

HOUSE OF REPRESENTATIVES STAFF FINAL BILL ANALYSIS

BILL #: CS/HB 577 Spaceport Territory
SPONSOR(S): Commerce Committee, Griffiths and others
TIED BILLS: IDEN./SIM. BILLS: CS/SB 968

FINAL HOUSE FLOOR ACTION: 111 Y's 0 N's **GOVERNOR'S ACTION:** Approved

SUMMARY ANALYSIS

CS/HB 577 passed the House on March 5, 2024, as CS/SB 968.

Space Florida is an independent special district, a body politic and corporate, and a subdivision of the state, and is the point of contact for state aerospace-related activities with federal agencies, the military, state agencies, businesses, and the private sector.

The bill expands the definition of "spaceport discretionary capacity improvement projects" to include capacity improvements that enhance space transportation capacity on "spaceport territory." The bill removes the requirement that a spaceport must "have had one orbital or suborbital flight during the previous calendar year or have an agreement in writing for installation of one or more regularly scheduled orbital or suborbital flights upon the commitment of funds for stipulated spaceport capital improvements" in order to be eligible to receive state funding for projects in accordance with the joint participation agreement and Space Florida's spaceport master plan.

The bill expands the scope of strategic space infrastructure investment funding eligibility, by authorizing the Florida Department of Transportation, in consultation with Space Florida, to fund spaceport discretionary capacity improvement projects instead of limiting eligibility to strategic spaceport launch facilities investment projects.

In order for Space Florida to fund the cost of such projects up to 100 percent, on-spaceport-territory space transportation capacity improvements must be provided, instead of on-spaceport and commercial launch facility capacity improvements.

The bill designates certain real property in the following areas, as spaceport territory:

- Miami-Dade County, which was formerly included within the boundaries of Homestead Air Force Base and is included within the boundaries of Homestead Air Reserve Base or deeded to Miami-Dade County or the City of Homestead.
- Bay County, which is included within the boundaries of Tyndall Air Force Base.

The bill does not appear to have a negative fiscal impact on state or local government, or the private sector.

The bill was approved by the Governor on April 11, 2024, ch. 2024-76, L.O.F., and will become effective on July 1, 2024.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Present Situation

Commercial Space Industry

The commercial space transportation industry emerged in the 1990s and was primarily used to launch commercial satellites and transport cargo to the International Space Station (ISS). In just the last few years, growing interest in commercial space is realizing new possibilities for the industry including providing transportation to the ISS, laboratories for research, and space tourism. This rapidly growing industry is inspiring scientists, engineers, teachers, and a whole generation, to imagine entirely new possibilities for the future of space.¹

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 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

Spaceports in Florida

Currently, Florida has two federally owned and operated spaceports and four FAA licensed spaceports. The spaceports, operator or licensure body, and launch type include:⁵

- Cape Canaveral Space Force Station, operated by U.S. Space Force, Vertical and Horizontal.
- Kennedy Space Center, operated by the National Aeronautics and Space Administration (NASA), Vertical and Horizontal.
- Space Florida Launch Complex 46, FAA, Vertical.
- Space Florida Launch and Landing Facility, FAA, Horizontal and Orbital Reentry.
- Cecil Air and Space Port, FAA, Horizontal.
- Space Coast Regional Airport, FAA, Horizontal.

Spaceport Territory

Currently, the following properties constitute spaceport territory under Florida law:⁶

- Certain real property located in Brevard County that is included within the 1998 boundaries of Patrick Space Force Base, formerly Patrick Air Force Base; Cape Canaveral Space Force Station, formerly Cape Canaveral Air Force Station; or John F. Kennedy Space Center. The territory consisting of areas within the John F. Kennedy Space Center and the Cape Canaveral Space Force Station may be referred to as the “Cape Canaveral Spaceport.”
- Certain real property located in Santa Rosa, Okaloosa, Gulf, and Walton Counties which is included within the 1997 boundaries of Eglin Air Force Base.

