

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1407

Florida Clean Energy Technology Center of Excellence

SPONSOR(S): Poppell

TIED BILLS:

IDEN./SIM. BILLS: SB 2186

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Environmental Regulation Committee		Perkins	Kliner
2) Spaceport & Technology Committee			
3) Agriculture & Environment Appropriations Committee			
4) State Resources Council			
5) _____			

SUMMARY ANALYSIS

The bill creates the Florida Clean Energy Technology Center of Excellence (Center) and requires the Florida Energy Office (FEO) to enter into a contract with the Technological Research and Development Authority (TRDA) for the operation of the Center.

Specifically, the TRDA will operate the Center to perform the following responsibilities:

- Administer the Venture Smart Grant Program and award grants up to \$50,000 to one or more businesses that are developing a product or service related to energy;
- Create and maintain a Florida Hydrogen Capabilities Catalog;
- Sponsor and organize an annual clean energy venture forum;
- Promote the research, development, demonstration, and deployment of clean energy technologies.

The bill appropriates \$400,000 from the General Revenue Fund to FEO for funding the Center.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide Limited Government: The bill requires FEO to enter into a contract with the TRDA to operate the Center. FEO believes that this legislation is duplicative to their mission in seeking and administering funding opportunities to promote research, development, demonstration, and deployment of clean energy technologies, as well as education related to these technologies.

Safeguard Individual Liberty and Promote Personal Responsibility: The bill provides an opportunity to businesses that are developing a product or service related to energy to apply for a grant under the Venture Smart Grant Program.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

Florida Energy Office: The FEO, is the state's primary center for energy policy under Governor Bush. In addition to developing and implementing Florida's energy policy, FEO coordinates all federal energy programs delegated to the state, including energy supply, demand, conservation and allocation. Through the FEO, the State of Florida shapes "Florida's Energy Future," focusing on advanced clean energy sources, energy conservation, and efficiency. Florida is actively leading the nation in projects that promote hydrogen power, solar energy, bio-based fuels, clean vehicles, and energy conservation.¹

Currently, FEO's primary mission is to seek and administer funding opportunities to promote research, development, demonstration, and deployment of clean energy technologies, as well as education related to these technologies. The FEO's hydrogen program is currently becoming an international leader in promotion of hydrogen energy technologies. A significant amount of information is collected and maintained regarding capabilities for hydrogen in Florida. FEO currently administers 10 million dollars in grants for this purpose.

The Venture Smart program was designed to help small energy-related technology companies that could be related to energy improve their appeal to private accredited investors by providing small grants between \$5,000 and \$30,000 to assist firms procure the business planning needed to address the concerns identified by private accredited investors. FEO funded a previous iteration of this program from 2001 to 2003 and awarded 20 such grants until the program closed in 2003.

Florida Technological Research and Development Authority: TRDA, established by the Florida Legislature in 1987, delivers the successful and cost-effective transfer of cutting edge technologies to schools and small businesses throughout the State of Florida. Through strategic alliances with NASA, the federal government, the aerospace industry and state partners (including the Department of Education, Enterprise Florida and the Department of Community Affairs), TRDA is giving Floridians the edge to success to compete in the new millennium. Specifically, the TRDA sponsors programs that enhance education, space research and economic development within the state. By seeking matching funds for visionary projects, TRDA has been able to augment Florida's resources with those of government and private industry, while working diligently to ensure a brighter future for the people of the State of Florida.²

National Alliance of Clean Energy Business Incubators: This group was created in 2002 by the National Renewable Energy Laboratory of the United States Department of Energy to assist entrepreneurs in commercializing clean energy technologies.

¹ <http://www.dep.state.fl.us/energy/default.htm>

² <http://www.trda.org/about/default.htm>

Effect of Proposed Change

- ❖ The bill requires the FEO and TRDA to enter into a contract to operate the Center whereby such authority will operate the Center to perform the following responsibilities in a manner consistent with the powers granted to such authority under ch. 87-455, L.O.F.:
 - Administer the Venture Smart Grant Program and award grants up to \$50,000, (a cap increase of \$20,000), to one or more businesses that are developing a product or service related to energy. The grants awarded will provide a recipient business with guidance and technical support to attract and secure such product or service. To be eligible for a grant, a business must be developing an energy product or service for the market place, be a start-up or medium-sized business, submit a grant application, and be selected for funding by the board of directors of the authority. The board of directors "grant decision" is based on recommendations of a three-member independent review committee responsible for the initial screening of applicants energy-related products and services that are the most promising.
 - Create and maintain a Florida Hydrogen Capabilities Catalog on the Internet to include a web-based list of hydrogen-related research projects underway at the state's public and private universities, a list of businesses in the state which are involved in hydrogen energy technologies, and opportunities for state and federal grants to support the development and commercialization of hydrogen energy technologies.
 - Sponsor and organize an annual clean energy venture forum to bring venture capital to promising companies having clean energy innovations.
 - Enhance the energy security of this state and the nation by reducing dependence on foreign oil as an energy source by promoting the research, development, demonstration, and deployment of clean energy technologies (particularly renewable technologies), through the provision of traditional business incubation services and the administration of the Venture Smart Grant Program as a member of the National Alliance of clean Energy Business Incubators.
- ❖ The bill appropriates \$400,000 from the General Revenue Fund to FEO for the purpose of funding the Center.

The bill appears to continue to aid businesses in the promotion and development of alternative future energy sources and may produce local jobs and business growth for grant recipient technology and energy-related firms through the Venture Smart Grant Program.

FEO believes that this legislation is duplicative to their mission in seeking and administering funding opportunities to promote research, development, demonstration, and deployment of clean energy technologies, as well as education related to these technologies. FEO opines that this bill abrogates the initial intent of the forming of the FEO to be the central coordinating branch of state government for energy resources, including alternative energy promotion and information gathering. FEO believes that benefits could be realized if the grants from the appropriated funds were used to add on to existing or planned FEO projects.

C. SECTION DIRECTORY:

- Section 1.** Creates the Center under the TRDA to administer the Venture Smart Grant Program, develop and maintain a Florida Hydrogen Capabilities Catalog, sponsor and organize an annual clean energy venture forum, and provide enhancement of energy security.
- Section 2.** Appropriates \$400,000 from the General Revenue Fund to FEO for funding the Center.
- Section 3.** Provides an effective date of July 1, 2005.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues: None.
2. Expenditures: The bill appropriates \$400,000 from the General Revenue Fund to FEO for funding the Center.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues: None.
2. Expenditures: None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill may produce local jobs and business growth for grant recipient technology and energy-related firms through the Venture Smart Grant Program.

D. FISCAL COMMENTS: None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to: require cities or counties to spend funds or take actions requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other: None.

B. RULE-MAKING AUTHORITY: Rule making is not addressed in this bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

DEP Comments: DEP opposes the parts of the bill related to contracting with the TRDA to create and maintain a Florida Hydrogen Capabilities Catalog, to sponsor and organize an annual clean energy venture forum to bring venture capital to promising companies having clean energy innovations, and to promote research, development, demonstration, and deployment of clean energy technologies. These programs would be duplicative of existing FEO activities, and could create inefficient management of state resources. DEP has no position on the Venture Smart Program.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES