, 431.0301, 431.0302, 431.0303, 431.0304, 431.0305, 431.0306, and

431.0361, Government Code, and amended to read as follows:

Sec. 431.0291 [435.013]. GENERAL POWERS. (a) The adjutant general [commission] is the exclusive authority for the The construction, repair, and maintenance of state military forces [National Guard] armories, facilities, and improvements owned by the state located on <u>department</u> [commission] property. The adjutant general in this capacity [commission] is a public authority and a body politic and corporate and has all powers necessary for the acquisition, construction, rental, control, maintenance, operation, and disposition of state military forces [Texas National Guard or Texas State Guard] facilities and real property, including all property and equipment necessary or useful in connection with the facilities.

The <u>adjutant general in this capacity</u> [commission] may: (b)

sue and be sued; (1)

(2) enter into contracts in connection with any matter within the adjutant general's [its] purposes or duties in this capacity; and

have and use a corporate seal.

Sec. 431.0293 [435.014]. PUBLIC COMMENT [HEARINGS]. adjutant general [commission] shall develop and implement policies that provide the public with a reasonable opportunity to appear before the <u>adjutant general</u> [commission] and to speak on any issue related to the construction, repair, and maintenance of state related to the construction, repair, and maintenance of state military forces armories, facilities, and improvements under the

jurisdiction of the <u>adjutant general</u> [commission].

Sec. 431.0301 [435.021]. ACQUISITION; MANAGEMENT; PLEDGE
OF RENTS, ISSUES, AND PROFITS. (a) The <u>adjutant general</u> OF RENTS, ISSUES, AND PROFITS. (a) The <u>adjutant general</u> [commission] by gift, lease, or purchase may acquire real and personal property, including leasehold estates in real property, for use for any purpose the <u>adjutant general</u> [commission] considers necessary in connection with the state military forces [Texas

National Guard or for the use of units of the state military forces [Texas National Guard].

(b) The adjutant general [commission] by gift, purchase, or construction may acquire furniture and equipment suitable for

facility purposes.

(c) The <u>adjutant general</u> [commission] may hold, manage, maintain, lease, or sell the [its] property and may pledge all or

part of the rents, issues, and profits of the property.

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3-68 3-69 Sec. 431.0302 [435.022]. CONSTRUCTION; FURNISHING AND EQUIPMENT. (a) The adjutant general [commission] may construct buildings on department [its] real property, whether held in fee simple or otherwise. The adjutant general [commission] may furnish and equip the buildings.

- (b) The <u>adjutant general</u> [commission] may construct a building on land comprising a state camp only on a site selected and described by a board of officers. The adjutant general shall select the officers from time to time for that purpose. The officers shall select and describe the site promptly after request by the [commission to the] adjutant general. The site may not exceed 200,000 square feet. The officers shall certify the description [to the commission] and furnish a copy of it to the adjutant general, who shall preserve it in the adjutant general's office. If the <u>adjutant general</u> [commission] constructs a building on the site selected and described, the site becomes the property of the adjutant general [commission] for all purposes of this chapter as if the site had been acquired by gift to or purchase by the adjutant general [commission].
- (c) If the construction is going to be financed by the issuance of revenue bonds, the adjutant general shall request the Texas Public Finance Authority to issue revenue bonds to pay for the construction
- Sec. 431.0303 [435.023]. LEASE OF PROPERTY. (a) commission may execute and deliver a lease that leases to the state a building, its site, and the equipment in it. The adjutant general shall execute the lease for the state as provided by Section 431.030. The commission shall determine a lawful term of the lease and may renew the lease from time to time.
- [(b) The commission may make the annual rent charged the state under the lease payable in installments. The amount of the rent must be sufficient to:
- [(1) provide for the operation and maintenance of the property;
- [(2) pay the interest on, provide for the retirement of, and pay the expenses related to the issuance of, any bonds issued to acquire, construct, or equip the property; and
- (3) pay the commission's necessary expenses not otherwise provided for.
- $[\frac{(c)}{c}]$ The <u>adjutant general</u> [commission] may lease [the] property to any person under terms the <u>adjutant general</u> [commission] determines [if the state fails or refuses to:

