

1-1 By: Campbell S.B. No. 1358
1-2 (In the Senate - Filed March 11, 2015; March 18, 2015, read
1-3 first time and referred to Committee on Veteran Affairs and
1-4 Military Installations; April 13, 2015, reported favorably by the
1-5 following vote: Yeas 7, Nays 0; April 13, 2015, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	<u>Campbell</u>	X		
1-9	<u>Burton</u>	X		
1-10	<u>Birdwell</u>	X		
1-11	<u>Garcia</u>	X		
1-12	<u>Hall</u>	X		
1-13	<u>Lucio</u>	X		
1-14	<u>Rodríguez</u>	X		

1-15 A BILL TO BE ENTITLED
1-16 AN ACT

1-17 relating to the Texas Military Preparedness Commission and
1-18 strategic planning regarding military bases and defense
1-19 installations.

1-20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-21 SECTION 1. Section 436.002, Government Code, is amended to
1-22 read as follows:

1-23 Sec. 436.002. COMMISSION. The commission is attached for
1-24 administrative purposes to [within] the office of the governor [and
1-25 shall report to the executive director of the office].

1-26 SECTION 2. Section 436.0561(b), Government Code, is amended
1-27 to read as follows:

1-28 (b) The training program must provide the person with
1-29 information regarding:

1-30 (1) the legislation that created the commission;

1-31 (2) the programs, functions, rules, and budget of the
1-32 commission;

1-33 (3) the results of the most recent formal audit of the
1-34 commission;

1-35 (4) the requirements of laws relating to open
1-36 meetings, public information, administrative procedure, and
1-37 conflicts of interest; and

1-38 (5) any applicable ethics policies adopted by [~~the~~
1-39 ~~office,~~] the commission[~~]~~ or the Texas Ethics Commission.

1-40 SECTION 3. Section 436.057, Government Code, is amended by
1-41 adding Subsection (b) and amending Subsection (c) to read as
1-42 follows:

1-43 (b) The director shall hire at least one full-time employee
1-44 who is knowledgeable about or has experience with military
1-45 installations.

1-46 (c) The director may hire other [governor shall determine
1-47 the] staff within the guidelines established by [for] the
1-48 commission.

1-49 SECTION 4. The heading to Section 436.105, Government Code,
1-50 is amended to read as follows:

1-51 Sec. 436.105. MILITARY BASE REALIGNMENT AND CLOSURE TASK
1-52 FORCE; EXPIRATION DATE.

1-53 SECTION 5. Section 436.105, Government Code, is amended by
1-54 adding Subsections (b-1) and (d) to read as follows:

1-55 (b-1) A member of the task force is entitled to
1-56 reimbursement for travel expenses.

1-57 (d) The task force is abolished and this section expires
1-58 September 1, 2019.

1-59 SECTION 6. Section 436.152(d), Government Code, is amended
1-60 to read as follows:

1-61 (d) The commission shall refer the defense community to the

2-1 appropriate state agency that has an existing program to provide
 2-2 financing for each project identified in the community's military
 2-3 base or defense facility value enhancement statement that adds
 2-4 military or defense value to a military base or defense facility.
 2-5 If there is no existing program to finance a project, the commission
 2-6 [~~office~~] may provide a loan of financial assistance to the defense
 2-7 community for the project.

2-8 SECTION 7. Sections 436.153(a) through (g), Government
 2-9 Code, are amended to read as follows:

2-10 (a) The commission [~~office~~] may provide a loan of financial
 2-11 assistance to a defense community for a project that will enhance
 2-12 the military or defense value of a military base or defense facility
 2-13 located in, near, or adjacent to the defense community. The loan
 2-14 shall be made from the Texas military value revolving loan account
 2-15 established under Section 436.156.

2-16 (b) On receiving an application for a loan under this
 2-17 section, the commission [~~office~~] shall confirm [~~with the~~
 2-18 ~~commission~~] that the project adds military or defense value to the
 2-19 military base or defense facility.

2-20 (c) If the commission determines that a project will enhance
 2-21 the military or defense value of the military base or defense
 2-22 facility, the commission [~~office~~] shall, in accordance with the
 2-23 criteria adopted by the commission [~~office~~] under Section
 2-24 436.154(a):

2-25 (1) analyze the creditworthiness of the defense
 2-26 community to determine the defense community's ability to repay the
 2-27 loan; and

2-28 (2) evaluate the feasibility of the project to be
 2-29 financed to ensure that the defense community has pledged a source
 2-30 of revenue or taxes sufficient to repay the loan for the project.

