

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Commerce Committee

BILL: CS/SB 2476

INTRODUCER: Commerce Committee and Senator Altman

SUBJECT: Trust funds

DATE: March 24, 2010 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Pugh	Cooper	CM	Fav/CS
2.			TA	
3.				
4.				
5.				
6.				

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

State appropriations for Space Florida, the state’s space-related economic development entity, typically are deposited in the Economic Development Trust Fund until the funds are released.

CS/SB 2476 creates the Space Business Investment and Financial Services Trust Fund (trust fund) within the Governor’s Office of Tourism, Trade, and Economic Development (OTTED) as the repository for revenues used exclusively by Space Florida to finance new, expanding, and relocating space businesses, programs and projects. Balances in the trust fund will not revert at the end of each fiscal year to the state General Revenue Fund, but shall be carried forward for future use by Space Florida.

In accordance with constitutional and statutory requirements, the trust fund terminates on July 1, 2014, but shall be reviewed by the Legislature during the 2014 session for the purpose of determining whether to terminate, recreate, or recreate and modify the trust fund.

CS/SB 2476 creates an unnumbered section of chapter law. It takes effect July 1, 2010, if its linked bill, SB 2500 or similar legislation is adopted in the same legislative session or extension thereof, and becomes law.

II. Present Situation:

Space Florida

Prior to July 1, 2006, Florida had three statutorily created space entities: the Florida Space Authority, the Florida Space Research Institute, and the Florida Aerospace Finance Corporation. Each had its own set of responsibilities, but there was some overlap, as well, particularly in the area of developing commercial space activities.

That changed with the passage of HB 1489 (ch. 2006-60, L.O.F.), which combined the three existing space entities into one, Space Florida, and substantially rewrote Part III of ch. 331, F.S. Space Florida's mission encompasses the responsibilities of all of its predecessor entities, but with a current emphasis on economic development. As expressed in s. 331.302(1), F.S., Space Florida was created to:

“... foster the growth and development of a sustainable and world-leading aerospace industry in this state. Space Florida shall promote aerospace business development by facilitating business financing, spaceport operations, research and development, workforce development, and innovative education programs.”

Space Florida is funded with a combination of state funding and revenues from leases and fees from conduit financing agreements. The state funding typically is general revenue, and is initially deposited in the Economic Development Trust Fund managed by OTTED.

As an agent of the state, Space Florida holds title to four aerospace-related infrastructure assets, and has obtained, or is in the process of obtaining, licenses or leases for two others. The major assets are the Space Life Sciences Lab, Reusable Launch Vehicle (RLV) Hangar, Solid Rocket Operational Storage Facility (OSF) at Camp Blanding, and Space Launch Complexes 36, 46, and 47.¹

A New Direction for NASA

Since 2005, concerns have been growing over the scheduled 2010 retirement of the Space Shuttle program and the estimated 5-year gap before its successor, Constellation, was scheduled to begin flights to the ISS and beyond.

In preparation, NASA in 2006 announced two separate, but intertwined programs: the Commercial Orbital Transportation Services (COTS) program, designed to develop vehicles capable of flight to the ISS and which could ferry cargo and human crew, and the Commercial Resupply Services (CRS) program to handle the actual deliveries to the ISS.²

For the next 2 years, NASA evaluated the proposals submitted by aspiring commercial spaceflight companies, and on December 23, 2008, entered into CRS contracts with Orbital Sciences and SpaceX to utilize their COTS cargo vehicles for cargo delivery to the ISS. On

¹ http://www.flsenate.gov/data/Publications/2010/Senate/reports/interim_reports/pdf/2010-307cm.pdf.

² More information about NASA's commercial space program is available at <http://www.nasa.gov/offices/c3po/home/>. Last visited March 18, 2010.

February 1, 2010, NASA awarded \$50 million in preliminary funding to five companies to further development of their proposed human-rated commercial ships: Blue Origin, Boeing, Paragon Space Development Corporation, the Sierra Nevada Corporation, and United Launch Alliance.³

When President Obama released his FY 10-11 budget request on Feb. 1, 2010, there was no funding for the Constellation program, but increased funding over each of the next 5 years to:

- Invest in opportunities to use commercial spaceflight companies to carry astronauts and cargo into space;
- Pursue new exploration research and development programs (in areas such as in-orbit refueling, heavy-lift and propulsion rocketry, and robotic precursor missions to outer space in advance of astronaut travel);
- Provide more funding for the ISS, with a goal to extend its lifetime to at least 2020 or beyond with assistance from other nations;
- Add nearly \$1 billion to modernize KSC to improve use by NASA and others;
- Spend an additional \$600 million to assist the remaining Space Shuttle flights;
- Provide grants and other funds to promote space-related research and development; and
- Increase funding for NASA's expanded responsibilities for climate research.

Congress has begun committee hearings on the Obama Administration's space proposals, and opposition has been expressed by some members of Congress, including members of the Florida delegation, about the proposed shift from a space launch program using government-owned vehicles to one using private commercial vehicles, albeit financed with public money.

Creation of State Trust Funds

Section 19(f), art. III, of the State Constitution, requires that every trust fund be created or recreated by a three-fifths vote of the membership in each house of the Legislature in a separate bill for the sole purpose of creating that trust fund. The constitution also provides that all newly created trust funds terminate not more than 4 years after their initial creation unless re-created, or unless they meet the specific requirements of s.19 (f)(3), art. III, of the State Constitution.

Additionally, s. 215.3206, F.S., explains the legislative process for reviewing trust funds scheduled for termination within 12 months, reenacting them, or transferring any leftover funds in a terminated trust fund.

III. Effect of Proposed Changes:

Section 1: Creates the Space Business Investment and Financial Services Trust Fund within OTTED, and specifies its funding sources and purposes.

The trust fund will be the repository of nonrecurring state general revenue appropriated by the Legislature in FY 10-11 and any recurring revenues as specified in law.⁴

³ United Launch Alliance (UAL) is a joint venture of Lockheed-Martin and Boeing.

⁴ CS/SB 2500 creates s. 212.0502, F.S., which diverts from the state General Revenue Fund to the trust fund created by this bill that portion of state sales-and-use taxes collected from businesses that manage attractions or tours at Kennedy Space Center.

The trust fund may only be used for providing investment and financial services to new, expanding, and relocating space businesses, programs, and projects in Florida. Specifically excluded are Space Florida's personnel, administrative, or overhead expenses, other than expenses or charges directly associated with the administration of and reporting on the trust fund and its accounts.

Notwithstanding s. 216.301, F.S., and pursuant to s. 216.351, F.S., any balance in the trust fund can be carried forward to the next fiscal year, rather than revert to the state General Revenue Fund.

Unless terminated by the Legislature earlier, the trust fund terminates on July 1, 2014. The Legislature shall evaluate the trust fund and decide whether to terminate it, recreate as is, or recreate with modifications, pursuant to s. 215.3206, F.S.

Section 2: Provides an effective date of July 1, 2010, if SB 2500 or similar legislation is passed in the 2010 session or an extension thereof, and also becomes law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Commerce Committee on March 24, 2010:

- Deleted provisions diverting revenues from the state communications tax and sales and use tax collections from certain businesses at Kennedy Space Center to be deposited in the trust fund.
- Stated in general terms that nonrecurring general revenue appropriated to OTTED pursuant to SB 2500 or similar legislation passed during the 2010 legislative session, and any recurring revenues as specified in law, will be deposited in the trust fund.
- Specified the linked bill as SB 2500 or similar legislation passing in 2010 and becoming law.

B. Amendments:

None.