



Transportation & Economic Development Appropriations Subcommittee

**Thursday, January 12, 2012
9:00 AM - 10:30 AM
Reed Hall (102 HOB)**

Meeting Packet

**Dean Cannon
Speaker**

**Mike Horner
Chair**



The Florida House of Representatives

Appropriations Committee

Transportation & Economic Development Appropriations Subcommittee

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Mike Horner
Chair

January 12, 2012

AGENDA
9:00 AM – 10:30 AM
Reed Hall

- I. Call to Order/Roll Call**
- II. HB 59 Spaceport Facilities**
Representative Ray
- III. Presentation of the Governor's Budget Recommendations FY 2012-13**
Phillip Miller, Policy Coordinator, Office of Policy and Budget
- IV. Adjourn**

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 59 Spaceport Territory
SPONSOR(S): Business & Consumer Affairs Subcommittee, Ray and others
TIED BILLS: IDEN./SIM. **BILLS:** CS/SB 110

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Business & Consumer Affairs Subcommittee	10 Y, 0 N, As CS	Tecler	Creamer
2) Transportation & Economic Development Appropriations Subcommittee		Proctor <i>TP</i>	Davis <i>GD</i>
3) Economic Affairs Committee			

SUMMARY ANALYSIS

The bill amends s. 331.304, F.S., to designate Cecil Airport and Cecil Commerce Center in Jacksonville as a spaceport territory. The bill also permits the board of directors of Space Florida to designate real property within the state as a spaceport territory if the property is licensed as a spaceport by the Federal Aviation Administration (FAA).

As a result of the bill, new and expanding businesses engaged in spaceport activities located at Cecil Airport and Cecil Commerce Center, or on property licensed as a FAA spaceport and designated by the board of directors of Space Florida, may be eligible for a tax exemption on machinery and equipment pursuant to s. 212.08, F.S. The Revenue Estimating Conference adopted a negative recurring fiscal impact of \$100,000 on state funds related to this tax exemption.

The bill has an effective date of July 1, 2012.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Commercial Space Industry

With the retirement of the Space Shuttle Program in July of 2010, the Obama Administration has charted a new course that 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. 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.² 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.³ Since 1984, the FAA has licensed the operation of eight FAA-approved launch sites, including the Cape Canaveral Spaceport and the proposed spaceport at Cecil Field.⁴

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 Spaceport⁵, operated by the Jacksonville Aviation Authority (JAA). The Space Launch Site Operator license for the Cape Canaveral Spaceport was issued in 1999.

Cecil Field Spaceport

In January of 2010, the FAA licensed the JAA as a Space Launch Site Operator. The license authorized Cecil Field Spaceport as the state's first spaceport cleared for horizontal take off and landings of suborbital launch vehicles.⁶ Prior to its current use, Cecil Field served as a principal Naval Air Station from 1941 until 1993. The base was decommissioned and transferred to the City of Jacksonville in 1999.

Cecil Field Spaceport is located about 15 miles from Jacksonville and features a 12,500 foot runway and three shorter runways. The spaceport shares assets with Cecil Airport, which services military and civil aircraft and general aviation customers. The FAA awarded \$105,000 to JAA, as part of the FAA's

¹ Florida, Alaska, California, New Mexico, Oklahoma, Texas, and Virginia currently have FAA approved launch sites. Wyoming has proposed a FAA licensed launch site near Chugwater.

² 51 U.S.C. Ch. 509, §§ 50901-23.

³ The FAA also exempts certain classes of small rockets from licensure.

⁴ California Spaceport, Kodiak Launch Complex (AK), Mid-Atlantic Regional Spaceport (VA), Mojave Air and Space Port (CA), Oklahoma Spaceport, and Spaceport America (NM).

⁵ Cecil Field Spaceport is comprised of the real property, aeronautical facilities, administrative facilities, auto access/egress routes and FAA managed facilities located within the boundaries of Cecil Airport.

