

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: CS/SB 1084

SPONSOR: Military and Veterans' Affairs, Base Protection, and Spaceports and Senator Fasano

SUBJECT: Space-related growth and development

DATE: March 25, 2003

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Vickers</u>	<u>Krasovsky</u>	<u>MS</u>	<u>Favorable/CS</u>
2.	<u> </u>	<u> </u>	<u>CM</u>	<u> </u>
3.	<u> </u>	<u> </u>	<u>ED</u>	<u> </u>
4.	<u> </u>	<u> </u>	<u>ATD</u>	<u> </u>
5.	<u> </u>	<u> </u>	<u>AP</u>	<u> </u>
6.	<u> </u>	<u> </u>	<u>RC</u>	<u> </u>

I. Summary:

This CS revises a number of provisions relating to space-related economic development entities, including the Florida Space Authority, the Florida Commercial Space Finance Corporation, and the Florida Space Research Institute. The CS provides greater statutory specificity regarding the structure and operation of these organizations. The CS also contains a number of provisions that are technical, clarifying, or conforming to current practice.

The CS substantially amends the following sections of the Florida Statutes: 288.075; 331.303; 331.308; 331.367; 331.368; 331.401; 331.403; 331.405; 331.407; 331.409; and 331.411.

II. Present Situation:

Florida is recognized as one of the premier locations in the world for space-related business. Each year this important industry contributes almost \$5 billion to the state's economy. In recognition of the importance of the space industry, the State of Florida has established a number of entities to support and enhance space-related economic development activities.

Florida Space Authority

The Florida Space Authority (FSA) was created as a state government space agency in 1989 to retain, expand, and diversify the state's space-related industry. Chapter 331, F.S., gives FSA governmental powers similar to other types of transportation authorities (airport, seaport, etc.) to support and regulate the state's space transportation industry. With regard to spaceport development and operations, FSA is broadly empowered to own, operate, construct, finance, acquire, extend, equip, and improve the following types of space-related infrastructure: launch pads, landing areas, ranges, space flight hardware, payloads, payload assembly buildings,

payload processing facilities, laboratories, and space business incubators. In addition to these specific types of infrastructure, FSA is empowered to support facilities and equipment for the construction of payloads, space flight hardware, rockets and other launch vehicles, and other spaceport facilities and related systems (utility infrastructure, fire and police services, mosquito control, etc.).

The Authority is administered by a seven-member, Governor-appointed board of supervisors. The Lieutenant Governor, who is designated as the state's space policy leader, serves as chair of the board of supervisors. There are also two ex officio nonvoting members on the board, one of whom is a state senator selected by the President of the Senate and one of whom is a state representative selected by the Speaker of the House of Representatives. The Authority's executive director reports to the board and provides day-to-day management of the agency. Functionally, FSA reports to the Governor through the Office of Tourism, Trade, and Economic Development (OTTED). As the state's space agency, FSA provides overall space policy advice to the Governor, Florida's congressional delegation, the Legislature, and other state-level elected officials.

As part of FSA, the Spaceport Management Council (council) provides coordination and recommendations on projects and activities that will increase the operability and capabilities of Florida's space launch facilities, increase statewide space-related industry and opportunities, and promote space education and research within the state. The council develops integrated facility and programmatic development plans to address commercial, state, and federal requirements and to identify appropriate private, state, and federal resources to implement these plans. The council consists of an executive board and a Space Industry Committee. The following individuals (or their designees) serve on the executive board: the executive director of the Florida Space Authority, the director of the John F. Kennedy Space Center, the Commander of the United States Air Force 45th Space Wing, the Commander of the Naval Ordnance Test Unit, the Secretary of Transportation, the president of Enterprise Florida, Inc., (as an ex officio nonvoting member), and the director of OTTED (as an ex officio nonvoting member). The Space Industry Committee is composed of representatives of Florida's space industry.

Florida Space Research Institute

In 1999, the Legislature created the Florida Space Research Institute (FSRI) to promote collaboration among the state's academic institutions, industry, and federal agencies to support statewide aerospace-oriented economic and academic development. Pursuant to s. 331.368, F.S., FSRI is to serve as a statewide center for space research, leveraging academic and economic development resources with those of industry, NASA and the military to expand and diversify Florida's space-related enterprise.

FSRI supports the coordination of Florida's K-20 academic resources with the state's space-related economic development strategy and priorities. In addition, FSRI develops and pursues opportunities for Florida's public and private universities to support NASA, military, and commercial space technology programs. FSRI also combines State and NASA funding to sponsor statewide space research/education grants that support Florida's space diversification priorities. Finally, FSRI promotes space as a stimulus for statewide K-20 science, math, and technology education.

FSRI operates as a public/private partnership under the direction of a board of directors. Currently, the board is composed of 16 members. Florida law requires that the board include a majority of private-sector members (the board currently includes 10) and two members from academia, including one university and one community college. The board also includes four "core members" from organizations including the Florida Space Authority, Enterprise Florida, Inc., the Florida Aviation Aerospace Alliance, and the Florida Space Business Roundtable. The director of NASA's Kennedy Space Center holds an advisory, non-voting seat on the board.

