

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 seek to address future realignment or closure 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 not  
17 more than \$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           SECTION 2. This Act takes effect immediately if it receives  
5 a vote of two-thirds of all the members elected to each house, as  
6 provided by Section 39, Article III, Texas Constitution. If this  
7 Act does not receive the vote necessary for immediate effect, this  
8 Act takes effect September 1, 2003.

Raid Newkum  
President of the Senate

Jim Cusick  
Speaker of the House

I hereby certify that S.B. No. 1295 passed the Senate on May 8, 2003, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 29, 2003, by the following vote: Yeas 31, Nays 0.

Patay Saw  
Secretary of the Senate

I hereby certify that S.B. No. 1295 passed the House, with amendment, on May 25, 2003, by the following vote: Yeas 117, Nays 0, two present not voting.

Robert Haney  
Chief Clerk of the House

Approved:

18 JUN '03

Date

Rick Perry  
Governor

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
8:30 PM O'CLOCK

June Shea  
Secretary of State