

## **BILL ANALYSIS**

Senate Research Center  
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C.S.S.B. 652  
By: Shapleigh  
Veteran Affairs & Military Installations  
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Committee Report (Substituted)

### **DIGEST AND PURPOSE**

Texas' 18 major military installations are important economic contributors to the state, producing a combined fiscal impact of \$43.4 billion in 2001 and employing some 220,000 Texans. The presence of these military bases is important not only economically but also for the increased level of security protection they offer as well as their vital historical and cultural significance.

The Texas Military Preparedness Act of 2003 has been crafted by state government and defense community leaders working together as a proactive response to the evolving transformation of national defense strategies and the infrastructure changes required to support them. The United States Department of Defense (DoD) has announced plans to facilitate this transition largely through dollar savings associated with the 2005 Base Realignment and Closure (BRAC) process which could close as much as 25 percent of DoD's base infrastructure.

C.S.S.B. 652 assists local defense communities in identifying and resourcing cooperative economic development initiatives that enhance the real military value of their installations, provides important cost saving options (e.g., reduction of installation utility rates) to reduce overall base operating costs and increase funds for training and mission needs, and institutionalizes the process of investing in Texas' military bases. C.S.S.B. 652 combines two existing state organizations to form the Texas Military Preparedness Commission.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Military Preparedness Commission in SECTION 3 (Section 436.203, Government Code) and the Public Utility Commission of Texas in SECTION 23 (Section 39.910, Utilities Code).

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Provides that this act be known as the Military Preparedness Act.

SECTION 2. Sets forth legislative findings regarding the need for the Military Preparedness Act.

SECTION 3. Amends Chapter 436, Government Code, by reorganizing it into Subchapters A-E, as follows:

#### **CHAPTER 436. New heading: TEXAS MILITARY PREPAREDNESS COMMISSION SUBCHAPTER A. GENERAL PROVISIONS**

Sec. 436.001. DEFINITION. Redefines "commission."

Sec. 436.002. COMMISSION. Provides that the Military Preparedness Commission (commission) is within the office of the governor and is required to report to the governor or the governor's designee.

Sec. 436.003. SUNSET PROVISION. Provides that the commission is subject to the Texas Sunset Act (Chapter 325), and unless continued in existence by that Act the commission is abolished and this chapter expires September 1, 2007.

[Reserves Sections 436.004-436.050 for expansion.]

## SUBCHAPTER B. ORGANIZATION AND ADMINISTRATION

Sec. 436.051. Redesignated from Section 436.003. New heading: COMPOSITION; ELIGIBILITY. (a) Creates this subsection from existing text and includes defense affairs in the list of areas over which the committee for the Texas House of Representatives has primary jurisdiction.

(b) Requires, to be eligible for appointment as a public member to the commission, a person to have demonstrated experience in certain areas.

(c) Requires appointments to the commission to be made regardless of race, color, disability, sex, religion, age or national origin.

Sec. 436.052. Redesignated from Section 436.004. TERMS AND OFFICERS. (a) Increases the length of the staggered terms from three to six years. Provides that the terms of one-third of the members expire February 1 of each odd-numbered year.

(b) Requires the governor to designate a member of the commission as the presiding officer of the commission to serve at the pleasure of the governor. Deletes text referring to members of the commission.

Sec. 436.053. Redesignated from Section 436.005. COMPENSATION AND EXPENSES. Makes no changes to this section.

Sec. 436.054. Redesignated from Section 436.006. New heading: MEETINGS. Requires the commission to meet at least quarterly and authorizes the commission to meet more often as required by the presiding officer or as provided by commission rules. Deletes text referring to compliance with the open meetings law.

(b) Makes no changes to this subsection.

Sec. 436.055. CONFLICT OF INTEREST. (a) Defines "Texas trade association."

(b) Prohibits certain persons from being a public member of the commission or a commission employee if employed in a "bona fide executive, administrative, or professional capacity," as that phrase is used to establish an exemption to the overtime provisions of the federal Fair Labor Standards Act of 1938, and its subsequent amendments under certain circumstances.

(c) Prohibits a person from being a public commission member or acting as the commission's general counsel if the person is required to register as a lobbyist.

Sec. 436.056. REMOVAL. (a) Sets forth the grounds for removal from the commission.