Florida Commercial Space Financing Corporation

In 1999, the Legislature made substantial changes to statutes governing the state's involvement in promoting commercial space flight. Among other things, ch. 99-256, L.O.F., (codified at part III, ch. 331, F.S.) created the Florida Commercial Space Financing Corporation (corporation), a not-for-profit corporation established to expand employment and income opportunities for residents of this state by providing businesses domiciled in this state with information, technical assistance, and financial assistance to support space-related transactions, in order to increase the development within the state of commercial aerospace products, activities, services, and facilities. Specifically, s. 331.407, F.S., authorizes the corporation to:

- coordinate efforts with the United States Air Force, the National Aeronautics and Space Administration (NASA), the Export-Import Bank, the International Trade Administration of the United States Department of Commerce, the Foreign Credit Insurance Association, Enterprise Florida, Inc., and other public and private programs and organizations, domestic and foreign;
- establish contacts among public and private organizations in industry, both foreign and domestic, which provide information, technical assistance, and financial support to the aerospace industry;
- compile and disseminate information on financing opportunities and techniques of financing in the aerospace industry;
- organize and participate in seminars regarding aerospace financing;
- insure, coinsure, lend, guarantee loans, and originate for sale direct space-related loans;
- capitalize, underwrite, and secure funding for aerospace infrastructure, satellites, launch vehicles, and any service which supports aerospace launches;
- construct, lease, or sell aerospace infrastructure, satellites, launch vehicles, and related services and activities;
- acquire and dispose of property; and
- make and exercise any and all contracts necessary to exercise its powers.

The corporation's governing board consists of seven voting members and two non-voting members. Voting members include a representative appointed by each of the following entities: the board of supervisors of Florida Space Authority, the board of directors of the Florida Export Finance Corporation, the director of OTTED, the board of directors of Enterprise Florida, Inc., and the Secretary of the Department of Transportation. The Governor appoints two additional voting members. Non-voting members include a member of the Senate selected by the President

of the Senate and a member of the House of Representatives selected by the Speaker of the House of Representatives.

III. **Effect of Proposed Changes:**

Florida Space Authority - Section 331.308, F.S., currently provides that the Lieutenant Governor serves as chair of the board of supervisors of the Florida Space Authority. According to FSA representatives, there are a number of administrative and fiscal issues that rise to the level where board review and approval are appropriate, but do not warrant the attention of the Lieutenant Governor. The CS amends this section to authorize the board of supervisors to elect a chair to preside in the absence of the Lieutenant Governor and to perform other duties as may be required. The Lieutenant Governor would continue to preside over meetings of the board and cast the deciding vote if the votes of the eight regular members result in a tie.

Florida Space Research Institute - The CS amends s. 331.368, F.S., to revise several provisions relating to FSRI. The CS implements a schedule to rotate industry and academic members on the FSRI board of directors. Under this provision, private-sector representatives would serve 3-year terms, and academic members would serve 2-year terms. This same section is amended to provide that the board may select additional ex-officio, nonvoting members to serve on the board. In addition, the CS clarifies that FSRI board members are volunteers and are subject to all protections afforded to volunteers of state agencies under s. 768.1355, F.S.

The CS provides that contracts and grants issued by FSRI to state agencies, including state universities and colleges, are subject to s. 216.346, F.S. Section 216.346, F.S., stipulates that in contracts between state agencies, the agency receiving the contract or grant moneys shall charge no more than 5 percent of the total cost of the contract or grant for overhead or indirect costs.

The CS also clarifies FSRI's operational responsibilities by providing specific authorization to engage in certain activities. For example, the CS provides that FSRI is authorized to:

- appoint a person to serve as executive director;
- acquire and dispose of property;
- execute contracts;
- establish rules and procedures governing the administrative and financial operations;
- administer grants, contracts, and fees from other organizations; and
- work in partnership with other economic development and educational organizations.

Florida Commercial Space Finance Corporation – The CS amends s. 331.401, F.S., to change the name of the corporation to the “Florida Aerospace Finance Corporation”. According to representatives of the corporation, this change will eliminate confusion surrounding its mission and enable the corporation to service aviation-related projects. Similarly, the CS amends s. 331.405, F.S., provide a definition for the term “aerospace”.

The CS amends s. 331.407, F.S., to incorporate legislative intent language providing that the corporation is not an agency for purposes of ss. 216.011, and 287.012, F.S. Section 216.011, F.S., establishes planning and budgeting provisions that are applicable to state agencies. Section 287.012, F.S., establishes procurement requirements that are applicable to state agencies. The

corporation maintains that this provision is warranted in view of its status as a not-for-profit corporation.

Finally, the CS implements technical and conforming changes throughout ch. 331, F.S.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.