

## **BILL ANALYSIS**

Senate Research Center  
81R1849 MCK-D

S.B. 1014  
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Government Organization  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The 78th Legislature, Regular Session, 2003, created the Texas Military Preparedness Commission (TMPC) as a trustee program within the office of the governor to preserve and expand Texas' 18 major military installations and their missions, and assist communities that have been impacted by a United States Department of Defense Base Realignment and Closure (BRAC) action. TMPC assists defense communities through two programs, the Defense Economic Adjustment Assistance Grant (DEAAG) and the Texas Military Value Revolving Loan Fund (fund). TMPC also advises the governor and legislature on defense-related issues affecting Texas military installations to support the long-term viability of the military in the state.

The agency operated on a budget of about \$250,000, composed entirely of general revenue funds, in fiscal year 2008, and has two full-time equivalent positions responsible for planning and agency operations.

The Sunset Advisory Commission found that TMPC has value in its work; however, TMPC lacks the financial expertise to assess the credit-worthiness of loan applications for the Texas Military Value Revolving Loan Fund. Also, the decision-making process for the grant program needs improvement and an expanded program focus.

As proposed, S.B. 1014 administratively ties TMPC to the Texas Economic Development and Tourism Office in the office of the governor (office); removes TMPC's sunset date under the Texas Sunset Act (Chapter 325, Government Code); expands DEAAG to include job creation; and clarifies the role of TMPC and the office with regard to administration of the fund.

### **RULEMAKING AUTHORITY**

Rulemaking authority previously granted to the Texas Military Preparedness Commission is transferred to the Texas Economic Development and Tourism Office in the office of the governor in SECTION 13 (Section 436.154, Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends 436.001, Government Code, as follows:

Sec. 436.001. New heading. DEFINITIONS. Defines "commission" and "office."

SECTION 2. Amends Section 436.002, Government Code, as follows:

Sec. 436.002. COMMISSION. Provides that the Texas Military Preparedness Commission (TMPC) is within the Texas Economic Development and Tourism Office in the office of the governor (office), rather than within the office of the governor, and is required to report to the executive director of the office, rather than report to the governor or the governor's designee.

SECTION 3. Amends Section 436.051, Government Code, by adding Subsection (d), as follows:

(d) Prohibits a person from being a public member of TMPC if the person or the person's spouse is employed by or participates in the management of a business entity or

other organization regulated by or receiving money from TMPC; owns or controls, directly or indirectly, more than a 10 percent interest in a business entity or other organization regulated by or receiving money from TMPC; or uses or receives a substantial amount of tangible goods, services, or money from TMPC other than compensation or reimbursement authorized by law for TMPC membership, attendance, or expenses.

SECTION 4. Amends Section 436.056(a), Government Code, as follows:

(a) Provides that it is a ground for removal from TMPC that a public member is ineligible for membership under Section 436.051(d) or 436.055 (Conflict of Interest).

SECTION 5. Amends Subchapter B, Chapter 436, Government Code, by adding Section 436.0561, as follows:

Sec. 436.0561. TRAINING. (a) Prohibits a person who is appointed to and qualifies for office as a member of TMPC from voting, deliberating, or being counted as a member in attendance at a meeting of TMPC until the person completes a training program that complies with this section.

(b) Requires that the training program provide the person with information regarding the legislation that created TMPC; the programs, functions, rules, and budget of TMPC; the results of the most recent formal audit of TMPC; the requirement of laws relating to open meetings, public information, administrative procedure, and conflicts of interests; and any applicable ethics policies adopted by the office, TMPC, or the Texas Ethics Commission.

(c) Provides that a person appointed to TMPC is entitled to reimbursement, as provided by the General Appropriations Act, for the travel expenses incurred in attending the training program regardless of whether the attendance at the program occurs before or after the person qualifies for office.

SECTION 6. Amends the heading of Section 436.057, Government Code, to read as follows:

Sec. 436.057. DIRECTOR; STAFF.

SECTION 7. Amends Section 436.057(c), Government Code, as follows:

(c) Requires the governor to determine the staff for TMPC. Deletes text authorizing the director to hire staff within guidelines established by TMPC.

SECTION 8. Amends 436.101, Government Code, as follows:

Sec. 436.101. POWERS AND DUTIES OF COMMISSION. Requires TMPC to complete certain duties, including being an advocate for the preservation and expansion of missions of reservists at military installations in the state. Makes nonsubstantive changes.

SECTION 9. Amends Section 436.152(d), Government Code, as follows:

(d) Authorizes the office, rather than TMPC, if there is no existing program to finance a project, to provide a loan of financial assistance to the defense community for the project.

SECTION 10. Amends Sections 436.153(a) through (g), Government Code, as follows:

(a) Makes a conforming change.

(b) Requires the office on receiving an application for a loan under this section, to confirm with TMPC that the project adds military value to the military facility. Makes a conforming change.

(c) Makes conforming changes.

