



Economic Development & Space

Declining state revenues, budget busters such as Medicaid, and rising unemployment have all contributed to our current economic situation.

- Feedback from AIF members has made it clear that one of the biggest obstacles for job creation continues to be a lack of **access to capital** for small and medium-sized business owners. Small business is the number one engine for job creation and without access to capital, small business owners cannot increase inventory, expand their operations or purchase new equipment.
- The future of Florida's economic recovery is closely tied to our state's **space program**. This \$2.7 billion industry employs nearly 30,000 Floridians and NASA has contracts in 47 of Florida's 67 counties. The impending phase-out of NASA's shuttle program promises to rock our state's employment picture even more if policymakers do not take the appropriate steps to mitigate this potential brain drain.
- Florida could undertake an "**economic emergency response**" effort as a way to provide the necessary means to assist communities that could be adversely affected by closures or NASA realignments. This effort would focus the needed resources to ensure these communities remain vibrant.

Specifically, AIF will focus on the following economic development areas:

Access to Capital for Small Business

AIF SUPPORTS efforts to create or authorize emergency bridge and revolving loan programs in order to increase the potential for expansion of small and medium-sized businesses. For more information please see our Florida Needs Jobs Now section on page 11.

Incentive Funds

AIF SUPPORTS continued availability of state funds for enhancing economic development through incentives for existing companies and the recruitment of new businesses and talent to Florida.

The Legislature must continue to appropriate funds that provide incentives and tax breaks for emerging and existing businesses. Additionally, the state can grow and create new jobs by funding the state's economic development "TOOL KIT" and the Quick Action Closing Fund. These programs administered by the Office of Tourism, Trade and Economic Development (OTTED) and Enterprise Florida are critical to the state's effort to help existing job incubators and various job recruiting efforts across the state.

Dynamic Scoring

AIF SUPPORTS legislation that addresses the cost-benefit analysis of economic development incentive policies. Dynamic Modeling or Scoring, is a process that analyzes proposed legislation in such a way that the full potential for its impact on the economy, including potential revenue enhancement, is forecasted for legislators and staff. HB 121 by Rep. Ralph Poppell (R-Vero Beach), as well as HB 93 filed by Rep. Steve Crisafulli (R-Merritt Island), seek to use this and other methods. Currently, legislative staff and state economic estimators often give a static or worst case scenario on the effects tax incentives and economic development incentives may have on the budget and staff is interested in having this new analytical tool in their tool box. AIF has consistently advocated for providing legislators with analysis to demonstrate the potential positive impact these policies may have on the state budget.

Commercialization of Research & Development

AIF SUPPORTS measures that provide assistance to companies looking to bridge the gap between research and commercialization of their products. Florida must meet the needs of research and development components of our economy by encouraging growth and expansion of each. There will be proposals in 2010 that call for state grants and tax credits to aid each of these sectors of the economy. AIF will continue to support these measures and hopes that with the passage of Dynamic Modeling legislation, these grants and tax incentives can alleviate opponents' concerns and make these proposals a reality.

Film & Entertainment Incentives

AIF SUPPORTS passage of legislation creating a tax credit-based rebate incentive that is not subject to legislative appropriations. Digital Media Entertainment and Film are two industries Florida must grow to be part of the competitive global economic landscape. Florida must adopt an incentive program that puts the State on par with its competition. In recent years, Florida has provided entertainment industry incentives in the form of a cash rebate. The unpredictability of the annual cash appropriation, combined with the shrinking budget for this incentive, have caused many businesses to look elsewhere for digital media and film production. Tax credits must be transferable to accommodate companies that invest significantly in Florida and its workforce, but do not realize all of their tax liability in-state. By “leveling the playing field” through a more stable, transferable tax credit incentive, Florida will be well-positioned to maintain and grow the Digital Media Entertainment and Film industries that already exist and generate jobs quickly.

Space Infrastructure Funding

AIF SUPPORTS giving Space Florida the flexibility to allocate any of the unobligated Launch Complex (LC) 36 funds for any purpose determined to have the greatest benefit to the commercial space industry in Florida. In Fiscal Year 2007-08, the Legislature appropriated \$14.5 million to make improvements to Space Florida’s LC 36 as a means to attract new space vehicle testing and launch business to the state. However, in 2008 due to Space Florida’s lack of a master plan and disagreement over the feasibility of LC 36 as a multi-use rocket launch facility, the Legislature’s Office of



Sen. Mike Haridopolos (R-Melbourne) has been a champion on space issues.

Program Policy Analysis and Government Accountability (OPPAGA) recommended prohibiting Space Florida from spending its remaining unencumbered spaceport development funds until it had a plan in place to provide the Legislature and other stakeholders with needed information on the costs and expected benefits of improving launch facilities.” (2009 OPPAGA Review of Space Florida) Therefore, many of these funds remain unspent. *For more information please see our Florida Needs Jobs Now section on page 11.*

Commercial Launch Zone (CLZ)

AIF strongly SUPPORTS the creation of a Commercial Launch Zone or CLZ. HB 133 filed by Rep. Ralph Poppell (R-Titusville) creates a zone, similar to a foreign trade zone, specifically for space-related commerce which could expand throughout the state. This legislation includes a package of economic incentives for launch, manufacturing, and research and development to enhance the commercial space industry in Florida.

Aerospace Workforce Transition

AIF SUPPORTS enhanced funding for space workforce training. Currently, \$3.2 million is being requested to expand the aerospace transition program statewide to mitigate the loss of jobs associated with the NASA shuttle retirement. These funds will pay for activities such as workforce analysis to help match current skills with new employers’ needs and critical training to upgrade the skills of current space workers so they can transition to new jobs. **In addition, AIF SUPPORTS legislation designed to provide tax incentives to businesses for training and hiring displaced aerospace workers.**

Space Florida Board Reorganization

AIF SUPPORTS legislation to reorganize the board structure of Space Florida — the state’s aerospace development organization. HB 451 filed by Rep. Steve Crisafulli (R-Merritt Island) would create a board for this critical economic development organization that better represents Florida’s statewide aerospace industry.