(b) Provides that an action of the commission is valid even if a ground for removal of a commission member exists.

(c) Requires the executive director to inform the presiding officer of any known potential ground for removal, and requires the presiding officer to inform the governor. Requires the executive director to inform the next highest ranking officer who will then inform the governor, if the potential ground for removal involves the presiding officer.

Sec. 436.057. EXECUTIVE DIRECTOR. (a) Requires the commission to hire an executive director to serve as the chief executive officer and perform the administrative duties of the commission.

(b) Provides that the executive director serves at the will of the commission.

(c) Authorizes the executive director to hire staff.

Sec. 436.058. PUBLIC ACCESS. Requires the commission to structure itself to provide the public with reasonable access to appear before the commission to speak on any issue under the commission's jurisdiction.

Sec. 436.059. EQUAL EMPLOYMENT OPPORTUNITY. (a) Requires the executive director or a designee to prepare, maintain, and implement an equal employment opportunity policy statement.

(b) Sets forth the required contents of the equal employment opportunity statement.

(c) Sets forth the required maintenance and filing of the equal employment opportunity statement.

Sec. 436.060. QUALIFICATIONS AND STANDARDS OF CONDUCT. Requires the executive director, or a designee thereof, to provide to commission members as often as necessary information on requirements for office or employment, including responsibilities relating to standard of conduct for state officers or employees.

Sec. 436.061. STATE EMPLOYEE INCENTIVE PROGRAM. Requires the executive director, or a designee thereof, to provide commission employees with information and training on benefits and methods of participation in the State Employee Incentive Program.

Sec. 436.062. COMPLAINTS. (a) Requires the commission to maintain a file on each written complaint filed with the commission. Sets forth the required contents of the file.

(b) Requires the commission to provide a copy of the commission's complaint investigation policies and procedures to the person filing the complaint and each subject of the complaint.

(c) Requires the commission to provide the status of the investigation to the person filing the complaint and each subject of the complaint, unless to do so would jeopardize an undercover investigation.

Sec. 436.063. USE OF ALTERNATIVE PROCEDURES. (a) Requires the commission to develop policies and procedures that encourage certain rulemaking and dispute resolution processes.

(b) Requires commission procedures relating to alternative dispute resolution to conform to any model guidelines issued by the State Office of Administrative Hearings, to the extent possible.

(c) Requires the commission to designate a trained person to perform certain duties related to Subsection (a).

Sec. 436.064. TECHNOLOGY POLICY. Requires the commission to develop and implement a policy requiring commission staff to research and propose technological solutions to improve performance. Sets forth the required characteristics of the solutions.

[Reserves Sections 436.065-436.100 for expansion.]

#### SUBCHAPTER C. POWERS AND DUTIES

Section 436.007. Deletes this section (Applicability of Advisory Committee Law).

Sec. 436.101. Redesignated from Section 436.008. POWERS AND DUTIES OF

COMMISSION. Requires the commission to engage in certain duties:

- (1) Requires the commission to advise the governor and the legislature, not the Office of Defense Affairs in the Texas Department of Economic Development, on certain issues. Makes a conforming change.
- (2) Requires the commission to make certain recommendations. Makes conforming and a nonsubstantive changes.
- (3) Requires the commission to develop and maintain databases of the names and public business information of all prime defense-related contractors and subcontractors in this state.
- (4) Requires the commission to provide information to certain populations about federal actions affecting military installations and missions.
- (5) Requires the commission to serve as a clearinghouse for certain types of information.
- (6) Requires the commission to provide assistance to communities that have experienced a defense-related closure or realignment.
- (7) Requires the commission to assist communities in designing and executing programs that enhance their relationship with military installations and defense-related businesses, including regional alliances that may extend over state lines.
- (8) Requires the commission to assist communities in retaining and recruiting defense-related businesses, including fostering strategic regional alliances that may extend over state lines.
- (9) Requires the commission to prepare a biennial strategic plan to enhance the military value of Texas military installations to national defense strategies, considers all current and future base realignment and closure criteria, develops strategies to protect the state's existing military missions, and positions the state to be competitive for new and expanded military missions.
- (10) Requires the commission to foster industry development related to defense affairs. Deletes text referring to a required report.

