

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 1391

Trust Funds/Space Business Investment & Financial Services

Trust Fund/OTTED

SPONSOR(S): Economic Development Policy Committee, Crisafulli and others

TIED BILLS: HB 1389

IDEN./SIM. BILLS: SB 2476

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1)	Economic Development Policy Committee	9 Y, 0 N, As CS	Kruse	Kruse
2)	Finance & Tax Council			
3)	Economic Development & Community Affairs Policy Council			
4)				
5)				

SUMMARY ANALYSIS

The bill creates the Space Business and Financial Services Trust Fund within the Governor's Office of Tourism, Trade, and Economic Development. The bill provides that state sales taxes on aspects of leases or contracts entered into by NASA, or admissions to tours or attractions at the Kennedy Space Center and Cape Canaveral, shall be credited to the trust fund. The trust fund may only be used exclusively for providing investment and financial services to new, expanding, and relocating space businesses, programs, and projects in the state. Any funds remaining in the trust fund at the end of a fiscal year are carried over to the next fiscal year.

The trust fund is terminated July 1, 2014, unless reenacted by the Legislature.

The bill provides an effective date of July 1, 2010, if HB 1389, or similar legislation is adopted in the same legislative session or an extension thereof and becomes law. The effective date also requires that the bill pass with a 3/5 vote of the membership of each house of the Legislature.

The Revenue Estimating Conference found that the bill would have no fiscal impact.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Space Florida's Mission

In 2006, the legislature created Space Florida within Chapter 331, Florida Statutes, as the successor organization to the Florida Space Authority, the Florida Space Research Institute and the Florida Aerospace Finance Corporation. Space Florida is responsible for promoting the development of a sustainable aerospace industry, space infrastructure, and educational opportunities for people interested in working in the space and aerospace industry. Commercial space flight is an important part of Space Florida's vision for space and aerospace operations for Florida's future. Space Florida's 2010 Spaceport Master Plan details the current commercial space flight landscape in the state. "Over the past ten years about 32% of all successful commercial orbital launches in the world occurred within the US. In the same time only 37% of all successful orbital commercial launches from the US occurred in Florida."¹ Space Florida believes the state is uniquely positioned to become a more dominant player in the commercial space industry.

Space Florida's latest strategic master plan is titled "Vision 2020." It lays out Space Florida's overall strategic plan to position Florida as the world's leader in space activity.² "Vision 2020" is an extensive document that thoroughly describes Space Florida's plan for space in the state. The following goals are a small portion of the document and do not reflect every facet of Space Florida's plan:

- Increasing space activity in the state three-fold before 2020
- Capturing key initiatives and markets during the next decade to position Florida as a powerhouse in the global aerospace market
- Leading active partnerships to foster bold economic development activities to expand domestic and international aerospace activities
- Supporting workforce talent development
- Growing core aerospace capabilities to manufacture, assemble, provide and launch aeronautical instruments, rockets, spacecraft and satellite communications equipment and services

¹ Space Florida 2010 Spaceport Master Plan. Found at: <http://www.spaceflorida.gov/docs/Space%20Florida%20-%20Spaceport%20Master%20Plan%202010.pdf> (last visited 1/28/2010)

² Space Florida Strategic Master Plan. Vision 2020. <http://www.spaceflorida.gov/vision2020.php> (last visited 1/28/2010)

Some of the sectors Space Florida sees as expanding are:

- Launch Systems and Support
- Satellite Systems and Payloads
- Ground Operations and Support Systems
- Agriculture, Climate and Environmental Monitoring
- Civil Protection and Emergency Management
- International Space Station and Human Life Sciences
- Communications, Cybersecurity and Robotics
- Adventure Tourism
- Clean Energy
- Advanced Materials and New Products

Members of Congress, the Governor, Space Florida, Brevard County, economic development organizations, as well as many others have been looking for solutions to alleviate the expected loss in jobs associated with the end of the space shuttle program and the changes made to NASA's human space flight plans.

Effect of Proposed Changes

The bill creates the Space Business Investment and Financial Services Trust Fund within the Governor's Office of Tourism, Trade, and Economic Development (OTTED).

The bill provides that the Department of Revenue shall credit the following funds to the trust fund:

- Sales taxes on tangible personal property, admissions, tours, and leases or licenses of real property generated by any business entity that is contracted or subcontracted by NASA to sell admissions to attractions or tours at the Kennedy Space Center and the Cape Canaveral Air Force Station.

The bill states that the funds must be used exclusively for providing investment and financial services to new, expanding, and relocating space businesses, programs, and projects under ss. 331.305 and 331.3051, F.S., which provide for Space Florida's powers and duties. The bill prohibits the use of any funds for Space Florida's personnel, administrative, or overhead expenses.

The bill also provides that any balance in the fund at the end of any fiscal year shall remain in the fund.

Further, the bill provides that the fund is terminated on July 1, 2014, unless recreated by the Legislature following the procedures in s. 215.3206(1) and (2), F.S.

The bill provides an effective date of July 1, 2010, if HB 1389 or similar legislation is adopted in the same legislative session or extension thereof and becomes law, and must be enacted by a three-fifths vote of the membership of each house of the Legislature.

B. SECTION DIRECTORY:

Section 1. Creates the Space Business Investment and Financial Services Trust Fund.

Section 2. Provides an effective date of July 1, 2010, if HB 1389 or similar legislation is adopted in the same legislative session or extension thereof and becomes law, and must be enacted by a three-fifths vote of the membership of each house of the Legislature.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The Revenue Estimating Conference found that the bill will have no fiscal impact.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The Revenue Estimating Conference found that the bill will have no fiscal impact.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The funding provided from the trust fund may allow Space Florida to attract or help expand space and aerospace businesses, to the extent the loans and investments can be utilized for such purposes, which may alleviate the expected job losses due from the end of the space shuttle program

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal government.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

On March 17, 2010, the Economic Development Policy Committee adopted a strike-all amendment, which:

- Removed the communications services tax;
- Removed the ability of trust fund expenditures to be made for administrative costs related to the trust fund itself; and
- Provided that the bill must be enacted by a three-fifths vote of the membership of each house of the Legislature.

The bill was reported favorably and the analysis has been updates to reflect the committee substitute.