

BILL ANALYSIS

Senate Research Center

S.J.R. 65
By: Hinojosa
Veteran Affairs & Military Installations
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, the 15 military installations in Texas have an annual economic impact of roughly \$150 billion per year and employ more than 255,000 uniformed and civilian employees according to the comptroller of public accounts of the State of Texas. When defense-related contractors that work closely with our existing military installations are factored in, the overall workforce grows to over 485,000 Texas jobs. In short, the Texas military and defense sector is one of the largest economic drivers in the State of Texas.

Created by the 78th Legislature and signed into law by Governor Rick Perry, the Texas Military Value Revolving Loan Fund, or the "Revolving Loan Fund" as it has become known, is designed to:

- Assist defense communities in enhancing the military value of a military facility in their area;
- Provide financial assistance to defense communities for job creating economic development projects that minimize the negative effects of a defense base realignment or closure decision that occurred in 2005 or later; and
- Provide financial assistance to defense communities for an infrastructure project to accommodate new or expanded military missions resulting from a base realignment and closure decision that occurred in 2005 or later.

In 2003 voters approved the constitutional amendment that authorized the State of Texas to issue up to \$250 million in general obligations bonds to fund the Texas Military Value Revolving Loan Fund. To date the program has been seldom used for a variety of reasons, including the ability of local governments to secure individual loans on terms similar to those offered by the State of Texas. Specifically, in the 12 years since voter approval only two communities have utilized the state loan program.

Base realignment and closure (BRAC) readiness is important to the State of Texas as well as every defense community across the state. 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. Texas cities and counties have traditionally provided the majority of the financial assistance provided to support Texas military installations. The State of Texas has fallen significantly behind other states that compete for military installations and missions. Allowing voters to approve granting funding from previously authorized bonding authority would provide a powerful tool to help protect and possibly expand our vitally important Texas military installations.

S.J.R. 65 proposes to allow voters to approve the use of the previously authorized bonding authority of \$250 million to be utilized by the Texas Military Preparedness Commission to offer grant funding in addition to the existing loan programs to local governmental entities for the express purpose assisting local communities with protecting or expanding Texas military installations.

S.J.R. 65 proposes a constitutional amendment relating to the use of bonds and notes in the military value revolving loan account.

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 Section 49-n(a), Article III, Texas Constitution, as proposed by S.J.R. 55, 78th Legislature, Regular Session, 2003, as follows:

(a) Authorizes the legislature by general law to authorize one or more state agencies to issue general obligation bonds or notes of the State of Texas in an aggregate amount not to exceed \$250 million and enter into related credit agreements. Requires that the proceeds from the sale of the bonds and notes be deposited in the Texas military value revolving loan and grant account, rather than revolving loan account, in the state treasury or its successor account to be used by one or more state agencies designated by the legislature by general law without further appropriation to provide loans and grants, rather than loans, for economic development projects that benefit defense-related communities, as defined by the legislature by general law, including projects that enhance the military value of military installations located in the state. Authorizes the legislature also to provide by general law or appropriation for repayment of any debt incurred by bonds or notes issued under the authority of this subsection after December 31, 2015.

SECTION 2. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 3, 2015. Sets forth the required language of the ballot.