Sec. 436.102. CONSULTING AGREEMENTS. Authorizes the commission to contract with a consulting firm for information and assistance on a pending federal agency decision regarding military installations and defense-related business in this state, with prior approval of the governor.

Sec. 436.103. ANNUAL REPORT; ANNUAL MEETING. (a) Defines "state agency."

- (b) Requires the commission to prepare and submit to the governor and legislature a report, not later than July 1, about the active military installations and the communities that depend on them and defense-related businesses in this state. Sets forth the required content of the report.
- (c) Requires state agencies to cooperate with and assist the commission in preparing the report by providing certain pieces of information.
- (d) Requires the commission to coordinate an annual meeting with the head of each state agency or member of the legislature whose district contains an active, closed, or realigned military installation to discuss implementation of recommendations outlined in the report requires under Subsection (b).

Sec. 436.104. COORDINATING ASSISTANCE FOR EVALUATION OF MILITARY BASE. Authorizes a base commander to request the commission to coordinate assistance from other state agencies in preparing evaluation criteria for the base realignment or closure process. Requires state agencies to give such a request top priority. Deletes text referring to administrative support.

[Reserves Sections 436.105-436.150 for expansion.]

#### SUBCHAPTER D. FISCAL PROVISIONS

Sec. 436.151. DEFINITIONS. Defines “defense community.”

Sec. 436.152. ANALYSIS OF PROJECTS; FINANCING. (a) Authorizes a defense community to submit the community’s military value enhancement statement under Chapter 397, Local Government Code, to the commission.

(b) Requires the commission, on receiving a defense community’s military value enhancement statement, to analyze the projects included in the statement using the criteria it has developed. Requires the commission to develop project analysis criteria based on the criteria the United States Department of Defense uses for evaluating military facilities in its base realignment and closure process.

(c) Requires the commission to determine whether each project identified in the defense community’s military value enhancement statement will enhance the military value of the military facility. Requires the commission to assist the community in prioritizing the projects that enhance the military value of a military facility, giving the highest priority to projects that add the most military value under the commission’s project analysis criteria.

(d) Requires the commission to refer the defense community to the appropriate state agency that has an existing program to provide financing for each project identified in the community’s military value enhancement statement that adds military value to a military facility.

(e) Authorizes the commission, if there is no existing program to finance a project, to guarantee, under Subchapter E, the debt issued by the defense community for the project.

Sec. 436.153. GIFTS AND GRANTS. Authorizes the commission to solicit and accept gifts and grants from any source for the purposes of this chapter. Requires the commission to deposit a gift or grant to the credit of the specific account that is established for the purpose for which the gift or grant was made. Authorizes the commission, if a gift or grant is not made for a specific purpose, to deposit the gift or grant to the credit of any of the commission’s accounts created under this chapter.

[Reserves Sections 436.154-436.200 for expansion.]

#### SUBCHAPTER E. GUARANTEE PROGRAM

Sec. 436.201. DEFINITIONS. Defines “bonds,” “eligible project,” “paying agent,” and “political subdivision.”

Sec. 436.202. GUARANTEE. (a) Provides that on approval by the commission, bonds issued by a political subdivision for an eligible project are guaranteed by the state in accordance with Article III, Section 50-g, Texas Constitution.

(b) Requires the political subdivision, for bond to be eligible for guarantee, to illustrate to the commission acceptable arrangements relating to the maintenance of adequate reserves as determined by the commission, but not in excess of

average annual debt service on the bonds to be guarantee.

(c) Requires the commission to endorse bonds approved for guarantee with the signature of facsimile signature of the presiding officer of the commission.

(d) Provides that the guarantee is not effective unless the attorney general approves the bonds.

Sec. 436.203. RULES AND PROCEDURES. Requires the commission to adopt rules, procedures, and guidelines to implement this subchapter.

Sec. 436.204. NOTICE OF DEFAULT. Requires the political subdivision, immediately following a determination that a political subdivision will be or is unable to pay maturing or matured principal or interest on a guaranteed bond, but not later than the fifth day before maturity date, to notify the commission. Provides that if a political subdivision fails to pay principal or interest on a guaranteed bond when it matures, other amounts not yet mature are not accelerated and do not become due by virtue of the political subdivision's default.