⁶ 2011 U.S. Commercial Space Transportation Developments and Concepts: Vehicles, Technologies, and Spaceports. Federal Aviation Administration. http://www.faa.gov/about/office_org/headquarters_offices/ast/media/2011%20DevCon%20Report.pdf (last visited September 21, 2011).

Space Transportation Infrastructure Matching Grants program in 2010.⁷ JAA will use the money to develop a Spaceport Master Plan for Cecil Field.

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, and
- Santa Rosa, Okaloosa, Gulf, and Walton Counties and within the 1997 boundaries of Eglin Air Force Base.

Currently, Cecil Airport and Cecil Commerce Center are not designated as a "spaceport territory" in the Florida Statutes.

Effect of Proposed Changes

The bill substantially amends s. 331.304, F.S., to designate certain real property within the boundaries of Cecil Airport and the Cecil Commerce Center as spaceport territory. The bill also provides that the board of directors for Space Florida may designate real property within the state as spaceport territory, if such property, is a spaceport as licensed by the FAA.

Section 212.08, F.S., provides a tax exemption for machinery and equipment purchased for a new or expanding business in a spaceport territory. This bill will allow new and expanding businesses located at Cecil Airport and Cecil Commerce Center, or on property licensed as a FAA spaceport, to 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.⁸

The bill provides for an effective date of July 1, 2012.

B. SECTION DIRECTORY:

Section 1: Amends s. 331.304, F.S., designating certain real property as spaceport territory.

Section 2: Provides for an effective date of July 1, 2012.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

With respect to the Cecil Airport and Cecil Commerce Center, the Revenue Estimating Conference adopted a negative recurring fiscal impact of \$100,000 on state funds related to the tax exemption on machinery and equipment purchased for a new or expanding business in a spaceport territory.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Insignificant.

⁷ Jacksonville Aviation Authority, <http://www.jia.aero/content.aspx?id=155> (last visited September 21, 2011).

⁸ 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.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill may encourage the development of the commercial space industry in Florida. As the industry shifts its focus toward space tourism, the Cecil Field Spaceport could become a hub for reusable systems capable of transporting humans and general cargo into space.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS / COMMITTEE SUBSTITUTE CHANGES

On November 6, 2011, the Business & Consumer Affairs Subcommittee adopted one amendment, which clarifies the types of property that may be designated 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 adopted amendment.

CS/HB 59

2012

1 A bill to be entitled
2 An act relating to spaceport territory; amending s.
3 331.304, F.S.; revising spaceport territory to include
4 certain properties; providing an effective date.
5

6 Be It Enacted by the Legislature of the State of Florida:
7

8 Section 1. Subsections (3) and (4) are added to section
9 331.304, Florida Statutes, to read:

10 331.304 Spaceport territory.—The following property shall
11 constitute spaceport territory:

12 (3) Certain real property located in Duval County which is
13 included within the boundaries of Cecil Airport and Cecil
14 Commerce Center.

15 (4) Real property within the state which is a spaceport
16 licensed by the Federal Aviation Administration, as designated
17 by the board of directors of Space Florida.

18 Section 2. This act shall take effect July 1, 2012.

GOVERNOR RICK SCOTT

Fiscal Year 2012-2013



Transportation and Economic Development Policy Unit

Budget Recommendations

Governor Rick Scott's Budget Recommendation
for
Transportation and Economic Development