[(1) lease the property; [(2) renew an existing le renew an existing lease at the rent provided to be paid; or

- [(3) pay the rent required in the lease].
 (b) [(d)] The law requiring notice and competitive bids does not apply to a lease under this section.
- (c) [(e)] For the purposes of this section the term "lease" includes "sublease."
- Sec. 431.0304 [435.024]. TRANSFER TO STATE. When property that the Texas Public Finance Authority [commission] owns in accordance with Section 431.0307 is fully paid for and free of liens, and all obligations incurred in connection with the acquisition and construction of the property have been fully paid, the <u>Texas Public Finance Authority</u> [commission] may donate and transfer the property to the state by appropriate instruments of transfer. The instruments of transfer shall be kept in the custody of the adjutant general's department.
- Sec. 431.0305 [435.025]. DISPOSAL OF CERTAIN SURPLUS [COMMISSION] PROPERTY. (a) When property that the adjutant

general [commission] owns or that is transferred to the state under Section 431.0304 is fully paid for and free of liens, and all obligations incurred in connection with the acquisition and construction of the property have been fully paid, the <u>adjutant</u> general [commission] may properly dispose of the property if:

(1) the property is designated by [the commission and] the adjutant general as surplus; and

(2) the disposal is in the best interests of the adjutant general [commission] and the state military forces [Texas National Guard] and its components or successors.

(b) [The commission may receive from the adjutant general a cowned national guard camp and all the land, improvements, and personal property connected with it. The commission may:

[(1) administer the property with its other property;

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[(2) properly dispose of the property if:
[(A) the property is designated by the commission general as surplus; and

[(B) the disposal is in the best interests of the

Texas National Guard and its components or successors.

[(c)] To accomplish the purposes of <u>Subsection</u> (a) [Subsections (a) and (b)], the <u>adjutant general</u> [commission] may remove, dismantle, or sever any of the property or authorize its removal, dismantling, or severance.

 $\frac{(c)}{(d)}$ If property under this section is designated for sale, the <u>adjutant general</u> [commission] shall sell it to the highest bidder for cash. The <u>adjutant general</u> [commission] may

reject any or all bids.

 $\frac{\text{(d)}}{\text{(d)}}$ [\frac{\text{(e)}}{\text{-1}}] If property under this section is designated for exchange, the <u>adjutant general</u> [commission] may exchange the property for one or more parcels of land equal to or exceeding the value of the [commission-owned] property to be exchanged by the adjutant general.

 $\frac{\text{(e)} \quad A \quad [\text{(f)} \quad \text{Except as provided by Subsection (g)(1), a}]}{\text{sale, deed, or exchange made under this section must reserve to the state a constant which is the same of the state of the state of the state of the same of the state of the state of the same of the state of the st$ state a one-sixteenth mineral interest free of cost of production.

(f) [(g)] The <u>adjutant general</u> [commission] may:

(1) reconvey to the original grantor or donor all rights, title, and interests, including mineral interests, to all or part of the land conveyed by that person; and

(2) convey to the original grantor or donor, on a negotiated basis at fair market value, improvements constructed on

the land reconveyed.

 $\underline{\text{(g)}}$ [$\frac{\text{(h)}}{\text{)}}$] The <u>adjutant general</u> [$\frac{\text{commission}}{\text{commission}}$] shall deposit proceeds of sales under this section in the state treasury to the credit of the adjutant general [commission] for the use and benefit of the state military forces [Texas National Guard or its components or successors].

Sec. $\underline{431.0306}$ [$\underline{435.026}$]. TAX STATUS OF PROPERTY. Property held by the $\underline{adjutant\ general}$ [$\underline{commission}$] and rents, issues, and profits of the property are exempt from taxation by the state, a municipality, a county or other political subdivision, or a taxing district of the state.