2-31 (d) If the commission confirms that the funds will be used
 2-32 to enhance the military or defense value of the military base or
 2-33 defense facility based on the base realignment and closure
 2-34 criteria, to overcome an action of the United States Department of
 2-35 Defense that will negatively impact the military base or defense
 2-36 facility, or for the recruitment or retention of a defense facility
 2-37 and the commission [~~office~~] determines that the project is
 2-38 financially feasible, the commission [~~executive director of the~~
 2-39 ~~office~~] may award a loan to the defense community for the project.
 2-40 The commission [~~office~~] shall enter into a written agreement with a
 2-41 defense community that is awarded a loan. The agreement must
 2-42 contain the terms and conditions of the loan, including the loan
 2-43 repayment requirements.

2-44 (e) The commission [~~office~~] shall notify the Texas Public
 2-45 Finance Authority of the amount of the loan and the recipient of the
 2-46 loan and request the authority to issue general obligation bonds in
 2-47 an amount necessary to fund the loan. The commission [~~office~~] and
 2-48 the authority shall determine the amount and time of a bond issue to
 2-49 best provide funds for one or multiple loans.

2-50 (f) The commission [~~office~~] shall administer the loans to
 2-51 ensure full repayment of the general obligation bonds issued to
 2-52 finance the project.

2-53 (g) The commission [~~office~~] may provide a loan only for a
 2-54 project that is included in the political subdivision's statement
 2-55 under Section 397.002, Local Government Code, or to prepare a
 2-56 comprehensive defense installation and community strategic impact
 2-57 plan under Section 397.003, Local Government Code.

2-58 SECTION 8. Sections 436.1531(a), (c), (d), (e), and (f),
 2-59 Government Code, are amended to read as follows:

2-60 (a) The commission [~~office~~] may provide a loan of financial
 2-61 assistance to a defense community for an economic development
 2-62 project that minimizes the negative effects of a defense base
 2-63 reduction on the defense community as a result of a United States
 2-64 Department of Defense base realignment process that occurs during
 2-65 2005 or later. The loan shall be made from the Texas military value
 2-66 revolving loan account established under Section 436.156.

2-67 (c) If the commission determines that a project will reduce
 2-68 the negative effects of a defense base reduction on the defense
 2-69 community, the commission [~~office~~] shall:

3-1 (1) analyze the creditworthiness of the defense
3-2 community to determine the defense community's ability to repay the
3-3 loan; and

3-4 (2) evaluate the feasibility of the project to be
3-5 financed to ensure that the defense community has pledged a source
3-6 of revenue or taxes sufficient to repay the loan for the project.

3-7 (d) If the commission [~~office~~] determines that the funds
3-8 will be used to finance an economic development project that will
3-9 reduce the negative effects of a defense base reduction on the
3-10 defense community and that the project is financially feasible, the
3-11 commission [~~office~~] may award a loan to the defense community for
3-12 the project. The commission [~~office~~] shall enter into a written
3-13 agreement with a defense community that is awarded a loan. The
3-14 agreement must contain the terms and conditions of the loan, including the loan repayment requirements.

3-15 (e) The commission [~~office~~] shall notify the Texas Public
3-16 Finance Authority of the amount of the loan and the recipient of the
3-17 loan and request the authority to issue general obligation bonds in
3-18 an amount necessary to fund the loan. The commission [~~office~~] and
3-19 the authority shall determine the amount and time of a bond issue to
3-20 best provide funds for one or multiple loans.

3-21 (f) The commission [~~office~~] shall administer the loans to
3-22 ensure full repayment of the general obligation bonds issued to
3-23 finance the project.

3-24 SECTION 9. Sections 436.1532(a), (c), (d), (e), and (f),
3-25 Government Code, are amended to read as follows:

3-26 (a) The commission [~~office~~] may provide a loan of financial
3-27 assistance to a defense community for an infrastructure project to
3-28 accommodate new or expanded military missions assigned to a
3-29 military base or defense facility located in, near, or adjacent to
3-30 the defense community as a result of a United States Department of
3-31 Defense base realignment process that occurs during 2005 or later.
3-32 The loan shall be made from the Texas military value revolving loan
3-33 account established under Section 436.156.

3-34 (c) If the commission determines that the project will
3-35 assist the defense community in accommodating the new or expanded
3-36 military missions that are assigned to the military facility, the
3-37 commission [~~office~~] shall:

3-38 (1) analyze the creditworthiness of the defense
3-39 community to determine the defense community's ability to repay the
3-40 loan; and

3-41 (2) evaluate the feasibility of the project to be
3-42 financed to ensure that the defense community has pledged a source
3-43 of revenue or taxes sufficient to repay the loan for the project.

3-44 (d) If the commission determines that the funds will be used
3-45 to finance an infrastructure project to accommodate new or expanded
3-46 military missions assigned to the military facility located in,
3-47 near, or adjacent to the defense community and the commission
3-48 [~~office~~] determines that the project is financially feasible, the
3-49 commission [~~office~~] may award a loan to the defense community for
3-50 the project. The commission [~~office~~] shall enter into a written
3-51 agreement with a defense community that is awarded a loan. The
3-52 agreement must contain the terms and conditions of the loan,
3-53 including the loan repayment requirements.