Fiscal Year 2012-13

Presented January 12, 2012



Transportation and Economic Development Office of Policy and Budget

Department of Economic Opportunity

Division of Emergency Management

Department of Highway Safety & Motor Vehicles

Department of State

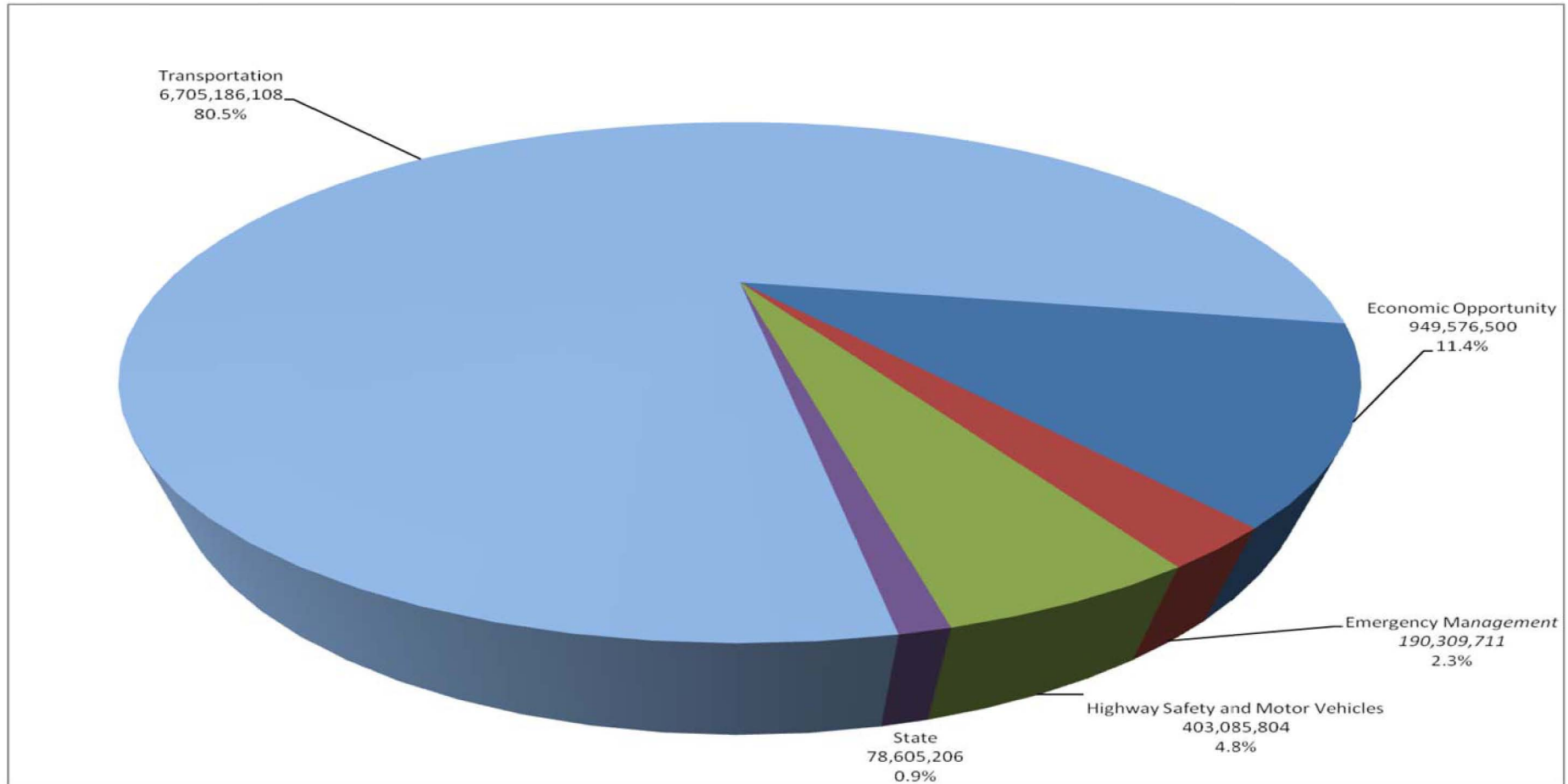
Department of Transportation



Transportation and Economic Development

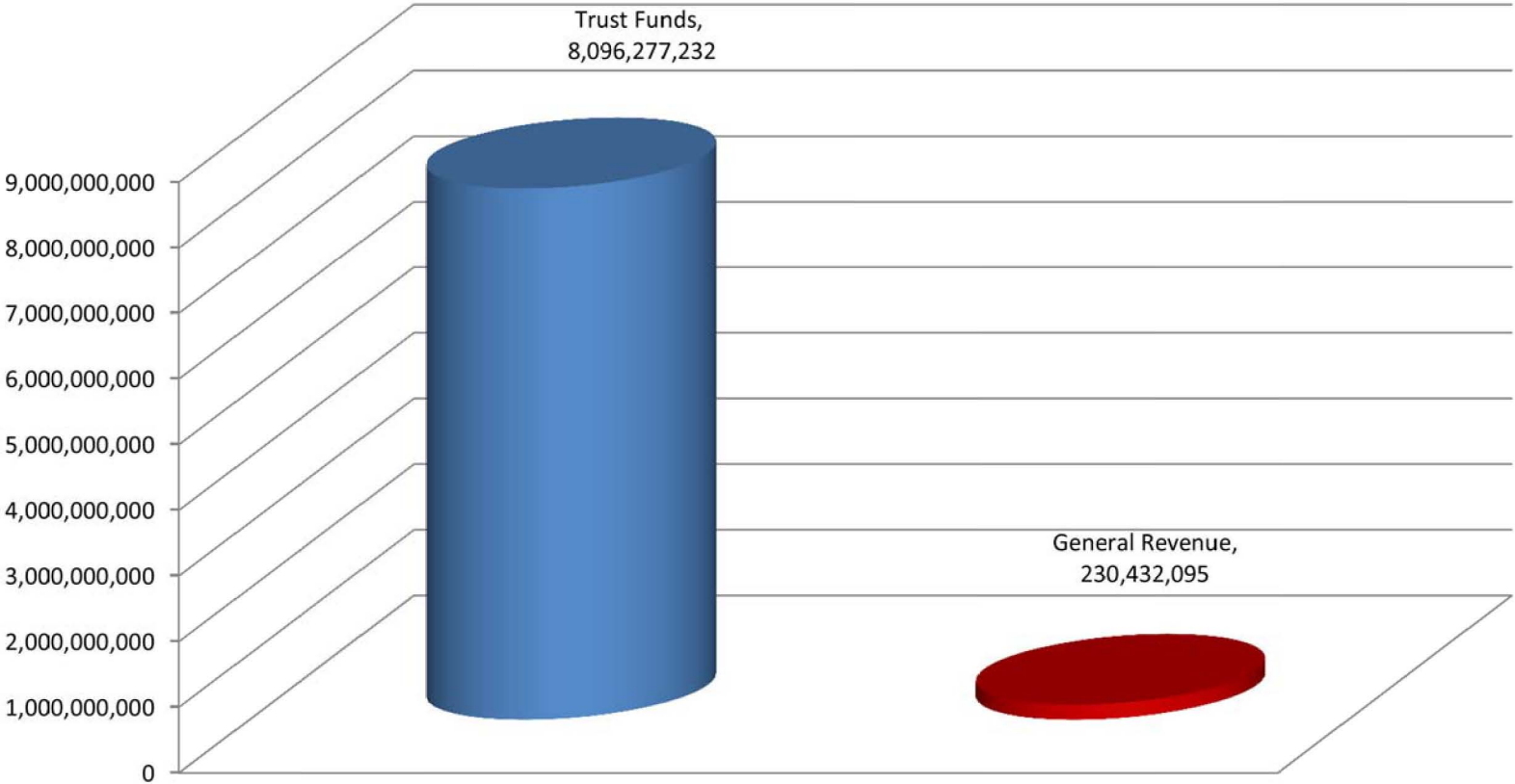
Total Budget - \$8.3 Billion

Fiscal Year 2012-13

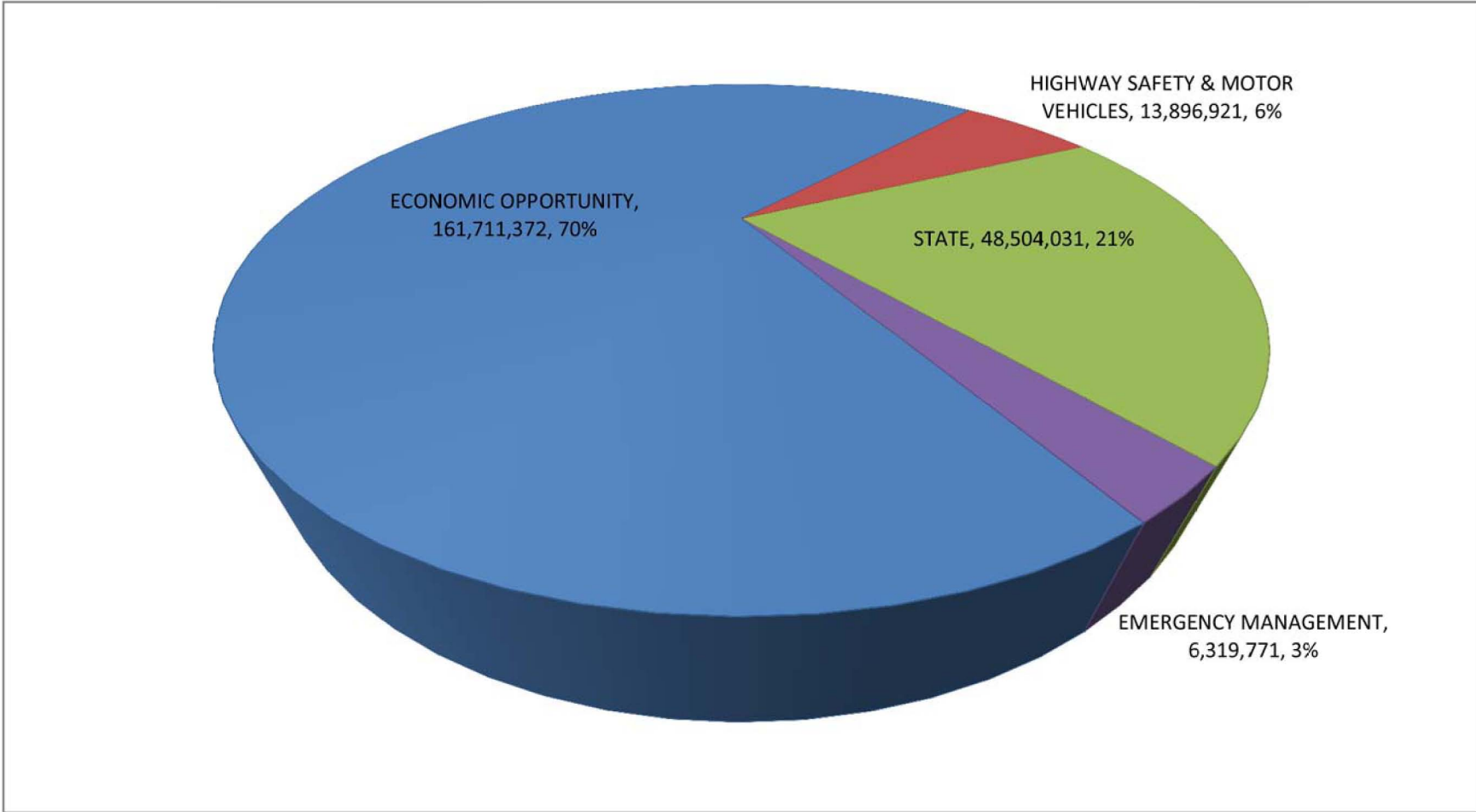


Transportation and Economic Development General Revenue/Trust Fund

FY 2012-13



General Revenue \$230.4 Million



Transportation and Economic Development Major Program/Funding Changes

Fiscal Year 2011-12 funding = \$9.9 Billion

The Governor's recommended funding for Fiscal Year 2012-13 = \$8.3 Billion.

