

By: Jackson

S.B. No. 712

A BILL TO BE ENTITLED

AN ACT

relating to an exemption from the sales and use tax for taxable items used in the performance of a space flight contract.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter H, Chapter 151, Tax Code, is amended by adding Section 151.357 to read as follows:

Sec. 151.357. TAXABLE ITEMS USED IN PERFORMANCE OF SPACE FLIGHT CONTRACT. (a) In this section:

(1) "Space flight" means a flight designed for suborbital, orbital, or interplanetary travel capable of placing humans at a minimum altitude of 50 miles above mean sea level. The term does not include flight by an aircraft as defined by Section 151.328(c).

(2) "Space flight contract" means a contract with the National Aeronautics and Space Administration for the use or provision of taxable items related to the development, construction or fabrication, testing, administrative support, research and development, vehicle assembly, processing, remodeling, repair, operation, or maintenance of space vehicles.

(3) "Space vehicles" means tangible personal property that:

(A) has space flight capability, including a space shuttle, orbital space facility, space propulsion system, satellite, or space station of any kind;

1 (B) is placed on or used aboard property
2 described by Subdivision (A); or

3 (C) is an integral part of and is used in support
4 of a space flight, including tangible personal property used in
5 training, launch, ground support, landing, and recovery
6 activities.

7 (b) The sale, lease, rental, storage, use, or consumption of
8 a taxable item that is used or consumed by a person in the
9 performance of a space flight contract is exempt from the taxes
10 imposed by this chapter as provided by Subsection (c), and the
11 person who uses or consumes the item may claim a refund as provided
12 by that subsection, if the item is included as an allowable direct
13 or indirect item of cost under 48 C.F.R. Section 9904.418-30, 48
14 C.F.R. Section 52.216-7, 48 C.F.R. Subpart 31.2, or similar federal
15 regulations, regardless of whether the contract is a
16 cost-reimbursement contract.

17 (c) A person described by Subsection (b) may apply to the
18 comptroller not later than March 31 for a refund of taxes paid
19 during the preceding calendar year on taxable items exempt under
20 Subsection (b). The comptroller shall determine the total amount of
21 valid claims for refunds of taxes paid during the preceding
22 calendar year and, not later than May 30, send to each applicant who
23 submits a valid refund claim under this section:

24 (1) the full amount of the refund if the total amount
25 of valid claims for refunds of taxes paid during the preceding
26 calendar year does not exceed \$800,000; or

27 (2) a portion of that refund determined in accordance

1 with Subsection (d) if the total amount of valid claims for refunds
2 of taxes paid during the preceding calendar year exceeds \$800,000.

3 (d) If the total amount of valid claims for refunds of taxes
4 paid during the preceding year exceeds \$800,000, the comptroller
5 shall determine the amount of a person's refund by multiplying the
6 full amount of that refund by a fraction:

7 (1) the numerator of which is \$800,000; and

8 (2) the denominator of which is the total amount of
9 valid claims for refunds of taxes paid during the preceding year.

10 (e) A valid refund claim draws interest at the rate
11 prescribed by Section 111.060 beginning on the later of March 31 of
12 the year in which the claim is filed or the 61st day after the date
13 the claim is filed.

14 (f) This section does not apply to a part of direct or
15 indirect costs allocated to a contract that is not a space flight
16 contract.

17 SECTION 2. (a) This Act takes effect September 1, 2003.

18 (b) The change in law made by this Act does not affect taxes
19 imposed before the effective date of this Act, and the former law is
20 continued in effect for purposes of the liability for and
21 collection of those taxes.