

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 Committee on Appropriations

BILL: CS/CS/SB 848

INTRODUCER: Community Affairs Committee; Military and Veterans Affairs, Space, and Domestic Security Committee; and Senator Gardiner

SUBJECT: Spaceport Territory

DATE: April 16, 2013 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Spaulding</u>	<u>Ryon</u>	<u>MS</u>	<u>Fav/CS</u>
2.	<u>Anderson</u>	<u>Yeatman</u>	<u>CA</u>	<u>Fav/CS</u>
3.	<u>Fournier</u>	<u>Hansen</u>	<u>AP</u>	<u>Pre-meeting</u>
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

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|------------------------------|-------------------------------------|---|
| 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:

CS/CS/SB 848 revises spaceport territory for the purposes of the Space Florida Act to include properties in Brevard County as spaceport territory. The properties included in the bill are within the boundaries of the Space Coast Regional Airport, Space Coast Regional Airport Industrial Park, and Spaceport Commerce Park.

The bill is estimated to have a negative, recurring fiscal impact of \$0.1 million on state revenue and an insignificant negative impact on local revenue.

The bill substantially amends section 331.304, Florida Statutes.

II. Present Situation:

Commercial Space Industry

With the retirement of the Space Shuttle Program in July of 2011,¹ the United States relies on the private sector for transporting 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 looks toward space tourism, expendable launch systems are slowly being replaced by reusable systems capable of transporting humans and general cargo to and from space. In response, several states have developed or proposed commercial spaceports to capture a greater share of the anticipated growing market.²

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. 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 the United States, U.S. territories, 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. 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 are 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.

¹ National Aeronautics and Space Administration, Space Shuttle Launches, http://www.nasa.gov/pdf/537939main_ss-launches-080311.pdf, last viewed March 5, 2013.

² FAA Aerospace Forecast Fiscal Years 2012-2032, p. 59, http://www.faa.gov/about/office_org/headquarters_offices/apl/aviation_forecasts/aerospace_forecasts/2012-2032/media/Commercial%20Space%20Transportation.pdf, last viewed March 1, 2013.

³ 51 U.S.C. Ch. 509, §§ 50901-23.

⁴ The FAA also exempts certain classes of small rockets from licensure.

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).

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. The Space Coast Regional Airport Industrial Park is adjacent to the airport.

Spaceport Territories Designated in the Florida Statutes

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

- Within the 1998 boundaries of Patrick Air Force Base, Cape Canaveral Air Force Station, or John F. Kennedy Space Center (Brevard County);
- Within the 1997 boundaries of Eglin Air Force Base (Santa Rosa, Okaloosa, Gulf, and Walton Counties);
- Within the boundaries of Cecil Airport and Cecil Commerce Center (Duval County); 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.

Section 212.08, F.S., provides a 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 be eligible for this exemption. In order to qualify, a business must be engaged in spaceport activities, as defined by s. 212.02(22), F.S.⁶

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

III. Effect of Proposed Changes:

Section 1 amends s. 331.304, F.S., to designate real property located in Brevard County, which is included within the boundaries of the Space Coast Regional Airport, Space Coast Regional Airport Industrial Park, and Spaceport Commerce Park, as a spaceport territory.

Section 2 provides that the bill will take effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

⁶The 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.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The bill is estimated to have a negative recurring fiscal impact of \$0.1 million on state revenue and an insignificant negative impact on local revenue. Section 212.02(22) F.S., defines “Spaceport activities” as those directed or sponsored by Space Florida on spaceport territory pursuant to its powers and responsibilities under the Space Florida Act. According to statute 212.08, industrial machinery and equipment purchased for exclusive use by a new or expanding business in spaceport activities, or for use in new businesses that manufacture, process, compound, or produce for sale items of tangible personal property are exempt from sales tax. This bill would be expanding the area which this sales tax exemption is used.

B. Private Sector Impact:

Any business located within the designated spaceport territory that is engaged in spaceport activities will be exempt from sales tax for purchases of machinery or equipment.

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/CS by Community Affairs on March 14, 2013:
The Committee Substitute makes a technical change.

CS by Military and Veterans Affairs, Space, and Domestic Security on March 7, 2013:

The Committee Substitute adds the Space Port Commerce Park to area to be designated as a spaceport territory.

B. Amendments:

None.