

By Senator Saunders

37-1504-05

1 A bill to be entitled
2 An act relating to aerospace; creating s.
3 196.1999, F.S.; providing an exemption from ad
4 valorem taxes for certain space laboratories;
5 repealing s. 196.1994, F.S., which expired
6 effective July 1, 2004, and which provided an
7 exemption from ad valorem taxes for certain
8 space laboratories; providing for
9 retroactivity; creating s. 331.501, F.S.;
10 creating the Florida Aerospace Infrastructure
11 Act; providing a short title; creating s.
12 331.502, F.S.; providing legislative findings
13 and intent; creating s. 331.503, F.S.;
14 providing definitions; creating s. 331.504,
15 F.S.; providing administration for the Florida
16 Aerospace Infrastructure Investment Trust Fund;
17 creating s. 331.505, F.S.; creating an
18 Independent Investment Committee, providing
19 purpose, powers, limitations, and membership;
20 establishing investment criteria for the fund;
21 creating s. 331.506, F.S.; providing tax-exempt
22 status; creating s. 331.507, F.S.; requiring
23 reports and audits; providing an effective
24 date.

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

28 Section 1. Section 196.1999, Florida Statutes, is
29 created to read:

30 196.1999 Space laboratories and carriers
31 exemption.--Notwithstanding other provisions of this chapter,

1 modules, pallets, racks, lockers, and their necessary
2 associated hardware and subsystems intended for use as
3 laboratories launched into space aboard a private or
4 government-developed launch vehicle for the primary purpose of
5 conducting scientific research in space or as cargo carriers
6 launched into space aboard a private or government-developed
7 launch vehicle for the primary purpose of transporting or
8 storing cargo are considered to carry out a scientific purpose
9 and are exempt from ad valorem taxation.

10 Section 2. Section 196.1994, Florida Statutes, is
11 repealed.

12 Section 3. Part IV of chapter 331, Florida Statutes,
13 consisting of sections 331.501, 331.502, 331.503, 331.504,
14 331.505, 331.506, and 331.507, Florida Statutes, is created to
15 read:

16 PART IV

17 FLORIDA AEROSPACE INFRASTRUCTURE

18 331.501 Short title.--This part may be cited as the
19 "Florida Aerospace Infrastructure Act."

20 331.502 Legislative findings and intent.--

21 (1) The Legislature finds that there is a critical
22 need for capital assistance to aerospace business expansion
23 and economic development opportunities and to enhance the
24 financing of needed new aerospace infrastructure. The state's
25 aerospace industry can be assisted by a fund established to
26 invest in projects proposed by state and private sector
27 entities which provide a clear economic benefit to the state
28 and which support the growth of the aerospace industry
29 employment and technology base.

1 (2) It is the intent of the Legislature to provide
2 funding to support the growth of the aerospace industry and
3 related high technology industry in this state.

4 331.503 Definitions.--As used in this part, the term:

5 (1) "Administrator" means the Florida Aerospace
6 Finance Corporation.

7 (2) "Aerospace" means the industry concerned with the
8 design and manufacture of aircraft, rockets, missiles,
9 spacecraft, satellites, space vehicles, space stations, space
10 facilities, or components thereof, and equipment, systems,
11 facilities, simulators, programs, and activities related
12 thereto.

13 (3) "Board" means the governing board of the Florida
14 Aerospace Finance Corporation.

15 (4) "Committee" means the Independent Investment
16 Committee that provides investment recommendations to the
17 corporation for implementation.

18 (5) "Corporation" means the Florida Aerospace Finance
19 Corporation created by s. 331.407.

20 (6) "Dealer" means an entity that conducts business at
21 a fixed location at the Kennedy Space Center or the Cape
22 Canaveral Air Force Station and sells admissions to
23 attractions or tours at those facilities pursuant to a
24 contract or subcontract with the National Aeronautics and
25 Space Administration.

26 (7) "Fund" means the Florida Aerospace Infrastructure
27 Investment Fund.

28 (8) "Independent Investment Committee" means a
29 committee established by the Legislature to review proposals
30 submitted to the fund for investment consideration.

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1 (9) "Committee Member" means an individual appointed
2 to be a member of the independent investment committee.

