

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: Finance

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 \$15 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: Yes, to reallocate \$15 million of Transportation Trust Fund revenue. Item 430 - VCSFA under oversight of Secretary of Transportation, Item 431 Department of Aviation (DOAV), Item 441 - Department of Rail and Public Transportation (DRPT), Item 446 - Department of Transportation (VDOT), and Item 456 - Virginia Port Authority (VPA).

7. Fiscal Impact Estimates: Preliminary. See #8.

7a. Revenue Impact:

Fiscal Year	DOAV	VPA	DRPT	VDOT	VCSFA
2012	-	-	-	-	-
2013	(\$360,000)	(\$630,000)	(2,205,000)	(\$11,805,000)	\$15,000,000
2014	(\$360,000)	(\$630,000)	(2,205,000)	(\$11,805,000)	\$15,000,000
2015	(\$360,000)	(\$630,000)	(2,205,000)	(\$11,805,000)	\$15,000,000
2016	(\$360,000)	(\$630,000)	(2,205,000)	(\$11,805,000)	\$15,000,000
2017	(\$360,000)	(\$630,000)	(2,205,000)	(\$11,805,000)	\$15,000,000
2018	(\$360,000)	(\$630,000)	(2,205,000)	(\$11,805,000)	\$15,000,000

- 8. Fiscal Implications:** This bill would have no impact on state or local revenues. The bill would allocate \$15 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.

- 9. Specific Agency or Political Subdivisions Affected:** Virginia Commercial Space Flight Authority, Department of Aviation, Department of Rail and Public Transportation, Department of Transportation, Virginia Port Authority.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is a companion to HB813.

Date: 1/26/12

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c: Secretary of Transportation