

1-1 By: Isett (Senate Sponsor - Hinojosa) H.B. No. 2546
1-2 (In the Senate - Received from the House April 23, 2009;
1-3 April 24, 2009, read first time and referred to Committee on
1-4 Government Organization; April 29, 2009, reported favorably by the
1-5 following vote: Yeas 7, Nays 0; April 29, 2009, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the continuation and functions of the Texas Military
1-9 Preparedness Commission.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Section 436.001, Government Code, is amended to
1-12 read as follows:

1-13 Sec. 436.001. DEFINITIONS [DEFINITION]. In this chapter:

1-14 (1) "Commission" [,"commission"] means the Texas
1-15 Military Preparedness Commission.

1-16 (2) "Office" means the Texas Economic Development and
1-17 Tourism Office in the office of the governor.

1-18 SECTION 2. Section 436.002, Government Code, is amended to
1-19 read as follows:

1-20 Sec. 436.002. COMMISSION. The commission is within the
1-21 office [~~of the governor~~] and shall report to the executive director
1-22 of the office [governor or the governor's designee].

1-23 SECTION 3. Section 436.051, Government Code, is amended by
1-24 adding Subsection (d) to read as follows:

1-25 (d) A person may not be a public member of the commission if
1-26 the person or the person's spouse:

1-27 (1) is employed by or participates in the management
1-28 of a business entity or other organization regulated by or
1-29 receiving money from the commission;

1-30 (2) owns or controls, directly or indirectly, more
1-31 than a 10 percent interest in a business entity or other
1-32 organization regulated by or receiving money from the commission;
1-33 or

1-34 (3) uses or receives a substantial amount of tangible
1-35 goods, services, or money from the commission other than
1-36 compensation or reimbursement authorized by law for commission
1-37 membership, attendance, or expenses.

1-38 SECTION 4. Section 436.056(a), Government Code, is amended
1-39 to read as follows:

1-40 (a) It is a ground for removal from the commission that a
1-41 public member:

1-42 (1) does not have at the time of taking office the
1-43 qualifications required by Section 436.051(b);

1-44 (2) does not maintain during service on the commission
1-45 the qualifications required by Section 436.051(b);

1-46 (3) is ineligible for membership under Section
1-47 436.051(d) or 436.055;

1-48 (4) cannot, because of illness or disability,
1-49 discharge the member's duties for a substantial part of the member's
1-50 term; or

1-51 (5) is absent from more than half of the regularly
1-52 scheduled commission meetings that the member is eligible to attend
1-53 during a calendar year without an excuse approved by a majority vote
1-54 of the commission.

1-55 SECTION 5. Subchapter B, Chapter 436, Government Code, is
1-56 amended by adding Section 436.0561 to read as follows:

1-57 Sec. 436.0561. TRAINING. (a) A person who is appointed to
1-58 and qualifies for office as a member of the commission may not vote,
1-59 deliberate, or be counted as a member in attendance at a meeting of
1-60 the commission until the person completes a training program that
1-61 complies with this section.

1-62 (b) The training program must provide the person with
1-63 information regarding:

1-64 (1) the legislation that created the commission;

- 2-1 (2) the programs, functions, rules, and budget of the
- 2-2 commission;
- 2-3 (3) the results of the most recent formal audit of the
- 2-4 commission;
- 2-5 (4) the requirements of laws relating to open
- 2-6 meetings, public information, administrative procedure, and
- 2-7 conflicts of interest; and
- 2-8 (5) any applicable ethics policies adopted by the
- 2-9 office, the commission, or the Texas Ethics Commission.

2-10 (c) A person appointed to the commission is entitled to
 2-11 reimbursement, as provided by the General Appropriations Act, for
 2-12 the travel expenses incurred in attending the training program
 2-13 regardless of whether the attendance at the program occurs before
 2-14 or after the person qualifies for office.

2-15 SECTION 6. The heading to Section 436.057, Government Code,
 2-16 is amended to read as follows:

2-17 Sec. 436.057. DIRECTOR; STAFF.

2-18 SECTION 7. Section 436.057(c), Government Code, is amended
 2-19 to read as follows:

2-20 (c) The governor shall determine the [director may hire]
 2-21 staff for [within guidelines established by] the commission.

