

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Space Florida's Mission

In 2006, the legislature created Space Florida within Chapter 331, Florida Statutes, as the successor organization to the Florida Space Authority, the Florida Space Research Institute and the Florida Aerospace Finance Corporation. Space Florida is responsible for promoting the development of a sustainable aerospace industry, space infrastructure, and educational opportunities for people interested in working in the space and aerospace industry. Commercial space flight is an important part of Space Florida's vision for space and aerospace operations for Florida's future. Space Florida's 2010 Spaceport Master Plan details the current commercial space flight landscape in the state. "Over the past ten years about 32% of all successful commercial orbital launches in the world occurred within the US. In the same time only 37% of all successful orbital commercial launches from the US occurred in Florida."¹ Space Florida believes the state is uniquely positioned to become a more dominant player in the commercial space industry.

Space Florida's latest strategic master plan is titled "Vision 2020." It lays out Space Florida's overall strategic plan to position Florida as the world's leader in space activity.² "Vision 2020" is an extensive document that thoroughly describes Space Florida's plan for space in the state. The following goals are a small portion of the document and do not reflect every facet of Space Florida's plan:

- Increasing space activity in the state three-fold before 2020
- Capturing key initiatives and markets during the next decade to position Florida as a powerhouse in the global aerospace market
- Leading active partnerships to foster bold economic development activities to expand domestic and international aerospace activities
- Supporting workforce talent development
- Growing core aerospace capabilities to manufacture, assemble, provide and launch aeronautical instruments, rockets, spacecraft and satellite communications equipment and services

¹ Space Florida 2010 Spaceport Master Plan. Found at: <http://www.spaceflorida.gov/docs/Space%20Florida%20-%20Spaceport%20Master%20Plan%202010.pdf> (last visited 1/28/2010)

² Space Florida Strategic Master Plan. Vision 2020. <http://www.spaceflorida.gov/vision2020.php> (last visited 1/28/2010)

Some of the sectors Space Florida sees as expanding are:

- Launch Systems and Support
- Satellite Systems and Payloads
- Ground Operations and Support Systems
- Agriculture, Climate and Environmental Monitoring
- Civil Protection and Emergency Management
- International Space Station and Human Life Sciences
- Communications, Cybersecurity and Robotics
- Adventure Tourism
- Clean Energy
- Advanced Materials and New Products

Members of Congress, the Governor, Space Florida, Brevard County, economic development organizations, as well as many others have been looking for solutions to alleviate the expected loss in jobs associated with the end of the space shuttle program and the changes made to NASA's human space flight plans.

Quick Action Closing Fund

Section 288.1088, F.S., provides the requirements that the Office of Tourism, Trade and Economic Development (OTTED) and Enterprise Florida, Inc., (EFI) must follow in order to approve a Quick Action Closing Fund project for funding:

- The company must be in an industry eligible for the Qualified Target Industry Tax Rebate program as referenced in s. 288.106. By law, the list of eligible industries is established by OTTED and EFI, and is updated annually.
- The project must have a positive payback ratio of at least 5 to 1. The project's economic impact must be at least 5 times that of the cost of the incentive. EFI uses an economic model of their choosing that in effect calculates this number based on location, jobs, capital investment, etc. There is no minimum capital investment or minimum number of jobs, but these amounts would affect this ratio.
- The incentive must be deemed an inducement to the company's decision to locate, retain jobs, or expand in the state.
- The project must pay an average annual wage of at least 125 percent of the area-wide or statewide private sector average wage. This is the average wage of all jobs being incentivized or guaranteed to be added to or kept in the state by the company.
- The project must be supported by the local community in which the project is to be located. This is usually demonstrated through a resolution of either the county or city commission which may include local financial or in-kind support.

There are no restrictions as to what, if any, other incentive programs can be combined with the Quick Action Closing fund.

Effect of Proposed Changes

The bill creates the Space Transition and Revitalization Act.

Quick Action Closing Fund

The bill adds to the list of the Quick Action Closing Fund's (QAC) findings and declarations by describing the end of the shuttle program, the gap in civil human space flight, the subsequent negative workforce impacts, and that up to twenty percent of available resources may be used for projects to diversify the state's space industry.

The bill makes specific changes to EFI's criteria for waiving QAC requirements (see Current Situation). The bill adds a waiver category if the project would mitigate the impact of the conclusion of the space shuttle program. This change would allow projects that could not have previously been approved for QAC funds to now qualify.

Launch Complex 36

The bill provides Space Florida with flexibility in current appropriations available for Launch Complex 36 to be used for a variety of purposes such as: other launch complexes; intermodal issues; the development of joint-use facilities and technologies. CS/HB 969 contains similar language.

The bill provides an effective date of July 1, 2010.

B. SECTION DIRECTORY:

- Section 1. Creates the Space Transition and Revitalization Act.
- Section 2. Amends s. 288.1088 Quick Action Closing Fund to add additional findings and declaration and to provide an additional waiver category related to the end of the space shuttle program.
- Section 3. Provides Space Florida flexibility in the use of a current appropriation.
- Section 4. Provides an effective date of July 1, 2010.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

- 1. Revenues:
None.
- 2. Expenditures:
None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

- 1. Revenues:
None.
- 2. Expenditures:
None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The additional programs and flexible funding provided for in the bill may allow Space Florida to attract or help expand space and aerospace businesses which may alleviate the expected job losses due to the end of the space shuttle program.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal government.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

On April 9, 2010, the Finance & Tax Council adopted an amendment which removed section 3 of CS/HB 1389.

The bill was reported favorably and the analysis has been updated to reflect the council substitute.

On March 17, 2010, the Economic Development Policy Committee adopted a strike-all amendment, which:

- Removed the appropriations sections of the bill.
- Revised the language providing Space Florida with flexibility in Launch Complex 36 expenditures to nearly match CS/HB 969, except for creating a new statute.

The bill was reported favorably and the analysis has been updated to reflect the committee substitute.