

By: Miller of Fort Bend

H.B. No. 787

A BILL TO BE ENTITLED

AN ACT

relating to the Texas Military Preparedness Commission.

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

SECTION 1. Section 436.002, Government Code, is amended to read as follows:

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

SECTION 2. Subchapter A, Chapter 436, Government Code, is amended by adding Section 436.003 to read as follows:

Sec. 436.003. SUNSET PROVISION. The commission is subject to Chapter 325 (Texas Sunset Act). Unless continued in existence as provided by that chapter, the commission is abolished and this chapter expires September 1, 2027.

SECTION 3. Section 436.0561(b), Government Code, is amended to read as follows:

(b) The training program must provide the person with information regarding:

- (1) the legislation that created the commission;
- (2) the programs, functions, rules, and budget of the commission;
- (3) the results of the most recent formal audit of the commission;
- (4) the requirements of laws relating to open

1 meetings, public information, administrative procedure, and
2 conflicts of interest; and

3 (5) any applicable ethics policies adopted by the
4 ~~[office, the]~~ commission~~[,]~~ or the Texas Ethics Commission.

5 SECTION 4. Section 436.057, Government Code, is amended by
6 adding Subsection (b) to read as follows:

7 (b) The director serves at the will of the commission.

8 SECTION 5. Section 436.152(d), Government Code, is amended
9 to read as follows:

10 (d) The commission shall refer the defense community to the
11 appropriate state agency that has an existing program to provide
12 financing for each project identified in the community's military
13 base or defense facility value enhancement statement that adds
14 military or defense value to a military base or defense facility.
15 If there is no existing program to finance a project, the commission
16 ~~[office]~~ may provide a loan of financial assistance to the defense
17 community for the project.

18 SECTION 6. Sections 436.153(a) through (g), Government
19 Code, are amended to read as follows:

20 (a) The commission ~~[office]~~ may provide a loan of financial
21 assistance to a defense community for a project that will enhance
22 the military or defense value of a military base or defense facility
23 located in, near, or adjacent to the defense community. The loan
24 shall be made from the Texas military value revolving loan account
25 established under Section 436.156.

26 (b) On receiving an application for a loan under this
27 section, the commission ~~[office]~~ shall confirm ~~[with the~~

1 ~~commission~~] that the project adds military or defense value to the
2 military base or defense facility.

3 (c) If the commission determines that a project will enhance
4 the military or defense value of the military base or defense
5 facility, the commission [~~office~~] shall, in accordance with the
6 criteria adopted by the commission [~~office~~] under Section
7 436.154(a):

8 (1) analyze the creditworthiness of the defense
9 community to determine the defense community's ability to repay the
10 loan; and

11 (2) evaluate the feasibility of the project to be
12 financed to ensure that the defense community has pledged a source
13 of revenue or taxes sufficient to repay the loan for the project.

14 (d) If the commission determines [~~confirms~~] that the funds
15 will be used to enhance the military or defense value of the
16 military base or defense facility based on the base realignment and
17 closure criteria, to overcome an action of the United States
18 Department of Defense that will negatively impact the military base
19 or defense facility, or for the recruitment or retention of a
20 defense facility and [~~the office~~] determines that the project is
21 financially feasible, the commission [~~executive director of the~~
22 ~~office~~] may award a loan to the defense community for the project.
23 The commission [~~office~~] shall enter into a written agreement with a
24 defense community that is awarded a loan. The agreement must
25 contain the terms and conditions of the loan, including the loan
26 repayment requirements.

27 (e) The commission [~~office~~] shall notify the Texas Public

1 Finance Authority of the amount of the loan and of the recipient of
2 the loan and shall request the authority to issue general
3 obligation bonds in an amount necessary to fund the loan. The
4 commission [~~office~~] and the authority shall determine the amount
5 and time of a bond issue to best provide funds for one or multiple
6 loans.

