

DEPARTMENT OF TAXATION

2011 Fiscal Impact Statement

1. **Patron** William C. Wampler, Jr.

2. **Bill Number** SB 1447

3. **Committee** Passed by House and Senate

House of Origin:

 Introduced

 Substitute

 Engrossed

4. **Title** Corporate Income Tax; Virginia Commercial
Space Flight Authority

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. **Summary/Purpose:**

For fiscal years 2012 through 2015, this bill would dedicate to the Virginia Commercial Space Flight Authority ("Authority") an amount estimated by TAX to equal the portion of net revenues generated by corporations engaged in commercial human spaceflights or commercial spaceflight training that is attributable to the sale of commercial human spaceflights and commercial spaceflight training or incidental to the sale of commercial human spaceflights beginning July 1, 2011. The Comptroller would transfer an amount from General Fund revenues equal to the estimate to the Authority each quarter.

The effective date of this bill is not specified.

6. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

7. **Budget amendment necessary:** No.

8. **Fiscal implications:**

Administrative Costs

TAX considers implementation of this bill as routine, and does not require additional funding. TAX would be required to issue guidelines and rules regarding this transfer. In order to provide the estimate of the General Fund transfer to the Virginia Commercial Space Flight Authority each quarter, TAX would require corporations engaged in commercial human spaceflights or commercial spaceflight training to provide quarterly reports to TAX of the revenues generated by the sale of commercial human spaceflights and commercial spaceflight training.

Revenue Impact

This bill would require a transfer of revenues in an amount estimated by TAX to equal the portion of net revenues generated by corporations engaged in commercial human spaceflights or commercial spaceflight training that is attributable to the sale of commercial human spaceflights and commercial spaceflight training or incidental to the

sale of commercial human spaceflights. As the number of corporations engaged in such activities is currently unknown, the amount of General Fund revenue required to be transferred to the Virginia Commercial Space Flight Authority is unknown. To implement the transfer required by this bill, a reduction of an equal amount of General Fund support from other areas in the introduced budget would be required.

9. Specific agency or political subdivisions affected:

Department of Taxation
Virginia Commercial Space Flight Authority

10. Technical amendment necessary: No.

11. Other comments:

Background

Under current law, taxpayers may subtract on their Virginia income tax return, any amount of gain recognized from the sale of launch services to space flight participants or launch services intended to provide individuals the training or experience of a launch, without performing an actual launch, so long as the launch services are performed in Virginia or originate from an airport or spaceport in Virginia. Taxpayers may also subtract any gain recognized as a result of resupply services contracts for delivering payload entered into with the Commercial Orbital Transportation Services division of the National Aeronautics and Space Administration or other space flight entity, so long as the launch is from an airport or spaceport in Virginia.

Proposal

For fiscal years 2012 through 2015, this bill would dedicate to the Virginia Commercial Space Flight Authority ("Authority") an amount estimated by TAX to equal the portion of net revenue generated by corporations engaged in commercial human spaceflights or commercial spaceflight training that is attributable or incidental to the sale of commercial human spaceflights and commercial spaceflight training beginning July 1, 2011. The Comptroller would transfer an amount from General Fund revenues equal to the estimate to the Authority each quarter.

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cc : Secretary of Finance

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