

Summary of First Interested Parties Meeting

Regulation §25137-15, Space Transportation

Administration: On July 9, 2015, at 10:00 a.m., members of the public attended the first interested parties meeting at the Franchise Tax Board central office in Sacramento on a potential regulation under Revenue and Taxation Code, title 18, section 25137-15, relating to the apportionment of income of Space Transportation Companies. Industry representatives attended in person and by telephone and included space transportation companies, trade association representatives, accounting and law firms, and tax administrators. Those physically present were asked to register at the entrance and phone participants were asked to introduce themselves. Staff asked for public comment on issues raised in the notice for the interested parties meeting.

Using Existing Regulations as a Model: Discussion opened with staff questioning participants about the need for a space transportation regulation and whether it was actually desired by industry. Various industry commentators affirmed that there was indeed a desire for a regulation.

Staff mentioned that there are existing special industry regulations applicable to other transportation industries. Staff then asked the participants whether these regulations could serve as a potential model for a space transportation industry regulation. Several participants stated that using existing special transportation industry regulations is a good starting point for any potential space transportation regulation.

In response to participants' comments that special transportation industry regulations were a good starting point, staff asked participants if they had any particular regulation in mind. In response participants mentioned the trucking industry regulation, California Code of Regulations, title 18, section 25137-11, as a good starting point.

Nowhere Income: Staff then asked whether the participants would comment on the potential for nowhere income that could arise in a space transportation regulation. One participant said that they did not believe nowhere income was a problem.

Potential New Developments in Industry: Discussion turned to whether there was a need to distinguish between the transportation of persons and the transportation of cargo. After questions by staff, one participant commented that there were no immediate plans for transporting people into space. Several participants commented that the transportation of persons and cargo should be the same.

Closing Comments: Discussion closed with staff stating that it would provide draft language at some point in the future and that staff was accepting public comment. Staff specifically asked for information from industry representatives regarding how their businesses operated in order for staff to address issues related to their industry.

During the comment period SpaceX provided draft language for a possible proposed regulation which was published a few weeks after the first interested parties meeting.