7 (f) The commission [~~office~~] shall administer the loans to
8 ensure full repayment of the general obligation bonds issued to
9 finance the project.

10 (g) The commission [~~office~~] may provide a loan only for a
11 project that is included in the political subdivision's statement
12 under Section 397.002, Local Government Code, or to prepare a
13 comprehensive defense installation and community strategic impact
14 plan under Section 397.003, Local Government Code.

15 SECTION 7. Sections 436.1531(a), (c), (d), (e), and (f),
16 Government Code, are amended to read as follows:

17 (a) The commission [~~office~~] may provide a loan of financial
18 assistance to a defense community for an economic development
19 project that minimizes the negative effects of a defense base
20 reduction on the defense community as a result of a United States
21 Department of Defense base realignment process that occurs during
22 2005 or later. The loan shall be made from the Texas military value
23 revolving loan account established under Section 436.156.

24 (c) If the commission determines that a project will reduce
25 the negative effects of a defense base reduction on the defense
26 community, the commission [~~office~~] shall:

27 (1) analyze the creditworthiness of the defense

1 community to determine the defense community's ability to repay the
2 loan; and

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

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

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

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

24 SECTION 8. Sections [436.1532](#)(a), (c), (d), (e), and (f),
25 Government Code, are amended to read as follows:

26 (a) The commission [~~office~~] may provide a loan of financial
27 assistance to a defense community for an infrastructure project to

1 accommodate new or expanded military missions assigned to a
2 military base or defense facility located in, near, or adjacent to
3 the defense community as a result of a United States Department of
4 Defense base realignment process that occurs during 2005 or later.
5 The loan shall be made from the Texas military value revolving loan
6 account established under Section 436.156.

7 (c) If the commission determines that the project will
8 assist the defense community in accommodating the new or expanded
9 military missions that are assigned to the military facility, the
10 commission [~~office~~] shall:

11 (1) analyze the creditworthiness of the defense
12 community to determine the defense community's ability to repay the
13 loan; and

14 (2) evaluate the feasibility of the project to be
15 financed to ensure that the defense community has pledged a source
16 of revenue or taxes sufficient to repay the loan for the project.

17 (d) If the commission determines that the funds will be used
18 to finance an infrastructure project to accommodate new or expanded
19 military missions assigned to the military facility located in,
20 near, or adjacent to the defense community and [~~the office~~]
21 determines that the project is financially feasible, the commission
22 [~~office~~] may award a loan to the defense community for the project.
23 The commission [~~office~~] shall enter into a written agreement with a
24 defense community that is awarded a loan. The agreement must
25 contain the terms and conditions of the loan, including the loan
26 repayment requirements.

27 (e) The commission [~~office~~] shall notify the Texas Public

1 Finance Authority of the amount of the loan and of the recipient of
2 the loan and request the authority to issue general obligation
3 bonds in an amount necessary to fund the loan. The commission
4 [~~office~~] and the authority shall determine the amount and time of a
5 bond issue to best provide funds for one or multiple loans.

6 (f) The commission [~~office~~] shall administer the loans to
7 ensure full repayment of the general obligation bonds issued to
8 finance the project.

9 SECTION 9. Section [436.154](#), Government Code, is amended to
10 read as follows:

11 Sec. 436.154. LOAN PROCESS. (a) The commission [~~office~~]
12 shall adopt rules, in consultation with the Texas Public Finance
13 Authority, that contain the criteria for evaluating the credit of a
14 loan applicant and the financial feasibility of a project. The
15 commission [~~office~~] shall also adopt a loan application form. The
16 application form may include:

17 (1) the name of the defense community and its
18 principal officers;

19 (2) the total cost of the project;

20 (3) the amount of state financial assistance
21 requested;

22 (4) the plan for repaying the loan; and

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

25 (b) The commission [~~office~~] may not accept an application
26 for a loan from the Texas military value revolving loan account
27 unless the application is submitted in affidavit form by the

1 officials of the defense community. The commission [~~office~~] shall
2 prescribe the affidavit form.

