

AMENDED IN ASSEMBLY MAY 5, 2004
AMENDED IN ASSEMBLY MARCH 23, 2004
CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1869

Introduced by Assembly Member Maldonado

February 3, 2004

An act to amend, *repeal, and add* Section 6380 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1869, as amended, Maldonado. Sales and use tax exemption: space flight.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law provides various exemptions from that tax, including an exemption for qualified property for use in space flight.

This bill, *until January 1, 2012*, would expand the exemption for qualified property, used for the purpose of space flight or used in spaceport operations, to include property used for the purpose of assembly, launch, or transport, and tangible property used in spaceport operations. This bill would also exempt materials consumed or installed by a contractor in the construction of a facility designed to launch, manufacture, fabricate, assemble, test, or process qualified property.

This bill would also require the California Research Bureau to report to the Legislature, no later than January 1, 2010, regarding the impact

of the expanded exemption for qualified property on the space flight and space ground support industries in California, as provided.

Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes. Exemptions from state sales and use taxes enacted by the Legislature are incorporated into the local taxes.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 6380 of the Revenue and Taxation Code
- 2 is amended to read:
- 3 6380. (a) ~~There~~ *Until January 1, 2012, there* are exempted
- 4 from the taxes imposed by this part the gross receipts from the sale
- 5 of, and the storage, use, or other consumption in this state of,
- 6 qualified property used for the purpose of space flight or used in
- 7 spaceport operations.
- 8 (b) For purposes of this section:
- 9 (1) "Qualified property" means any of the following:
- 10 (A) Tangible personal property that has space flight capability,
- 11 including, but not limited to, an orbital space facility, space
- 12 propulsion system, space vehicle, satellite, or space station of any
- 13 kind, and any component thereof.
- 14 (B) Tangible personal property to be placed or used aboard any
- 15 facility, system, vehicle, satellite, or station described in
- 16 subparagraph (A), regardless of whether that property is to be
- 17 ultimately returned to this state for subsequent use, storage, or
- 18 other consumption.
- 19 (C) Tangible personal property to be used for the purpose of
- 20 assembly, launch, or transport of property described in



1 ~~subparagraph (A), whether transported to launch sites within or~~
2 ~~outside this state. subparagraph (A), provided that the property is~~
3 *transported to launchsites within California, or directly from*
4 *California to a site in the Pacific Ocean that is outside of*
5 *California’s territorial waters, and is used to place satellites into*
6 *orbit.*

7 (D) Tangible personal property used in spaceport operations as
8 described in subparagraph (B) of paragraph (2).

9 (E) Fuel of a quality that is not adaptable for use in ordinary
10 motor vehicles, but is produced, sold, and used exclusively for
11 space flight.

12 (2) For purposes of this section:

13 (A) “Space flight” means any flight designed for suborbital,
14 orbital, or interplanetary travel by a space vehicle, satellite, space
15 facility, or space station of any kind.

16 (B) “Spaceport operations” means an installation and related
17 facilities, and equipment used for the launching, landing,
18 recovering, and monitoring of vehicles capable of entering or
19 entering and returning from space flight.

20 (c) The exemption established by this section may not be
21 denied by reason of a failure, postponement, or cancellation of a
22 launch of a space vehicle, satellite, space facility, or space station
23 of any kind, or the destruction of any launch vehicle or any
24 component thereof.

25 (d) There are also exempted from the taxes imposed by this part
26 the gross receipts from the sale of, and the storage, use, or other
27 consumption in this state of, materials consumed or installed by a
28 contractor in the construction of a facility designed to launch,
29 manufacture, fabricate, assemble, test, or process qualified
30 property.

31 (e) *This section shall remain in effect only until January 1,*
32 *2012, and as of that date is repealed.*

33 (f) (1) *The California Research Bureau shall report to the*
34 *Legislature no later than January 1, 2010, regarding the impact of*
35 *the amendments added by this act adding this subdivision on the*
36 *space flight industry in California. The report shall include, but*
37 *not be limited to, a discussion of whether both the number of*
38 *satellites built and launched in California and employment in the*
39 *space flight and space flight ground support industries have*
40 *increased as a result of those amendments. In evaluating the level*



1 of employment in the space flight and space flight ground support
2 industries, the California Research Bureau shall consider the net
3 increase in the total number of employees of a person or entity
4 purchasing in this state, or storing, using, or otherwise consuming
5 qualified property in this state, and of all related persons or
6 entities.

7 (2) The California Council on Science and Technology shall
8 assist the California Research Bureau in preparing the report and
9 shall provide all relevant information requested by the California
10 Research Bureau, provided that information is available or may be
11 obtained without significant cost.

12 SEC. 2. Section 6380 is added to the Revenue and Taxation
13 Code, to read:

14 6380. (a) On or after January 1, 2012, there are exempted
15 from the taxes imposed by this part the gross receipts from the sale
16 of, and the storage, use, or other consumption in this state of,
17 qualified property for use in space flight.

18 (b) For purposes of this section:

19 (1) "Qualified property" means any of the following:

20 (A) Tangible personal property that has space flight capability,
21 including, but not limited to, an orbital space facility, space
22 propulsion system, space vehicle, satellite, or space station of any
23 kind, and any component thereof.

24 (B) Tangible personal property to be placed or used aboard any
25 facility, system, vehicle, satellite, or station described in
26 subparagraph (A), regardless of whether that property is to be
27 ultimately returned to this state for subsequent use, storage, or
28 other consumption.

29 (C) Fuel of a quality that is not adaptable for use in ordinary
30 motor vehicles, but is produced, sold, and used exclusively for
31 space flight.

32 (2) "Space flight" means any flight designed for suborbital,
33 orbital, or interplanetary travel by a space vehicle, satellite, space
34 facility, or space station of any kind.

35 (c) The exemption established by this section may not be denied
36 by reason of a failure, postponement, or cancellation of a launch
37 of a space vehicle, satellite, space facility, or space station of any
38 kind, or the destruction of any launch vehicle or any component
39 thereof, but the exemption does not apply to any material that is not
40 intended to be launched into space.



1 *(d) This section shall become operative only on or after*
2 *January 1, 2012.*

3 *SEC. 3.* Notwithstanding Section 2230 of the Revenue and
4 Taxation Code, no appropriation is made by this act and the state
5 shall not reimburse any local agency for any sales and use tax
6 revenues lost by it under this act.

7 ~~SEC. 3.—~~

8 *SEC. 4.* This act provides for a tax levy within the meaning
9 of Article IV of the Constitution and shall go into immediate
10 effect. However, the provisions of this act shall become operative
11 on the first day of the first calendar quarter commencing more than
12 90 days after the effective date of this act.

