

DEPARTMENT OF TAXATION

2012 Fiscal Impact Statement

1. **Patron** Terry G. Kilgore

2. **Bill Number** HB 19

3. **Committee** House Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Individual income tax deduction for certain purchases from space flight entities.

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would create an individual income tax deduction for the purchaser of a prepaid contract entered into with a commercial space flight entity to place the taxpayer's cremated remains into earth or lunar orbit from a spaceport facility operated by the Virginia Commercial Space Flight Authority.

The total deduction claimed by any individual would be limited to \$8,000 per person. The amount deducted on any individual income tax return in any taxable year would be limited to \$2,500 per person. If the purchase price of a prepaid contract exceeds \$2,500 per person, any amount in excess of \$2,500 could be carried forward and deducted in future taxable years until the full purchase price (up to \$8,000) is deducted.

Any deduction is subject to recapture if either party terminates the prepaid contract or if the contract is amended to provide for the launch of the taxpayer's cremated remains from a spaceport facility other than one operated by the Virginia Commercial Space Flight Authority.

This bill would be effective for taxable years beginning on or after January 1, 2013, but before January 1, 2021.

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

7. **Fiscal Impact Estimates are:** Unknown. (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

This bill would result in an unknown, but likely minimal, revenue loss beginning in FY 2014. Each \$2,500 deduction would result in a revenue loss of no more than \$143.75. The total revenue impact depends on the number of taxpayers that claim the deduction.

9. Specific agency or political subdivisions affected:

Department of Taxation
Virginia Commercial Space Flight Authority

10. Technical amendment necessary: No.

11. Other comments:

Proposed Legislation

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Similar Legislation

House Bill 18 would clarify existing law related to the transfer of income tax revenue generated by space flight entities to the Virginia Commercial Space Flight Authority.

cc : Secretary of Finance

Date: 1/15/2012 KLC
HB19F161