

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Space Florida's Mission

In 2006, the legislature created Space Florida within Chapter 331, Florida Statutes, as the successor organization to the Florida Space Authority, the Florida Space Research Institute and the Florida Aerospace Finance Corporation. Space Florida is responsible for promoting the development of a sustainable aerospace industry, space infrastructure, and educational opportunities for people interested in working in the space and aerospace industry. Commercial space flight is an important part of Space Florida's vision for space and aerospace operations for Florida's future. Space Florida's 2010 Spaceport Master Plan details the current commercial space flight landscape in the state. "Over the past ten years about 32% of all successful commercial orbital launches in the world occurred within the US. In the same time only 37% of all successful orbital commercial launches from the US occurred in Florida."¹ Space Florida believes the state is uniquely positioned to become a more dominant player in the commercial space industry.

Space Florida's latest strategic master plan is titled "Vision 2020." It lays out Space Florida's overall strategic plan to position Florida as the world's leader in space activity.² "Vision 2020" is an extensive document that thoroughly describes Space Florida's plan for space in the state. The following goals are a small portion of the document and do not reflect every facet of Space Florida's plan:

- Increasing space activity in the state three-fold before 2020
- Capturing key initiatives and markets during the next decade to position Florida as a powerhouse in the global aerospace market
- Leading active partnerships to foster bold economic development activities to expand domestic and international aerospace activities
- Supporting workforce talent development
- Growing core aerospace capabilities to manufacture, assemble, provide and launch aeronautical instruments, rockets, spacecraft and satellite communications equipment and services

¹ Space Florida 2010 Spaceport Master Plan. Found at: <http://www.spaceflorida.gov/docs/Space%20Florida%20-%20Spaceport%20Master%20Plan%202010.pdf> (last visited 1/28/2010)

² Space Florida Strategic Master Plan. Vision 2020. <http://www.spaceflorida.gov/vision2020.php> (last visited 1/28/2010)

Some of the sectors Space Florida sees as expanding are:

- Launch Systems and Support
- Satellite Systems and Payloads
- Ground Operations and Support Systems
- Agriculture, Climate and Environmental Monitoring
- Civil Protection and Emergency Management
- International Space Station and Human Life Sciences
- Communications, Cybersecurity and Robotics
- Adventure Tourism
- Clean Energy
- Advanced Materials and New Products

Background on Boards of Directors

A board of directors can be defined as “[t]he group of people responsible for supervising the affairs of a corporation. The board of directors generally sets broad corporate policy rather than participating in day-to-day managerial decisions, although selection of the chief executive officer is the board's responsibility.” (The American Heritage Dictionary of Business Terms)

As suggested by its name, the board of directors "directs" the corporation's affairs and business path. A corporate director's duties and responsibilities typically include:

- Acting on behalf of the corporation and its best interests with an appropriate "duty of care" at all times;
- Acting with loyalty to the corporation and its shareholders;
- Participating in regular meetings of the board of directors;
- Approving certain corporate activities and transactions -- including contracts and agreements; election of new corporate officers; asset purchases and sales, approval of new corporate policies; and
- Amending the corporation's bylaws or articles of incorporation.

Composition of Space Florida's current board of directors

The current board of directors consists of:

- Five ex officio, voting members:
 - The Governor or the Governor's designee;
 - The Secretary of Transportation or the secretary's designee;
 - The president of Workforce Florida, Inc., or the president's designee;
 - The president of Enterprise Florida, Inc., or the president's designee; and
 - The Commissioner of Education or the commissioner's designee.
- Twelve members from the private sector appointed by the Governor
 - One must be a representative of organized labor with professional experience in the aerospace industry.
 - At least one individual from each of the industries of business, finance, marketing, space, aerospace, aviation, defense, research and development, and education.
 - The Governor must “consider whether the current members of the board, together with potential appointees, reflect the racial, ethnic, and gender diversity, as well as the geographic distribution, of the population of the state.”
- Two ex officio, nonvoting members
 - A member of the Senate, selected by the President of the Senate; and
 - A member of the House of Representatives, selected by the Speaker of the House of Representatives.

Designees of appointed members do not have voting authority. The appointees of the President of the Senate and the Speaker of the House of Representatives serve at the pleasure of their presiding

officers. Appointed members may be removed by the Governor for cause. Absence from three consecutive meetings without good cause shall result in automatic removal by the Governor.

The Governor serves as the chair of the board of directors. The board of directors biennially elects one of the private sector members as vice chair to serve in the absence of the Governor and to perform such other duties as may be designated. The board may appoint a person to act as the president of Space Florida, having such official title, functions, duties, powers and salary at the board may proscribe.³ The president is responsible for keeping a record of the proceedings of the board of directors and is the custodian of all books, documents, and papers filed with the board of directors, the minutes of the board of directors, and the official seal of Space Florida.

Effects of Proposed Changes

The bill reduces the number of voting members from 17 to 13. This includes a reduction in the number of ex officio, voting members from 5 to 4 and a reduction in Governor's appointees from 12 to 9. There are no changes in the requirements for the ex officio, nonvoting members.

Changes for Ex Officio Members

- Requires that the Lieutenant Governor serve as the Governor's designee (as opposed to leaving the choice of designee open)
- Removes the Commissioner of Education

The bill gives designees of ex officio, voting members voting authority.