¹ U.S. Department of Transportation, *Federal Aviation Administration*, [https://www.faa.gov/space#:~:text=The%20commercial%20space%20transportation%20industry,International%20Space%20Station%20\(ISS\)](https://www.faa.gov/space#:~:text=The%20commercial%20space%20transportation%20industry,International%20Space%20Station%20(ISS)) (last visited Jan. 10, 2024).

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 Federal Aviation Administration, *Spaceports by State*, https://www.faa.gov/space/spaceports_by_state (last visited Jan. 10, 2024).

⁶ S. 331.304, F.S.

- Certain real property located in Duval County which is included within the boundaries of Cecil Airport and Cecil Commerce Center.
- Real property within the state which is a spaceport licensed by the Federal Aviation Administration, as designated by the board of directors of Space Florida.
- Certain real property located in Brevard County which is included within the boundaries of Space Coast Regional Airport, Space Coast Regional Airport Industrial Park, and Spaceport Commerce Park.

Space Florida

Space Florida is established as an independent special district, a body politic and corporate, and a subdivision of the state, to foster the growth and development of a sustainable and world-leading aerospace industry in the state. Space Florida has all the powers, rights, privileges, and authority as provided under the laws of this state.⁷

Space Florida acts as Florida's point of contact for state aerospace-related activities with federal agencies, the military, state agencies, businesses, and the private sector.⁸ Space Florida is authorized to purchase or construct facilities, set rates, fees, and charges for the use of facilities, and undertake joint financing with municipalities or private sector entities for any project.⁹ Space Florida's ability to develop spaceport infrastructure is statutorily limited to geographic areas called spaceport territories.

Space Florida is authorized to exercise the following powers regarding spaceport territory:

- Own, acquire, construct, reconstruct, equip, operate, maintain, extend, or improve transportation facilities appropriate to meet the transportation requirements of Space Florida and activities conducted within spaceport territory.¹⁰
- Own, acquire, construct, reconstruct, equip, operate, maintain, extend, or improve electric power plants, transmission lines and related facilities, gas mains and facilities of any nature for the production or distribution of natural gas, transmission lines and related facilities and plants and facilities for the generation and transmission of power through traditional and new and experimental sources of power and energy; purchase electric power, natural gas, and other sources of power for distribution within any spaceport territory.¹¹
- Designate, set aside, and maintain lands and areas within or without the territorial limits of any spaceport territory as conservation areas or bird and wildlife sanctuaries.¹²
- Establish a program for the control, abatement, and elimination of mosquitoes and other noxious insects, rodents, reptiles, and other pests throughout the spaceport territory.¹³
- Own, acquire, construct, reconstruct, equip, maintain, operate, extend, and improve public safety facilities for the spaceport, including security stations, security vehicles, fire stations, water mains and plugs, and fire trucks and other vehicles and equipment; hire employees, security officers, and firefighters; and undertake such works and construct such facilities determined by the board to be necessary or desirable to promote and ensure public safety within the spaceport territory.¹⁴
- Own, acquire, construct, develop, create, maintain, equip, extend, improve, reconstruct, and operate its projects within the geographical limits of the spaceport territory. This includes any portions of the spaceport territory located inside the boundaries of any incorporated municipality or other political subdivision.¹⁵

⁷ S. 331.302, F.S.

⁸ S. 331.3011, F.S.

⁹ S. 331.305, F.S.

¹⁰ S. 331.305(12), F.S.

¹¹ S. 331.305(13), F.S.

¹² S. 331.305(14), F.S.

¹³ S. 331.305(15), F.S.

¹⁴ S. 331.305(17), F.S.

¹⁵ S. 331.312, F.S.