2-22 SECTION 8. Section 436.101, Government Code, is amended to
 2-23 read as follows:

2-24 Sec. 436.101. POWERS AND DUTIES OF COMMISSION. The
 2-25 commission shall:

2-26 (1) advise the governor and the legislature on
 2-27 military issues and economic and industrial development related to
 2-28 military issues;

2-29 (2) make recommendations regarding:

2-30 (A) the development of policies and plans to
 2-31 support the long-term viability and prosperity of the military,
 2-32 active and civilian, in this state, including promoting strategic
 2-33 regional alliances that may extend over state lines; and

2-34 (B) the development of methods to assist
 2-35 defense-dependent communities in the design and execution of
 2-36 programs that enhance a community's relationship with military
 2-37 installations and defense-related businesses;

2-38 (3) provide information to communities, the
 2-39 legislature, the state's congressional delegation, and state
 2-40 agencies regarding federal actions affecting military
 2-41 installations and missions;

2-42 (4) serve as a clearinghouse for:

2-43 (A) defense economic adjustment and transition
 2-44 information and activities along with the Texas Business and
 2-45 Community Economic Development Clearinghouse; and

2-46 (B) information about:

2-47 (i) issues related to the operating costs,
 2-48 missions, and strategic value of federal military installations
 2-49 located in the state;

2-50 (ii) employment issues for communities that
 2-51 depend on defense bases and in defense-related businesses; and

2-52 (iii) defense strategies and incentive
 2-53 programs that other states are using to maintain, expand, and
 2-54 attract new defense contractors;

2-55 (5) provide assistance to communities that have
 2-56 experienced a defense-related closure or realignment;

2-57 (6) assist communities in the design and execution of
 2-58 programs that enhance a community's relationship with military
 2-59 installations and defense-related businesses, including regional
 2-60 alliances that may extend over state lines;

2-61 (7) assist communities in the retention and recruiting
 2-62 of defense-related businesses, including fostering strategic
 2-63 regional alliances that may extend over state lines; ~~and~~

2-64 (8) encourage economic development in this state by
 2-65 fostering the development of industries related to defense affairs;
 2-66 and

2-67 (9) advocate for the preservation and expansion of
 2-68 missions of reservists at military installations in the state.

2-69 SECTION 9. Section 436.152(d), Government Code, is amended

3-1 to read as follows:

3-2 (d) The commission shall refer the defense community to the
3-3 appropriate state agency that has an existing program to provide
3-4 financing for each project identified in the community's military
3-5 value enhancement statement that adds military value to a military
3-6 facility. If there is no existing program to finance a project, the
3-7 office [~~commission~~] may provide a loan of financial assistance to
3-8 the defense community for the project.

3-9 SECTION 10. Sections 436.153(a) through (g), Government
3-10 Code, are amended to read as follows:

3-11 (a) The office [~~commission~~] may provide a loan of financial
3-12 assistance to a defense community for a project that will enhance
3-13 the military value of a military facility located in, near, or
3-14 adjacent to the defense community. The loan shall be made from the
3-15 Texas military value revolving loan account established under
3-16 Section 436.156.

3-17 (b) On receiving an application for a loan under this
3-18 section, the office [~~commission~~] shall confirm with the commission
3-19 that the project adds military value to the military facility.

3-20 (c) If the commission determines that a project will enhance
3-21 the military value of the military facility, the office
3-22 [~~commission~~] shall, in accordance with the criteria adopted by the
3-23 office [~~commission~~] under Section 436.154(a):

3-24 (1) analyze the creditworthiness of the defense
3-25 community to determine the defense community's ability to repay the
3-26 loan; and

3-27 (2) evaluate the feasibility of the project to be
3-28 financed to ensure that the defense community has pledged a source
3-29 of revenue or taxes sufficient to repay the loan for the project.

3-30 (d) If the commission confirms [~~determines~~] that the funds
3-31 will be used to enhance the military value of the military facility
3-32 based on the base realignment and closure criteria and the office
3-33 determines that the project is financially feasible, the executive
3-34 director of the office [~~commission~~] may award a loan to the defense
3-35 community for the project. The office [~~commission~~] shall enter
3-36 into a written agreement with a defense community that is awarded a
3-37 loan. The agreement must contain the terms and conditions of the
3-38 loan, including the loan repayment requirements.

