

A BILL TO BE ENTITLED

AN ACT

relating to providing financial assistance to defense communities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 481, Government Code, is amended by adding Subchapter DD to read as follows:

SUBCHAPTER DD. DEFENSE COMMUNITY ASSISTANCE

Sec. 481.501. DEFINITIONS. In this subchapter:

(1) "Defense base" means a federally owned or operated military installation, facility, or mission that is functioning on June 1, 2003.

(2) "Defense community" means a political subdivision, including a municipality, county, defense base development authority, or special district, that is adjacent to, is near, or encompasses any part of a defense base.

(3) "Office" means the Office of Defense Affairs.

Sec. 481.502. FINANCIAL ASSISTANCE. (a) The office, in coordination with the Texas Strategic Military Planning Commission, shall assist defense communities in obtaining financing for economic development projects that will improve the function of a defense base that is in, adjacent to, or near the defense community. The office and the commission shall refer the defense community to:

(1) a local economic development corporation created under the Development Corporation Act of 1979 (Article 5190.6,

1 Vernon's Texas Civil Statutes) for possible financing; or

2 (2) an appropriate state agency that has an existing
3 program to provide financing for the project, including:

4 (A) the Texas Water Development Board; or

5 (B) the Texas Department of Transportation.

6 (b) A state agency making a loan to a defense community
7 under this section shall evaluate the project and determine whether
8 the project may be financed through the agency's program. The state
9 agency has sole discretion on whether to finance the project.

10 (c) In reviewing applications for financing from defense
11 communities, state agencies shall consider the office's priority
12 for the project. The office shall maintain a record of each loan
13 granted to a defense community that includes the amount of the loan,
14 the agency making the loan, and a description of the project. The
15 office shall submit to the state agencies a priority list of
16 economic development projects under this subsection that totals up
17 to \$150 million. This subsection expires December 31, 2006.

18 Sec. 481.503. MEMORANDUM OF UNDERSTANDING. The office
19 shall enter into a memorandum of understanding with each state
20 agency that has a program to fund economic development projects for
21 defense communities. The memorandum of understanding shall include
22 each agency's responsibilities in granting and administering a loan
23 to a defense community.

24 Sec. 481.504. SECURITY FOR LOANS. In addition to any other
25 security provided by law if a defense community defaults on a loan,
26 a state agency making a loan to the defense community for a project
27 described by Section 481.502(a) may foreclose under a loan

1 agreement in the manner provided by law for foreclosure and
2 liquidate any collateral provided under the loan agreement to
3 recover any outstanding debt.

4 Sec. 481.505. GIFTS AND GRANTS. The office may accept gifts
5 and grants from any source for the purposes of this subchapter.

6 SECTION 2. This Act takes effect immediately if it receives
7 a vote of two-thirds of all the members elected to each house, as
8 provided by Section 39, Article III, Texas Constitution. If this
9 Act does not receive the vote necessary for immediate effect, this
10 Act takes effect September 1, 2003.