

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: SB284

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. Patron: Herring

3. Committee: Passed Both Houses

4. Title: Commercial space flight; funding and oversight.

5. Summary: This bill would establish the Commonwealth Space Flight Fund (“Fund”) as part of the Transportation Trust Fund and allocate \$7.5 million each fiscal year of Retail Sales and Use Tax revenues currently dedicated to the Transportation Trust Fund to the Fund. Revenue in the Fund would be allocated to the Board of Directors of the Virginia Commercial Space Flight Authority (VCSFA) in order to foster and stimulate the growth of the commercial space flight industry in Virginia. The bill would also make several changes to the administration of the Authority.

The bill would also clarify existing law to state that the amount of revenue generated by commercial spaceflight activities that must be transferred to the Authority is based on the portion of Virginia income tax revenue generated by qualified companies, rather than net revenue. This bill would clarify that revenue that is attributable to the sale of commercial human spaceflights or commercial spaceflight training would qualify for the transfer, regardless of point-of-sale or where the spaceflight takes place. Additionally, this bill would clarify that the revenue transfer provision applies to limited liability companies, as well as corporations.

6. Budget Amendment Necessary: See #8.

7. Fiscal Impact Estimates: Final.

7a. Revenue Impact:

| Fiscal Year | VDOT | VCSFA |
|-------------|---------------|-------------|
| 2012 | - | - |
| 2013 | (\$7,500,000) | \$7,500,000 |
| 2014 | (\$7,500,000) | \$7,500,000 |
| 2015 | (\$7,500,000) | \$7,500,000 |
| 2016 | (\$7,500,000) | \$7,500,000 |
| 2017 | (\$7,500,000) | \$7,500,000 |
| 2018 | (\$7,500,000) | \$7,500,000 |

8. Fiscal Implications: The bill would allocate \$7.5 million of Transportation Trust Fund revenues each fiscal year to the newly created Commonwealth Space Flight Fund, which would be part of the Transportation Trust Fund. The Transportation Trust Fund was established in 1986 as a permanent fund and receives all of the revenue generated as a result of the 0.5 percent retail sales and use tax increase effective January 1, 1987. Moneys in this

fund are dedicated to transportation needs in the Commonwealth. Of the funds, 4.2 percent are set aside as the Commonwealth Port Fund, 2.4 percent is set aside as the Commonwealth Airport Fund, and 14.7 percent is set aside as the Commonwealth Mass Transit Fund. The state sales tax rate on food was reduced from 3 percent to 1.5 percent in July 2005. Of this 1.5 percent, one-half percent is allocated to the Transportation Trust Fund and the remaining one percent is allocated to localities based on school age population.

For FY 2012 through FY 2015, an amount estimated by the Department of Taxation 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 are dedicated to the Virginia Commercial Space Flight Authority in the revenue forecast supporting the Governor's introduced budget.

This bill reconstitutes the Board of the Virginia Commercial Space Flight Authority by reducing the number of Board members from 13 to nine and providing for all current appointments to the Board to expire on July 1, 2012. The bill provides that as of a certain date current employees of the Authority could elect not to be employed by the Authority. Any employee (i) making such election who is not rehired by another state agency, and (ii) not making the election but who is not offered an opportunity to remain with the Authority would be eligible for severance benefits under the Workforce Transition Act. The bill allows the Authority to establish an alternative to the Virginia Retirement System defined benefit retirement plan for its employees. The bill makes several other changes to the administrative powers and duties of the Authority.

The present Appropriation Act, Chapter 890, 2011 Acts of Assembly, allows \$1.5 million in each year from the Transportation Trust Fund to provide state support for the VCSFA. In order to prevent the Appropriation Act from conflicting with proposed legislation creating a dedicated funding source for the VCSFA, the Governor's introduced 2012-2014 biennial budget did not continue the funding for the VCSFA's operational support. The newly introduced House Bill 1301, as approved by the House, includes an amendment authorizing the use of up to \$15 million each year from the Transportation Trust Fund to support the VCSFA. The budget proposed by the Senate Finance Committee continued the current funding level of \$1.5 million each year from the Transportation Trust Fund for the VCSFA. If a budget amendment associated with this legislation is included in the final budget approved by the General Assembly, this bill's \$7.5 million annually in Transportation Trust Fund revenue should be the amount specified.

9. Specific Agency or Political Subdivisions Affected: Virginia Commercial Space Flight Authority, Virginia Department of Transportation.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is identical to HB813.

Date: 3/12/12

Document: Janet Vogelgesang G:\12-14\FIS\SB284ER.doc

c: Secretary of Transportation