

**DEPARTMENT OF TAXATION
2011 Fiscal Impact Statement**

1. **Patron** Ralph S. Northam

2. **Bill Number** SB 965

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

House of Origin:

Introduced

Substitute

Engrossed

4. **Title** Retail Sales and Use Tax; Removes the
Sunset Date for Space Facilities Exemption

Second House:

In Committee

Substitute

Enrolled

5. Summary/Purpose:

This bill would remove the sunset date of the Retail Sales and Use Tax exemption for space facilities, space propulsion systems, satellites, space vehicles, space stations, and related items used to conduct "spaceport activities." Under current law, the exemption is set to expire on July 1, 2011.

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 Impact

TAX considers implementation of this bill as routine, and does not require additional funding.

Revenue Impact

This bill would have no impact on state or local revenues, as the continuation of the exemption is assumed in the revenue forecast.

9. Specific agency or political subdivisions affected:

TAX

10. **Technical amendment necessary:** No.

11. Other comments:

Exemption for Space Facilities

Current law provides an exemption from the Retail Sales and Use Tax for the sale, lease, use, storage, consumption or distribution of various types of tangible personal property used to conduct spaceport activities. "Spaceport activities" are defined as activities directed or sponsored at a facility owned, leased, or operated by or on behalf of the Virginia Commercial Space Flight Authority. Items such as orbital or suborbital space facilities, space propulsion systems, space vehicles, satellites, space stations, including any property contained in the foregoing items, and fuel are included in this exemption. The exemption also includes machinery and equipment used exclusively for spaceport activities and the sale of goods and services provided to operate and maintain launch facilities, launch equipment, payload processing facilities, and payload processing equipment when these items are used to conduct spaceport activities.

When this exemption was enacted in 1997, the exemption was set to expire on June 30, 2001. In 2001, the expiration was extended to July 1, 2011.

Proposal

This bill would remove the sunset date for this exemption and make the exemption permanent.

The effective date of this bill is not specified.

Similar Bills

Senate Bill 1343 would extend the sunset date for the exemption from the Retail Sales and Use Tax for machinery, tools, and equipment used in the extraction of natural gas or oil from July 1, 2011 to July 1, 2016.

cc : Secretary of Finance

Date: 2/18/2011 KP
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