

BILL ANALYSIS

Senate Research Center
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S.B. 1295
By: Van de Putte
Subcommittee on Base Realignment and Closure
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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. However, the current revolving loan program is unfunded. As proposed, S.B. 1295 establishes a loan program to provide financial assistance for economic development projects in defense communities, and sets forth the criteria those projects are required to meet. This bill also creates a defense community assistance revolving loan account and the structure for accepting gifts and grants to be deposited therein. S.B. 1295 also authorizes the issuance of general obligation bonds to fund the defense community assistance revolving loan account.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Office of Defense Affairs in SECTION 1 (Section 489.002, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 4F, Government Code, by adding Chapter 489, as follows:

CHAPTER 489. DEFENSE COMMUNITY ASSISTANCE LOANS

Sec. 489.001. DEFINITIONS. Defines “defense base,” “defense community,” and “office.”

Sec. 489.002. LOAN PROGRAM. (a) Requires the Office of Defense Affairs (ODA) to administer a revolving loan program to assist defense communities in developing economic development projects to maintain military bases located in the community and to minimize the possibility of, or the negative effects of, defense base reduction on the community. Authorizes ODA to provide a financial assistance loan to a defense community for economic development projects that meet certain criteria.

(b) Requires ODA to establish criteria and procedures, by rule, for evaluating applications for loans under the program.

(c) Requires ODA to establish categories of economic development projects for which a defense community may apply for a loan, by rule.

Sec. 489.003. REVOLVING LOAN ACCOUNT. (a) Provides that the defense community assistance revolving loan account is an account in the general revenue fund.

(b) Authorizes the account to be used only for loans made under this chapter.

Sec. 489.004. GIFTS AND GRANTS. Authorizes ODA to accept gifts or grants from any source for the purposes of this chapter and requires ODA to deposit those gifts or grants to the credit of the defense community assistance revolving loan account.

Sec. 489.005. ISSUANCE OF GENERAL OBLIGATION BONDS FOR DEFENSE COMMUNITY ASSISTANCE REVOLVING LOAN ACCOUNT. (a) Requires the Texas Public Finance Authority (TPFA) to issue and sell general obligation bonds of the state as authorized by the Texas Constitution for the purpose of providing money to establish the defense community assistance revolving loan account. Authorizes TPFA to issue the bonds in one or several installments.

(b) Requires proceeds of the bonds issued under this section to be deposited in the defense community assistance revolving loan account.

SECTION 2. Provides that this Act takes effect only if the constitutional amendment proposed by the 78th Texas Legislature, Regular Session, 2003, authorizing the issuance of general obligation bonds for economic development projects that benefit defense communities is approved by the voters. Provides that if that amendment is not approved by the voters, this Act has no effect.