

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 Military Affairs, Space, and Domestic Security

BILL: SB 848

INTRODUCER: Senator Gardiner

SUBJECT: Spaceport Territory

DATE: March 5, 2013

REVISED: _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|-----------|----------------|-----------|--------------------|
| 1. | Spaulding | Ryon | MS | Pre-meeting |
| 2. | | | CA | |
| 3. | | | | |
| 4. | | | | |
| 5. | | | | |
| 6. | | | | |

I. Summary:

SB 848 amends s. 331.304, F.S., to designate the following properties in Brevard County as spaceport territory: the Space Coast Regional Airport and the Space Coast Regional Airport Industrial Park. As a result of the bill, new and expanding businesses engaged in spaceport activities and located at any of the above properties, may be eligible for a tax exemption on machinery and equipment pursuant to s. 212.08, F.S.

The bill substantially amends section 331.304 of the Florida Statutes.

II. Present Situation:

Commercial Space Industry

With the retirement of the Space Shuttle Program in July of 2011,¹ the United States is now reliant 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

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

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.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 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. The Space Coast Regional Airport Industrial Park is located 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 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

²FAA 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).

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.

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 certain real property located in Brevard County which is included within the boundaries of the Space Coast Regional Airport and Space Coast Regional Airport Industrial 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.

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:

A new and or expanding spaceport activity directed or sponsored by Space Florida on spaceport territory pursuant to its powers and responsibilities under the Space Florida Act may be eligible for a tax exemption for the purchase of machinery and as defined by s. 212.08 and s. 212.02 (22) F.S.

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.

C. Government Sector Impact:

The Revenue Estimating Conference adopted a negative recurring fiscal impact of \$100,000 on state funds related to the tax exemption in s. 212.08, F.S.

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.)

None.

B. Amendments:

None.