

BILL ANALYSIS

Senate Research Center

C.S.S.B. 227
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Veterans Affairs
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Committee Report (Substituted)

DIGEST

Currently, defense-dependent communities are facing a challenge in funding capital development projects on closed or realigning military installations. Federal assistance is available to defense-dependent communities through the Department of Defense Office of Economic Adjustment and U.S. Commerce Economic Development Administration (EDA) grants.

EDA grants typically require a matching percentage of the grant to be provided by the local government of the defense-dependent community. Therefore, a state matching pool that provides grants and low-interest loans could be used to fund certain development projects in defense-dependent communities and attract federal grants. S.B. 227 provides assistance to local areas adversely affected by a reduction in defense-related activity.

PURPOSE

As proposed, C.S.S.B. 227 provides assistance to local areas adversely affected by a reduction in defense-related activity.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the Texas Department of Commerce in SECTION 1 (Sec. 486.002(c), Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 4F, Government Code, by adding Chapter 486, as follows:

CHAPTER 486. ASSISTANCE FOR LOCAL AREA AFFECTED BY DEFENSE REDUCTION

Sec. 486.001. DEFINITIONS. Defines "defense worker," "defense worker job," "department," and "panel."

Sec. 486.002. GENERAL POWERS AND DUTIES. Requires the Texas Department of Commerce (department) to administer and monitor the implementation of this chapter and establish criteria and procedures for evaluations and awarding grants. Requires the department to award grants equitably based on evaluations so as not to disproportionately favor one adversely affected defense-dependent community over another. Authorizes the department to use an amount equal to not more than two percent of the total amount of grants authorized during each biennium to administer this chapter and other law relating to readjustment of defense-dependent communities. Requires the department to adopt rules necessary to carry out the purposes of this chapter.

Sec. 486.003. ELIGIBILITY FOR GRANT. Provides the eligibility qualifications for a grant for a local governmental entity. Provides that a municipality or county is an adversely affected defense-dependent community if the department determines the municipality or county requires assistance for certain reasons or is expected to experience a direct loss of a certain number or percentage of jobs within a specific period of time.

Sec. 486.004. GRANT CRITERIA. Authorizes the department to make a grant to an

eligible local government entity to allow the entity to meet a matching money or investment requirement in order to receive from the United States assistance that is provided to allow the local government entity to respond to or recover from an event described by Section 486.003(b)(1). Provides that a grant may be made to an eligible local government entity to match the entity's contribution for a purpose described in Section 486.005 on a closed or realigned defense facility. Prohibits the grant from being less than \$50,000 or more than a certain amount. Prohibits the grant from being more than 80 percent of the amount of the matching money or investment that the local government entity is required to provide under certain conditions, but is prohibited from being more than \$2 million.

Sec. 486.005. USE OF PROCEEDS. Authorizes the local governmental entity to use the proceeds of the grant for specific purposes. Authorizes the local governmental entity to deliver the money to certain instrumentalities of the state or local governmental entity for use as provided by this chapter and other applicable law.

Sec. 468.006. DEFENSE ECONOMIC ADJUSTMENT ASSISTANCE PANEL. Requires the department to establish a defense economic adjustment assistance panel (panel) within the department. Provides that the panel is to consist of a certain number of full-time employees to be appointed by the executive director of the department.

Sec. 486.007. APPLICATION FOR GRANT. Authorizes a local governmental entity to apply for a grant under this chapter to the department on a department-prescribed form. Requires the department to establish periodic application cycles to enable the panel and department to evaluate groups of applicants in relation to each other.

Sec. 486.008. EVALUATION OF APPLICATION. Requires the panel to evaluate each application and assign the applicant a score based on certain criteria.

Sec. 486.009. MAKING OF GRANT. Requires the panel to submit its scores to the department's governing body, which is required to use the scores to determine whether to make a grant to an applicant. Prohibits the governing body from making a grant unless the legislature has appropriated the money for the grant.

SECTION 2. Emergency clause.

Effective date: upon passage.

SUMMARY OF COMMITTEE CHANGES

Amends SECTION 1, Section 486.001, Government Code, to amend the definition of "defense worker."

Amends SECTION 1, Sections 486.002(b) and (c), Government Code, to add requirements for the department with regard to equitable distribution of grants and authorizes the department to use a specific amount of money to administer this chapter and other law relating to readjustment of defense-dependent communities.

Amends SECTION 1, Section 486.003(b)(2), Government Code, to provide a new period of time in which the municipality or county, in order to qualify for adversely affected defense-dependent community status, is expected to experience a direct loss of a certain amount or percentage of jobs. Amends Subdivision (A) to provide that the jobs are located in an urbanized area of a metropolitan statistical area, rather than a metropolitan statistical area. Amends Subdivision (B) to make a conforming change.

Amends SECTION 1, Section 486.004, Government Code, by creating Subsections (a) and (b) from existing text and by adding Subsection (c), to authorize the grant to be a certain percentage of the amount of matching money or investment that the local government entity is required to provide under certain conditions.