

## Reauthorization of Federal Aviation Program

**The Issue.** The authorization for the current federal aviation program expires March 31, 1999. Florida receives about \$70 million annually for aviation programs. Among the issues under discussion that are important to Florida are:

- whether to take the Airport and Airways Trust Fund “off budget,”
- whether to permit airports to raise the Passenger Facility Charge (PFC) cap from its current \$3 level to \$5 or \$6,
- whether to lift slot restrictions at some of the nation’s busiest airports, and
- whether to lift the restrictions at Washington’s Reagan National Airport or propose changing the so-called perimeter rule.

The state’s goal is to enact **a multi-year aviation reauthorization bill which puts to full use the aviation funds already being collected and enables airports to do more for themselves.**

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**Current Situation.** The Senate Commerce Committee reported out a two-year aviation bill (S. 82) on February 11, and on March 4 the House Transportation Committee introduced a five-year aviation reauthorization act. Also, on February 3, the full House of Representatives passed a six-month extension of current law.

**State Concerns.** The Florida Department of Transportation’s objectives for the reauthorization are: a) to **fully utilize aviation user fees** sent to the Airport and Airways Trust Fund; b) to **empower airports** to decide for themselves whether to raise the **PFC cap**; and c) to ensure that any proposed **perimeter rule changes** do not adversely affect Florida’s airports. The perimeter rule currently bars flights of over 1,250 miles out of Reagan National; an increase could adversely affect access to Reagan National from airports at Jacksonville, West Palm Beach, Fort Lauderdale, and Fort Myers.

**Aviation Trust Fund.** According to the House Transportation and Infrastructure Committee, the current balance in the Aviation Trust Fund is \$8.5 billion -- and if historical funding trends continue -- could soar to over \$100 billion by 2009. This

reauthorization will examine the notion of taking the Aviation Trust Fund “off-budget” or otherwise freeing it from spending caps that prevent some of the funds raised each year from being spent. The creation of a separate budget category for highway trust fund dollars and the setting of minimum annual “firewall” spending levels in TEA-21, the surface transportation act passed last year, served to reduce the hoarding of transportation user fees. States are calling on the federal government to explore this model to ensure that Airport and Airways Trust Fund dollars are similarly fully utilized for the purposes for which they are collected.

**Outlook.** With the existing federal aviation programs expiring in less than three weeks, Congress needs to act swiftly to ensure that funding in this important area is continued. However, substantial differences exist between the House and Senate Aviation bills and many significant issues must still be worked out.

## Commercial Space Opportunities

**The Issue.** The evolution from federally-driven to commercially-driven space activity is in turn driving an evolution in space technology. Florida can no longer count on space activity dollars flowing from Washington, D.C. How will Florida react to this evolution and take advantage of the opportunities it presents? **To remain actively involved in the space industry, Florida must become the most competitive location for commercial space activities -- particularly for the launch of future reusable launch vehicles (RLV).**

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### **Background and Current Situation.**

- Approximately \$4 billion annually and thousands of jobs are derived from space activity in Florida. Most of this financial benefit has come from the federal budget.
- There is an explosion in commercial space activity. It is estimated that an average of 170 payloads will be launched each year in the next decade. In 1998 there were 81 launches worldwide.
- Not long ago the U.S. had approximately 90% of the world's space launches, compared to approximately one third today.
- Growing commercial demand for access to space coupled with the growing interest by federal agencies in buying launch space as needed is setting the parameters of future space launches.
- It costs approximately \$10,000 to put a pound in orbit. In the not-too-distant future this may fall to as little as \$1,000 per pound. Highly reliable, rapid turn around, reusable launch vehicles may be the result. This
- would also create a need for nearby RLV processing and refurbishment,

and processing of launch payloads. This could be an opportunity for Florida.

- The existing of the Kennedy Space Center and Cape Canaveral pose both an advantage and a disadvantage to Florida in the race to be the space launch location of choice. The massive investment in facilities and the long history of space launch activity make Florida one of the leading contenders for space launch growth. At the same time, the Eastern Test Range (ETR) rests on technology dating from the 1960s, and has grown into a large and expensive bureaucracy.

**VentureStar.** Florida has a VentureStar win team and has submitted a Qualification Summary to Lockheed Martin (LMC). Several other concepts exist for reusable launch vehicles. The fact that a rapid turn around, less costly, more reliable RLV will become a reality is more important than whether that RLV is VentureStar or another concept. Jerry Rising, who heads Lockheed Martin's VentureStar effort, has been quoted as saying that "Lockheed Martin is looking for a state that will partner with LMC to make VentureStar a commercial success." He has also said that a key selection criterion is "the best possible business deal with the best financial incentives." It is likely that managers

of any new RLV programs would say the same.