3-39 (e) The office [~~commission~~] shall notify the Texas Public
3-40 Finance Authority of the amount of the loan and the recipient of the
3-41 loan and request the authority to issue general obligation bonds in
3-42 an amount necessary to fund the loan. The office [~~commission~~] and
3-43 the authority shall determine the amount and time of a bond issue to
3-44 best provide funds for one or multiple loans.

3-45 (f) The office [~~commission~~] shall administer the loans to
3-46 ensure full repayment of the general obligation bonds issued to
3-47 finance the project.

3-48 (g) The office [~~commission~~] may provide a loan only for a
3-49 project that is included in the political subdivision's statement
3-50 under Section 397.002, Local Government Code, or to prepare a
3-51 comprehensive defense installation and community strategic impact
3-52 plan under Section 397.003, Local Government Code.

3-53 SECTION 11. Sections 436.1531(a), (c), (d), (e), and (f),
3-54 Government Code, as added by Chapter 396 (S.B. 1481), Acts of the
3-55 79th Legislature, Regular Session, 2005, are amended to read as
3-56 follows:

3-57 (a) The office [~~commission~~] may provide a loan of financial
3-58 assistance to a defense community for an economic development
3-59 project that minimizes the negative effects of a defense base
3-60 reduction on the defense community as a result of a United States
3-61 Department of Defense base realignment process that occurs during
3-62 2005 or later. The loan shall be made from the Texas military value
3-63 revolving loan account established under Section 436.156.

3-64 (c) If the commission determines that a project will reduce
3-65 the negative effects of a defense base reduction on the defense
3-66 community, the office [~~commission~~] shall:

3-67 (1) analyze the creditworthiness of the defense
3-68 community to determine the defense community's ability to repay the
3-69 loan; and

4-1 (2) evaluate the feasibility of the project to be
 4-2 financed to ensure that the defense community has pledged a source
 4-3 of revenue or taxes sufficient to repay the loan for the project.

4-4 (d) If the office [~~commission~~] determines that the funds
 4-5 will be used to finance an economic development project that will
 4-6 reduce the negative effects of a defense base reduction on the
 4-7 defense community and that the project is financially feasible, the
 4-8 office [~~commission~~] may award a loan to the defense community for
 4-9 the project. The office [~~commission~~] shall enter into a written
 4-10 agreement with a defense community that is awarded a loan. The
 4-11 agreement must contain the terms and conditions of the loan,
 4-12 including the loan repayment requirements.

4-13 (e) The office [~~commission~~] shall notify the Texas Public
 4-14 Finance Authority of the amount of the loan and the recipient of the
 4-15 loan and request the authority to issue general obligation bonds in
 4-16 an amount necessary to fund the loan. The office [~~commission~~] and
 4-17 the authority shall determine the amount and time of a bond issue to
 4-18 best provide funds for one or multiple loans.

4-19 (f) The office [~~commission~~] shall administer the loans to
 4-20 ensure full repayment of the general obligation bonds issued to
 4-21 finance the project.

4-22 SECTION 12. Sections 436.1532(a), (c), (d), (e), and (f),
 4-23 Government Code, as added by Chapter 396 (S.B. 1481), Acts of the
 4-24 79th Legislature, Regular Session, 2005, are amended to read as
 4-25 follows:

4-26 (a) The office [~~commission~~] may provide a loan of financial
 4-27 assistance to a defense community for an infrastructure project to
 4-28 accommodate new or expanded military missions assigned to a military
 4-29 facility located in, near, or adjacent to the defense community as a
 4-30 result of a United States Department of Defense base realignment
 4-31 process that occurs during 2005 or later. The loan shall be made
 4-32 from the Texas military value revolving loan account established
 4-33 under Section 436.156.

4-34 (c) If the commission determines that the project will
 4-35 assist the defense community in accommodating the new or expanded
 4-36 military missions that are assigned to the military facility, the
 4-37 office [~~commission~~] shall:

4-38 (1) analyze the creditworthiness of the defense
 4-39 community to determine the defense community's ability to repay the
 4-40 loan; and

4-41 (2) evaluate the feasibility of the project to be
 4-42 financed to ensure that the defense community has pledged a source
 4-43 of revenue or taxes sufficient to repay the loan for the project.

