

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 135 Spaceport Territory

SPONSOR(S): Economic Development & Tourism Subcommittee, Goodson

TIED BILLS: **IDEN./SIM. BILLS:** CS/CS/SB 848

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Economic Development & Tourism Subcommittee	12 Y, 0 N, As CS	Tecler	West
2) Transportation & Economic Development Appropriations Subcommittee	12 Y, 0 N	Proctor	Davis
3) Local & Federal Affairs Committee	18 Y, 0 N	Baker	Rojas
4) Economic Affairs Committee	16 Y, 0 N	Tecler	Creamer

SUMMARY ANALYSIS

The bill amends s. 331.304, F.S., to designate the following properties in Brevard County as spaceport territory: the Space Coast Regional Airport, the Space Coast Industrial Park and the Spaceport Commerce Park. As a result of the bill, new and expanding businesses engaged in spaceport activities at those designated properties may qualify for a tax exemption on machinery and equipment purchases pursuant to s. 212.08, F.S.

On March 16, 2013, the Revenue Estimating Conference adopted a negative recurring impact of \$100,000 on the General Revenue Fund related to that machinery and equipment tax exemption.

The bill takes effect on becoming a law.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Commercial Space Industry

With the retirement of the Space Shuttle Program in July of 2010, the United States will increasingly rely on the private sector for the transportation of cargo and passengers to the International Space Station, low Earth orbit, and beyond. Historically, the commercial space industry has focused primarily on putting payloads, such as satellites, into orbit using expendable launch systems. As the industry shifts its focus toward space tourism, expendable launch systems are slowly being replaced by reusable systems capable of transporting humans and general cargo into space. In response, several states have developed or proposed commercial spaceports in order to capture a greater share of what is anticipated to be a growing market in the near future.¹

Federal Regulations

The Office of Commercial Space Transportation within the Federal Aviation Administration (FAA) is the federal agency responsible for regulating and facilitating the safe operations of the U.S. commercial space transportation industry.² The Commercial Space Launch Act of 1984, as amended, authorizes the FAA to establish licensing and regulatory requirements for launch vehicles, launch sites, and reusable suborbital rockets.³ The FAA's launch regulations and licensing procedures apply to all commercial launches taking place within U.S. territory, and for launches being conducted abroad by U.S. companies. In general, the FAA does not license launch sites owned or operated by agencies of the U.S. government.⁴ Since 1984, the FAA has licensed the operation of eight FAA-approved launch sites, including the Cape Canaveral Spaceport and the spaceport at Cecil Field.⁵

Spaceports in Florida

Currently, Florida has two federally owned spaceports and two FAA licensed commercial spaceports.⁶ The Cape Canaveral Air Force Station and the National Aeronautics and Space Administration's Kennedy Space Center are owned and operated by the federal government. The two FAA licensed commercial spaceports in Florida include the Cape Canaveral Spaceport, operated by Space Florida, and the Cecil Field Spaceport, operated by the Jacksonville Aviation Authority. The Space Launch Site Operator licenses for the Cape Canaveral Spaceport and Cecil Field Spaceport were issued in 1999 and 2010 respectively.

Space Coast Regional Airport

The Space Coast Regional Airport is located about 5 miles south of Titusville and features a 7,319 foot runway. The airport is governed by the Titusville-Cocoa Airport Authority and serves as a corporate and commercial charter aviation facility. The Airport Authority is currently seeking a Space Launch Site Operator license from the FAA. Two industrial properties, the Space Coast Industrial Park and the Spaceport Commerce Park, are located adjacent to the airport.

Spaceport Territories Designated in the Florida Statutes

¹ Florida, Alaska, California, New Mexico, Oklahoma, and Virginia currently have FAA approved launch sites. Colorado, Hawaii, Texas and Wyoming are seeking FAA licensure of proposed launch sites.

² 14 C.F.R. s. 401.1-401.3.

³ 51 U.S.C. Ch. 509, §§ 50901-23.

⁴ The FAA also exempts certain classes of small rockets from licensure. See 14 C.F.R. § 400.2.

⁵ California Spaceport, Kodiak Launch Complex (AK), Mid-Atlantic Regional Spaceport (VA), Mojave Air and Space Port (CA), Clinton-Sherman Industrial Airpark (OK), and Spaceport America (NM).

⁶ Active Commercial Space Licenses, FAA, http://www.faa.gov/data_research/commercial_space_data/current_licenses/, last visited April 10, 2013.

Section 331.304, F.S., provides that certain real property in the following areas constitute a spaceport territory:

- Brevard County and within the 1998 boundaries of Patrick Air Force Base, Cape Canaveral Air Force Station, or John F. Kennedy Space Center,
- Santa Rosa, Okaloosa, Gulf, and Walton Counties and within the 1997 boundaries of Eglin Air Force Base,
- Duval County which is included within the boundaries of Cecil Airport and Cecil Commerce Center, and
- Real property licensed as a spaceport by the Federal Aviation Administration, and designated as spaceport territory by the board of directors of Space Florida.

Currently, the Space Coast Regional Airport, the Space Coast Industrial Park and the Spaceport Commerce Park are not designated as a “spaceport territory” in the Florida Statutes.

Effect of Proposed Changes

The bill amends s. 331.304, F.S., to designate certain real property within the boundaries of the Space Coast Regional Airport, the Space Coast Industrial Park and the Spaceport Commerce Park, as spaceport territory.

Section 212.08, F.S., provides a sales or use tax exemption for machinery and equipment purchased for a new or expanding business in a spaceport territory. New and expanding businesses located within spaceport territory designated by the bill, may qualify for this exemption. In order to qualify, a business must be engaged in spaceport activities, as defined by s. 212.02(22), F.S.⁷

The bill will take effect upon becoming a law.

B. SECTION DIRECTORY:

Section 1: Adds subsection (5) to s. 331.304, F.S., designating the Space Coast Regional Airport, Space Coast Regional Airport Industrial Park and the Spaceport Commerce Park as spaceport territory.

Section 2: Provides for an effective date of upon becoming a law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

New and expanding businesses engaged in spaceport activities and located within the spaceport territory designated by this bill, may be eligible for a tax exemption on purchased machinery and equipment. On March 16, 2013, the Revenue Estimating Conference adopted a negative recurring impact of \$100,000 on the General Revenue Fund related to this exemption.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

⁷ The term “Spaceport Activities” means activities directed or sponsored by Space Florida on spaceport territory pursuant to its powers and responsibilities under the Space Florida Act.

1. Revenues:

The Revenue Estimating Conference estimates the bill will have a negative insignificant impact on local revenues.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill may facilitate the development of new aerospace-related businesses in the Titusville area.

FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require a municipality or county to expend funds or to take any action requiring the expenditure of funds. The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate. The bill does not require a reduction of the percentage of state tax shared with municipalities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On February 13, 2013, the Economic Development & Tourism Subcommittee adopted one amendment, which designates the Spaceport Commerce Park as spaceport territory under s. 331.304, F.S. The bill was reported favorably as a committee substitute and the analysis has been updated to reflect the amendment.