3-54 (e) The commission [~~office~~] shall notify the Texas Public
3-55 Finance Authority of the amount of the loan and the recipient of the
3-56 loan and request the authority to issue general obligation bonds in
3-57 an amount necessary to fund the loan. The commission [~~office~~] and
3-58 the authority shall determine the amount and time of a bond issue to
3-59 best provide funds for one or multiple loans.

3-60 (f) The commission [~~office~~] shall administer the loans to
3-61 ensure full repayment of the general obligation bonds issued to
3-62 finance the project.

3-63 SECTION 10. Section 436.154, Government Code, is amended to
3-64 read as follows:

3-65 Sec. 436.154. LOAN PROCESS. (a) The commission [~~office~~]
3-66 shall adopt rules, in consultation with the Texas Public Finance
3-67 Authority, that contain the criteria for evaluating the credit of a
3-68 loan applicant and the financial feasibility of a project. The
3-69

4-1 commission [~~office~~] shall also adopt a loan application form. The
4-2 application form may include:

4-3 (1) the name of the defense community and its
4-4 principal officers;

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

4-6 (3) the amount of state financial assistance
4-7 requested;

4-8 (4) the plan for repaying the loan; and

4-9 (5) any other information the commission [~~office~~]

4-10 requires to perform its duties and to protect the public interest.

4-11 (b) The commission [~~office~~] may not accept an application
4-12 for a loan from the Texas military value revolving loan account
4-13 unless the application is submitted in affidavit form by the
4-14 officials of the defense community. The commission [~~office~~] shall
4-15 prescribe the affidavit form.

4-16 SECTION 11. Section 436.156(c), Government Code, is amended
4-17 to read as follows:

4-18 (c) The commission [~~office~~] shall deposit to the credit of
4-19 the account all loan payments made by a political subdivision for a
4-20 loan under Section 436.153, 436.1531, or 436.1532. The loan
4-21 payments shall be used to reimburse the general revenue fund for
4-22 money appropriated to pay the principal, premium if any, and
4-23 interest on the bonds issued under Section 436.158. If loan
4-24 payments exceed the amounts required for reimbursement, the excess
4-25 shall first be applied to reimburse the expenses of administering
4-26 the program and secondly deposited to the credit of the Texas
4-27 military value revolving loan account to fund subsequent loans.

4-28 SECTION 12. Sections 436.202(b) and (c), Government Code,
4-29 are amended to read as follows:

4-30 (b) The commission may not make a grant for an amount less
4-31 than \$50,000 or an amount more than the lesser of:

4-32 (1) 50 percent of the amount of matching money or
4-33 investment that the local governmental entity is required to
4-34 provide, subject to Subsection (c);

4-35 (2) 50 percent of the local governmental entity's
4-36 investment for purposes described by Section 436.203 if federal
4-37 assistance is unavailable; or

4-38 (3) \$5 [~~\$2~~] million.

4-39 (c) If the local governmental entity demonstrates to the
4-40 commission that, because of a limited budget, the entity lacks the
4-41 resources necessary to provide 50 percent of the amount of matching
4-42 money or investment that the entity is required to provide, the
4-43 commission may make a grant in an amount of not more than 80 percent
4-44 of the amount of that matching money or investment requirement but
4-45 may not make a grant in an amount that exceeds \$5 [~~\$2~~] million.

4-46 SECTION 13. Section 436.204(b), Government Code, is amended
4-47 to read as follows:

4-48 (b) The commission [~~office~~] may assist a local governmental
4-49 entity in applying for a grant under this chapter.

4-50 SECTION 14. Section 481.502(a), Government Code, is amended
4-51 to read as follows:

4-52 (a) The office and the Texas Military Preparedness
4-53 Commission shall assist defense communities in obtaining financing
4-54 for economic development projects that seek to address future
4-55 realignment or closure of a defense base that is in, adjacent to, or
4-56 near the defense community. The office shall refer the defense
4-57 community to:

4-58 (1) a local economic development corporation created
4-59 under the Development Corporation Act (Subtitle C1, Title 12, Local
4-60 Government Code) for possible financing; or

4-61 (2) an appropriate state agency that has an existing
4-62 program to provide financing for the project, including:

4-63 (A) the Texas Water Development Board; or

4-64 (B) the Texas Department of Transportation.

4-65 SECTION 15. Section 436.001(5), Government Code, is
4-66 repealed.

4-67 SECTION 16. A rule, policy, procedure, or decision of the
4-68 Texas Economic Development and Tourism Office with respect to
4-69 functions that are transferred under this Act to the Texas Military

5-1 Preparedness Commission continues in effect as a rule, policy,
5-2 procedure, or decision of the Texas Military Preparedness
5-3 Commission until superseded by an act of that commission.
5-4 SECTION 17. This Act takes effect September 1, 2015.

5-5

* * * * *