

## **BILL ANALYSIS**

Senate Research Center  
86R14176 AAF-D

S.B. 2131  
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As Filed

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

There are two economic development programs defense communities may utilize to assist in enhancing the military value of military facilities in their area.

First established in 1997, the Defense Economic Adjustment Assistance Grant Program has awarded nearly \$84 million worth of grants to various bases and defense communities and has recently recorded an imbalance between grants and available funds.

Since its establishment in 2003, the Texas Military Value Revolving Loan Fund has awarded \$49.6 million of its \$250 million appropriations between three loans and has received no applications since 2014. It has not been utilized within the last 10 years and as a result, nearly \$200 million of the initial appropriation is waiting to be used.

S.B. 2131 would amend the Government Code to the following points:

- It would allow the Texas Military Preparedness Commission to conduct telephonic meetings.
- It would add into the evaluation criteria for grant applicants whether or not they are eligible to receive a loan as well as the community's ability to repay such a loan.
- It would codify into statute the Texas Public Finance Authority's ability to issue revenue obligation bonds (commercial paper notes) that are not backed by the state.

Through these changes, it is the intent of S.B. 2131 to allow for greater access to the Texas Military Revolving Loan Fund, which could relieve some of the pressure being placed on the Defense Economic Adjustment Assistance Grant Program.

As proposed, S.B. 2131 amends current law relating to state assistance provided by the Texas Military Preparedness Commission to defense communities.

### **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 Sections 436.153(e) and (f), Government Code, as follows:

(e) Authorizes the Texas Military Preparedness Commission (TMPC) to request the Texas Public Finance Authority (TPFA) to issue obligations under Section 436.1581 to fund a certain loan if TMPC and TPFA determine that funding the loan in that manner is appropriate.

(f) Requires TMPC to administer the loans to ensure full repayment of the general obligation bonds or other obligations issued to finance the project.

SECTION 2. Amends Sections 436.1531(e) and (f), Government Code, as follows:

(e) Authorizes TMPC to request the authority to issue obligations under Section 436.1581 to fund the loan of financial assistance to a defense community for a certain economic development project if TMPC and TPFA determine that funding the loan in that manner is appropriate.

(f) Requires TMPC to administer the loans to ensure full repayment of the general obligation bonds or other obligations issued, rather than the general obligation bonds issued, to finance the project.

SECTION 3. Amends Sections 436.1532(e) and (f), Government Code, as follows:

(e) Authorizes TMPC to request the authority to issue obligations under Section 436.1581 to fund the loan of financial assistance to a defense community for an infrastructure project if the commission and TPFA determine that funding the loan in that manner is appropriate.

(f) Requires TMPC to administer the loans to ensure full repayment of the general obligation bonds or other obligations issued, rather than the general obligation bonds issued, to finance the project.

SECTION 4. Amends Section 436.154, Government Code, by adding Subsection (c), as follows:

(c) Authorizes TMPC, notwithstanding Section 436.054(b) (relating to TMPC being a governmental body for purposes of open meetings), to allow for members' participation in a meeting by telephone or other means of telecommunication or electronic communication to consider an application for a loan from the Texas military value revolving loan account established under Section 436.156 (Texas Military Value Revolving Loan Account). Requires any voting conducted by telephone or other means of telecommunication or electronic communication to be subject to the same quorum requirements of meetings where members are present in person.

SECTION 5. Amends Section 436.156(c), Government Code, as follows:

(c) Requires all loan payments made by a political subdivision to be used to reimburse the general revenue fund for money appropriated to pay the principal, premium if any, and interest on the bonds or other obligations issued under Section 436.158 (Issuance of General Obligation Bonds and Notes for Military Value Account) or 436.1581.

SECTION 6. Amends Subchapter D, Chapter 436, Government Code, by adding Section 436.1581, as follows:

Sec. 436.1581. ISSUANCE OF OBLIGATIONS TO PROVIDE FINANCIAL ASSISTANCE. (a) Authorizes TPFA to issue and sell obligations, including obligations in the form of commercial paper notes, to fund loans approved under Section 436.153 (Loans), 436.1531 (Loans for Communities Adversely Affected By Defense Base Reduction), or 436.1532 (Loans for Communities Positively Affected By Defense Base Restructuring) and to pay the costs of issuing and administering the obligations.

(b) Requires the proceeds of the obligations to be deposited into the Texas military value revolving loan account or, as applicable, the fund or account from which the costs of issuing and administering the obligations are to be paid.

(c) Requires the obligations, except as otherwise provided by this section, to be issued in accordance with and subject to the provisions of Chapter 1232 (Texas Public Finance Authority).

(d) Provides that an obligation issued under this section does not constitute an indebtedness or liability of this state within the meaning of the Texas Constitution or of any statutory limitation or a charge against the credit of this state or this state's taxing power.

(e) Requires the limitations provided by Subsection (d) to be stated plainly on the face of each obligation issued under this section.

SECTION 7. Amends Section 436.205(b), Government Code, as follows:

(b) Requires the defense economic adjustment assistance panel to evaluate each grant application and assign the applicant a score based on certain factors, including the eligibility of the local governmental entity to receive a loan for economic development purposes, including the entity's creditworthiness and ability to repay the loan. Makes nonsubstantive changes.

SECTION 8. Effective date: September 1, 2019.