# Spaceport is built, but who will come?

JERI CLAUSING Associated Press

TRUTH OR CONSEQUENCES, N.M. (AP) -- New Mexico Tourism Secretary Monique Jacobson says it will be New Mexico's Sydney Opera House. Virgin Galactic Chairman Richard Branson has hinted it will host the first of his new brand of lifestyle hotels. And the eclectic hot springs town of Truth or Consequences has been anxiously awaiting all the economic development the nearly quarter-of-a-billion-dollar project is supposed to bring to this largely rural part of southern New Mexico.

But as phase one of Spaceport America, the world's first commercial port built specifically for sending tourists and payloads into space, is nearing completion, the only new hotel project that has been finalized is a Holiday Inn Express here in Truth or Consequences, about 25 miles away. And three key companies with millions of dollars in payroll have passed on developing operations in the state.

The lagging development, along with competition from heavy hitters like Florida and Texas, is raising new questions about the viability of the $209 billion taxpayer-funded project - as well as the rush by so many states to grab a piece of the commercial spaceport pie. To date, nine spaceports are planned around the United States, mostly at existing airports, and another 10 have been proposed, according to a recent report from the New Mexico Spaceport Authority.

"Right now, the industry is not there to support it," Alex Ignatiev, a University of Houston physics professor and adviser to space companies, said of the list of planned and proposed spaceports across America.

Andrew Nelson, COO of XCOR Aerospace, disagrees, saying "in the next couple to three years, there's going to be a demonstrative reduction in the cost to launch stuff ... so we are going to have a lot more people coming out of the woodwork."

Currently, the Spaceport can count on two rocket companies that send vertical payloads into space and Virgin Galactic, the Branson space tourism venture that says it has signed up more than 500 wealthy adventurers for $200,000-per-person spaceflights. Other leaders in the race to commercialize the business and send tourists into space have been passing on New Mexico.

For example, XCOR Aerospace, which manufactures reusable rocket engines for major aerospace contractors and is designing a two-person space vehicle called the Lynx, has twice passed over New Mexico in favor of Texas and Florida. Most recently, it announced plans to locate its new Commercial Space Research and Development Center Headquarters in Midland, Texas.

Another company, RocketCrafters, Inc., passed over New Mexico for Titusville, Fla. And the space tourism company of SpaceX, is looking at basing a plant with $50

million in annual salaries to Brownsville, Texas.

Locally, officials blame the lack of new businesses on the legislature's refusal to pass laws that would exempt spacecraft suppliers from liability for passengers should the spacecraft crash or blow up. When New Mexico was developing Spaceport in partnership with Virgin Galactic, it passed a law to exempt the carrier through 2018, but not parts suppliers. Colorado, Florida, Texas and Virginia have adopted permanent liability exemption laws for both carriers and suppliers. The laws, called informed consent, are much like those that exempt ski areas from lawsuits by skiers, who waive their rights for claims when they buy a ski pass. Spaceport officials emphasize the carriers and suppliers would not be exempt from damage on the ground, or in cases of gross negligence.

"The issue is informed consent legislation," said Truth or Consequences Mayor John Mulcahy. "We need to get that passed."

Companies make no secret of the fact that the liability laws have played a role in their decision to go elsewhere. But they also cite Spaceport America's remote location -45 miles from Las Cruces and 200 miles from Albuquerque - and a failure by the state to offer competitive incentives as factors.

"We worked with (former Gov. Bill) Richardson's people as well as (Gov. Susana) Martinez," Nelson said. "They are all fine. They have been great. But they couldn't deliver the package that was necessary to get across the goal line."

Spaceport's success is tied largely to Virgin Galactic, which signed a 20-year lease to operate its commercial space tourism business from the site. Over the next two decades, the company's lease payments and user fees are expected to generate $250 million and more. But the terms of the lease or what penalties might be imposed if Branson pulls out are not publicly known. And the facility was planned with the idea that at least one new major tenant would move in by 2016.

"We are so happy we have Virgin Galactic as anchors," said Christine Anderson, executive director of the New Mexico Space Authority, which is lobbying lawmakers to approve informed consent. "But we want to attract more tenants. ... I think this is really a critical piece of legislation that New Mexico has to have."

Nelson says his company hasn't ruled out one day flying his Lynx aircraft in New Mexico. But he says the legislature's wavering on the liability exemptions "sends a message that we cannot expect a consistent response," he said.

Meantime, Branson's estimate for a first manned flight has been pushed back until late 2013 at the earliest. And questions remain about the facility's tourism draw.

Tourism and Spaceport officials have estimated as many as 200,000 people a year would visit the futuristic center. Branson told a national hotel conference in 2011 that he might put one of his still to be developed Virgin hotels in the area. But there has been no further word on that hotel, or others that have been rumored to cater to the space crowd.

Ignatiev estimates it will be 10 years before the commercial space business really takes off, "And I don't know how many states or commercial entities can sit around for 10 years and wait for business to show up. They are going to have a problem staying viable."

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