

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 1210

SPONSOR: Commerce and Economic Opportunities Committee and Senator Kirkpatrick

SUBJECT: Space Industry

DATE: April 19, 2000 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Joseph</u>	<u>Maclure</u>	<u>CM</u>	<u>Favorable/CS</u>
2.	_____	_____	<u>FP</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

This committee substitute:

- revises the membership of the Florida Space Research Institute (institute), to add a representative from the Florida Space Business Roundtable, and to add two representatives from the academic community;
- directs the state Workforce Development Board to partner with the institute for the establishment of a Space Industry Workforce Initiative to develop innovative programs to address the diverse workforce needs of the space industry;
- redirects sales taxes from the Kennedy Space Center Visitor Complex to the institute for the Florida Space-Industry Research-Development Program to finance space industry research, and other support projects and programs; and
- expands responsibilities of the institute to include: partnering with the state Workforce Development Board to meet the space industry's training needs; co-managing the Space Experiment Research and Processing Laboratory; fostering the participation of the space industry in the International Space Station; and partnering with the National Aeronautics and Space Administration (NASA) on research projects in specified fields and on the use of computer technology to conduct experiments in a virtual environment.

This committee substitute amends the following sections of the Florida Statutes: 212.20 and 331.368; and creates section 331.3685, Florida Statutes.

Part II of ch. 331, F.S., ss. 331.301 through 331.360, known as the “Spaceport Florida Authority Act” (act), created the Spaceport Florida Authority (SFA), which has been in existence since 1989. The purpose of the act is to provide a unified direction for space-related economic growth and educational development, to ensure a stable and dynamic economic climate, to attract and maintain space-related businesses suitable to the state, and to further the coordination and development of Florida’s economy. To that end, the SFA works through the direction of its board of supervisors, with the federal government, private industry, and Florida’s universities to develop and expand spaceport facilities, space launch capacity, spaceport projects, and complementary activities. The SFA also works with public and private universities and community colleges in the state to increase their involvement in space-related research and education.

Florida Space Research Institute

In 1999, the Legislature created the Florida Space Research Institute (institute), (s. 331.368, F.S.) as an industry-driven center for research, leveraging the state’s resources in a collaborative effort to support Florida’s space industry and its transition to commercialization. The institute functions as the academic center for space-related research and development and invites the participation of public and private universities, including, but not limited to, the University of Florida, Florida State University, the University of Central Florida, the Florida Institute of Technology, and the University of Miami, who serve as partners in the institute. The statute directs the board of the institute to select a lead university to serve as coordinator of research and as the institute’s administrative entity. The institute’s board of directors is composed of three “core members” from the Spaceport Florida Authority (SFA), Enterprise Florida, Inc. (EFI), and the Florida Aviation Aerospace Alliance (FAAA). These three members, together with the board’s chair, comprise the institute’s “executive committee.” The board also includes four industry members selected by the core membership of the board.

At its first meeting the institute’s board decided to establish the institute as a not-for-profit educational corporation and decided to defer the selection of a “lead university” until broader academic priorities are established. By December 1 of each year, the institute submits a report of its activities and accomplishments for the prior fiscal year to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

Sales and Use Tax

Unless specifically exempt, Florida imposes a sales and use tax that applies to receipts from the sale, storage, and use of tangible personal property and services pursuant to ch. 212, F.S. Sales transactions to political subdivisions are generally exempt (s. 212.08(6), F.S.).

Section 212.08(5)(b), F.S., provides that industrial machinery and equipment purchased for exclusive use by a new business in spaceport activities are exempt from sales tax. A similar exemption is provided for such machinery and equipment purchased for use in expanding facilities which are engaged in spaceport activities.

Section 212.20, F.S., provides for the disposition of tax funds collected to be credited to the General Revenue Fund except for several reallocations, for example -- proceeds from the

convention development taxes are reallocated to the Convention Development Tax Clearing Trust Fund.

Workforce Development Board

The state Workforce Development Board operates as a separately incorporated division of Enterprise Florida, Inc., and is given the purpose “to design and implement strategies that help Floridians enter, remain in, and advance in the workplace, becoming more highly skilled and successful, benefiting these Floridians, Florida businesses, and the entire state.” (s. 288.9952, F.S.) The Workforce Development Board is governed by a 25-voting member board of directors whose membership must be consistent with the federal Workforce Investment Act and contain three representatives of organized labor. The state board charters and monitors 24 regional workforce development boards that coordinate local workforce development activities and designate training service providers. (See ss. 288.9951 and 288.9953, F.S.)

Trust Funds

In 1992, the electors of the State of Florida voted to adopt s. 19 of Art. III of the State Constitution, which relates to the state budgeting, planning, and appropriations processes and which, among other requirements, applies restrictions on the creation of new trust funds, the continuation of existing trust funds, and the duration of all trust funds not specifically exempted from that duration restriction.

Section 19(f)(1) of Art. III of the State Constitution, specifies that a trust fund may only be created in a separate bill, which must be limited to that purpose only and must pass by a three-fifths vote of the membership of each house of the Legislature. Section 215.3207, F.S., establishes criteria, based on the constitutional requirements, for the contents of a bill creating a trust fund, including that such legislation specify at least the following:

- (1) The name of the trust fund;
- (2) The agency or branch of state government responsible for administering the trust fund;
- (3) The requirements or purposes that the trust fund is established to meet; and
- (4) The sources of moneys to be credited to the trust fund or specific sources of receipts to be deposited in the trust fund.

Section 19(f)(2) of Art. III of the State Constitution, requires that each trust fund in existence before the effective date of that provision (November 4, 1992) shall terminate not more than four years after that effective date. It also requires that subsequently created trust funds shall terminate not more than four years after the effective date of the act authorizing the creation of the trust fund. Section 19(f)(3) of Art. III of the State Constitution, provides that certain trust funds are exempt from the termination requirements of s. 19(f)(2) of Article III of the State Constitution.

Existing Economic Development Trust Funds

Currently several existing trust funds are utilized to support economic development, international trade, and tourism activities, such as:

- Economic Development Trust Fund, s. 288.095, F.S., used to support the activities of the Office of Tourism, Trade, and Economic Development;
- Florida International Trade and Promotion Trust Fund, s. 288.826, F.S., used for the operation of Enterprise Florida, Inc., and for the operation of the foreign offices under s. 288.012, F.S.;
- Florida Investment Incentive Trust Fund within the Executive Office of the Governor, s. 288.711, F.S., used for investments or loans to encourage the development of financial mechanisms in the private sector to capitalize and assist in the development of black business enterprises;
- Economic Development Transportation Trust Fund (or Road Fund) s. 288.063, F.S., within the Executive Office of the Governor, used to fund activities related to transportation; and
- Tourism Promotional Trust Fund, s. 288.122, F.S., used to promote tourism in Florida through the activities of the Florida Commission on Tourism.

III. Effect of Proposed Changes:

Section 1 amends s. 331.368, F.S., to revise the membership of the Florida Space Research Institute (institute) board, to add a representative from the Space Business Roundtable, and to add one representative from a community college and one representative from a public or private university. The committee substitute requires the members of the board to annually select one of the members to serve as chair, who shall be responsible for convening and leading meetings of the board. The committee substitute expands the responsibilities of the institute's lead university to include:

- assisting the institute's development of a statewide space research agenda; and
- developing a report by December 15, 2000, recommending ways that the state's public and private universities can work in partnership to support the state's space-industry requirements.

