

SUBJECT: Expanding eligibility for the Veterans' Land Board land loan program

COMMITTEE: Defense and Veterans' Affairs — committee substitute recommended

VOTE: 9 ayes — Flynn, Tinderholt, Ashby, Hinojosa, Lopez, Lozano, Ramos, Reynolds, Romero

SENATE VOTE: On final passage, March 20 — 31-0

WITNESSES: None

BACKGROUND: The Veterans' Land Board (VLB) was created by Texas voters through a constitutional amendment in 1946. It is housed within the Texas General Land Office (GLO) and provides benefits and services for qualified Texas veterans, military members, and their families.

Functions. VLB offers qualifying veterans, military members, and their spouses low-interest loans to purchase land, buy or build homes, or make home improvements. The agency operates eight state veterans homes that provide long-term skilled nursing home care, with a ninth home scheduled to open this year. Four state veterans cemeteries operated by VLB provide burial and interment services. The agency also operates a call service center that provides benefit information and assistance services and conducts other marketing and outreach initiatives.

Governing structure. VLB is governed by a three-member board. The Texas Constitution establishes that the land commissioner serves as the board chairman, and the governor appoints two citizen members to serve four-year terms, including one with experience in veterans issues and one with finance experience. The chief clerk of GLO may act as the chairman in the commissioner's absence.

Funding. The agency is completely funded from investment income, loan repayment proceeds, and federal funds and does not receive any general revenue funds. VLB has constitutional authority to issue bonds to fund the veterans land, housing assistance, and home improvement loan programs.

In fiscal 2017, VLB's revenue totaled about \$1.2 billion, primarily from loan repayments and investment earnings associated with VLB-issued bonds, federal grant funds for the state veterans homes and cemeteries, and interagency contracts for administration of the veterans call center.

Staffing. In fiscal 2017, VLB employed 113 staff, including one on-site representative located at each of the eight state veterans homes and each of the four veterans cemeteries. The Legislature does not allocate specific full-time equivalent positions to VLB as all staff are GLO employees. GLO staff manage VLB operations by providing administrative support, including financial and budget management, appraisal and survey, information system, internal audit, legal, and other services.

As a constitutionally created entity, VLB cannot be abolished through the Sunset review process.

DIGEST:

CSSB 607 would expand the land loan program operated by the Veterans' Land Board (VLB) to members of the Texas State Guard. The bill would require a Sunset review in 2031 and every 12th year after.

Land loans. A member of the Texas State Guard could qualify for the land loan program if at the time of application the person had completed at least 10 years of service and was not considered to have been dishonorably discharged.

Standard recommendations. VLB would be required to develop and implement policies that clearly separated the policymaking responsibilities of the board and the management responsibilities of the executive secretary, assistant executive secretary, and staff.

CSSB 607 would update standard Sunset across-the-board requirements related to board member training and separation of responsibilities. Board members would have to sign and submit to the land commissioner a statement acknowledging they had received and reviewed the training manual.

The bill would take effect September 1, 2019.

**SUPPORTERS
SAY:**

CSSB 607 would support long-term members of the Texas State Guard by making them eligible to borrow up to \$150,000 to purchase land through the Veterans Land Loan Program. Providing this benefit would appropriately help members of the state guard, whose mission is to assist state and local authorities during emergencies and disaster relief operations, conduct homeland security activities, and provide communications support to the Texas Army National Guard and Texas Air National Guard. The State Guard played a critical role in responding to Hurricane Harvey but was left understaffed. Providing access to the low-interest land loan program would help with needed recruiting to replenish the ranks.

Other provisions of the bill would strengthen the land board by implementing standard recommendations of the Sunset Advisory Commission for board member training and separation of responsibilities.

**OPPONENTS
SAY:**

CSSB 607 would improperly expand the Veterans Land Loan Program to individuals who did not serve in the nation's armed services. While Texas State Guard members provide important functions in responding to emergencies, so do police officers and other first responders who would not be eligible for the loans. The inclusion of individuals who were not military veterans also could raise legal questions related to the tax-exempt status of the bonds that finance the loan program.