

BILL ANALYSIS

Senate Research Center

H.B. 2761
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Veteran Affairs & Border Security
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Brooks City Base is a former Air Force Base in San Antonio that was closed as a result of the 1995 BRAC and then transitioned into the Brooks Development Authority (BDA), a public-private partnership created to redevelop the area after closure. The Air Force officially left in 2011, and the base is now the home of a STEM-focused charter school, Texas A&M University-San Antonio, a Mission Trail Baptist Hospital, and the University of the Incarnate Word's Osteopathic Medical School.

H.B. 2761 allows the Brooks Development Authority to set up limited liability corporations, also known as special purpose entities (SPE), as a vehicle for private investment in real estate projects. BDA would be able to move a single parcel of land (or a ground lease for the land) into an LLC and allow private investors to contribute equity funds to that project.

This action allows the defense base development authority to employ commonly used financing structures and partnership mechanisms to aid in the development of its real estate projects. Brooks City Base has requested this legislation to increase investment in the Brooks area as part of the continuing effort to develop the former base to, among other purposes, replace the economic activity that was lost as a result of the base closure. Property under a limited liability partnership will move on to the property tax rolls and tax will not be abated. H.B. 2761 applies to all such base development authorities, although no other entity is known to be pursuing LLCs.

H.B. 2761 as engrossed includes language to allow base development authorities to refinance existing bonds by specifically enumerating their bonding authorities. The committee substitute for H.B. 2761 includes only the LLC language.

H.B. 2761 amends current law relating to the powers and duties of a defense based development authority.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 379B.004(a), Local Government Code, as follows:

- (a) Authorizes a defense base development authority (authority) to exercise power necessary or convenient to carry out a purpose of this chapter (Defense Base Development Authorities), including the power to participate as a member or partner of a limited liability company or a limited liability partnership or other entity created for the purpose of financing projects that are designated as redevelopment projects pursuant to Section 379B.009 (Redevelopment Projects). Makes nonsubstantive changes.

SECTION 2. Amends Sections 379B.010(a) and (b), Local Government Code, as follows:

- (a) Authorizes an authority to issue bonds, if authorized by resolution by the authority's board of directors (board), for the purpose of financing or refinancing base property,

paying operating and maintenance expenses, funding capitalized interest on the bonds for the period of time determined by the board, making a deposit into a debt service reserve fund and other funds related to the bonds, and financing other purposes authorized by this chapter.

(b) Requires that a bond issued under this chapter, among certain other requirements, be payable solely from authority revenue and provides that it is authorized to be secured by a mortgage on base property.

SECTION 3. Effective date: September 1, 2017.