

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 503
By: Perry; Watson
Veteran Affairs & Military Installations
4/1/2015
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 1997, the legislature created the Texas Military Value Revolving Loan Fund (TMVRL) and the Defense Economic Adjustment Assistance Grant Program (DEAAG) for efforts that may include job creation and investments in infrastructure projects. These programs are available in order to minimize the negative effects of base realignment or offer assistance for positive realignment changes.

Interested parties believe these funds and programs are needed because communities can be significantly affected by the base realignment and closure (BRAC) process. These programs help expand new development opportunities and many communities around Texas have already seen success by gaining access to funding through the DEAAG and the TMVRL programs.

S.B. 503 rolls back the 2005 loan cutoff date to 1995 to allow more communities affected by base closures to have access to TMVRL funds. The bill also raises the maximum grant from \$2 million to \$5 million to help fund appropriate projects and strikes language related to matching requirements. (Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 503 amends current law relating to financial assistance to local governmental entities affected by the realignment of defense jobs or facilities.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 436.1531(a), Government Code, as follows:

(a) Authorizes the Texas Economic Development and Tourism Office (office) in the office of the governor to 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 as a result of a United States Department of Defense base realignment process that occurs during 1995 or later, rather than 2005 or later. Requires that the loan be made from the Texas military value revolving loan account established under Section 436.156 (Texas Military Value Revolving Loan Account).

SECTION 2. Amends Section 436.1532(a), Government Code, as follows:

(a) Authorizes the office to provide a loan of financial assistance to a defense community for an infrastructure project to accommodate new or expanded military missions assigned to a military base or defense facility located in, near, or adjacent to the defense community as a result of a United States Department of Defense base realignment process that occurs during 1995, rather than 2005, or later. Requires that the loan be made from the Texas military value revolving loan account established under Section 436.156 (Texas Military Value Revolving Loan Account).

SECTION 3. Amends Sections 436.202(a) and (b), Government Code, as follows:

(a) Authorizes the Texas Military Preparedness Commission (TMPC), from money appropriated for this purpose, to make a grant to an eligible local governmental entity to:

- (1) Makes no change to this subdivision;
- (2) and (3) Makes nonsubstantive changes; or
- (4) construct infrastructure and other projects necessary to prevent the reduction or closing of a defense facility.

(b) Prohibits TMPC from making a grant for an amount less than \$50,000 or an amount more than the lesser of:

- (1) 50 percent of the amount of matching money or investment that the local governmental entity is required to provide, subject to Subsection (c) (relating to a limitation on TMPC's grant amount to a governmental entity that lacks certain resources);
- (2) 50 percent of the local governmental entity's investment for purposes described by Section 436.203 (Use of Proceeds) if the federal assistance is unavailable; or
- (3) \$5 million, rather than \$2 million.

SECTION 4. Amends Section 436.203(c), Government Code, to authorize an eligible local governmental entity described by Section 436.201(a)(3) (relating to a public junior college district that is wholly or partly located in a defense community), (4) (relating to a campus or education extension center of the Texas State Technical College System that is located in a defense community), or (5) (relating to a defense base development authority created under Chapter 379B(Defense Base Development Authorities), Local Government Code) to use the proceeds of the grant to purchase or lease equipment to train defense workers who jobs have been threatened or lost because of an event described by Section 436.201(b) (authorizing an eligible local governmental entity to be awarded a grant if TMPC determines that the entity may be adversely or positively affected by certain actions of the United States Department of Defense) or to train workers to support military installations or defense facilities.

SECTION 5. Effective date: upon passage or September 1, 2015.