***State Concerns.***

- How can Florida organize (federal, state and local) to make certain it is the launch location of choice for future RLVs? It will take a team effort and coordinated approach.
- What investments must Florida make now?
- How can Florida and its Congressional delegation cause modernization of the ETR to happen?
- What federal investments can be encouraged for Florida's space related infrastructure?
- What role should Florida's Congressional delegation play in the future of the Space Station? The Space Station will require a large number of RLV payloads.
- Should Florida's Congressional delegation support federal loan guarantees for RLV developers? Are such guarantees required to attract investment in future launch vehicles? How important to the nation are these future RLVs?
- Should Florida form a coalition with other states to enhance competitiveness?
- What activities and/or appropriations are being considered (either overtly or otherwise) in this Legislature which will create advantages to Florida or

competing states (i.e., infrastructure development loans or grants)?

- What should Florida do, if anything, between now and the arrival of future RLVs, to ensure the continued growth and health of its space industry?

## U.S. Military Presence in Florida

**The Issue.** Florida has been the home of a number of U.S. Department of Defense (DoD) military installations and defense-related contractors over the years. The presence of military bases brings approximately \$20 billion into Florida's economy each year. In the federal government's effort to close military bases around the country, Florida has lost five major installations. Because Florida's military facilities each have an important mission within the DoD and immense value in enhancing the quality of life in the state, **Florida must be proactive in preventing any further military base closures.**

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**Background.** Military installations, military members, civilian workforces, and military retirees, as well as defense related industries provide a significant financial charge to our state's economy. Defense spending has served as the stimulus for many of Florida's key industries, including aviation, aerospace, simulation and training, and numerous other technology based sectors. Loss of any of the defense segment would be extremely damaging to the overall health of our economy. In addition to preventing their loss, Florida should also have as a top priority the enhancement and expansion of these installations through the recruitment of new and/or consolidated missions. Success in retaining and enhancing the military presence in Florida requires a strong partnership among state, federal, and local leaders. Strong support must also be shown for communities hosting military bases in a reuse mode.

### **Current Status.**

- 23 active U.S. military bases, installations, unified commands in Florida;
- 115,000 base installation jobs (80,000 active duty/35,000 civilian);
- **Total = 265,000 jobs in Florida;**
- \$7,600,000,000 in annual wages;
- **\$20,000,000,000 total annual economic impact in Florida.**

### **Threats.**

- declining U.S. defense budgets;
- base/mission realignment and downsizing;
- Base Closure and Realignment (BRAC);
- U.S. Senate bill (Sen. McCain) calls for new BRAC in 2001 and 2003;
- DoD estimates 23 percent excess base infrastructure capacity;
- "wither-on-the-vine" -- base infrastructure not funded.

### **Florida's Losses/Reductions to Date.**

- Naval Air Station Cecil Field;
- Naval Training Center Orlando;
- Naval Aviation Depot Pensacola;

- Homestead Air Force Base; and
- Naval Air Station Key West.

***Florida Response.***

- created Florida Defense Alliance within Enterprise Florida;
- Governor Bush has designated defense liaison within the Governor’s Office;
- Governor has hosted military base commanders;
- currently conducting independent base strength/weakness/opportunity assessments;
- \$1,000,000 in Community Defense Grants to support local retention/reuse efforts;
- current legislative proposal to establish joint community/base infrastructure fund of \$20,000,000; and
- Federal/State Summit discussion.

***Florida Defense Alliance Mission.***

- enhance, expand, and retain existing installations;
- support and maximize base reuse efforts;
- retain and enhance defense industry in Florida
- \$6,394,000,000 in DoD contracts awarded in 52 counties in Florida in FY 1997.

***Federal/State Challenges and Opportunities.***

- federal/state/local officials must coordinate efforts;
- efforts must focus on:
  - lowering bases’ costs of operations;
  - strengthening base/industry/academia alliances;
  - removing impediments to successful accomplishments of base missions;
  - geographic politics will remain an issue;
  - 5-state western alliance;
  - state government must make Florida “military friendly”; and
  - determine and remedy federal, state, and local impediments to base reuse.

***Suggested Actions.***

- support local initiatives;
- strengthen Florida Defense Alliance;
- develop broader Congressional delegation involvement and support; and
- coordinate action at all levels, including creating a joint task force and working with Governor’s Office, and local communities.