

BILL ANALYSIS

Senate Research Center

S.B. 1295
By: Van de Putte
Subcommittee on Base Realignment and Closure
6-18-2003
Enrolled

DIGEST AND PURPOSE

The military represents a significant part of the Texas economy, accounting for more than \$49 billion in economic impact. The Office of Defense Affairs (ODA) is responsible for assisting defense communities to develop infrastructure to minimize the possibility of, or the negative effects of, a base closure. S.B. 1295 requires ODA, in coordination with the Texas Strategic Military Planning Commission, to assist defense communities in obtaining financing for economic development projects that seek to address future realignment or closure of a defense base that is in, adjacent to, or near the defense community. This bill also establishes the framework in which defense communities receive assistance from a state agency.

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 Chapter 481, Government Code, by adding Subchapter DD, as follows:

SUBCHAPTER DD. DEFENSE COMMUNITY ASSISTANCE

Sec. 480.501. DEFINITIONS. Defines “defense base,” “defense community,” and “office.”

Sec. 481.502. FINANCIAL ASSISTANCE. (a) Requires the Office of Defense Affairs (ODA), in coordination with the Texas Strategic Military Planning Commission (commission), to assist defense communities in obtaining financing for economic development projects that seek to address future realignment or closure of a defense base that is in, adjacent to, or near the defense community. Requires the ODA and the commission to refer the defense community to certain entities.

(b) Requires a state agency making a loan to a defense community under this section to evaluate the project and determine whether the project may be financed through the agency’s program. Provides that the state agency has sole discretion on whether to finance the project.

(c) Requires state agencies, in reviewing applications for financing from defense communities, to consider the ODA’s priority for the project. Requires ODA to maintain a record of each loan granted to a defense community that includes the amount of the loan, the agency making the loan, and a description of the project. Requires ODA to submit to the state agencies a priority list of economic development projects under this subsection that totals not more than \$150 million. Provides that this subsection expires December 31, 2006.

Sec. 481.503. MEMORANDUM OF UNDERSTANDING. (a) Requires ODA to enter into a memorandum of understanding with each state agency that has a program to fund economic development projects for defense communities. Requires the memorandum of understanding to include each agencies responsibilities in granting and administering a loan to a defense community.

SEC. 481.504. SECURITY FOR LOANS. Authorizes a state agency making a loan to the defense community for a project described in Section 481.502(a), in addition to any other security provided by law if a defense community defaults on a loan, to foreclose under a loan agreement in the manner provided by law for foreclosure and liquidate any collateral provided under the loan agreement to recover any outstanding debt.

SECTION 2. Effective date: upon passage or September 1, 2003.