The committee substitute also expands the responsibilities of the institute to include:

- establishing a partnership with the state Workforce Development Board under which the institute coordinates the workforce training requirements identified by the space industry;
- co-managing, with the National Aeronautics and Space Administration (NASA), the operation of a Space Experiment Research and Processing Laboratory. The institute, under the direction of the lead university, can coordinate access for public and private universities to the laboratory and coordinate access by NASA to off-site resources of these universities;
- pursuing partnerships with NASA to coordinate and conduct research in fields including, but not limited to, environmental monitoring; agriculture; aquatics; resource reutilization technologies for long-duration space missions; and spaceport technologies such as next-generation launches and range systems; and
- pursuing partnerships with NASA and the John F. Kennedy Space Center for the conduct of space-related research using computer technology to connect experts in a given field of science who are in disparate locations and to perform research experiments in a real-time, virtual environment.

Section 2 creates the Space Industry Workforce Initiative (initiative). The committee substitute states the intention of the Legislature to support programs designed to address the workforce development needs of the space industry in the state by directing the Workforce Development Board of Enterprise Florida, Inc. (EFI), to coordinate development of the initiative in partnership with the Florida Space Research Institute (institute) and the institute's consortium of public and private universities, community colleges, and other training providers approved by the board. The purpose of the initiative is to use or revise existing programs and to develop innovative new programs to address the workforce needs of the space industry. The initiative is to emphasize:

- curricula content and time frames developed with industry participation and endorsed by the industry;
- programs that certify training completers as meeting industry-approved standards or competencies;
- use of distance-learning and computer-based training modules as appropriate and feasible;
- industry solicitation of public and private universities to develop continuing education programs at the master's degree and doctoral levels;
- agreements with the National Aeronautics and Space Administration (NASA) to replicate on a national level successful training programs developed through the initiative; and
- leveraging of state and federal workforce funds.

This committee substitute directs the Workforce Development Board of EFI to provide recommendations for policies, programs, and funding to enhance the workforce needs of the space industry and, with the assistance of the institute, to convene representatives from the space industry to identify the priority training and education needs of the industry.

Section 3 creates s. 331.3685, F.S., to establish the Florida Space-Industry Research-Development Program within the Florida Space Research Institute (institute) to finance space industry research and other support projects and programs that will improve the statewide development of space-related economic and academic opportunities. This committee substitute allows the program to be funded by state taxes collected at the Kennedy Space Center Visitor Complex to be distributed to the institute for the purposes of the program. The funds are to be distributed quarterly by the Department of Revenue to the institute. The institute is to place the funds in a segregated account, and the account and its activity shall be subject to an annual audit, with unobligated funds reverting to the General Revenue Fund. The Office of Tourism, Trade, and Economic Development (OTTED) shall execute a contract with the institute governing the distribution of funds and shall prescribe guidelines and procedures governing the use of, and accountability for, such funds.

Section 4 amends s. 212.20, F.S., to allow proceeds from state taxes collected at the Kennedy Space Center Visitor Complex to be distributed quarterly by the Department of Revenue to the institute through OTTED.

Section 5 states that this act shall take effect July 1, 2000.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

Section 3 of this committee substitute specifies that the institute place “funds in a segregated account.” This terminology might require the creation of a trust fund.

Section 19(f)(1) of Art. III of the State Constitution, specifies that a trust fund may only be created in a separate bill, which must be limited to that purpose only and must pass by a three-fifths vote of the membership of each house of the Legislature. (See discussion of trust funds in the “present situation” section of this analysis.)

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

See “Government Sector Impact” below.

B. Private Sector Impact:

None.

C. Government Sector Impact:

This committee substitute redirects sales taxes from the Kennedy Space Center Visitor Complex that would have been deposited into the General Revenue Fund, to the Florida Space-Industry Research-Development Program. Current sales tax revenues from the visitor complex are approximately \$2.8 million per year, which covers sales tax for admissions, tourist souvenirs, bus tours, IMAX theater admissions, events, and food/beverage sales.

VI. Technical Deficiencies:

On page 8, line 25, the committee substitute references s. 331.365, F.S., in describing the proposed uses of sales tax proceeds from the Kennedy Space Center Visitor Complex. This statutory section does not currently exist. It appears that the correct reference should be s. 331.3685, F.S., which is the new statutory section created by the committee substitute for the Florida Space-Industry Research-Development Program.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
