

SUBJECT: Increasing the cap on certain grants relating to defense base closure

COMMITTEE: Defense and Veterans' Affairs — favorable, without amendment

VOTE: 6 ayes — S. King, Frank, Blanco, Farias, Schaefer, Shaheen

0 nays

1 absent — Aycock

SENATE VOTE: On final passage, March 17 — 27-3 (Burton, Huffines, V. Taylor)

WITNESSES: (*On House companion bill, HB 2728*)

For — Dan Corbin, Texas Mayors of Military Communities; (*Registered, but did not testify*: Jim Brennan, Texas Coalition of Veterans Organizations; Snapper Carr, Texas Mayors of Military Communities Coalition; Jeff Coyle, City of San Antonio; Brie Franco, City of El Paso; Shanna Igo, Texas Municipal League; Lindsay Lanagan, City of Houston; Mark Mendez, Tarrant County Commissioners Court; Seth Mitchell, Bexar County Commissioners Court; Robert Nathan, CPS Energy; TJ Patterson, City of Fort Worth; Chris Shields, Port San Antonio; Jason Smith, Abilene Chamber of Commerce; Tom Tagliabue, City of Corpus Christi)

Against — None

BACKGROUND: The Texas Defense Economic Adjustment Assistance Grant Program was created by the 75th Legislature to provide assistance to communities harmed by cuts in defense spending. The 79th Legislature amended the program to include communities positively impacted by defense spending, and the 81st Legislature amended it to include job retention (1 TAC, part 1, sec.4.30(a)).

Government Code, ch. 436, subch. E provides rules and criteria for the grant program. Grants may range in amounts from \$50,000 to \$2 million and are used for purposes such as building, or renovating facilities or

purchasing equipment to train defense workers whose jobs have been threatened.

DIGEST: SB 318 would allow a grant from the Defense Economic Adjustment Assistance grant program to a defense community to be as large as \$5 million, up from the current cap of \$2 million.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2015.

SUPPORTERS SAY: SB 318 would improve the ability of an already effective program to sustain and develop economic activity in the state. The Defense Base Realignment and Closure Commission oversees a process that the U.S. Department of Defense uses to close defense bases or redeploy resources internally. It makes decisions based on a score that reflects the military value of a given base. These values are affected by factors such as infrastructure and available facilities. This bill would increase the funds available to communities that have been or could be affected by changes in Department of Defense spending, allowing Texas to retain more federal money for this purpose.

This bill would result in job creation, greater job retention, and a lower likelihood of defense-based communities being adversely affected by changes in federal spending. The expansions in this grant program have all been made in the interest of preventing base closures or providing critical assistance to communities in need. Providing proactive assistance decreases economic disruption, and the criteria provided in current law ensure a solid return on the state's investment.

OPPONENTS SAY: SB 318 would effectively expand a program that already has been expanded beyond its original intent to provide vital assistance to communities harmed by defense base closures. Such closures can make entire cities disappear, with millions of dollars in economic activity removed from an area overnight. The program has since been expanded to communities that are positively impacted by defense spending, providing

state funds for ancillary concerns such as affordable housing and job training, which should not necessarily be government services. The Legislature should not again expand government's reach with this bill.

NOTES:

The House companion bill, HB 2728 by S. King, was considered in a public hearing of the House Defense and Veterans' Affairs Committee on March 25 and left pending.