

**SUBJECT:** Creating a spaceport trust fund

**COMMITTEE:** Economic Development — committee substitute recommended

**VOTE:** 5 ayes — Solis, Keffer, Clark, Seaman, Yarbrough  
0 nays  
4 absent — Deshotel, Homer, Luna, McClendon

**WITNESSES:** For — Dick Messbarger, South Texas Spaceport Consortium; *Registered but did not testify:* Tris Castaneda, Jr., City of Fort Stockton/Pecos County; Bill Hammond, Texas Association of Business and Chambers of Commerce; Fred Welch, Gulf Coast Regional Spaceport Development Corp.  
  
Against — None  
  
On — *Registered but did not testify:* William F. Looke, Texas Aerospace Commission

**BACKGROUND:** In 1999, the 76th Legislature enacted HB 3029 by Oliveira, et al. and SB 1092 by Brown, authorizing the creation of development corporations for spaceport facilities and granting these authorities the power of eminent domain and the authority to issue revenue bonds. Since then, a corporation has been created or is being created in each of the three Texas counties (Kenedy, Brazoria, and Pecos) that are pursuing a spaceport facility. Two companies, Space Access and Kistler Aerospace Corp., have expressed interested in locating commercial spaceports in Texas.

A spaceport is a facility from which commercial companies launch satellites and cargo into space. The four commercial launch facilities now in operation in the United States use expendable launch vehicles, which jettison part of the spacecraft during the flight. Space Access, Kistler Aerospace, and other private firms are working to develop a reusable launch vehicle, which could reduce launch costs significantly. A new launch facility probably would be financed with some combination of public and private funds.

**DIGEST:** CSHB 1964 would create a spaceport trust fund outside the state treasury with the comptroller of public accounts and administered by the Texas Aerospace Commission, which could invest, reinvest, or direct investment of any money in the fund. The fund would consist of money from gifts, grants, donations, or any other source designated by the Legislature.

Money in the trust fund could be spent only to pay for infrastructure necessary or useful for establishing a spaceport, and only if the commission certified to the comptroller that:

- ! a viable business entity with the necessary financial, managerial, and technical expertise to launch and land a reusable launch vehicle had committed to locating its facilities at a spaceport in Texas;
- ! a development corporation for spaceport facilities had established a development plan for the spaceport and had secured at least 90 percent of the required funding; and
- ! the spaceport had obtained the appropriate license from the Federal Aviation Administration (FAA).

The commission could contract with a development corporation to develop infrastructure for the spaceport.

The bill would take effect September 1, 2001.

**SUPPORTERS SAY:** CSHB 1964 would lay the groundwork for raising money for spaceport infrastructure in the event that a Texas site was chosen for a spaceport facility. Once a site is chosen, the community will have to raise large sums of money to pay for the necessary infrastructure, such as roads and power lines. This bill would create a holding fund to which people or communities could donate money for that purpose. The Aerospace Commission already has received more than \$92,000 in donations for spaceport initiatives. The bill would appropriate no money to the trust fund.

The money in this trust fund could be spent only on infrastructure for the spaceport, not the spaceport itself. Furthermore, the funds would not be spent except under conditions that would ensure that the spaceport was viable and would be located in Texas. The bill also would help Texas attract a spaceport facility by demonstrating the state's commitment to the project.

Attracting a spaceport to Texas would result in a tremendous benefit for the state, creating several thousand new jobs and adding hundreds of millions of dollars to the state economy. Since 1993, the number of commercial launches worldwide has more than tripled, from 10 in 1993 to 36 in 1999, and is estimated to increase to almost 40 launches by the end of 2001, according to the FAA. Texas has an opportunity to capture part of this new industry and its associated employment and revenue gains. In 1999 alone, the commercial launch industry was responsible for \$61.3 billion in economic activity in the United States.

OPPONENTS  
SAY:

The state should not expend the administrative resources required to set up and maintain a spaceport trust fund for a project that is based on unproven technology and that may not reach fruition. By pursuing this questionable project, the state would set itself up for a loss not unlike that associated with the canceled Super Conducting Supercollider project, into which the state sank millions of dollars. Although this bill would appropriate no funds, it would set the stage for an appropriation, ultimately risking taxpayer money. The technology on which the spaceport would be based does not yet exist, and in the competitive space industry, there is no way of knowing which companies will survive the race to develop the technology and secure funding. The project will not be financially viable without federal loan guarantees. Congress has not approved such guarantees and has indicated considerable skepticism as to whether this kind of project is safe enough to risk millions in taxpayer dollars. Until the outlook for this project is more realistic, the state should not waste its resources.

OTHER  
OPPONENTS  
SAY:

The state should appropriate revenue to the trust fund to demonstrate the strength of its commitment to the project and to help the interested counties attract a spaceport facility to Texas.

NOTES:

The committee substitute changed a provision in the original bill that would have prevented the comptroller from transferring money into the trust fund unless certain criteria were met. The substitute also specifies that the trust fund would be outside of the treasury.

The companion bill, SB 813 by Brown, passed the Senate by 30-0 on April 5 and was reported favorably, without amendment, by the House Economic Development Committee on April 11, making it eligible to be considered in

lieu of HB 1964. As reported by the committee, SB 813 is identical to CSHB 1964.

CSSB 1, the version of the general appropriations bill approved by the House on April 11, would appropriate \$3.1 million in general revenue to the Texas Aerospace Commission in fiscal 2002-03 to conduct analyses necessary to demonstrate the viability of the Texas sites as potential locations for a spaceport. The Senate version of SB 1 places this funding request in the Article 11 “wish list.”