- Within the territorial limits of any spaceport territory, acquire, through purchase or interagency agreement, or as otherwise provided in law, construct, control, and maintain, roads, connections and extensions that it deems necessary in accordance with established highway safety standards.¹⁶

Space Florida is required to regularly solicit input on Space Florida plans and activities from the aerospace industry, private sector spaceport territory stakeholders, each entity that owns or has ownership interest in a facility within spaceport territory, and other political subdivisions within spaceport territory.¹⁷

The Space Florida board of directors is authorized to take the following actions regarding comprehensive planning within spaceport territory:¹⁸

- Adopt, and from time to time review, amend, supplement, or repeal, a comprehensive general plan for the physical development of the area within the spaceport territory in accordance with the Space Florida Act, and consistent with the applicable county or municipal comprehensive plans.
- Prohibit within the spaceport territory the construction, alteration, repair, removal, or demolition, or the commencement of the construction, alteration, repair (except emergency repairs), removal, or demolition, of any building or structure, including, but not by way of limitation, public utility poles, lines, pipes, and facilities, without first obtaining a permit from the board or such other officer or agency as the board may designate, and prescribe the procedure with respect to the obtaining of such permit.
- Divide spaceport territory into zones or districts of such number, shape, and area as the board may deem best suited to carry out the purposes of the Space Florida Act, and make certain regulations and restrictions.¹⁹

The Space Florida board of directors is authorized to enter into contracts and agreements with municipalities located within a spaceport territory to help ensure effective cooperation and coordination in:²⁰

- Discharging their common functions, powers, and duties; and
- Rendering services to the respective residents and property owners.

Space Florida is authorized to apply to the Federal Government for a grant allowing the designation of any spaceport territory as a foreign trade zone pursuant to ss. 288.36 and 288.37, F.S. However, the designation of any spaceport territory as a foreign trade zone does not authorize an exemption from any tax imposed by the state or by any political subdivision, agency, or instrumentality.²¹

The Space Florida board of directors is authorized to strike out or correct the description of any land within or claimed to be within the boundary lines of any spaceport territory upon the written consent of the owners of all the land that would be included or excluded from the boundary lines of any spaceport territory or otherwise affected by the taking of such action, and of the owners of not less than the majority in acreage of all lands within any spaceport territory.²²

Florida Department of Transportation and Space Florida

In 1999, Florida designated space as an official mode of transportation and spaceports as the associated modal. In accordance with Florida statute, the Florida Department of Transportation (FDOT)

¹⁶ S. 331.313, F.S.

¹⁷ S. 331.3051(11), F.S.

¹⁸ S. 331.319, F.S.

¹⁹ S. 331.320, F.S.

²⁰ S. 331.322, F.S.

²¹ S. 331.327, F.S.

²² S. 331.329, F.S.

is responsible for and provides oversight to aerospace²³ transportation facilities, spaceports, launch ranges, and other space transportation facilities, and their related infrastructure.²⁴ In 2019, the FDOT established a Spaceport Office, aligning spaceports and space transportation with other modalities such as roads, rail, airports, and seaports.²⁵ The FDOT and Space Florida work closely together to plan and facilitate space transportation services on spaceport properties throughout the state.²⁶

Joint Participation Agreement and Spaceport Master Plan

The FDOT may enter into a joint participation agreement with Space Florida in order to effectuate the provisions of part II, ch. 331, F.S., the Space Florida Act, and may allocate funds for such purposes in its 5-year work program. Space Florida is directed to develop a spaceport master plan for expansion and modernization of space transportation facilities within spaceport territories as defined in s. 331.303, F.S., which contains recommended projects to meet current and future commercial, national, and state space transportation requirements. Subsequently, Space Florida submits the spaceport master plan to the FDOT, and such plan may be included within the department's 5-year work program of qualifying aerospace discretionary capacity.²⁷

