

By the Committee on Commerce and Consumer Services; and  
Senators Sebesta and Saunders

577-2103-05

1 A bill to be entitled  
2 An act relating to aerospace; creating s.  
3 196.1999, F.S.; providing for an exemption from  
4 ad valorem taxes for certain space  
5 laboratories; providing for the exemption to  
6 apply retroactively to January 1, 2005;  
7 repealing s. 196.1994, F.S., which expired  
8 effective July 1, 2004, and which provided an  
9 exemption from ad valorem taxes for certain  
10 space laboratories; creating ss. 331.501,  
11 331.502, 331.503, 331.504, 331.505, 331.506,  
12 and 331.507, F.S.; providing a popular name;  
13 creating the Florida Aerospace Infrastructure  
14 Act; providing legislative findings and intent;  
15 providing definitions; creating the Florida  
16 Aerospace Infrastructure Investment Program  
17 within the Florida Aerospace Finance  
18 Corporation; providing purposes; providing for  
19 funding the program; requiring the corporation  
20 to administer the program; providing  
21 requirements; providing the corporation with  
22 investment authorizations, criteria,  
23 requirements, and limitations; creating the  
24 Independent Investment Committee within the  
25 corporation; providing purposes of the  
26 committee; providing for appointment of  
27 committee members and criteria; providing for  
28 terms; requiring members to serve without  
29 compensation; providing for per diem and travel  
30 expenses; providing committee responsibilities;  
31 specifying tax-exempt status of the

1 corporation; exempting the corporation from all  
2 state and local taxes; providing an exception;  
3 requiring the corporation to prepare and submit  
4 annual reports; providing for severability;  
5 providing an appropriation; providing effective  
6 dates.

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8 Be It Enacted by the Legislature of the State of Florida:

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10 Section 1. Effective upon this act becoming a law and  
11 applying retroactively to January 1, 2005, section 196.1999,  
12 Florida Statutes, is created to read:

13 196.1999 Space laboratories and carriers  
14 exemption.--Notwithstanding other provisions of this chapter,  
15 a module, pallet, rack, locker, and any necessary associated  
16 hardware and subsystem, owned by any person and intended to be  
17 used to transport or store cargo used for a space laboratory  
18 for the primary purpose of conducting scientific research in  
19 space, is deemed to carry out a scientific purpose and is  
20 exempt from ad valorem taxation.

21 Section 2. Section 196.1994, Florida Statutes, is  
22 repealed.

23 Section 3. Sections 331.501, 331.502, 331.503,  
24 331.504, 331.505, 331.506, and 331.507, Florida Statutes, are  
25 created to read:

26 331.501 Florida Aerospace Infrastructure Act; popular  
27 name.--Sections 331.501-331.507 may be cited as the "Florida  
28 Aerospace Infrastructure Act."

29 331.502 Legislative findings and intent.--The  
30 Legislature finds that there is a critical need for capital  
31 assistance to aerospace business expansion and economic

1 development opportunities in this state, as well as enhancing  
2 the financing of needed new aerospace infrastructure in this  
3 state. The aerospace industry in this state could be assisted  
4 by a program established to invest in projects proposed by  
5 state and private sector entities which provide a clear  
6 economic benefit to the state and which support the growth of  
7 the employment and technology base of the aerospace industry  
8 in this state. It is the intention of the Legislature to  
9 provide much-needed funding to support the growth of the  
10 aerospace industry and related high technology industry in  
11 this state.

12 331.503 Definitions.--For the purposes of ss.  
13 331.501-331.507, the term:

14 (1) "Aerospace industry" means the industry concerned  
15 with the design and manufacture of aircraft, rockets,  
16 missiles, spacecraft, satellites, space vehicles, space  
17 stations, or space facilities, or components thereof, and  
18 equipment, systems, facilities, simulators, programs, and  
19 activities related thereto.

20 (2) "Board" means the governing board of the Florida  
21 Aerospace Finance Corporation.

