

## **BILL ANALYSIS**

Senate Research Center

S.B. 1200  
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Veteran Affairs & Military Installations  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Veteran Affairs and Military Installations Committee Interim Report made three recommendations regarding the Texas Military Preparedness Commission (TMPC):

- TMPC should be the conduit for increased coordination between the Texas Commander's Council and state agencies.
- TMPC should meet with the Texas Commander's Council at least once each year.
- Eligibility for access to Defense Economic Assistance Adjustment Grants should be expanded to allow communities to respond to either formal or informal actions at the federal level that may result in the gain or loss of military or defense-related industry.

S.B. 1200 addresses each of these recommendations.

As proposed, S.B. 1200 amends current law relating to the Texas Military Preparedness Commission.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Military Preparedness Commission in SECTION 3 (Section 436.101, Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 436.001, Government Code, to define, in this chapter, "defense community," "defense worker," "defense worker job," "panel," and "Texas Commander's Council."

SECTION 2. Amends Section 436.051(a), Government Code, as follows:

(a) Provides that the Texas Military Preparedness Commission (TMPC) is composed of, in addition to 13 public members appointed by the governor, certain ex officio members, including the chair of the committee of the Texas House of Representatives that has primary jurisdiction of matters concerning defense affairs and military affairs, rather than concerning defense affairs and state-federal relations; and the chair of the committee of the Texas Senate that has primary jurisdiction of matters concerning defense affairs and military affairs, rather than one member of the Texas Senate appointed by the lieutenant governor.

SECTION 3. Amends Section 436.101, Government Code, as follows:

Sec. 436.101. New heading: GENERAL POWERS AND DUTIES. (a) Creates this subsection from existing text. Requires TMPC to advise the governor and the legislature on defense and military issues.

(b) Requires TMPC to meet not less than once each year with the Texas Commander's Council to discuss the goals and challenges facing military

installations and develop recommendations for improvements; discuss ways the state can enhance and complement the mission of the military installations in this state; and discuss services available to assist transitioning military service members and their families.

(c) Requires TMPC to act as the liaison to improve coordination among the Texas Commander's Council and relevant state agencies including the Texas Veterans Commission; the Veterans' Land Board; the Public Utility Commission of Texas; and the Texas Commission on Environmental Quality.

(d) Requires TMPC to fulfill certain obligations, including to administer and monitor the implementation of this chapter and establish criteria and procedures and award grants equitably based on evaluations, giving preference to defense communities that may be adversely affected over positively affected defense communities. Deletes existing text requiring TMPC to advise the governor and the legislature on military issues and economic and industrial development related to military issues. Makes nonsubstantive changes.

(e) Authorizes TMPC to use an amount equal to not more than two percent of the total amount of grants authorized during each biennium to administer this chapter and other law relating to readjustment of defense communities.

(f) Requires TMPC to adopt rules necessary to implement this chapter.

**SECTION 4.** Amends the heading to Section 436.103, Government Code, to read as follows:

**Sec. 436.103. BIENNIAL REPORT; ANNUAL MEETING.**

**SECTION 5.** Amends Section 436.103(b), Government Code, as follows:

(b) Requires the report prepared by TMPC and submitted to the governor and the legislature to include certain information, including a summary of TMPC's meetings with the Texas Commander's Council under Section 436.101(b), including recommendations, goals, and challenges based on those meetings. Makes nonsubstantive changes.

**SECTION 6.** Amends Section 436.152, Government Code, as follows:

**Sec. 436.152. New heading: ANALYSIS OF PROJECTS THAT ADD MILITARY OR DEFENSE VALUE; FINANCING.** (a) Authorizes a defense community to submit the community's defense base military value enhancement statement prepared under Chapter 397 (Strategic Planning Relating to Military Installations), Local Government Code, to TMPC.

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

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

(d) Requires TMPC 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 defense base military value enhancement statement that adds military or defense value to a military base or defense facility. Authorizes the Texas Economic Development and Tourism Office (office), if there is no existing program to finance a project, to provide a loan of financial assistance to the defense community for the project.

SECTION 7. Amends Sections 436.153(a), (b), (c), and (d), Government Code, as follows:

(a) Authorizes the office to provide a loan of financial assistance to a defense community for a project that will enhance the military or defense value of a military base or defense facility located in, near, or adjacent to the defense community. Requires the loan to be made from the Texas military value revolving loan account established under Section 436.156.

(b)-(c) Makes conforming changes.

(d) Authorizes the executive director of the Texas Economic Development and Tourism Office in the office of the governor (office), if TMPC confirms that the funds will be used to enhance the military or defense value of the military base or defense facility based on the base realignment and closure criteria, to overcome an action of the United States Department of Defense that will negatively impact the military base or defense facility, or for the recruitment or retention of a defense facility and the office determines that the project is financially feasible, to award a loan to the defense community for the project.

SECTION 8. Amends Section 436.1532(a), Government Code, to authorize the office to provide a loan of financial assistance to a defense community for an infrastructure project to accommodate new or expanded military missions assigned to a military base or defense facility located in, near, or adjacent to the defense community as a result of a United States Department of Defense base realignment process that occurs during 2005 or later. Requires that the loan be made from the Texas military value revolving loan account established under Section 436.156. Makes a nonsubstantive change.