Spaceport Discretionary Capacity Improvement Projects

Each year Space Florida issues a call for projects to further develop Florida's spaceport system. Space Florida invites the aerospace industry to submit applications to Space Florida and the FDOT Spaceport Improvement Program.^{28,29} Space Florida uses the qualifying applications to develop a proposed list of spaceport discretionary capacity improvement projects³⁰ for submission to FDOT.³¹ Prioritized spaceport projects may be included in the FDOT five-year work program of transportation improvement projects.³² Subject to the availability of appropriated funds, the FDOT may participate in the capital cost of eligible spaceport discretionary capacity improvement projects. The annual legislative budget request is based on the proposed funding requested for approved spaceport discretionary capacity improvement projects.³³

Strategic Space Infrastructure Investment

The solicitation for project applications by Space Florida includes submission for the Strategic Space Infrastructure Investment program. In consultation with Space Florida, the FDOT is authorized to fund

²³ Section 331.303(1), F.S., defines aerospace as the technology and industry related to the design, manufacture, maintenance, repair, and operation of aircraft or any other device intended to be used or designed for flight or reentry, including rockets, missiles, spacecraft, satellites, space vehicles, space stations, space and aircraft facilities or components thereof, and related equipment, systems, facilities, simulators, programs, and activities, including, but not limited to, the application of aerospace and aviation technologies in air-based, land-based, space-based, and sea-based platforms for commercial, civil, and defense purposes.

²⁴ S. 331.360(1) F.S.

²⁵ Florida Department of Transportation, *Spaceport Improvement Program, 2023-2024*, p. 3, <https://www.spaceflorida.gov/wp-content/uploads/2019/03/FDOT-Spaceport-Handbook-Update-2021-Low-Res-210430.pdf> (last visited Mar. 6, 2024).

²⁶ *Id.*

²⁷ Section 331.360, F.S.

²⁸ Florida Department of Transportation, *Spaceport Improvement Program, 2023-2024*, p. 20, <https://www.spaceflorida.gov/wp-content/uploads/2019/03/FDOT-Spaceport-Handbook-Update-2021-Low-Res-210430.pdf> (last visited Mar. 6, 2024).

²⁹ Press Release, Space Florida, *Space Florida Announces 2024 Space Transportation Call for Projects* (Feb. 13, 2024) <https://www.spaceflorida.gov/news/space-florida-announces-2024-space-transportation-call-for-projects-2/> (last visited Mar. 6, 2024).

³⁰ Section 331.303(18), F.S., defines spaceport discretionary capacity improvement projects as capacity improvements that enhance space transportation capacity at spaceports that have had one or more orbital or suborbital flights during the previous calendar year or have an agreement in writing for installation of one or more regularly scheduled orbital or suborbital flights upon the commitment of funds for stipulated spaceport capital improvements.

³¹ Space Florida, *Call for Projects, Space Transportation Matching Fund*, <https://www.spaceflorida.gov/call-for-projects/> (last visited Mar. 6, 2024).

³² *Id.*

³³ S. 331.360(4), F.S.

up to 100 percent of the cost of a strategic spaceport launch support facilities³⁴ investment project³⁵ if the following conditions have been met:³⁶

- Important access and on-spaceport and commercial launch facility capacity improvements are provided;
- Capital improvements that strategically position the state to maximize opportunities in international trade are achieved;
- Goals of an integrated intermodal transportation system for the state are achieved; and
- Feasibility and availability of matching funds through federal, local, or private partners are demonstrated.

Spaceport - Sales and Use Tax Incentives

The state provides a tax exemption for certain machinery and equipment purchased for a new or expanding business in a spaceport territory which is engaged in commercial spaceport activities.^{37,38} In accordance with general law and Florida Administrative Code,³⁹ this exemption is available for machinery for a new business ordered before the start of productive operations and received within 12 months after the date the business begins its productive operations, and for an existing business, the expanding business entity must show a minimum 5 percent increase in productive output. In order to receive an exemption, the qualifying business entity must file with the Florida Department of Revenue An Application for Temporary Tax Exemption Permit, Form DR-1214.⁴⁰