Sec. 436.205. PAYMENT ON GUARANTEE. (a) Requires the commission, immediately following receipt of notice under Section 436.204, to instruct the comptroller to transfer from the appropriate fund to the political subdivision's paying agent the amount necessary to pay the maturing or matured principal or interest.

(b) Requires the paying agent, immediately following the receipt of the funds for payment of the principal or interest, to pay the amount due and forward the canceled bond to the comptroller. Requires the comptroller to hold the canceled bond on behalf of the fund from which payment was made.

(c) Requires the comptroller, following full reimbursement to the state with interest, to further cancel the bond and forward it to the political subdivision for which payment was made.

Sec. 436.206. REPEATED DEFAULTS. (a) Authorizes the commission, if the state makes two or more payments on guaranteed bonds as a result of a political subdivision's default and the commission determines that the political subdivision is acting in bad faith under the guarantee, to request the attorney general to institute appropriate legal action to compel the political subdivision and its officers, agents, and employees to comply with the duties required of them by law in regard to the bonds.

(b) Provides that jurisdiction of proceedings under this section is in district court in Travis County.

Sec. 436.207. ISSUANCE OF POLITICAL SUBDIVISION BONDS FOR ELIGIBLE PROJECTS. Authorizes a political subdivision, consistent with the Texas Constitution, to issue bonds for eligible projects. Authorizes the political subdivision to levy and collect taxes to pay the interest on the bonds and to provide a sinking fund for the redemption of the bonds. Requires any election required to permit action under this subchapter to be held in conformity with Chapter 1251 (Bond Elections) or other law applicable to the political subdivision.

SECTION 4. Amends Section 486.051(3), Government Code, to redefine "office."

SECTION 5. Amends Section 486.052, Government Code, by adding Subsection (d), to require the Texas Defense, Aviation, and Space Commission (office) to give first priority to awarding loans according to the economic development needs of eligible communities with neighboring federal military installations that, before January 1, 2006, are publically proposed for action by the department of defense or applicable military department under the base realignment and closure process. Provides that this subsection expires September 1, 2007.

SECTION 6. Amends Section 2056.002(b), Government Code, to include in the required content of an agency's strategic plan, an analysis of the agency's expected expenditures that relate to federally owned or operated military installations or facilities, or communities where such facilities are located. Redesignates Subsection (10) as Subsection (11).

SECTION 7. Amends Chapter 2056, Government Code, by adding Section 2056.0065, as follows:

Sec. 2056.0065. GOALS: EMPHASIS ON ENHANCING MILITARY FACILITIES. (a) Requires a state agency to consider enhancing military value of federally owned or operated military installations or facilities when establishing agency goals. Provides that the state agency is encouraged to use the most current commission criteria in making that evaluation.

(b) Requires the state agency to make an expenditure high priority if, based on base realignment and closure criteria, the agency determines it will enhance the military value of a federally owned or operated military installation or facility.

SECTION 8. Amends Subchapter A, Chapter 2167, Government Code, by adding Section 2167.009, as follows:

Sec. 2167.009. CONSIDERATION TO MILITARY INSTALLATION. Requires the private brokerage or real estate firm assisting the Texas Building and Procurement Commission to give consideration to a federally owned or operated military installation or facility in leasing space for the use of a state agency.

SECTION 9. Amends Subtitle C, Title 12, Local Government Code, by adding Chapter 397, as follows:

Chapter 397. STRATEGIC PLANNING RELATING TO MILITARY INSTALLATIONS

Sec. 397.001. DEFINITIONS. Defines "defense base" and "defense community."

Sec. 397.002. DEFENSE BASE MILITARY VALUE ENHANCEMENT STATEMENT. (a) Requires a defense community that applies for financial assistance from the Texas Military Preparedness Commission (commission) to prepare, in consultation with each defense base associated with the community, a defense base military value enhancement statement illustrating specifically how the funds will enhance the military value of the installations. Sets forth the required components of the statement.

(b) Authorizes the commission to require additional information from a defense community to evaluate a community's request for financial assistance.

(c) Authorizes two or more defense communities near the same defense base to prepare a joint statement for inclusion in the application for financial assistance under the commission.

(d) Requires that a copy of the defense base military value enhancement be distributed to the authorities of each defense base included in the statement and to the commission.

