

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: CS/SB 968

INTRODUCER: Rules Committee and Senators Calatayud and Trumbull

SUBJECT: Spaceport Territory

DATE: February 22, 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>	Fav/CS

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 968 revises the definition of “spaceport discretionary capacity improvement projects” to include capacity improvements that enhance space transportation capacity at any spaceport or on spaceport territory.

In addition, the bill broadens the scope of the strategic space infrastructure investment funding eligibility and authorizes the Florida Department of Transportation (FDOT), in consultation with Space Florida, to fund spaceport discretionary capacity improvement projects instead of restricting eligibility to strategic spaceport launch facilities investment projects. The bill revised the criteria under which a project is eligible to be funded up to 100 percent.

The bill 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 also 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 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

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).

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).

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 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

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 FDOT is responsible for and provides oversight to aerospace⁸ transportation facilities, spaceports, launch ranges, and other space transportation facilities, and their related infrastructure.⁹ In 2019, the FDOT established a Spaceport Office, aligning spaceports and space transportation with other modalities such as roads, rail, airports, and seaports.¹⁰ Space Florida is an independent special district which is responsible for fostering the growth and development of a sustainable and world-leading aerospace industry in the state.¹¹ Space Florida was created to be the single point of contact for state aerospace-related activities with federal agencies, the military, state agencies, businesses, and the private sector.¹² The FDOT and Space Florida work closely together to plan and facilitate space transportation services on spaceport properties throughout the state.¹³

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).

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(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.

⁹ Section 331.360(1) F.S.

¹⁰ Florida Dep't of Transportation, *Spaceport Improvement Program, 2023-2024*, p. 3, *available at* <https://www.spaceflorida.gov/wp-content/uploads/2019/03/FDOT-Spaceport-Handbook-Update-2021-Low-Res-210430.pdf> (last visited Feb. 20, 2024).

¹¹ Section 331.302(1), F.S.

¹² Section 331.3011(3), F.S.

¹³ Florida Dep't of Transportation, *supra* note 10, at 4.

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 ch. 331, F.S., 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.¹⁴

Each year Space Florida announces 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.^{15,16} Space Florida uses the qualifying applications to develop a proposed list of spaceport discretionary capacity improvement projects¹⁷ for submission to FDOT.¹⁸ Prioritized spaceport projects may be included in the FDOT five-year work program of transportation improvement projects.¹⁹ 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.²⁰

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 up to 100 percent of the cost of a strategic spaceport launch support facilities²¹ investment project²² if the following conditions have been met:

¹⁴ Section 331.301, F.S.

¹⁵ Florida Dep't of Transportation, Spaceport Improvement Program, 2023-2024, available at <https://www.spaceflorida.gov/wp-content/uploads/2019/03/FDOT-Spaceport-Handbook-Update-2021-Low-Res-210430.pdf> (last visited Feb. 20, 2024).

¹⁶ Press Release, Space Florida, *Space Florida Announces 2024 Space Transportation Call for Projects* (Feb. 13, 2024) available at <https://www.spaceflorida.gov/news/space-florida-announces-2024-space-transportation-call-for-projects-2/>

¹⁷ 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.

¹⁸ Space Florida, Call for Projects, *Space Transportation Matching Fund*, available at <https://www.spaceflorida.gov/call-for-projects/> (last visited Feb. 21, 2024).

¹⁹ *Id.*

²⁰ Section 331.360(4), F.S.

²¹ 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.

²² 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

- 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.²³

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.^{24,25} In accordance with general law and Florida Administrative Code,²⁶ 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-1214.²⁷

Homestead Air Force Base and Homestead Air Reserve Base

Homestead Air Force Base was renamed Homestead Air Reserve Base (HARB) in 2003.²⁸

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, 5 miles east of Homestead, and 2 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

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.

²³ Section 331.371, F.S.

²⁴ 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.

²⁵ Section 212.08(5), F.S.

²⁶ Fla. Admin. Code R. 12A-1.096 (2013).

²⁷ 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).

²⁸ 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#bkgground> (last visited Jan. 11, 2024).

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.²⁹

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.³⁰

III. Effect of Proposed Changes:

CS/SB 968 amends s. 331.303, F.S., to expand the scope of “spaceport discretionary capacity improvement projects” to include capacity improvements that enhance space transportation capacity at any spaceport or on spaceport territory. The bill removes the requirement that a spaceport must have had at least one orbital flight or suborbital flight within the previous calendar year or have had 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.³¹

The bill amends s. 331.371, F.S., to expand the scope of strategic space infrastructure investment funding eligibility. The bill authorizes the FDOT, in consultation with Space Florida, to fund spaceport discretionary capacity improvement projects instead of restricting eligibility to strategic spaceport launch facilities investment projects. The bill revised the conditions under which a project may be funded up to 100 percent. The criteria for eligibility are as follows:

- Important access and on-spaceport-territory space transportation 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.

The bill 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

²⁹ *Id.*

³⁰ 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#bkgground> (last visited Jan. 11, 2024).

³¹ Section 331.360(4), F.S.

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.

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.

The bill expands the scope of strategic space infrastructure investment funding eligibility to include spaceport discretionary capacity improvement projects on spaceport territories.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 331.303, 331.304, and 331.371.

IX. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

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

CS by Rules on February 21, 2024:

- Revises the definition of spaceport discretionary capacity improvement projects.
- Authorizes the FDOT, in consultation with Space Florida, to fund spaceport discretionary capacity improvement projects in lieu of strategic spaceport launch facilities investment projects.
- Revises the eligibility criteria by which the FDOT may fund such projects.

B. Amendments:

None.