

**DEPARTMENT OF TAXATION
2011 Fiscal Impact Statement**

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

2. **Bill Number** SB 1447

3. **Committee** Senate Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Corporate Income Tax and Retail Sales and Use Tax; Virginia Commercial Space Flight Authority

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would dedicate an amount estimated by TAX to equal the net revenues generated by the Corporate Income Tax paid by corporations engaged in commercial human spaceflights or commercial spaceflight training and the net revenues generated by the state Retail Sales and Use Tax on sales of commercial human spaceflights and commercial spaceflight training in the Commonwealth to the Virginia Commercial Space Flight Authority ("Authority") beginning July 1, 2011. The Comptroller would transfer an amount from discretionary 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.

Revenue Impact

This bill would require a transfer of revenues in an amount estimated to equal the net revenues generated by the Corporate Income Tax paid by corporations engaged in commercial human spaceflights or commercial spaceflight training. As the number of corporations engaged in such activities is unknown, the amount of discretionary General Fund revenues required to be transferred to the Virginia Commercial Space Flight Authority based on Corporate Income Tax revenues is unknown. As sales of human spaceflights and space flight training would be considered services exempt from the Retail Sales and Use Tax, the sales tax portion of this bill would have no impact. 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, the Retail Sales and Use Tax is a tax imposed upon the sale of tangible personal property, and does not apply to the sale of most services. The limited list of services that are subject to the Retail Sales and Use Tax are listed in the *Code of Virginia*, and include: 1) services included in or in connection with the sale of tangible personal property; 2) fabrication of property for consumers who furnish the materials; 3) provision of meals consumed on the premises; and 4) lodging for less than 90 days. As commercial human spaceflights and spaceflight training would be considered services, they are not subject to the Retail Sales and Use Tax.

Proposal

This bill would dedicate an amount estimated by TAX to equal the net revenues generated by the Corporate Income Tax paid by corporations engaged in commercial human spaceflights or commercial spaceflight training and the net revenues generated by the state Retail Sales and Use Tax on sales of commercial human spaceflights and commercial spaceflight training in the Commonwealth to the Virginia Commercial Space Flight Authority ("Authority") beginning July 1, 2011. The Comptroller would transfer an amount from discretionary General Fund revenues equal to the estimate to the Authority each quarter.

The effective date of this bill is not specified.

Similar Legislation

Senate Bill 1285 would dedicate all state retail sales and use and income taxes paid by highway contractors to the Transportation Trust Fund.

cc : Secretary of Finance

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