3 SECTION 10. Section 436.156(c), Government Code, is amended
4 to read as follows:

5 (c) The commission [~~office~~] shall deposit to the credit of
6 the account all loan payments made by a political subdivision for a
7 loan under Section 436.153, 436.1531, or 436.1532. The loan
8 payments shall be used to reimburse the general revenue fund for
9 money appropriated to pay the principal, premium if any, and
10 interest on the bonds issued under Section 436.158. If loan
11 payments exceed the amounts required for reimbursement, the excess
12 shall first be applied to reimburse the expenses of administering
13 the program and secondly deposited to the credit of the Texas
14 military value revolving loan account to fund subsequent loans.

15 SECTION 11. Section 436.204(b), Government Code, is amended
16 to read as follows:

17 (b) The commission [~~office~~] may assist a local governmental
18 entity in applying for a grant under this chapter.

19 SECTION 12. Subchapter DD, Chapter 481, Government Code, is
20 transferred to Chapter 436, Government Code, redesignated as
21 Subchapter F, Chapter 436, Government Code, and amended to read as
22 follows:

23 SUBCHAPTER F [~~DD~~]. DEFENSE COMMUNITY ASSISTANCE

24 Sec. 436.251. DEFINITION [~~481.501. DEFINITIONS~~]. In this
25 subchapter, "defense [+

26 [~~(1)~~ "~~Defense~~] base" means a federally owned or
27 operated military installation, facility, or mission that is

1 functioning on June 1, 2003.

2 ~~[(2) "Defense community" means a political~~
3 ~~subdivision, including a municipality, county, defense base~~
4 ~~development authority, or special district, that is adjacent to, is~~
5 ~~near, or encompasses any part of a defense base.]~~

6 Sec. 436.252 [~~481.502~~]. FINANCIAL ASSISTANCE. (a) The
7 commission [~~office~~] shall assist defense communities in obtaining
8 financing for economic development projects that seek to address
9 future realignment or closure of a defense base that is in, adjacent
10 to, or near the defense community. The commission [~~office~~] shall
11 refer the defense community to:

12 (1) a local economic development corporation created
13 under the Development Corporation Act (Subtitle C1, Title 12, Local
14 Government Code) for possible financing; or

15 (2) an appropriate state agency that has an existing
16 program to provide financing for the project, including:

17 (A) the Texas Water Development Board; or

18 (B) the Texas Department of Transportation.

19 (b) A state agency making a loan to a defense community
20 under this section shall evaluate the project and determine whether
21 the project may be financed through the agency's program. The state
22 agency has sole discretion on whether to finance the project.

23 Sec. 436.253 [~~481.503~~]. MEMORANDUM OF UNDERSTANDING. The
24 commission [~~office~~] shall enter into a memorandum of understanding
25 with each state agency that has a program to fund economic
26 development projects for defense communities. The memorandum of
27 understanding shall include each agency's responsibilities in

1 granting and administering a loan to a defense community.

2 Sec. 436.254 [~~481.504~~]. SECURITY FOR LOANS. In addition to
3 any other security provided by law, if a defense community defaults
4 on a loan, a state agency making a loan to the defense community for
5 a project described by Section 436.252(a) [~~481.502(a)~~] may
6 foreclose under a loan agreement in the manner provided by law for
7 foreclosure and liquidate any collateral provided under the loan
8 agreement to recover any outstanding debt.

9 SECTION 13. Section 436.001(5), Government Code, is
10 repealed.

11 SECTION 14. A rule, policy, procedure, or decision of the
12 Texas Economic Development and Tourism Office with respect to
13 functions that are transferred by this Act to the Texas Military
14 Preparedness Commission continues in effect as a rule, policy,
15 procedure, or decision of the Texas Military Preparedness
16 Commission until superseded by an act of that commission.

17 SECTION 15. This Act takes effect September 1, 2015.