Sec. $\underline{431.0361}$ [$\underline{435.027}$]. GRONER A. PITTS NATIONAL GUARD ARMORY. The Texas National Guard armory located in Brownwood, Texas, is named the Groner A. Pitts National Guard Armory in honor of Groner A. Pitts.

SECTION 7. Section 435.041, Government Code, is transferred to Subchapter B, Chapter 431, Government Code, redesignated as Section 431.0292, Government Code, and amended to read as follows:

Sec. 431.0292 [435.041]. BORROWING MONEY; ISSUING AND SELLING BONDS. (a) The department [commission] from time to time may borrow money under circumstances allowed by the Texas Constitution and may request the Texas Dublic Finance Authority on Constitution and may request the Texas Public Finance Authority, on behalf of the <u>department</u> [commission], to issue and sell fully negotiable bonds to acquire one or more building sites or buildings or to construct, remodel, repair, or equip one or more buildings.

(b) The Texas Public Finance Authority may sell the bonds in any manner it determines to be in the best interest of the

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department [commission], except that it may not sell a bond that has not been approved by the attorney general and registered with the comptroller. [The Texas Public Finance Authority is subject to all rights, duties, and conditions set forth in this subchapter with respect to the issuance of bonds by the commission, including the issuance of refunding bonds under Section 435.048.]

SECTION 8. Subchapter B, Chapter 431, Government Code, is amended by adding Section 431.0294 to read as follows:

Sec. 431.0294. REAL PROPERTY ADVISORY COMMITTEE. (a) The real property advisory committee is composed of the following seven members:

two assistant adjutants general; and

(2) five public members who are not actively serving Texas National Guard and who have experience in the architecture, construction management, engineering, property management, real estate services, or real property law.

(b) Members of the advisory committee are appointed by and

serve at the will of the adjutant general.

- (c) The adjutant general shall designate one of the public members of the advisory committee as the presiding officer of the advisory committee to serve in that capacity at the pleasure of adjutant general.
- (d) The advisory committee shall meet at least two times each fiscal year to advise the adjutant general on:

 - the facility master plan; the future year defense plan;
 - (3) the long-range construction plan;
 - (4) the selection of architecture and engineering

firms;

<u>(</u>5) requests for bonding authority for state military

facilities;

- (6) the disposal or sale of department property;
- (7) surface leases of department property;
- (8) natural resources management plans; and
- (9) environmental studies and agreements. Each public member of the advisory committee is entitled to a per diem as provided by the General Appropriations Act for each day that the member engages in the business of the committee.
- (f) Each member of the advisory committee is entitled to reimbursement for meals, lodging, transportation, and incidental expenses:
- under the rules for reimbursement that apply to (1)the member's office or employment, if the member is a state officer or employee; or
- (2) as provided by the General Appropriations Act if the member is not a state officer or employee.

 (g) The advisory committee is not subject to Chapter 2110.
- SECTION 9. Subchapter B, Chapter 431, Government Code, is amended by adding Section 431.0307 to read as follows:
- Sec. 431.0307. PROPERTY FINANCED BY REVENUE Notwithstanding any other provision of this chapter, property used by the state for military purposes that was acquired, constructed, remodeled, or repaired using money from revenue bonds and that has not yet been transferred under Section 431.0304, is owned by the Texas Public Finance Authority and a reference to the adjutant general in this chapter in relation to that ownership means the Texas Public Finance Authority until the property is transferred.

SECTION 10. Subsections (a) and (c), Section $109.\overline{47}$, Education Code, are amended to read as follows:

- (a) The board may select and lease a portion of the campus to the Texas National Guard for the purpose of erecting an armory and other buildings suitable for use by the Texas National Guard. The board may enter into a lease contract with the <u>adjutant general</u> [Texas Military Facilities Commission] on terms which are suitable and satisfactory to the board for a term of not more than 99 years.