3 331.504 Florida Aerospace Infrastructure Investment
4 Fund; creation and purpose; administration.--

5 (1) The Florida Aerospace Infrastructure Fund is
6 created within the Florida Aerospace Finance Corporation to
7 finance industry expansion and infrastructure projects,
8 proposed by the space partnerships, members of the industry,
9 or the sponsor of any aerospace-related economic development
10 or technology investment activity involving aerospace business
11 expansion and job retention in this state. The fund will
12 support the growth of the aerospace and related high
13 technology industry in this state.

14 (2) The corporation will administer the fund and
15 ensure that:

16 (a) The investment recommendations of the committee
17 are implemented and executed, subject to the board's policies
18 and procedures and satisfactory due diligence;

19 (b) An investment reserve account for future
20 investment requirements is established to receive deposits
21 from the Department of Revenue;

22 (c) The post-investment portfolio of the fund is
23 monitored and a quarterly report is provided to the committee,
24 the corporation, Enterprise Florida, Inc., and the Office of
25 Tourism, Trade, and Economic Development.

26 (3) The following rules apply to the use of the
27 proceeds of the fund:

28 (a) The corporation may provide direct loans, loan
29 guarantees, direct grants for the advancement of intellectual
30 property, and other investment participation necessary to
31 ensure success of total financings undertaken by the fund, but

1 will invest with value or capital preservation and investment
2 return objectives in each transaction;

3 (b) Proceeds from the fund may not be used for
4 operational purposes for any state activity, but will be
5 directed to the development of aerospace infrastructure,
6 technology, and intellectual property that advances the
7 capabilities of the aerospace industry in this state;

8 (c) The corporation, on behalf of the fund, shall seek
9 coinvestors in any investment transaction it makes, so that
10 the fund is not the sole investor. The administrator may waive
11 this provision if investment circumstances warrant such
12 waiver.

13 (d) The corporation shall generally seek investments
14 in which it commits no more than 20 percent of the fund's
15 investment pool in a single investment;

16 (e) The fund shall endeavor to leverage its investment
17 pool through the use of the loan guarantee capability of the
18 Small Business Administration, USDA, and other state or
19 federal guarantee sources.

20 (f) The corporation will provide payment of reasonable
21 costs of investment and fund administration, including legal,
22 accounting and due-diligence costs that are not otherwise
23 reimbursed, as well as administrative costs it incurs in
24 providing administrative services to the committee.

25 (g) The corporation may not pledge or represent the
26 full faith and credit of this state.

27 331.505 Independent Investment Committee.--

28 (1) There is created within the Florida Aerospace
29 Finance Corporation for administrative purposes only, the
30 Independent Investment Committee.

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1 (2) The committee shall receive proposals from any
2 space partnerships, economic development activities or
3 aerospace corporations based in this state, shall set criteria
4 for investment proposals to be submitted to the committee,
5 shall establish evaluation criteria for the committee, and
6 shall review and recommend investments to be made from the
7 fund by the corporation, to provide capital assistance to
8 aerospace business expansion and economic development
9 opportunities in this state, and enhance the financing of
10 needed new aerospace infrastructure.

11 (3) The Independent Investment Committee shall consist
12 of a maximum of 5 voting members as follows:

13 (a) One representative appointed by each of the
14 following:

15 1. The board of supervisors of the Florida Space
16 Authority;

17 2. The board of directors of Enterprise Florida, Inc.;
18 and

19 3. The board of directors of the Florida Aerospace
20 Finance Corporation.

21 (b) Two representatives of the aerospace industry
22 appointed by the Governor.

23 (4)(a) Each voting member shall serve a 3-year term,
24 beginning on July 1. Members appointed pursuant to paragraph
25 (3)(a) shall serve at the pleasure of the appointing
26 authority. Members appointed pursuant to paragraph (3)(b)
27 shall serve at the pleasure of the Governor. Initial
28 appointments shall be made no later than September 1, 2005.

29 (b) A person appointed pursuant to paragraph (3)(a),
30 if employed full time by an entity that applies for financial
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1 support, must recuse himself or herself from voting on any
2 related project.

3 (c) Members must be residents of the state.

4 (d) Members must have an investment, banking, or
5 industry background.

6 (e) Members shall serve without compensation but may
7 be reimbursed for travel or per diem expenses in accordance
8 with s. 112.061, for necessary expenses incurred in the
9 performance of their duties, including attending board
10 meetings and conducting board business.