(e) Provides that this section does not prohibit a defense community not applying for financial assistance from preparing a defense base military value enhancement statement under this section.

Sec. 397.003. COMPREHENSIVE DEFENSE INSTALLATION AND COMMUNITY

**STRATEGIC IMPACT PLAN.** (a) Authorizes a defense community to request financial assistance from the commission to prepare a comprehensive defense installation and community strategic impact plan stating the defense community's long-range goals and development proposals relating to certain purposes.

(b) Provides that the comprehensive defense installation and community strategic impact plan should include, if appropriate, maps, diagrams and text to support its proposals and certain other elements as they relate to each defense base included in the plan.

(c) Authorizes two or more defense communities near the same defense base to prepare a joint plan.

**Sec. 397.004. PLANNING MANUAL.** Provides that a defense community that has prepared a comprehensive defense installation and community strategic impact plan described by Section 397.003 (Comprehensive Defense Installation and Community Strategic Impact Plan) is encouraged to develop, in coordination with the authorities of each associated defense base, a planning manual based on the proposals in the plan. Provides that the manual should adopt guidelines for community planning and development to further the purposes described under Section 393.022 (Defense Base Military Value Enhancement Statement). Provides that the defense community should consult with defense base authorities periodically regarding any changes needed in the planning manual guidelines adopted under this section.

**Sec. 397.005. CONSULTATION WITH DEFENSE BASE AUTHORITIES.** Requires the defense community to seek comments and analysis from the defense base authorities on the compatibility of any proposed ordinance, rule, or plan with base operations. Requires the defense community to consider and analyze the comments and analysis before making a final decision on the proposed ordinance, rule, or plan.

**SECTION 10.** Amends Section 31.1571, Natural Resources Code, by adding Subsection (c) to authorize any unused or underused state property to be sold or leased, or an easement over the property to be granted, to the United States for the use and benefit to the United States armed forces, if the Commissioner of the General Land Office (commissioner) or the commissioner's designee, after consultation with appropriate military authorities, determines that the sale, lease, or easement would materially assist the military in accomplishing its mission. Requires a sale, lease, or easement under this subsection to be at market value. Requires the state to retain all minerals it owns with respect to the land, but authorizes it to relinquish the right to use the surface to extract them.

**SECTION 11.** Amends Section 32.101, Natural Resources Code, to prohibit sales and leases of upland within 2,500 feet of a military base from being made unless the commissioner or the commissioner's designee, after consultation with appropriate military authorities, determines that the sale or lease will not adversely affect the mission of the military base.

**SECTION 12.** Amends Section 33.103, Natural Resources Code, as follows:

**Sec. 33.103. INTERESTS WHICH MAY BE GRANTED BY THE BOARD.** (a) Creates this subsection from existing text.

(b) Prohibits the Veterans' Land Board (VLB) from granting any interest in land within 2,500 feet of a military base unless the commissioner or the commissioner's designee, after consultation with appropriate military authorities, determines that the grant will not adversely affect the mission of the military base.

**SECTION 13.** Amends Section 51.011, Natural Resources Code, as follows:

**Sec. 51.001. SALE AND LEASE OF PUBLIC SCHOOL AND ASYLUM LAND.** (a) Creates this subsection from existing text.

(b) Prohibits, notwithstanding any other provision of this chapter, land within 2,500 feet of a military base from being sold or leased and an easement over the land from being granted, unless the commissioner or the commissioner's designee, after consultation with appropriate military authorities, determines that the grant will not adversely affect the mission of the military base.

(c) Authorizes any public land to be sold, or leased, or an easement over the property to be granted to the United States for the use and benefit to the United States armed forces, if the commissioner or the commissioner's designee, after consultation with appropriate military authorities, determines that the sale, lease, or easement would materially assist the military in accomplishing its mission. Requires a sale, lease, or easement under this subsection to be at market value. Requires the state to retain all minerals it owns with respect to the land, but authorizes it to relinquish the right to use the surface to extract them.

