

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 Rules

BILL: SB 968

INTRODUCER: Senators Calatayud and Trumbull

SUBJECT: Spaceport Territory

DATE: February 20, 2024

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Ingram</u>	<u>Proctor</u>	<u>MS</u>	Favorable
2.	<u>Shutes</u>	<u>Vickers</u>	<u>TR</u>	Favorable
3.	<u>Ingram</u>	<u>Twogood</u>	<u>RC</u>	Pre-meeting

I. Summary:

SB 968 expands spaceport territory to include certain real property in Miami-Dade County consisting of property that was formerly included within the boundaries of Homestead Air Force Base and is included in the Homestead Air Reserve Base or deeded to Miami-Dade County or the City of Homestead. The bill provides that 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 anytime thereafter, is deeded to Miami-Dade County or the City of Homestead.

In addition, the bill expands spaceport territory to include certain real property in Bay County which is included within the boundaries of Tyndall Air Force Base.

The bill may have an indeterminate likely insignificant fiscal impact due to commercial activities within the newly designated spaceport territory.

The bill takes effect July 1, 2024.

II. Present Situation:

Federal Regulations

The Office of Commercial Space Transportation was established in 1984 under the U.S. Department of Transportation, and in 1995, transferred to the Federal Aviation Administration (FAA), to regulate and facilitate safe operations of the U.S. commercial space transportation industry.¹ 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

¹ U.S. Dep't of Transportation, Federal Aviation Administration, Offices, *About the Office of Commercial Space Transportation*, available at https://www.faa.gov/about/office_org/headquarters_offices/ast (last visited Jan. 10, 2024).

suborbital rockets.² FAA's launch regulations require a license or permit for all commercial launches taking place within the U.S. borders as well as for launches being conducted abroad. In general, the FAA does not license launches by U.S. governmental entities. The FAA has licensed the operation of FAA approved launch sites in 10 states³ including Florida.⁴

Spaceport Territory in Florida

Section 331.304, F.S., provides that the following property constitutes spaceport territory:

- Certain real property in Brevard County which is included within the 1998 boundaries of Patrick Space Force Base, Cape Canaveral Space Force Station, or John F. Kennedy Space Center.
- Certain real property in Santa Rosa, Okaloosa, Gulf, and Walton Counties which is included within the 1997 boundaries of Eglin Air Force Base.
- Certain real property in Duval County which is included within the boundaries of Cecil Airport and Cecil Commerce Center.
- Certain real property in Brevard County which is included within the boundaries of Space Coast Regional Airport, Space Coast Regional Airport Industrial Park, and Spaceport Commerce Park.
- Real property within the state which is a spaceport licensed by the FAA, as designated by the board of directors of Space Florida.

Spaceport

A spaceport is any area of land or water, or any manmade object or facility located therein, developed by Space Florida, which is intended for public use or for the launching, takeoff, and landing of spacecraft and aircraft, and includes any associated areas which are used or intended for public use, for spaceport buildings, or for other spaceport facilities, spaceport projects, or rights-of-way.⁵ U.S. spaceports play a critical role in the growing global commercial space transportation industry.⁶

Spaceports in Florida

Currently, Florida has two federally owned spaceports and four FAA licensed commercial spaceports. The Cape Canaveral Space Force Station and the National Aeronautics and Space Administration's Kennedy Space Center are owned and operated by the federal government. The four FAA licensed commercial spaceports in Florida are the Space Florida Launch Complex 46 and Space Florida Launch and Landing Facility, both operated by Space Florida; the Cecil Air

² 51 U.S.C. ss. 50901-23.

³ The FAA website identifies the following states with one or more FAA licensed spaceports: Alabama, Alaska, California, Colorado, Florida, Georgia, New Mexico, Oklahoma, Texas, and Virginia *available at* https://www.faa.gov/space/spaceports_by_state (last visited Jan. 10, 2024).

⁴ Federal Aviation Administration, FAQs, *Launch Licenses and Launch Sites and Spaceports*, *available at* https://www.faa.gov/space/additional_information/faq#commercial2 (last visited Jan. 10, 2024).

⁵ Section 331.303(17), F.S.

⁶ U.S. Dep't of Transportation, Federal Aviation Administration, Spaceports, *available at* <https://www.faa.gov/space/spaceports> (last visited Jan. 10, 2024).

and Space Port, operated by the Jacksonville Aviation Authority; and the Space Coast Regional Airport, operated by the Titusville-Cocoa Airport Authority.⁷

State Investments and Exemptions

Strategic Space Infrastructure Investment

In consultation with Space Florida, the Florida Department of Transportation is authorized to fund up to 100 percent of the cost of a strategic spaceport launch support facilities investment project⁸ if the following conditions have been met:

- 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.⁹

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.^{10,11} In accordance with general law and Florida Administrative Code,¹² 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 five 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-1214.¹³

⁷ U.S. Dep't of Transportation, Federal Aviation Administration, *Spaceports by State*, available at https://www.faa.gov/space/spaceports_by_state (last visited Jan. 10, 2024).

⁸ 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.

⁹ Section 331.371, F.S.

¹⁰ 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.

¹¹ Section 212.08(5), F.S.

¹² Fla. Admin. Code R. 12A-1.096 (2013).

¹³ 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).

Homestead Air Force Base and Homestead Air Reserve Base

Homestead Air Force Base was renamed Homestead Air Reserve Base (HARB) in 2003.¹⁴

HARB is located in southeastern Miami-Dade County, near the southern tip of the Florida peninsula. HARB is located along U.S. Highway 1, approximately 25 miles south of Miami, five miles east of Homestead, and two miles west of Biscayne Bay. HARB is comprised of 1,943 acres, with the surrounding area being largely agricultural but 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.¹⁵

Tyndall Air Force Base

Tyndall Air Force Base (TAFB) is located one mile southeast of Panama City, Florida. TAFB 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.¹⁶

III. Effect of Proposed Changes:

SB 968 amends s. 331.304, F.S., to expand spaceport territory to include certain real property in Miami-Dade County consisting of property that was formerly included within the boundaries of Homestead Air Force Base and is included in the Homestead Air Reserve Base or deeded to Miami-Dade County or the City of Homestead. The bill provides that 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 anytime thereafter, is deeded to Miami-Dade County or the City of Homestead.

In addition, the bill expands spaceport territory to include certain real property in Bay County which is included within the boundaries of Tyndall Air Force Base.

New and expanding businesses engaged in commercial spaceport activities which are located in a spaceport territory designated by the bill may be eligible for a tax exemption on the purchase of certain machinery and equipment.

¹⁴ 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).

¹⁵ *Id.*

¹⁶ U.S. Environmental Protection Agency, *Tyndall Air Force Base - Cleanup Activities*, available at <https://cumulis.epa.gov/supercpad/SiteProfiles/index.cfm?fuseaction=second.Cleanup&id=0401205#bkground> (last visited Jan. 11, 2024).

The bill takes effect July 1, 2024.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None identified.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

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.

C. Government Sector Impact:

The bill may have an indeterminate likely insignificant fiscal impact due to commercial activities within the newly designated spaceport territory.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 331.304 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
