

DEPARTMENT OF TAXATION

2012 Fiscal Impact Statement

1. **Patron** Terry G. Kilgore

2. **Bill Number** HB 18

3. **Committee** Senate Finance

House of Origin:

 Introduced

 Substitute

 Engrossed

4. **Title** Transfer of certain income tax revenue generated by space flight entities.

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would clarify existing law to state that the amount of revenue generated by commercial spaceflight activities that must be transferred to the Virginia Commercial Space Flight Authority is based on the portion of Virginia income tax revenue generated by qualified companies, rather than net revenue. This bill would also clarify that Virginia tax revenue that is attributable to a qualified company's sale of commercial human spaceflights or commercial spaceflight training would qualify for the transfer, regardless of point-of-sale or where the space flight takes place.

Additionally, this bill would clarify that the revenue transfer provision applies to limited liability companies, as well as corporations.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No.

7. **No Fiscal Impact** (See Line 8.)

8. **Fiscal implications:**

Administrative Costs

The Department of Taxation ("the Department") considers implementation of this bill as routine, and does not require additional funding.

Revenue Impact

Because this bill merely clarifies existing law, there would be no fiscal impact.

9. **Specific agency or political subdivisions affected:**

Department of Taxation
Virginia Commercial Space Flight Authority

10. Technical amendment necessary: No.

11. Other comments:

Background

For fiscal years 2012 through 2015, the Department of Taxation must estimate 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. The Virginia Commercial Space Flight Authority will notify the Department of any commercial human spaceflight projects that may create revenue subject to this revenue transfer provision. Once this information is received, the Department will communicate with the taxpayer to determine an estimate of the amount of tax revenues that may be available for transfer to the Virginia Commercial Space Flight Authority.

The Department must then certify an estimate to the Comptroller on a quarterly basis. Upon notice from the Department, the Comptroller must transfer the estimated amount from the General Fund to the Virginia Commercial Space Flight Authority.

Proposal

This bill would clarify existing law to state that the amount of revenue generated by commercial spaceflight activities that must be transferred to the Virginia Commercial Space Flight Authority is based on the portion of Virginia income tax revenue generated by qualified companies, rather than net revenue. This bill would also clarify that Virginia tax revenue that is attributable to a qualified company's sale of commercial human spaceflights or commercial spaceflight training would qualify for the transfer, regardless of point-of-sale or where the space flight takes place, rather than revenue attributable to activities in Virginia.

Additionally, this bill would clarify that the revenue transfer provision applies to limited liability companies, as well as corporations.

The effective date of this bill is not specified.

Similar Legislation

House Bill 813 and **Senate Bill 284** would make similar clarifications. House Bill 813 would also allocate \$15 million each fiscal year of Retail Sales and Use Tax revenues currently dedicated to the Transportation Trust Fund to the Commonwealth Space Flight Fund for use by the Virginia Commercial Space Flight Authority.

cc : Secretary of Finance

Date: 2/19/2012 KLC
HB18FE161