Homestead Air Reserve Base and Tyndall Air Force Base

Homestead Air Force Base was renamed Homestead Air Reserve Base in 2003.⁴¹ Homestead Air Reserve Base is an Air Force Reserve base and combat unit in Homestead, Florida, located about 25 miles south of Miami. It is home to the 482nd Fighter Wing of the Air Force Reserve Command's Tenth Air Force, as well as the headquarters of Special Operations Command South. This wing has 1,600 members in addition to the 1,200 reservists. This combat unit supplies General Dynamics F-16 Fighting Falcon fighter aircraft, along with mission ready pilots and support personnel, for short-notice worldwide

³⁴ Section 331.303 (11), F.S., defines launch support facilities as facilities that are located at launch sites or launch ranges that are required to support launch activities, including launch vehicle assembly, launch vehicle operations and control, communications, and flight safety functions, as well as payload operations, control, and processing.

³⁵ Section 331.303(14), F.S., defines project as any activity associated with any development, improvement, property, launch, utility, facility, system, works, road, sidewalk, enterprise, service, or convenience, which may include coordination with federal and state partners or agencies; any rocket, capsule, module, launch facility, assembly facility, operations or control facility, tracking facility, administrative facility, or any other type of aerospace-related transportation vehicle, station, or facility; any type of equipment or instrument to be used or useful in connection with any of the foregoing; any type of intellectual property and intellectual property protection in connection with any of the foregoing including, without limitation, any patent, copyright, trademark, and service mark for, among other things, computer software; any water, wastewater, gas, or electric utility system, plant, or distribution or collection system; any small business incubator initiative, including any startup aerospace company, and any aerospace business proposing to expand or locate its business in this state, research and development company, research and development facility, education and workforce training facility, storage facility, and consulting service; or any tourism initiative, including any space experience attraction, microgravity flight program, aerospace launch-related activity, and space museum sponsored or promoted by Space Florida.

³⁶ S. 331.371, F.S.

³⁷ Section 212.02(22), F.S., defines spaceport activities as activities directed or sponsored by Space Florida on spaceport territory pursuant to its powers and responsibilities under the Space Florida Act.

³⁸ S. 212.08(5), F.S.

³⁹ R. 12A-1.096 (2013), F.A.C.

⁴⁰ Florida Dep't of Revenue, General Tax, Sales and Use Tax Incentives, Incentives Related to Machinery and Equipment, *Exemption for Industrial Machinery and Equipment Used by a New or Expanding Business to Increase Productive Output*, available at https://floridarevenue.com/taxes/taxesfees/pages/sales_tax_incent.aspx (last visited Jan. 10, 2024).

⁴¹ U.S. Environmental Protection Agency, *Homestead Air Force Base - Cleanup Activities*, available at <https://cumulis.epa.gov/supercpad/SiteProfiles/index.cfm?fuseaction=second.Cleanup&id=0404746#bkground> (last visited Jan. 11, 2024).

deployment. The base is utilized as a staging area for operations and palliation efforts in the southern hemisphere and provides assistance in many natural disasters.⁴²

Homestead Air Reserve Base is comprised of 1,943 acres, with the surrounding area being largely agricultural but is in the process of being rezoned for residential and commercial purposes. Farther to the east, south, and southeast are vacant parcels of land. These vacant parcels are either protected (due to easements) or unprotected (private ownership and could be developed). There are a few commercial plots to the north and northwest of the installation; some residential areas to the south of the installation; and residential developments to the west, north, and northwest of the installation. Areas to the southwest of the installation are being developed for residential and commercial land uses according to Miami-Dade County Planning and Zoning.⁴³

Tyndall Air Force Base is located on the Gulf Coast of Florida, 12 miles east of Panama City in Bay County. Tyndall is home to the 325th Fighter Wing, which provides training for F-22 Raptor pilots, maintenance personnel, and battle managers for the combat faction of the Air Force. The 325th Fighter Wing also provides training for F-22 intelligence officers, F-22 crew members, and officer and enlisted air traffic controllers. The Fighter Wing hosts over 30 tenant organizations which are located on base. The 325th Fighter Wing is comprised of the Operations Group, Maintenance Group, Mission Support Group and the Medical Group, and tenant groups.⁴⁴