22 (3) "Committee" means the Independent Investment  
23 Committee created in s. 331.505 to provide investment  
24 recommendations to the corporation for implementation.

25 (4) "Corporation" means the Florida Aerospace Finance  
26 Corporation created by s. 331.407.

27 (5) "Dealer" means an entity conducting business at a  
28 fixed location at the Kennedy Space Center or the Cape  
29 Canaveral Air Force Station that sells admissions to  
30 attractions or tours at such facility pursuant to a contract  
31

1 or subcontract with the National Aeronautics and Space  
2 Administration.

3 (6) "Program" means the Florida Aerospace  
4 Infrastructure Program created in s. 331.504.

5 331.504 Florida Aerospace Infrastructure Program.--

6 (1) The Florida Aerospace Infrastructure Program is  
7 created within the Florida Aerospace Finance Corporation to  
8 finance needed industry expansion and infrastructure projects  
9 that may be proposed by the state's space partnerships, the  
10 aerospace industry, or the sponsor of any aerospace-related  
11 economic development or technology investment activity  
12 involving aerospace business expansion and job retention. The  
13 program shall support the growth of the aerospace industry and  
14 related high-technology industries in this state.

15 (2) Grants from the Florida Aerospace Infrastructure  
16 Investment Trust Fund, if established by law, shall be used to  
17 fund the program. The Department of Revenue shall transfer  
18 from the General Revenue Fund to the Florida Aerospace  
19 Infrastructure Investment Fund those sales taxes on tangible  
20 personal property, admissions, tours, and leases or licenses  
21 of real property generated by dealers conducting business at  
22 the Kennedy Space Center and the Cape Canaveral Air Force  
23 Station pursuant to ss. 212.04(1)(a), 212.05, and  
24 212.031(1)(a). Each dealer shall file a return each month with  
25 the Department of Revenue with segregated tax information  
26 regarding taxes collected on sales, admissions, tours, leases,  
27 and licenses. The Department of Revenue shall be subject to  
28 the same confidentiality provisions as are applicable to  
29 returns and information filed with it, pursuant to s. 213.053.

30 (3) The corporation shall administer the program with  
31 recommendations from the committee, subject to adequate due

1 diligence and adherence to investment policies and procedures  
2 of the corporation.

3 (4) The corporation shall ensure that:

4 (a) Investment recommendations are implemented in  
5 accordance with the board's policies and procedures.

6 (b) An investment reserve account for future  
7 investment requirements is established to receive deposits  
8 from the Office of Tourism, Trade, and Economic Development.

9 (c) The portfolio of the fund is monitored and a  
10 quarterly report is provided to the committee, the  
11 corporation, Enterprise Florida, Inc., and the Office of  
12 Tourism, Trade, and Economic Development.

13 (5)(a) The corporation may provide direct loans, loan  
14 guarantees, direct grants for advancement of intellectual  
15 property, and other investment participation as necessary to  
16 ensure success of total financings undertaken.

17 (b) Investment proposals may not be made for operating  
18 expenses for any state activity, but shall be directed to the  
19 development of aerospace infrastructure, technology, and  
20 intellectual property that advances the capabilities of the  
21 aerospace industry in this state.

22 (c) The corporation shall seek co-investors in any  
23 investment transaction the corporation makes, ensuring that  
24 the corporation is not the sole investor in the transaction.  
25 The corporation may waive this provision if investment  
26 circumstances warrant such waiver.

27 (d) The corporation shall not commit more than 20  
28 percent of the funds in the investment pool to any single  
29 investment.

30 (e) The corporation shall endeavor to leverage the  
31 investment pool through use of loan guarantee capabilities of

1 the Small Business Administration and other state and federal  
2 guarantee sources.