4-44 (d) If the commission determines that the funds will be used
 4-45 to finance an infrastructure project to accommodate new or expanded
 4-46 military missions assigned to the military facility located in,
 4-47 near, or adjacent to the defense community and the office
 4-48 determines that the project is financially feasible, the office
 4-49 [~~commission~~] may award a loan to the defense community for the
 4-50 project. The office [~~commission~~] shall enter into a written
 4-51 agreement with a defense community that is awarded a loan. The
 4-52 agreement must contain the terms and conditions of the loan,
 4-53 including the loan repayment requirements.

4-54 (e) The office [~~commission~~] shall notify the Texas Public
 4-55 Finance Authority of the amount of the loan and the recipient of the
 4-56 loan and request the authority to issue general obligation bonds in
 4-57 an amount necessary to fund the loan. The office [~~commission~~] and
 4-58 the authority shall determine the amount and time of a bond issue to
 4-59 best provide funds for one or multiple loans.

4-60 (f) The office [~~commission~~] shall administer the loans to
 4-61 ensure full repayment of the general obligation bonds issued to
 4-62 finance the project.

4-63 SECTION 13. Section 436.154, Government Code, is amended to
 4-64 read as follows:

4-65 Sec. 436.154. LOAN PROCESS. (a) The office [~~commission~~]
 4-66 shall adopt rules, in consultation with the Texas Public Finance
 4-67 Authority, that contain the criteria for evaluating the credit of a
 4-68 loan applicant and the financial feasibility of a project. The
 4-69 office [~~commission~~] shall also adopt a loan application form. The

5-1 application form may include:

5-2 (1) the name of the defense community and its
5-3 principal officers;

5-4 (2) the total cost of the project;

5-5 (3) the amount of state financial assistance
5-6 requested;

5-7 (4) the plan for repaying the loan; and

5-8 (5) any other information the office [~~commission~~]
5-9 requires to perform its duties and to protect the public interest.

5-10 (b) The office [~~commission~~] may not accept an application
5-11 for a loan from the Texas military value revolving loan account
5-12 unless the application is submitted in affidavit form by the
5-13 officials of the defense community. The office [~~board~~] shall
5-14 prescribe the affidavit form.

5-15 SECTION 14. Section 436.156(c), Government Code, is amended
5-16 to read as follows:

5-17 (c) The office [~~commission~~] shall deposit to the credit of
5-18 the account all loan payments made by a political subdivision for a
5-19 loan under Section 436.153, 436.1531, or 436.1532. The loan
5-20 payments shall be used to reimburse the general revenue fund for
5-21 money appropriated to pay the principal, premium if any, and
5-22 interest on the bonds issued under Section 436.158. If loan
5-23 payments exceed the amounts required for reimbursement, the excess
5-24 shall first be applied to reimburse the expenses of administering
5-25 the program and secondly deposited to the credit of the Texas
5-26 military value revolving loan account to fund subsequent loans.

5-27 SECTION 15. Section 436.158(b), Government Code, is amended
5-28 to read as follows:

5-29 (b) The proceeds of the bonds and notes shall be deposited
5-30 into the Texas military value revolving loan account or into other
5-31 separate funds as may be required to provide for payment of issuance
5-32 and administrative costs and may be used as authorized by Section
5-33 49-n, Article III, Texas Constitution, including:

5-34 (1) to fund loans approved [~~by the commission~~] under
5-35 Section 436.153, 436.1531, or 436.1532;

5-36 (2) to pay the costs of issuing and selling bonds and
5-37 notes; and

5-38 (3) to pay the costs of administering the bonds and
5-39 notes and the loan program, including the payment of fees and
5-40 expenses of advisors.

5-41 SECTION 16. Section 481.502(a), Government Code, is amended
5-42 to read as follows:

5-43 (a) The office [~~, in coordination with the Texas Strategic
5-44 Military Planning Commission,~~] shall assist defense communities in
5-45 obtaining financing for economic development projects that seek to
5-46 address future realignment or closure of a defense base that is in,
5-47 adjacent to, or near the defense community. The office [~~and the
5-48 commission~~] shall refer the defense community to:

5-49 (1) a local economic development corporation created
5-50 under the Development Corporation Act (Subtitle C1, Title 12, Local
5-51 Government Code) for possible financing; or

5-52 (2) an appropriate state agency that has an existing
5-53 program to provide financing for the project, including:

5-54 (A) the Texas Water Development Board; or

5-55 (B) the Texas Department of Transportation.