(d) Requires the commissioner to determine the priority of a conveyance under this section and any preference otherwise granted by law, including the preferential right of a surrounding landowner. Requires the commissioner, in making the determination, to consider only the interests of preference holders who assert their preferences in writing after notice of the proposed conveyance is published in a newspaper of general circulation in the area. Requires the commissioner, in the commissioner's discretion, balance the competing interests of the preference holders and the military. Provides that the commissioner's determination is final. Provides that after land is conveyed to the military, all competing preferences terminate.

SECTION 14. Amends Section 53.011, Natural Resources Code, to prohibit a person from prospecting from a location within 2,500 feet of a military base, but authorizes prospectors, from a location more than 2,500 feet from a base, to look for minerals within the 2,500-foot strip.

SECTION 15. Amends Section 53.016(b), Natural Resources Code, to require any lease covering land adjacent to a military base to require the lessee to forego the right to use the surface within 2,500 feet of the military base while exploiting the minerals.

SECTION 16. Amends Section 53.064(a), Natural Resources Code, to require a lease covering land adjacent to a military base to require the lessee to forego the right to use the surface within 2,500 feet of the military base while exploiting the minerals.

SECTION 17. Amends Section 53.151, Natural Resources Code, as follows:

Sec. 53.151. LEASE OF CERTAIN AREAS. (a) Creates this subsection from existing text.

(b) Prohibits the lease from being granted for any land within 2,500 feet of a military base.

SECTION 18. Amends Section 312.204, Tax Code, by adding Subsection (g) to authorize, notwithstanding the other provisions of this chapter, the governing body of a municipality eligible to enter into tax abatement agreements under Section 312.002 (Eligibility of Taxing Unit to Participate in Tax Abatement) to agree in writing with the owner of real property that is located in a reinvestment zone to exempt from taxation for a period not to exceed five years, a portion of the value of the real property or of tangible personal property located on the real property, or both, that is used to provide housing for military personnel employed at a military facility located in or near the municipality. Authorizes an agreement to provide for the exemption of the real property in each year covered by the agreement only to the extent its value for that year exceeds its value for the year in which the agreement is executed. Authorizes an agreement to provide for the exemption of tangible personal property located on the real property in each year covered by the agreement, other than tangible personal property that was located on the real property at any time before the period covered by the agreement with the municipality

and other than inventory supplies. Authorizes the governing body of the municipality to adopt guidelines and criteria for tax abatement agreements entered into under this subsection that are different from the guidelines and criteria that apply to tax abatement agreements entered into under another provision of this section. Provides that tax abatement agreements entered into under this subsection are not required to contain identical terms for the portion of the value of the property that is to be exempt or for the duration of the exemption as tax abatement agreements entered into with the owners of property in the reinvestment zone under another provision of this section.

SECTION 19. Amends Section 35.101(2), Utilities Code, to redefine “public retail customer.”

SECTION 20. Amends Section 35.102, Utilities Code, as follows:

Sec. 35.102. STATE AUTHORITY TO SELL OR CONVEY POWER OR NATURAL GAS. (a) Creates this subsection out of existing text. Includes natural gas in the specification of what a member of the Public Utility Commission of Texas can sell or convey on behalf of the state.

(b) Creates this subsection out of existing text. Makes conforming changes.

SECTION 21. Amends Subchapter H, Chapter 36, Utilities Code, by adding Section 36.354, as follows:

Sec. 36.354. DISCOUNTED RATES FOR MILITARY BASES. (a) Requires each municipally owned utility, electric cooperative, or electric utility in an area without customer choice or where the Public Utility Commission (PUC) has delayed customer choice implementation in accordance with Section 39.103 (Commission Authority to Delay Competition and Set New Rates) to discount charges for electric service provided to a military base, notwithstanding any other provision of this title.

(b) Provides that the discount under subsection (a) is a 20 percent reduction of the base commercial rate that the municipally owned utility, electric cooperative, or electric utility would otherwise charge the military installation.

(c) Authorizes electric utility, municipally owned utility, or electric cooperative to assess a surcharge to all of the utility’s retail customers in the state to recover the difference in revenue between the revenues from the discounted rate for military bases provided under Subsection (a) and the base commercial rate. Provides that this subsection does not apply to an electric utility, municipally owned utility, or electric cooperative that was providing electric service to a military base on December 31, 2002, at a rate constituting a discount of 20 percent or more from the utility’s base commercial rate that the utility would otherwise charge the military base.

