

BILL ANALYSIS

Senate Research Center

S.B. 318
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Veteran Affairs & Military Installations
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Defense Economic Adjustment Assistance Grant Program (DEAAG) is a job creation grant program designed to assist defense communities that are responding to or recovering from a reduction or termination of defense contracts. The program was later expanded to assist defense communities that have been positively affected with new or expanded military missions as well as qualified job retention.

DEAAG funding is available to local municipalities, counties, defense base development authority, junior college districts and Texas State Technical College campuses, and regional planning commissions representing these communities. DEAAG funding is available to meet matching requirements for federal funding. Funding for negatively affected communities can be used for the purchase of United States Department of Defense property, new construction, or rehabilitation of facilities in support of job-creating projects and opportunities. Funding for positively affected communities can be used for infrastructure projects directly supporting the new military mission. Additionally, funds can be awarded to public junior colleges or Texas State Technical College System for the purchase or lease of capital equipment for the purpose of (re)training displaced defense workers.

Base realignment and closure (BRAC) readiness is important to every defense town and city. According to a study by the Southwest Defense Commission, the effects of sequestration could cost Texas more than 111,000 jobs and \$6 billion in economic output through 2017. Since 1997, 40 grants totaling \$32 million have been awarded through the DEAAG Program. The grants can be used to improve the rating of our bases, making them less susceptible to a future BRAC and protecting the thousands of jobs that the bases provide. Cities that are negatively affected by BRACs and sequestration will have to otherwise borrow money to fund the types of projects that DEAAG can produce. Many defense cities and towns are built in support of their military installation. DEAAG grants ease the resulting burden that BRACs and sequestration places on them. S.B. 318 increases the grant cap from \$2 million to \$5 million to better position military communities to fund the appropriate and necessary projects to avoid closure and provide economic security.

S.B. 318 amends current law relating to the amount the Texas Military Preparedness Commission may grant to local governmental entities for certain purposes.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 436.202(a), (b), and (c), Government Code, as follows:

(a) Authorizes the Texas Military Preparedness Commission (commission), from money appropriated for this purpose, to make a grant to an eligible local governmental entity to:

(1) Makes no change to this subdivision;

(2) Makes a nonsubstantive change;

(3) construct infrastructure and other projects necessary to accommodate a new, expanded, or retained military mission at a military base or to reduce the impact of an action of the United States Department of Defense that will negatively impact a defense facility located in or near the entity; or

(4) construct infrastructure and other projects necessary to prevent the reduction or closing of a defense facility.

(b) Prohibits the commission from making a grant for an amount less than \$50,000 or an amount more than the lesser of certain amounts, including \$5 million, rather than \$2 million.

(c) Makes a conforming change to change a reference to \$2 million to \$5 million.

SECTION 2. Amends Section 436.203(c), Government Code, to authorize an eligible local governmental entity described by Section 436.201(a)(3) (providing that a public junior college district that is wholly or partly located in a defense community is eligible for a grant under this subchapter), (4) (providing that a campus or education extension center of the Texas State Technical College System that is located in a defense community is eligible for a grant under this subchapter), or (5) (providing that a certain defense base development authority is eligible for a grant under this subchapter) to use the proceeds of the grant to purchase or lease equipment to train defense workers whose jobs have been threatened or lost because of an event described by Section 436.201(b) (providing that an eligible local governmental entity may be awarded a grant if the commission determines that the entity may be adversely or positively affected by an anticipated, planned, announced, or implemented action of the United States Department of Defense to close, reduce, increase, or otherwise realign defense worker jobs or facilities) or to train workers to support the mission at military installations or defense facilities.

SECTION 3. Effective date: upon passage or September 1, 2015.