(d) Authorizes the executive director of the office, rather than TMPC, if TMPC confirms, rather than determines, that the funds will be used to enhance the military value of the military facility based on the base realignment and closure criteria and the office determines that the project is financially feasible, to award a loan to the defense community for the project. Makes a conforming change.

(e-g) Makes conforming changes.

SECTION 11. Amends Sections 436.1531(a), (c), (d), (e), and (f), Government Code, as added by Chapter 396 (S.B. 1481), Acts of the 79th Legislature, Regular, 2005, to make conforming changes.

SECTION 12. Amends 436.1532(a), (c), (d), (e), and (f), Government Code, as added by Chapter 396 (S.B. 1481), Acts of the 79th Legislature, Regular, 2005, to make conforming changes.

SECTION 13. Amends Section 436.154, Government Code, as follows:

Sec. 436.154. LOAN PROCESS. (a) Requires the office, rather than TMPC, to adopt rules, in consultation with the Texas Public Finance Authority, that contain the criteria for evaluating the credit of a loan applicant and the financial feasibility of a project. Requires the office, rather than TMPC, to also adopt a loan application form. Authorizes the form to include the name of the defense community and its principal officers; the total costs of the project; the amount of state financial assistance requested; the plan for repaying the loan; and any other information the office, rather than TMPC, requires to perform its duties to protect the public interest.

(b) Makes conforming changes.

SECTION 14. Amends Section 436.156(c), Government Code, to require the office to deposit to the credit of the account all loan payments made by a political subdivision for a loan under Section 436.153 (Loans), 436.1531 (Loans for Communities Adversely Affected by Defense Base Reduction), or 436.1532 (Loans for Communities Positively Affected by Defense Base Restructuring). Makes a conforming change.

SECTION 15. Amends Section 436.158(b), Government Code, to require that the proceeds of the bonds and notes be deposited into the Texas military value revolving loan account or into other separate funds as may be required to provide for payment of issuance and administrative costs and may be used as authorized by Section 49-n (Highway Tax and Revenue Anticipation Notes), Article III (Legislative Department), Texas Constitution, including to fund loans approved under Section 436.153, 436.1531, or 436.1532 and to pay certain costs related to bonds and notes and the loan program, rather than related to fund loans approved by TMPC under Section 436.153.

SECTION 16. Amends Section 481.052(a), Government Code, as follows:

(a) Requires the office, rather the office in coordination with the Texas Strategic Military Planning Commission, to assist defense communities in obtaining financing for economic development projects that seek to address future realignment or closure of a defense base that is in, adjacent to, or near the defense community. Requires the office, rather than the office and TMPC, to refer the defense community to a certain corporation or state agency that has an existing program to provide financing for the project.

SECTION 17. Amends Section 486.001, Government Code, by adding Subdivision (3-a) to define "office."

SECTION 18. Amends 436.002(a), Government Code, to require TMPC to administer this chapter and requires the office to monitor the implementation of this chapter.

SECTION 19. Amends Section 486.007, Government Code, as follows:

(a) Creates this subsection from existing text.

(b) Authorizes the office to assist a local governmental entity in applying for a grant under this chapter.

SECTION 20. Amends Section 486.008, Government Code, as follows:

Sec. 486.008. EVALUATION OF APPLICATION. Requires the Defense Economic Adjustment Assistance Panel to evaluate each application and assign the applicant a score based on certain factors, including the anticipated number of jobs to be created or retained in relation to the amount of the grant sought.

SECTION 21. Repealer: Section 436.003 (Sunset Provision), Government Code.

Repealer: 436.057(b) (relating to the director serving at the will of TMPC), Government Code.

Repealer: Section 436.1531 (Loans For Communities Adversely Affected By Defense Base Reduction), Government Code, as added by Chapter 1160 (H.B. 3302), Acts of the 79th Legislature, Regular Session, 2005.

Repealer: Section 436.1531(Loans For Communities Adversely Affected By Defense Base Reduction), Government Code, as added by Chapter 1280 (H.B. 2340), Acts of the 79th Legislature, Regular Session, 2005.

Repealer: Section 436.1532 (Loans For Communities Positively Affected By Defense Base Restructuring), Government Code, as added by Chapter 1280 (H.B. 2340), Acts of the 79th Legislature, Regular Session, 2005.

Repealer: Section 481.501(3) (relating to the definition of "office"), Government Code.

SECTION 22. Makes application of Sections 436.051(d) and 436.0561, Government Code, as added by this Act, and the change in law made by this Act to 436.056(a)(3), Government Code, apply to a person appointed or reappointed to the Texas Military Preparedness Commission on or after the effective date of this Act.

SECTION 23. Provides that a rule, procedure, or decision of TMPC with respect to functions that are transferred to the office continues in effect as a rule, policy, procedure, or decision of the office until superseded by an act of that office.

SECTION 24. Effective date: September 1, 2009.