3 (f) The corporation shall be reimbursed for reasonable  
4 costs of investment and fund administration, including legal,  
5 accounting, and other costs necessary to carry out its  
6 responsibilities in conducting due diligence and which are not  
7 otherwise reimbursed by the companies seeking or receiving  
8 investment, as well as those administrative costs incurred by  
9 the corporation in providing administrative services to the  
10 committee.

11 (g) The corporation may not pledge or represent that  
12 the corporation is authorized to pledge the full faith and  
13 credit of the state.

14 (h) The corporation shall adopt policies and  
15 procedures necessary to carry out its responsibilities under  
16 ss. 331.501-331.507, particularly with respect to the fund's  
17 responsibilities in direct lending, loan support, or direct  
18 grant or capital investment for projects approved for support  
19 by the fund. These policies shall be adopted prior to the  
20 expenditure of funds from grants for the program by the Office  
21 of Tourism, Trade, and Economic Development.

22 (i) The corporation shall develop an application and  
23 review process for investment proposals submitted for  
24 consideration by the committee.

25 (j) The corporation shall ensure that the program is  
26 open to aerospace entities that are domiciled in this state or  
27 are establishing facilities and infrastructure in the state  
28 resulting in employment and economic benefit to this state.

29 331.505 Independent Investment Committee.--

30 (1) The Independent Investment Committee is created  
31 within the Florida Aerospace Finance Corporation.

1           (2) The purpose of the committee is to receive  
2 proposals from any of this state's space partnerships,  
3 entities involved in economic development activities, or  
4 Florida-based aerospace corporations to finance projects  
5 through the program, as well as to recommend criteria for  
6 investment proposals to be submitted to the committee,  
7 recommend evaluation criteria for the committee, and review  
8 and recommend investments to be made through the program by  
9 the corporation.

10           (3)(a) The committee shall consist of five voting  
11 members as follows:

12           1. One representative or designee appointed by each of  
13 the following:

14           a. The board of supervisors of the Florida Space  
15 Authority.

16           b. The board of directors of Enterprise Florida, Inc.

17           c. The board of directors of the Florida Aerospace  
18 Finance Corporation.

19           2. Two representatives of the aerospace industry  
20 appointed by the other three entities represented on the  
21 committee.

22           (b) Each voting member shall serve a 3-year term and,  
23 except for the initial terms, which shall begin upon  
24 appointment and terminate on June 30, 2008, shall begin on  
25 July 1. Members appointed pursuant to subparagraph (a)1. shall  
26 serve at the pleasure of the appointing authority. Members  
27 appointed pursuant to subparagraph (a)2. shall serve at the  
28 pleasure of the Governor. Initial appointments shall be made  
29 no later than 60 days after July 1, 2005.

30           (c) Persons appointed pursuant to paragraph (a), if  
31 employed full time by any entity that applies for financial

1 support, must disclose their related interest and recuse  
2 themselves from voting on that project.

3 (d) All members must be residents of the state.

4 (e) All members must have an investment, banking, or  
5 aerospace industry background.

6 (f) Committee members shall serve without compensation  
7 but are entitled to reimbursement for travel and per diem  
8 expenses in accordance with policies and procedures  
9 established by the corporation's board and s. 112.061 for  
10 necessary expenses in the performance of their duties,  
11 including attending board meetings and conducting board  
12 business.

13 (4) The committee shall:

14 (a) Review and recommend investments in projects  
15 proposed by state space partnerships, economic development  
16 organizations, and private sector entities which have a clear  
17 economic benefit to the state and which support growth of its  
18 aerospace industry employment and technology base as well as  
19 enhancing aerospace infrastructure projects in this state.

20 (b) Review progress information reports resulting from  
21 projects approved for support by the corporation.

22 (c) Recommend and assist the corporation in reviewing,  
23 drafting, and executing any contracts or other instruments  
24 necessary for the corporation to exercise its powers.

25 (d) Recommend policies and procedures with respect to  
26 setting criteria for investment proposals to be submitted to  
27 the fund, evaluation criteria for the fund, monitoring  
28 requirements, and investment and approval guidelines for all  
29 investments to be made through the program.