 (c) The board may permit the <u>adjutant general</u> [Texas Mational Guard Armory Board] and the Texas National Guard and any of
- its subdivisions ingress upon and egress from the campus for the purpose of going to and from the armory and other buildings and the

drill ground.

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SECTION 11. Subsection (e), Section 31.156, Natural Resources Code, is amended to read as follows:

In any year that the division will evaluate real (e) property under the management and control of the adjutant general's department [or the Texas Military Facilities Commission], the division shall notify the department [and the commission] before the division begins the evaluation.

SECTION 12. Subsection (d), Section 31.157, Natural Resources Code, is amended to read as follows:

(d) If under the adjutant general's report submitted as provided by Section 431.030, Government Code, the adjutant general determines that real property under the management and control of the adjutant general's department [or the Texas Military Facilities Commission] is used for military purposes, the commissioner may not recommend a real estate transaction involving that real property in the final report submitted as provided by Subsection (e).

Section 1232.101, Government Code, is amended SECTION 13. to read as follows:

Sec. 1232.101. ISSUANCE OF BONDS FOR CERTAIN STATE AGENCIES. With respect to all bonds authorized to be issued by $\underline{\text{or}}$ on behalf of the adjutant general's department [Texas Military Facilities Commission], Texas National Research Laboratory Commission, Parks and Wildlife Department, Texas Low-Level Radioactive Waste Disposal Authority, Stephen F. Austin State University, Midwestern State University, and Texas Southern University, the authority has the exclusive authority to act on behalf of those entities in issuing bonds on their behalf. In connection with those issuances and with the issuance of refunding bonds on behalf of those entities, the authority is subject to all rights, duties, and conditions surrounding issuance previously applicable to the issuing entity under the statute authorizing the issuance. A reference in an authorizing statute to the entity on whose behalf the bonds are being issued applies equally to the authority in its capacity as issuer on behalf of the entity.

SECTION 14. Subchapter C, Chapter 1232, Government Code, is amended by adding Section 1232.1025 to read as follows:

Sec. 1232.1025. ISSUANCE OF BONDS FOR MILITARY FACILITIES.

(a) The board may issue and sell bonds in the name of the authority to finance the acquisition or construction of buildings to be used as state military forces facilities.

(b) After receiving a request under Section 431.0292 or

431.0302(c), the board shall promptly issue and sell bonds in the

name of the authority to provide the requested financing.

(c) The adjutant general shall accomplish its statutory authority as if the property or building were financed by legislative appropriation. The board and the adjutant general shall adopt a memorandum of understanding that defines the division

of authority between the board and adjutant general.

(d) On completion of the acquisition or construction, the adjutant general shall lease the building from the authority.

SECTION 15. Sections 435.001, 435.002, 435.003, 435.004,

435.0043, 435.0044, 435.0045, 435.005, 435.006, 435.007, 435.008, 435.009, 435.0095, 435.010, 435.011, 435.012, 435.015, 435.016, 435.017, 435.042, 435.043, 435.044, 435.045, 435.046, 435.047, and 435.048, Government Code, are repealed.

SECTION 16. The headings to Subchapters A, B, and C, Chapter 435, Government Code, are repealed.

SECTION 17. (a) The Texas Military Facilities Commission is abolished. Subject to Section 431.0307, Government Code, as added by this Act, all powers, duties, obligations, rights, contracts, bonds, appropriations, records, real or personal property, and personnel of the Texas Military Facilities Commission are transferred to the adjutant general.

(b) A rule, policy, procedure, or decision of the Texas Military Facilities Commission continues in effect as a rule, policy, procedure, or decision of the adjutant general until superseded by an act of the adjutant general.

(c) A reference in another law to the Texas Military

Facilities Commission means the adjutant general. 7-1 7-2

(d) The adjutant general and the Texas Public Finance Authority shall if necessary adopt a memorandum of understanding under which an item or matter transferred under Subsection (a) of this section is transferred to the Texas Public Finance Authority.

SECTION 18. This Act takes effect September 1, 2007.

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