Tyndall Air Force Base encompasses approximately 29,000 acres on a narrow, 18-mile-long, northwest-southeast peninsula. Major communities surrounding the installation include Panama City, Lynn Haven, Springfield, Callaway, and Cedar Grove to the northwest, Panama City Beach to the west, and Mexico Beach to the southeast.⁴⁵

Currently, Homestead Air Reserve Base and Tyndall Air Force Base are not designated in Florida Statute as spaceport territories.

According to representatives of the aerospace industry, expansion of Florida's aerospace capabilities and infrastructure is needed in order to accommodate the industry's rapid growth.⁴⁶

Effect of Proposed Changes

The bill expands the definition of "spaceport discretionary capacity improvement projects" to include capacity improvements that enhance space transportation capacity on "spaceport territory." The bill removes the requirement that a spaceport must "have had one orbital or suborbital flight during the previous calendar year or have an agreement in writing for installation of one or more regularly scheduled orbital or suborbital flights upon the commitment of funds for stipulated spaceport capital improvements" in order to be eligible to receive state funding for projects in accordance with the joint participation agreement and Space Florida's spaceport master plan.⁴⁷

The bill expands the scope of strategic space infrastructure investment funding eligibility, by authorizing the FDOT, in consultation with Space Florida, to fund spaceport discretionary capacity improvement projects instead of limiting eligibility to strategic spaceport launch facilities investment projects.

⁴² MILITARYBASES.com, *Homestead Air Reserve Base in Miami, FL*, <https://militarybases.com/florida/homestead/> (last visited Jan. 10, 2024).

⁴³ *Id.*

⁴⁴ MILITARYBASES.com, *Tyndall Air Force Base in Panama City, FL*, <https://militarybases.com/florida/tyndall/> (last visited Jan. 10, 2024).

⁴⁵ U.S. Environmental Protection Agency, *Tyndall Air Force Base - Cleanup Activities*, <https://cumulis.epa.gov/supercpad/SiteProfiles/index.cfm?fuseaction=second.Cleanup&id=0401205#bkground> (last visited Mar. 4, 2024).

⁴⁶ Caden DeLisa, *SpaceX, Blue Origin urge Florida lawmakers for aerospace sector support*, *The CAPITOLIST* (Nov. 16, 2023), <https://thecapitolist.com/spacex-blue-origin-urge-florida-lawmakers-for-aerospace-sector-support/> (last visited Jan. 10, 2024).

⁴⁷ S. 331.360(4), F.S.

In order for Space Florida to fund the cost of such projects up to 100 percent, on-spaceport-territory space transportation capacity improvements must be provided, instead of on-spaceport and commercial launch facility capacity improvements.

The bill designates certain real property in the following areas, as spaceport territory:

- Miami-Dade County, which was formerly included within the boundaries of Homestead Air Force Base and is included within the boundaries of Homestead Air Reserve Base or deeded to Miami-Dade County or the City of Homestead. Homestead Air Force Base refers to and includes:
 - Federal property that is part of Homestead Air Reserve Base; and
 - Former federal property that was previously part of Homestead Air Force Base and, as of July 1, 2024, or any time thereafter, is deeded to Miami-Dade County or the City of Homestead.
- Bay County, which is included within the boundaries of Tyndall Air Force Base.

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:

A new or expanding business located within the newly designated spaceport territory which is engaged in commercial spaceport activities may be eligible for a sales tax exemption on the purchase of certain machinery and equipment.

D. FISCAL COMMENTS:

Including additional bases in Florida's spaceport territory system may expand the development of the state's aerospace industry, and have a positive fiscal impact on individuals and businesses in the private sector and related entities in the public sector.