30 (e) Ensure that each proposed project is judged on the  
31 merit of the project, its perceived need, and the investment



1 return, benefit, or overall value to the aerospace industry  
2 capability in this state.

3 (f) Assess, as part of its recommendation process,  
4 whether investment returns or value and capital preservation  
5 objectives exist for each recommended investment.

6 (g) Review whether appropriate investment and  
7 retention of the program's capital base or other benefits are  
8 realized through the investments of the program, except in the  
9 case of a grant or equity investment, which shall be made  
10 based on value received by the program.

11 331.506 Florida Aerospace Finance Corporation;  
12 tax-exempt status.--The Florida Aerospace Finance Corporation,  
13 as created by s. 331.407, is granted tax-exempt status. The  
14 corporation is not required to pay taxes on any project or  
15 other property owned by the corporation or upon any resulting  
16 income. All notes, mortgages, security agreements, letters of  
17 credit, or other instruments that arise out of or are given to  
18 secure the payment of debt issued in conjunction with a  
19 project financed under the corporation's authority are also  
20 free from taxation by the state or any other local unit,  
21 political subdivision, or instrumentality of the state. The  
22 tax exemption granted is not applicable to taxes imposed on  
23 interest, income, or profits on debt obligations owned by the  
24 corporation.

25 331.507 Annual report.--By September 30 of each year,  
26 the corporation shall submit to the Governor, the President of  
27 the Senate, the Speaker of the House of Representatives, the  
28 Senate Minority Leader, and the House Minority Leader a  
29 complete and detailed report in accordance with s. 331.419 and  
30 setting forth:

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1           (1) An evaluation of its activities and  
2 recommendations for change.

3           (2) The program's impact on the participation of  
4 private banks and other private organizations and individuals  
5 in the corporation's financing programs, and other economic  
6 and social benefits to businesses in this state.

7           (3) The program's assets and liabilities at the end of  
8 its most recent fiscal year.

9           Section 4. If any provision of this act or its  
10 application to any person or circumstance is held invalid, the  
11 invalidity does not affect other provisions or applications of  
12 this act which can be given effect without the invalid  
13 provision or application, and, to this end, the provisions of  
14 this act are declared severable.

15           Section 5. The sum of \$4.1 million is appropriated  
16 from the Florida Aerospace Infrastructure Trust Fund to fund  
17 the Florida Aerospace Infrastructure Program.

18           Section 6. Except as otherwise expressly provided in  
19 this act and except for this section, which shall take effect  
20 upon becoming a law, this act shall take effect July 1, 2005.  
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1                   STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN  
2                                   COMMITTEE SUBSTITUTE FOR  
3   Senate Bill 1938  
4 The committee substitute differs from the bill in that it:  
5 - Clarifies that the ad valorem tax exemption applies to  
6 storage components used to transport or store cargo used  
7 for a space laboratory, which is used for scientific  
8 purposes;  
9 - Creates the Florida Aerospace Infrastructure Investment  
10 Program, rather than the Florida Aerospace Infrastructure  
11 Investment Fund, to be funded by the Florida Aerospace  
12 Infrastructure Investment Trust Fund, which is created in  
13 CS/SB 2078;  
14 - Specifies that the Department of Revenue must transfer  
15 from General Revenue sales tax on tangible personal  
16 property, admissions, tours, leases or license of real  
17 property, generated by dealers at Kennedy Space Center  
18 and Cape Canaveral Air Force Station, to the trust fund;  
19 - Requires each dealer to file a monthly return with DOR  
20 with segregated tax information;  
21 - Removes the requirement that the corporation and OPPAGA  
22 develop goals and objectives to provide the Governor and  
23 the Legislature with a quantitative evaluation of the  
24 program;  
25 - Provides a severability clause; and  
26 - Provides an appropriation of \$4.1 million from the trust  
27 fund to the program.  
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