MEMORANDUM

Date: May 5, 2017

To: The Honorable Chair and Members  
Pima County Board of Supervisors  

From: C.H. Huckelberry  
County Administrator

Re: Good News for the Aerospace Research Campus

Please see the attached article discussing California’s proposed tax on rocket launches.

Vector Space, located in the County-owned Aerospace Research Campus may be the first of many space-based industries relocating out of California because of taxation. We will follow this proposed tax legislation closely and ensure that any space-related industry desiring to relocate to Pima County will be encouraged to do so, as our tax structure, workforce and climate are positive attributes in facilitating successful relocation.

CHH/anc
Attachment

c: Dr. John Moffatt, Director, Economic Development Office
California seeks to tax rocket launches, which are already taxed

The tax will be based upon "mileage" traveled by that spacecraft from California.

ERIC BERGER - 5/4/2017, 9:12 AM

Home to the Mojave Air & Space Port and promising launch companies such as SpaceX and Virgin Orbit, California has a thriving rocket industry. Accordingly, the state is now looking into taxing this vibrant industry, and the Franchise Tax Board has issued a proposed regulation for public comment.

The proposal says that California-based companies that launch spacecraft will have to pay a tax based upon "mileage" traveled by that spacecraft from California. (No, we're not exactly sure what this means, either.) The proposed regulations were first reported by the San Francisco Chronicle, and Thomas Lo Grossman, a tax attorney at the Franchise Tax Board, told the newspaper that the rules are designed to mirror the ways taxes are levied on terrestrial transportation and logistics firms operating in California, like trucking or train companies.

The tax board is seeking public input from now until June 16, when it is expected to vote on the proposed tax. The federal government already has its own taxes for commercial space companies, and until now no other state has proposed taxing commercial spaceflight. In fact, most other states, including places like Florida, Texas, and Georgia, offer launch providers tax incentives to move business into their areas.

Phil Larson, a former SpaceX official who now is assistant dean of the University of Colorado's College of Engineering and Applied Science, told Ars that California is discriminating against rocket companies by doubly taxing them. He also noted that...
such a tax would impede California's ability to launch climate satellites, which Governor Jerry Brown has said he would do if President Trump cuts the ability of federal scientists to study Earth's climate.

Instead of such a tax, Larson said, California should work with industry to develop a system of taxation that encourages investment in the state. "The state could advance a proactive effort in the legislature to make sure that California doesn't end up at the back of the bus in the new space race by supporting a national framework for space innovation," Larson said.

Incredible discovery places humans in California 130,000 years ago

ERIC BERGER
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