HOUSE OF REPRESENTATIVES
FINAL BILL ANALYSIS

BILL #:	CS/HB 59 (CS/SB 110)	**FINAL HOUSE FLOOR ACTION:**	
SPONSOR(S):	Business & Consumer Affairs Subcommittee; Ray; and others (Community Affairs Committee; Wise; and others)	112 **Y's**	0 **N's**
COMPANION BILLS:	CS/SB 110	**GOVERNOR'S ACTION:**	Pending

SUMMARY ANALYSIS

CS/HB 59 passed the House on February 23, 2012, and subsequently passed the Senate on March 5, 2012. 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 an 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.

Subject to the Governor's veto powers, the bill is effective on July 1, 2012.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Present 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 Spaceport[5], 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 March 2, 2012).

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 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 an 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.

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.

2. Expenditures:
   None.

[7] Jacksonville Aviation Authority. http://www.jia.aero/content.aspx?id=155 (last visited March 2, 2012).
[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.

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.