The Department of Economic Opportunity was created last year to streamline government and create efficiencies and to provide an economic climate to bolster Florida's economy.

Governmental consolidations that impact overall funding include:

- Transfer of Office of Early Learning to Department of Education – 97 FTE and approximately \$1 Billion.
- Transfer of Florida Communities Trust to Department of Environmental Protection – 16 FTE and approximately \$900,000 .
- Transfer of Florida Building Commission to Department of Business and Professional Regulation – 16 FTE and \$3.1 Million.
- Annualize current year reductions in Department of Economic Opportunity – 59 positions and \$1.2 Million.

Also, the Governor's recommended budget for Department of Transportation was based on the Second Year of the Adopted Work Program and is \$1.2 Billion lower than current year funding.



Budget by Agency

<i>Fiscal Year 2012-13</i>			
<i>Agency</i>	<i>General Revenue</i>	<i>All Funds</i>	<i>Positions</i>
DEO	\$161.7M	\$949.5M	1,596.00
DEM	\$6.3M	\$190.3M	150.00
DHSMV	\$13.8M	\$403. M	4,482.50
DOS	\$48.6 M	\$78.6 M	403.00
DOT	\$0.00	\$6.7B	6,897.00
GRAND TOTAL	\$230.4M	\$8.3B	13,528.50



Department of Economic Opportunity

\$949.5 Million

- \$125 million – Consolidate Economic Development Program Funding
- \$100 million – Reserve for Economic Development Opportunities
- \$6 million – Support Quick Response Training Program
- \$5 million – Maintain Ready to Work Program
- \$33.2 million – Continue Florida Small Business Credit Initiative
- \$29.6 million – Support Homeowner Downpayment Assistance Program
- (\$70.7 million) – Sweep Local Government Housing Trust Fund
- (\$20 million, 21 FTE) – Reduce Department-Wide Costs
- (\$1.2 million, 59 FTE) – Annualize Prior Year Reductions



Focus on Job Growth and Retention

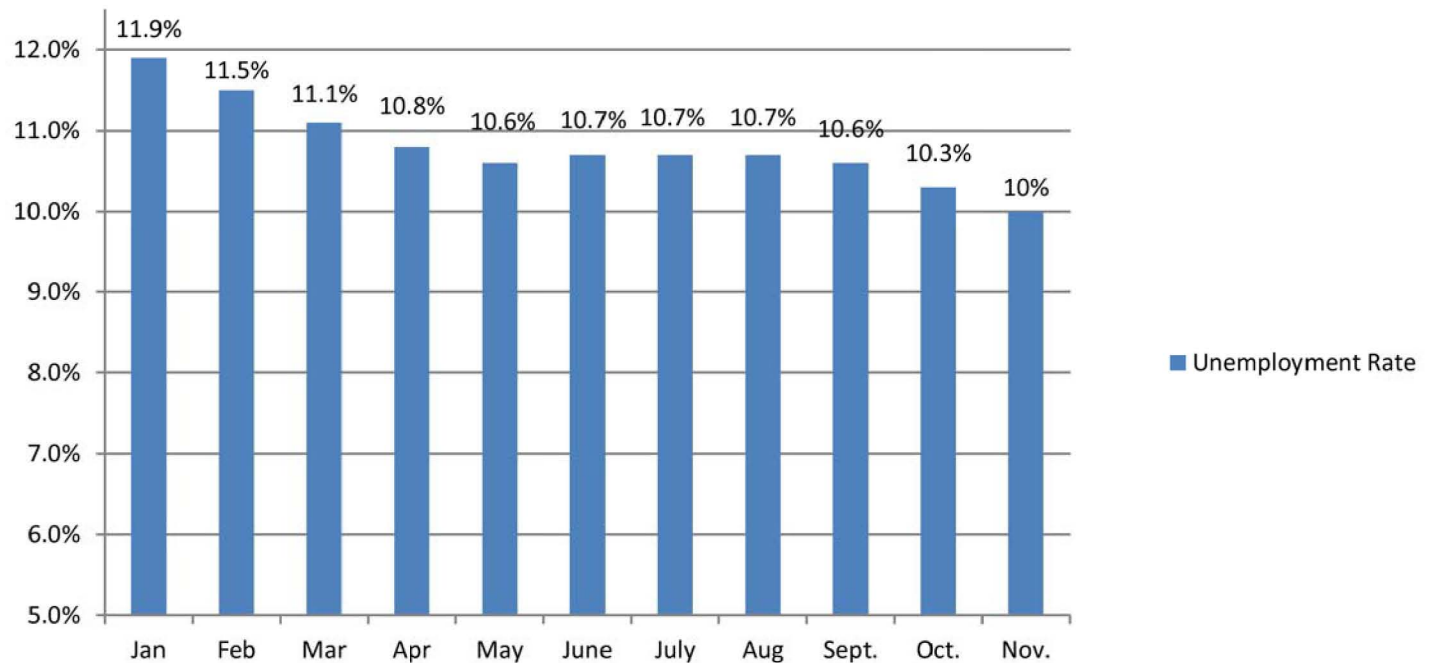
Change how we use existing programs that attract new businesses.