SECTION 9. Amends Section 436.155(a), Government Code, to authorize a defense community in this state to borrow money from the state, including by direct loan, based on the credit of the defense community to finance a project included in the community's defense base military value enhancement statement.

SECTION 10. Amends Chapter 436, Government Code, by adding Subchapter E, as follows:

**SUBCHAPTER E. GRANTS**

Sec. 436.201. ELIGIBILITY FOR GRANT. (a) Provides that the following local governmental entities are eligible for a grant under this subchapter:

- (1) a municipality or county that is a defense community;
- (2) a regional planning commission that has a defense community within its boundaries;
- (3) a public junior college district that is wholly or partly located in a defense community;
- (4) a campus or education extension center of the Texas State Technical College System that is located in a defense community;
- (5) a defense base development authority created under Chapter 379B (Defense Base Development Authorities), Local Government Code; and

(6) a political subdivision that has the power of a defense base development authority created under Chapter 379B, Local Government Code.

(b) Authorizes an eligible local governmental entity to be awarded a grant if TMPC determines that the entity may be adversely or positively affected by an anticipated, planned, announced, or implemented action of the United States Department of Defense to close, reduce, increase, or otherwise realign defense worker jobs or facilities.

Sec. 436.202. GRANT CRITERIA. (a) Authorizes TMPC, from money appropriated for this purpose, to make a grant to an eligible local governmental entity to enable the entity to match money or meet an investment requirement necessary to receive federal assistance provided to the local governmental entity for responding to or recovering from an event described by Section 436.201(b); match the entity's contribution for a purpose described by Section 436.203 at a closed or realigned defense facility; or construct infrastructure and other projects necessary to accommodate a new or expanded military mission at a military base or to reduce the impact of an action of the United States Department of Defense that will negatively impact a defense facility located in or near the entity.

(b) Prohibits TMPC from making a grant for an amount less than \$50,000 or an amount more than the lesser of 50 percent of the amount of matching money or investment that the local governmental entity is required to provide, subject to Subsection (c); 50 percent of the local governmental entity's investment for purposes described by Section 436.203 if federal assistance is unavailable; or \$2 million.

(c) Authorizes TMPC, if the local governmental entity demonstrates to TMPC that, because of a limited budget, the entity lacks the resources necessary to provide 50 percent of the amount of matching money or investment that the entity is required to provide, to make a grant in an amount of not more than 80 percent of the amount of that matching money or investment requirement but is prohibited from making a grant in an amount that exceeds \$2 million.

(d) Authorizes TMPC to make a grant to an eligible local governmental entity without regard to the availability or acquisition of matching money.

Sec. 436.203. USE OF PROCEEDS. (a) Authorizes a local governmental entity to use the proceeds of a grant awarded under this subchapter for the purchase of property, including the purchase of property from the United States Department of Defense or its designated agent, new construction, rehabilitation or renovation of facilities or infrastructure, or purchase of capital equipment or facilities insurance.

(b) Authorizes the local governmental entity to deliver the money to a special district, development corporation, or other instrumentality of this state or the local governmental entity for use as provided by this chapter and other applicable law.

(c) Authorizes an eligible local governmental entity described by Section 436.201(a)(3) or (4) to use the proceeds of the grant to purchase or lease equipment to train defense workers whose jobs have been threatened or lost because of an event described by Section 436.201(b).

Sec. 436.204. APPLICATION FOR GRANT. (a) Authorizes a local governmental entity to apply for a grant under this subchapter to TMPC on a form prescribed by TMPC. Requires TMPC to establish periodic application cycles to enable the evaluation of groups of applicants.

(b) Authorizes the office to assist a local governmental entity in applying for a grant under this chapter.

**Sec. 436.205. PANEL: EVALUATION OF APPLICATION.** (a) Requires TMPC to establish a defense economic adjustment assistance panel composed of at least three and not more than five professional full-time employees of the Office of the Governor appointed by the director of TMPC.

(b) Requires the panel to evaluate each grant application and assign the applicant a score based on:

- (1) the significance of the adverse or positive effect within the local governmental entity, including the number of jobs that may be lost or gained in relation to the workforce in the local governmental entity's jurisdiction and the effect on the entity's and surrounding area's economy and tax revenue;
- (2) the extent to which the local governmental entity may have used its existing resources to promote local economic development;
- (3) the amount of any grant that the local governmental entity has previously received under this subchapter;
- (4) the anticipated number of jobs that may be created or retained in relation to the amount of the grant sought; and
- (5) the extent to which the grant will affect the region in which the local governmental entity is located.

**Sec. 436.206. MAKING OF GRANT.** Requires the panel to submit its scores to TMPC. Requires TMPC to use the scores to determine whether to make a grant to an applicant. Prohibits TMPC from making a grant unless the legislature has appropriated the money for the grant.

**Sec. 436.207. DEFENSE COMMUNITY WITH MORE THAN ONE MILITARY BASE.** Provides that, for purposes of the preference for adversely affected defense communities, a defense community that contains or is in proximity to more than one military base is considered an adversely affected defense community if the local governmental entity is applying for a grant under this subchapter for a project relating to the military base that is closed or whose operations are significantly reduced.

SECTION 11. Repealer: Section 436.151 (Definitions), Government Code.

SECTION 12. Repealer: Section 486 [sic], Government Code.

SECTION 13. Effective date: September 1, 2013.