5-56 SECTION 17. Section 486.001, Government Code, is amended by
5-57 adding Subdivision (3-a) to read as follows:

5-58 (3-a) "Office" means the Texas Economic Development
5-59 and Tourism Office in the office of the governor.

5-60 SECTION 18. Section 486.002(a), Government Code, is amended
5-61 to read as follows:

5-62 (a) The commission shall administer this chapter, and the
5-63 office shall monitor the implementation of this chapter.

5-64 SECTION 19. Section 486.003(a), Government Code, is amended
5-65 to read as follows:

5-66 (a) A local governmental entity is eligible for a grant
5-67 under this chapter if it is:

5-68 (1) a municipality or county that is a defense
5-69 community;

- 6-1 (2) a regional planning commission that has a defense
- 6-2 community within its boundaries;
- 6-3 (3) a public junior college district all or part of
- 6-4 which is located in a defense community;
- 6-5 (4) a campus or extension center for education
- 6-6 purposes of the Texas State Technical College System located in a
- 6-7 defense community; [~~or~~]
- 6-8 (5) a defense base development authority created under
- 6-9 Chapter 379B, Local Government Code; or
- 6-10 (6) a political subdivision having the power of a
- 6-11 defense base development authority created under Chapter 379B,
- 6-12 Local Government Code.

6-13 SECTION 20. Section 486.007, Government Code, is amended to
6-14 read as follows:

6-15 Sec. 486.007. APPLICATION FOR GRANT. (a) A local
6-16 governmental entity may apply for a grant under this chapter to the
6-17 commission on a form prescribed by the commission. The commission
6-18 shall establish periodic application cycles to enable the panel and
6-19 commission to evaluate groups of applicants in relation to each
6-20 other.

6-21 (b) The office may assist a local governmental entity in
6-22 applying for a grant under this chapter.

6-23 SECTION 21. Section 486.008, Government Code, is amended to
6-24 read as follows:

6-25 Sec. 486.008. EVALUATION OF APPLICATION. The panel shall
6-26 evaluate each application and assign the applicant a score based
6-27 on:

6-28 (1) the significance of the adverse or positive effect
6-29 within the local governmental entity, including the number of jobs
6-30 lost or gained in relation to the workforce in the local
6-31 governmental entity's jurisdiction and the effect on the area's
6-32 economy and tax revenue;

6-33 (2) the extent to which the local governmental entity
6-34 has used its existing resources to promote local economic
6-35 development;

6-36 (3) the amount of any grant that the local
6-37 governmental entity has previously received under this chapter;

6-38 (4) the anticipated number of jobs to be created or
6-39 retained in relation to the amount of the grant sought; and

6-40 (5) the extent to which the grant will affect the
6-41 region in which the local governmental entity is located.

6-42 SECTION 22. The following laws are repealed:

6-43 (1) Section 436.003, Government Code;

6-44 (2) Section 436.057(b), Government Code;

6-45 (3) Section 436.1531, Government Code, as added by
6-46 Chapter 1160 (H.B. 3302), Acts of the 79th Legislature, Regular
6-47 Session, 2005;

6-48 (4) Section 436.1531, Government Code, as added by
6-49 Chapter 1280 (H.B. 2340), Acts of the 79th Legislature, Regular
6-50 Session, 2005;

6-51 (5) Section 436.1532, Government Code, as added by
6-52 Chapter 1280 (H.B. 2340), Acts of the 79th Legislature, Regular
6-53 Session, 2005; and

6-54 (6) Section 481.501(3), Government Code.

6-55 SECTION 23. Sections 436.051(d) and 436.0561, Government
6-56 Code, as added by this Act, and the change in law made by this Act to
6-57 Section 436.056(a)(3), Government Code, apply only to a person
6-58 appointed or reappointed to the Texas Military Preparedness
6-59 Commission on or after the effective date of this Act.

6-60 SECTION 24. A rule, policy, procedure, or decision of the
6-61 Texas Military Preparedness Commission with respect to functions
6-62 that are transferred to the Texas Economic Development and Tourism
6-63 Office continues in effect as a rule, policy, procedure, or
6-64 decision of the Texas Economic Development and Tourism Office until
6-65 superseded by an act of that office.

6-66 SECTION 25. This Act takes effect September 1, 2009.

6-67 * * * * *