- Consolidate funding for incentive programs to provide the flexibility to tailor state incentives to the needs of new and existing businesses that create jobs and grow our economy.
- Reserve \$100 million in flexible funds to allow the state to react to economic opportunities.
- Increase incentive funding from \$82.9 million in FY 2011-12 to \$225 million in FY 2012-13.
- Retain the existing requirements that govern the use of the incentives.



Florida's Headed in the Right Direction

Florida's Unemployment Rate



Department of Highway Safety and Motor Vehicles

\$403 Million

- \$13.8 million – Florida Highway Patrol Pursuit Vehicles
- \$12.4 million – Motor Carrier Safety Assistance Program
- \$3.7 million – Critical Safety Repairs
- \$846, 206 – Driver and Vehicle Information Database (DAVID) Modernization
- \$382,080 – Address Verification Software
- (\$3.5 million, 59 FTE) – Reduce Department-Wide Costs



Department of State

\$78.6 Million

- \$21.3 million – State Aid to Libraries - Allows the State to Retain \$8.9M in Federal Funds
- \$3 million – Support for Federal Elections
- \$2.5 million – Reimbursement to Counties for Special Elections
- \$1.6 million – Maintenance and Repairs to Mission San Luis and The Grove
- \$1.2 million – Advertising Proposed Constitutional Amendments
- \$1 million – Museum of Florida History Permanent Exhibit
- \$500,000 – Department-Wide Litigation Expenses
- \$350,000 – Florida Humanities Council
- (\$3 million, 14 FTE) – Reduce Department-Wide Costs



Department of Transportation

\$6.7 Billion

- The Governor's recommended budget for DOT is based on the Second Year of the Adopted Work Program and is \$1.2 Billion lower than current year funding.
- \$5.9 billion – Transportation Work Program
 - Funds maintenance, enhancement and expansion of the state's transportation systems
 - Includes funding for seaports, airports, transit systems, railways roadways, etc.
- \$729 million – Operations, Administration and Support Services
- \$103.9 million – Transportation Disadvantaged Services
- \$6.6 million – Fixed Capital Outlay – Maintenance and Repairs
- (\$1.9 million, 38 FTE) – Reduce Vacant Positions



Department of Military Affairs

\$63.3 Million

- \$4.5 million - Repair National Guard Armories
- \$1.5 million - Replace Explosive Ordnance Disposal Facility
- \$746,000 - Additional Vehicles for Camp Blanding
- \$408,000 - Nine Additional Positions to Support Florida National Guard
- \$332,000 - Additional Equipment for Camp Blanding and Youth Challenge Program
- \$370,000 - Additional Funding for Increased Utility Costs
- \$220,000 - Information Technology Replacement
- Transfer Non-Core Missions