(d) Requires each electric utility to file a tariff with PUC reflecting the discount required by Subsection (a), and authorizes each electric utility to file a tariff reflecting the surcharge provided by Subsection (c). Requires PUC, not later than the 30th day after the date it receives the electric utility’s tariff reflecting the surcharge, to approve the tariff. Provides that a proceeding under this subsection is not a rate change for the purposes of Subchapter C.

(e) Exempts an electric utility, municipally owned utility, or electric cooperative from the requirements of Subsection (a) under certain circumstances.

(f) Requires each electric utility to provide the Texas Military Preparedness Commission with the base commercial rate that the utility would otherwise charge the military base and the rate the utility is charging the military base.

(g) Defines “military base.”

SECTION 22. Amends Subchapter H, Chapter 39, Utilities Code, by adding Section 39.3535, as follows:

Sec. 39.3535. **MILITARY BASES AGGREGATORS.** (a) Defines “military bases aggregator.”

(b) Provides that it is the state’s policy to encourage military bases located in areas of the state offering customer choice under this chapter to aggregate their facilities to create a single purchasing unit to reduce the cost of electricity used by the bases. Requires PUC to assist a military bases aggregator to evaluate offers from providers, upon request.

(c) Authorizes an aggregator registered under another section of this subchapter to provide aggregation services to military bases.

(d) Sets forth who may register as a military bases aggregator to exclusively serve military bases located in areas of the state offering customer choice under this chapter.

(e) Exempts a registered military bases aggregator under Subsection (d) from customer protection provisions, disclosure requirements, or marketing guidelines prescribed by this title or established by the commission while providing aggregation services exclusively to military bases.

(f) Requires the commission to expedite consideration of an application submitted by an applicant for registration under Subsection (d).

SECTION 23. Amends Subchapter Z, Chapter 39, Utilities Code, by adding Section 39.910, as follows:

Sec. 39.910. **INCENTIVE PROGRAM AND GOAL FOR ENERGY EFFICIENCY FOR MILITARY BASES.** (a) Requires the PUC to establish, by rule, an electric energy efficiency incentive program in an area where customer choice is not available, designed to offer a variety of choices for the installation of energy efficiency devices or other alternatives at military bases to reduce energy consumption and costs.

(b) Requires PUC to establish a goal to reduce electricity consumption by military bases by five percent, compared to 2002 levels, before January 1, 2005.

(c) Requires PUC to approve a nonbypassable rate mechanism to recover costs associated with the program.

(d) Requires and electric utility to administer the program in a market-neutral nondiscriminatory manner. Prohibits the electric utility from offering underlying competitive services.

SECTION 24. Amends Section 25.005, Education Code, as follows:

Sec. 25.005. **RECIPROCITY AGREEMENTS REGARDING MILITARY PERSONNEL AND DEPENDENTS.** (a) Requires, rather than authorizes, the Texas Education Agency to pursue reciprocity agreements with other states governing the terms of those transfers.

(b) Sets forth the required content of a reciprocity agreement.

SECTION 25. Repealer: Section 481.0065 (Office of Defense Affairs), Section 482.002 (Texas Aerospace Commission, General Provisions), Section 482.003 (Texas Aerospace Commission, General Powers and Duties of the Commission), and Section 482.004 (Texas Aerospace Commission, Spaceport Trust Fund), Government Code, and Section 502.271 (Registration of

Vehicles, Texas Aerospace Commission License Plates) Transportation Code.

SECTION 26. (a) Requires the governor to appoint the initial members of the Texas Military Preparedness Commission (commission) not later than the 90th day after the effective date of this Act, with three members' terms expiring February 1, 2005, three members' terms expiring February 1, 2007, and three members' terms expiring February 1, 2009. Prohibits the commission from taking action until a majority of members have taken office.

(b) Requires the commission to employ an executive director not later the 30th day after the date that a majority of the initial appointed members of the commission take office.

(c) Requires the governor to select a presiding officer for the commission as soon as possible after the effective date of this Act.

SECTION 27. (a) Provides that on the date on which a majority of the initial appointed members of the commission have taken office the Office of Defense Affairs (ODA) is abolished with all relevant powers, responsibilities, and funds transferring to the Texas Military Preparedness Commission (commission).

