

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 5, 2003

TO: Honorable Leticia Van de Putte, Chair, Senate Committee on Veteran Affairs & Military Installations

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB652 by Shapleigh (Relating to economic development, strategic planning, and other issues regarding military facilities, and the merger of certain state agencies with aerospace or military responsibilities; granting authority to issue bonds.), **As Introduced**

No significant fiscal implication to the State is anticipated.

Fiscal Analysis

The bill would amend the Government Code, renaming the Texas Strategic Military Planning Commission to the Texas Defense, Aviation, and Space Commission within the Office of the Governor. The bill would change the Texas Aerospace Commission from an agency of the state to an advisory committee to the Governor. The Office of Defense Affairs and the Texas Strategic Military Planning Commission would be abolished and their powers, duties, and funding transferred to the new commission. The new commission would advise the governor and the legislature on military issues, homeland security, commercial and private aviation, space-related research and operations, and economic and industrial development related to or impacted by these areas.

The bill would require each state agency to include in its strategic plan an analysis of the agency's expected expenditures relating to federally owned or operated military installations, or communities where a federally operated or owned military installation was located.

The bill would amend the Natural Resources Code to allow a municipality that acquires land as a result of a military base realignment or closing to enter into an agreement with the Veterans Land Board to develop all or a part of the land. The bill would allow the board to contract with one or more private persons to build single-family housing for veterans who purchase the land from the Veterans Land Board.

The bill would authorize the commissioner of the Public Utilities Commission to sell or convey natural gas generated from royalties taken in kind directly to a public retail customer regardless of whether the public retail customer was also classified as a wholesale customer under other provisions of this title.

The Legislative Budget Board would be required to resolve any disputes about the transfer of personnel, unobligated appropriations, property, contracts, leases, rights, and other obligations to the Texas Defense, Aviation, and Space Commission.

The bill establishes rules and procedures for the state and local governments necessary to carry out the provisions of the bill.

The bill would take effect immediately upon enactment if it receives a two-thirds vote in both houses. Otherwise, it would take effect September 1, 2003.

Methodology

All of the agencies affected by the bill indicated that the administrative provisions of the bill would not result in a significant fiscal impact.

The bill would authorize the Texas Public Finance Authority to issue and sell general obligation bonds of the state for the purpose of providing money to establish the Texas Military Preparedness Revolving Loan Account. The proceeds of bonds issued under this section are to be deposited into the General Revenue-Dedicated Texas military preparedness revolving loan account for the sole purpose of providing loans to political subdivisions for projects that will enhance the military value of a military facility located in or adjacent to the political subdivision. The bonds are designed to be self-supporting through the loan payments made by political subdivisions.

The bill would create a dedicated account in the General Revenue Fund. The fund included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

Costs to local governmental entities to implement the bill would depend on each entity's participation.

The bill would allow the commission to provide loans or financial assistance for military enhancement projects. Gifts and grants made for specific purposes would also be available. Local governments that choose to participate would be eligible to receive a loan for only half of a project's proposed costs. The City of Corpus Christi reported that under these provisions, the availability of loans, gifts, and grants would reduce by 50 percent the cost of any program they submitted to the commission for approval.

The bill would require municipalities to inspect buildings on contiguous military installations for building code violations and submit a report to the commission on the review. Bell County reported that it would be extremely difficult to complete this task with respect to the nearest base (Ft. Hood) because of the large number of structures.

The bill would require defense communities that apply for assistance from the commission prepare a defense base military value enhancement statement and allow a defense community to request financial assistance to prepare a comprehensive defense installation and community strategic impact plan. Communities that prepared impact plans would be encouraged to prepare planning manuals based on the impact plans. Bell County reported that these studies would potentially be so complex and costly as to preclude the objectives of the plans.

The bill provides for local government development of former military land. Local governments would incur costs in creating a development plan for the land to submit to the commission.

Local entities that provide discounted electric services to military bases would be allowed to recover the costs from retail and wholesale customers. Development and implementation of the incentive program described in Section 27 would result in no significant fiscal impact.

Bexar, Bowie, Comal, and Coryell counties reported that the provisions of the bill would have no significant fiscal implications on their budgets. The city of Corpus Christi and Val Verde County reported that the bill could have a positive fiscal effect on their budgets, but were unable to estimate revenues or savings. El Paso County reported that the bill could have a positive effect, as it could impact local taxes, job, retail sales and property values, but could not place a dollar amount on the effect.

Source Agencies: 116 Sunset Advisory Commission, 301 Office Of The Governor, 302 Office Of The Attorney General, 303 Building And Procurement Commission, 304 Comptroller Of Public Accounts, 305 General Land Office And Veterans' Land Board, 313 Department Of Information Resources, 332 Department Of Housing And Community Affairs, 344 Commission On Human Rights, 347 Public Finance Authority, 352 Bond Review Board, 354 Texas Aerospace Commission, 356 Texas Ethics Commission, 360 State Office Of Administrative Hearings, 403 Veterans Commission, 473 Public Utility Commission Of Texas, 580 Water Development Board, 582 Commission On Environmental Quality, 592 Soil And Water Conservation Board, 601 Department Of Transportation

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