

SUBJECT: Veterans Land Board investment in veterans financial assistance bonds

COMMITTEE: Pensions and Investments — favorable, without amendment

VOTE: 5 ayes — Greenberg, Bonnen, Clark, George, Salinas

0 nays

4 absent — Tillery, Rangel, Telford, Williams

WITNESSES: For — None

Against — None

On — David Dewhurst, General Land Office and Veterans Land Board;
Rusty Martin, General Land Office

BACKGROUND: The Veterans Land Board (VLB) operates financial assistance programs that sell land or make home-mortgage loans to veterans. To this end, the board manages the Veterans Land Fund, the Veterans Housing Assistance Program, and the Veterans Financial Assistance Program, established under Chapter 164 of the Natural Resources Code. The Veterans Financial Assistance Program may provide financial assistance to veterans in the form of purchasing or selling land, making home mortgage loans, or providing veterans homes.

SB 1060 by Patterson, enacted by the 75th Legislature, authorized the VLB to build and operate veterans homes, which include life-care facilities, retirement homes, retirement villages, homes for the aging, or other facilities that furnish shelter, food, medical attention, nursing services, medical services, social activities, or other personal services to veterans. The VLB, as part of the Veterans Financial Assistance Program, may issue revenue bonds to finance the program.

The Veterans Land Fund is drawn from several financial sources, including land purchased by the board, proceeds from general-obligation bonds, money received from the sale or resale of land or rights in land purchased with the proceeds from the general-obligation bonds, and other sources. The VLB

may invest money in the fund that is not immediately committed to various programs in financial instruments specified in Sec. 161/173(a) of the Natural Resources Code.

DIGEST: HB 1722 would allow the Veterans Land Board to invest in revenue bonds issued under Chapter 164 of the Natural Resources Code, which governs the Veterans Financial Assistance Program.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house.

SUPPORTERS SAY: HB 1722 would authorize the VLB to invest money from the Veterans Land Fund and the Veterans Housing Assistance Funds I and II in revenue bonds issued for Veterans Financial Assistance Program. By investing in its own bonds used to finance state veterans homes, the VLB estimates that it would save \$150,000 per bond issue each biennium due to the elimination of costs associated with underwriting the bonds with private financial experts. This would help enable the state to build more veterans homes in the future.

Texas needs more long-term nursing facilities to provide specialized health care for veterans. The state has only two veterans homes under construction and two others planned. The federal Veterans Administration (VA) estimates that Texas will need many more homes to handle veterans' future needs.

Two veterans homes are being built with the assistance of the VA Construction Grants Program, a federal-state partnership for the construction of veterans homes. Because Texas did not have such a program for veterans homes, it received priority for funding from the federal government, and VA paid 65 percent of the cost of building these homes. With these two homes in place, Texas may not receive the same federal money for additional homes. HB 1722 would help allow the VLB to raise funds independently to build additional veterans homes without tapping into the state treasury.

OPPONENTS SAY: No apparent opposition.

NOTES: The companion bill, SB 1018 by Shapleigh, has been referred to the Senate Finance Committee.