Changes for Appointed members

The bill requires that all appointees "must have demonstrated knowledge and experience in the field of aerospace or have experience which is directly applicable to the state's aerospace endeavors." In addition, the bill requires that all voting members of the board "must be residents of the state or have a business enterprise in the state." The bill keeps the requirement that the Governor must "consider whether the membership reflects the racial, ethnic, and gender diversity, as well as the geographic distribution, of the population of the state." The bill also keeps the requirement that one appointee must be from "organized labor with experience in the aerospace industry," but removes the requirement that the board consist of "at least one individual from each of the industries of business, finance, marketing, space, aerospace, aviation, defense, research and development, and education." Instead the bill makes specific requirements for each one of the Governor's appointees.

The requirements for Governor's 9 appointees include:

- One member from organized labor with experience in the aerospace industry
- Two members from the state's aerospace-related industries at large across the state
- Two members from two separate commercial aerospace companies involved in human space flight programs or commercial access to space
- Two members from two separate commercial companies working under Federal Government contracts to conduct space-related business
- One member from an alternative energy enterprise with potential for aerospace applications
- One member from the aerospace industry whose primary client is the United States Department of Defense

The bill allows for removal of appointed members by the Governor "for cause," but removes the provision requiring automatic removal of members who are absent from three consecutive meetings without good cause. In addition, the bill allows for removal of appointed members by a simple majority of the board of directors voting at a properly noticed meeting of the board. Finally, the bill maintains the provision that designees of appointed members do not have voting authority.

³ S. 331.310, F.S., relating to powers and duties of the board of directors.

Overview of Changes in Board of Directors Membership

CURRENT	HB 451
Governor or designee	Governor or Lieutenant Governor as Governor's designee
Secretary of Transportation or designee	Secretary of Transportation or designee
President of Workforce Florida or designee	President of Workforce Florida or designee
President of Enterprise Florida or designee	President of Enterprise Florida or designee
Commissioner of Education or designee	REMOVED
<u>12 Members from the private sector</u> 1 from organized labor with experience in the aerospace industry. The remaining 11 members must include at least 1 individual from each of these industries: Business Finance Marketing Space Aerospace Aviation Defense Research and Development Education	<u>9 Members from the private sector</u> 1 from organized labor with experience in the aerospace industry. 2 from the state's aerospace-related industries at large across the state 2 from two separate commercial aerospace companies involved in human space flight programs or commercial access to space 2 two separate commercial companies working under Federal Government contracts to conduct space-related business 1 an alternative energy enterprise with potential for aerospace applications 1 the aerospace industry whose primary client is the United States Department of Defense
Ex officio, nonvoting appointee from the Florida Senate by President of the Senate	Ex officio, nonvoting appointee from the Florida Senate by President of the Senate
Ex officio, nonvoting appointee from the Florida House by Speaker of the House of Representatives	Ex officio, nonvoting appointee from the Florida House by Speaker of the House of Representatives
TOTAL MEMBERS: 19	TOTAL MEMBERS: 15

Changes for Board Leadership

The bill removes all references to board leadership. The Governor may call for a meeting of the board, while the Lieutenant Governor or a majority of board members may request a meeting of the board. While the bill does not amend s. 331.310, which allows the board of directors to appoint a president, the repeal of s. 331.308 removes the provisions for the president to maintain Space Florida's records and serve as the custodian of related documents and the seal of Space Florida.

Transition from the Current Board of Directors

The bill repeals s. 331.308, F.S., relating to the current board of directors of Space Florida. The bill terminates the existing board of directors of Space Florida 90 days after the law takes effect. The initial appointments of new members and Senate confirmations of the appointments shall occur 91 days after the law takes effect. New appointees will have interim status pending the next called meeting of the Senate. The terms for four of the Governor's initial appointees will be 2 years and the terms for five of the Governor's initial appointees will be 4 years. At the expiration of the initial terms, subsequent members will serve 4-year terms.

Other considerations

The bill does not alter the powers and duties of the board, nor does it impact the scope of Space Florida's rule-making authority.

Effective Date

The bill has an effective date of upon becoming a law.

B. SECTION DIRECTORY:

Section 1: Creates s. 331.3081, F.S., relating to the board of directors of Space Florida.

Section 2: Repeals s. 331.308, F.S., relating to the board of directors of Space Florida.

Section 3: Provides an effective date of upon becoming a law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

No change, as the allowances for board members and support staff to be reimbursed for "all reasonable, necessary, and actual expenses as determined by the board of directors pursuant to s. 112.061" is identical to current provisions.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

No direct impact per se, but a board that is more representative of the space industry may foster an atmosphere of understanding of industry needs and future growth.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

On March 3, 2010, the Economic Development Policy Committee adopted an amendment, which:

- Gave designees of ex officio, voting members the authority to vote.
- Maintained that designees of appointed voting members do not have the authority to vote.
- Replaced the director of the Agency for Workforce Innovation with the president of Workforce Florida, Inc.
- Replaced the vice chair of Enterprise Florida, Inc. with the president of Enterprise Florida, Inc.
- Changed the date for the expiration of terms of the current members from 180 days after the bill takes effect to 90 days after the bill takes effect.
- Changed the required date for initial appointments and Senate confirmations of the appointments to the new board from within 180 days after the bill takes effect to 91 days after the bill takes effect.

The bill was reported favorably and the analysis has been updated to reflect the committee substitute.