

AMENDED IN SENATE FEBRUARY 19, 2014  
AMENDED IN ASSEMBLY AUGUST 26, 2013  
AMENDED IN ASSEMBLY MAY 21, 2013  
AMENDED IN ASSEMBLY APRIL 16, 2013  
AMENDED IN ASSEMBLY MARCH 19, 2013  
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 777**

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**Introduced by Assembly Member Muratsuchi**  
**(Principal coauthors: Assembly Members Bradford and Hall)**  
**(Coauthors: Assembly Members Achadjian, Bloom, Bocanegra,**  
**Ian Calderon, Chau, Dahle, *Daly*, Fox, Garcia, Gomez, Gorell,**  
***Hagman*, Harkey, Holden, *Levine*, Medina, V. Manuel Pérez, and**  
**Rendon, *Waldron*, and *Wilk*)**  
(Coauthors: Senators Emmerson, Knight, Roth, and Wright)

February 21, 2013

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An act to add and repeal Section 242 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 777, as amended, Muratsuchi. Taxes: exemption: space flight property.

The California Constitution authorizes the Legislature to classify personal property for differential taxation or for exemption by means of a statute approved by a  $\frac{2}{3}$  vote of the membership of each house.

Pursuant to this constitutional authorization, this bill would, for the January 1, ~~2013~~, 2014, lien date to, and including, the January 1, ~~2023~~,

2024, lien date, exempt qualified property, as defined, for use in space flight.

By imposing new duties upon local tax officials with respect to the personal property tax exemption described above, this bill would impose a state-mandated local program.

This bill would make a legislative finding and declaration as to the public purpose served by the bill.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

This bill would take effect immediately as a tax levy.

Vote: 2/3. 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 242 is added to the Revenue and Taxation
- 2 Code, to read:
- 3 242. (a) There is exempted from the taxes imposed by this
- 4 part qualified property for use in space flight.
- 5 (b) For purposes of this section:
- 6 (1) "Qualified property" means any of the following:
- 7 (A) Tangible personal property, whether raw materials, work
- 8 in process or finished goods, that has, or upon manufacture,
- 9 assembly, or installation has, space flight capacity, including, but
- 10 not limited to, an orbital space facility, space propulsion system,
- 11 space vehicle, launch vehicle, satellite, or space station of any

1 kind, and any component thereof, regardless of whether that  
2 property is to be ultimately returned to this state.

3 ~~(B) Tangible personal property to be placed or used aboard any~~  
4 ~~facility, system, vehicle, satellite, or station described in~~  
5 ~~subparagraph (A), regardless of whether that property is to be~~  
6 ~~ultimately returned to this state.~~

7 ~~(C)~~

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

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

14 (c) The exemption established by this section shall not be denied  
15 by reason of failure, postponement, or cancellation of a launch of  
16 a space vehicle, satellite, space facility, or space station of any  
17 kind, or the destruction of any launch vehicle or any component  
18 thereof, but the exemption shall not apply to any material that is  
19 not intended to be launched into space.

20 (d) This section shall be operative from the January 1, ~~2013,~~  
21 ~~2014~~, lien date to, and including, the January 1, ~~2023,~~ ~~2024~~, lien  
22 date, and is inoperative for any lien date thereafter.

23 (e) A taxpayer shall provide, upon request of the assessor,  
24 evidence that the qualified property exempted from the taxes  
25 imposed by this part pursuant to this section has been or will be  
26 used as described in subparagraph (A) ~~or (B)~~ of paragraph (1) of  
27 subdivision (b).

28 (f) The exemption provided by this section from the taxes  
29 imposed by this part shall be limited to taxpayers that have a  
30 primary business purpose in space flight activities.

31 (g) This section shall remain in effect only until July 1, ~~2024,~~  
32 ~~2025~~, and as of that date is repealed.

33 SEC. 2. The Legislature finds and declares that this act fulfills  
34 a statewide public purpose because it promotes businesses within  
35 the state that consistently expand and provide secure employment  
36 in a much needed industry.

37 SEC. 3. If the Commission on State Mandates determines  
38 that this act contains costs mandated by the state, reimbursement  
39 to local agencies and school districts for those costs shall be made

1 pursuant to Part 7 (commencing with Section 17500) of Division  
2 4 of Title 2 of the Government Code.

3 SEC. 4. Notwithstanding Section 2229 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 property tax revenues  
6 lost by it pursuant to this act.

7 SEC. 5. This act provides for a tax levy within the meaning  
8 of Article IV of the Constitution and shall go into immediate effect.

9 SEC. 6. *An inference shall not be drawn from this act with*  
10 *respect to whether space flight property qualifies as “business*  
11 *inventories” as defined or described by Sections 129 and 219 of*  
12 *the Revenue and Taxation Code, or Board of Equalization Property*  
13 *Tax Rule 133.*