(b) Provides that the transfer of the powers and duties of the ODA does not affect the validity of a right, privilege, or obligation accrued, a contract or acquisition made, any liability incurred, a permit or license issued, any penalty, forfeiture, or punishment assessed, a rule adopted, a proceeding, investigation, or remedy begun, a decision made, or other action taken by or in connection with the ODA.

(c) Continues all rules, policies, procedures, and decisions of the ODA in effect as rules, policies, procedures, and decisions of the commission until superseded by a rule or other appropriate action of the commission.

(d) Provides that any action before the ODA transfers to the commission without a change in status and the commission assumes the ODA's position without a change in status.

(e) Authorizes the commission to employ the same number of full-time equivalent employees as the ODA.

(f) Provides that funds, foundations, or accounts administered by the ODA are considered transferred to the commission, not abolished.

(g) Requires the ODA to continue to exercise its powers and perform its duties until the date it is abolished.

SECTION 28. (a) Provides that on the date by which a majority of the member of the commission have taken office the Texas Strategic Military Planning Commission is abolished with all relevant powers, responsibilities, and funds transferring to the Texas Military Preparedness Commission (commission).

(b) Provides that the transfer of the powers and duties of the Texas Strategic Military Planning Commission does not affect the validity of a right, privilege, or obligation accrued, a contract or acquisition made, any liability incurred, a permit or license issued, any penalty, forfeiture, or punishment assessed, a rule adopted, a proceeding, investigation, or remedy begun, a decision made, or other action taken by or in connection with the Texas Strategic Military Planning Commission.

(c) Continues all rules, policies, procedures, and decisions of the Texas Strategic Military Planning Commission in effect as rules, policies, procedures, and decisions of the Texas Defense, Aviation, and Space Commission until superseded by a rule or other appropriate action of the commission.

(d) Provides that any action before the Texas Strategic Military Planning Commission transfers to the commission without a change in status and the commission assumes the Texas Strategic Military Planning Commission's position without a change in status.

(e) Authorizes the commission to employ the same number of full-time equivalent employees as the Texas Strategic Military Planning Commission.

(f) Provides that funds, foundations, or accounts administered by the Texas Strategic Military Planning Commission are considered transferred to the commission, not abolished.

(g) Requires the Texas Strategic Military Planning Commission to continue to exercise its powers and perform its duties until the date it is abolished.

SECTION 29. (a) Requires the Texas Education Agency (TEA), in implementing Section 25.005, Education Code, to give priority to pursuing reciprocity agreements with Florida, Georgia, North Carolina, and Virginia.

(b) Requires TEA, not later than January 1, 2004, to report the results of its efforts to enter into reciprocity agreements in compliance with Section 25.005, Education Code, as amended by this Act, to certain legislative committees. Requires the report to include, if the agency has been unable to enter into a reciprocity agreement with each state identified in Subsection (a) of this section by the date of the report, certain information for each state with which TEA did not enter into an agreement.

SECTION 30. Authorizes the executive director of the Texas Military Preparedness Commission (commission) to change the duties of any employee who is transferred to the commission.

SECTION 31. Requires the Legislative Budget Board to resolve any disputes about which obligations, rights, contracts, leases, records, personnel, property, and unspent and unobligated appropriations or other funds are entitled to be transferred to the commission.

SECTION 32. Makes Section 397.005, Local Government Code, as added by this Act, applicable only to an ordinance, rule, or plan that is proposed on or after the effective date of this Act.

SECTION 33. Recreates the community infrastructure development revolving loan account described by Section 486.053, Government Code, as a separate account in the general revenue fund. Rededicates any money in the account for the purposes described by Section 486.053(b), Government Code.

SECTION 34. Provides that Section 436.152(e), Government Code, and Subchapter E, Chapter 436, Government Code, as added by this Act take effect only if the constitutional amendment proposed by the 78th Texas Legislature, Regular Session 2003, authorizing a program to guarantee bonds or other obligations issued by a political subdivision for a project that will enhance the military value of a military facility located in, near, or adjacent to the political subdivision is approved by the voters. Provides that if that amendment is not approved by the voters, 436.152(e), Government Code, and Subchapter E, Chapter 436, Government Code, have no effect.

SECTION 35. Effective date: upon passage or September 1, 2003.