11 (f) The corporation, working with the board and the
12 committee, shall:

13 1. Prior to the expenditure of moneys from the fund,
14 adopt rules, and policies necessary to carry out its
15 responsibilities under this part, particularly with respect to
16 the fund's responsibilities in direct lending, loan support,
17 direct grant, or capital investment for projects approved for
18 support by the fund.

19 2. Hold regularly scheduled meetings, at least
20 quarterly, to carry out the objectives and responsibilities of
21 the fund.

22 3. Develop a streamlined application and review
23 process for investment proposals submitted for consideration
24 by the committee.

25 (5) The committee may:

26 (a) Review and recommend investments in projects
27 proposed by state and private sector entities which have a
28 clear economic benefit to the state, which support growth of
29 aerospace industry employment and technology, and, which
30 enhance aerospace infrastructure projects in this state;
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1 (b) Provide investment monitoring of direct lending,
2 loan support, direct grants for the advancement of
3 intellectual property, or capital investment for projects
4 approved for support by the committee;

5 (c) Assemble, publish, and disseminate information on
6 financing opportunities and techniques of financing aerospace
7 projects, programs, and activities through the fund; and

8 (d) Recommend and assist the corporation to enter into
9 and exercise contracts or other instruments necessary or
10 convenient to the exercise of its powers.

11 (6) The committee shall:

12 (a) Jointly with the board, on behalf of the fund,
13 adopt rules that establish criteria for investment proposals
14 to be submitted to the fund, establish evaluation criteria for
15 the fund, and set review, investment, and approval guidelines
16 for investments made from the fund.

17 (b) Ensure that fund investments are open to aerospace
18 entities that are domiciled in this state or that place
19 aerospace-related infrastructure and related employment in
20 this state.

21 (c) Ensure that each proposed project is judged on its
22 merit, its perceived need, and its investment return, benefit
23 or value to the overall aerospace industry capability in this
24 state.

25 (d) Ensure that fund investments adhere to the
26 policies and investment guidelines established by the
27 committee and the corporation.

28 (e) Ensure that investment returns or value and
29 capital preservation objectives exist for each investment
30 implemented.

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1 (f) Ensure that appropriate investment and retention
2 of the fund's capital base or other benefits are realized
3 through it's investments, except for a grant or equity
4 investment, which shall be made based on value received by the
5 fund.

6 (g) Ensure that the investment liability associated
7 with any transaction performed pursuant to this section is
8 fixed or limited by the investment policies established by the
9 committee and the corporation.

10 331.506 Florida Aerospace Finance Corporation;
11 tax-exempt status.--

12 (1) The Florida Aerospace Finance Corporation, created
13 by s. 331.407, is granted tax-exempt status. The corporation
14 is not required to pay taxes on any project or other property
15 it owns nor upon any resulting income. All notes, mortgages,
16 security agreements, letters of credit, or other instruments
17 that arise out of, or are given to secure the payment of debt
18 issued in conjunction with a project financed under the
19 corporation's authority are also free from taxation by the
20 state, or any other local unit, political subdivision, or
21 instrumentality of this state. The tax exemption granted is
22 not applicable to taxes imposed on interest, income, or
23 profits on debt obligations owned by the corporation.

24 331.507 Reports and audits.--

25 (1) By December 31 of each year, the corporation shall
26 submit to the Governor, the President of the Senate, the
27 Speaker of the House of Representatives, the Senate Minority
28 Leader, and the House Minority Leader a complete and detailed
29 report setting forth:

30 (a) An evaluation of its activities and
31 recommendations for change.

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

5 (c) The fund's assets and liabilities at the end of
6 its most recent fiscal year.

7 (2) By July 1, 2006, the corporation, in cooperation
8 with the Office of Program Policy Analysis and Government
9 Accountability, shall develop goals and measurable objectives
10 for the fund, which provide the Legislature with a
11 quantitative evaluation of the committee. The corporation
12 shall utilize the monitoring mechanisms and reports developed
13 and provide these reports to the Governor, the President of
14 the Senate, the Speaker of the House of Representatives, and
15 the Office of Program Policy Analysis and Government
16 Accountability.

17 Section 4. This act shall take effect July 1, 2005,
18 except that sections 1 and 2 shall apply retroactively to
19 January 1, 2005.

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22 SENATE SUMMARY

23 Restates an exemption from ad valorem taxes for certain
24 space laboratories. Creates the Florida Aerospace
25 Infrastructure Act. Establishes a mechanism to provide
26 funding for aerospace investment in this state. (See bill
27 for details.)
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