

106TH CONGRESS
2^D SESSION

H. R. 3898

To amend the Internal Revenue Code of 1986 to exclude from Federal taxation certain income derived from the manufacture of products and provision of services in outer space.

IN THE HOUSE OF REPRESENTATIVES

MARCH 9, 2000

Mr. ROHRABACHER (for himself, Mr. SENSENBRENNER, Mr. HALL of Texas, Mr. GORDON, Mr. WELDON of Florida, Mr. CALVERT, Mr. BARTLETT of Maryland, Mr. LUCAS of Oklahoma, Mr. COOK, and Ms. JACKSON-LEE of Texas) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to exclude from Federal taxation certain income derived from the manufacture of products and provision of services in outer space.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Zero Gravity, Zero
5 Tax Act of 2000”.

6 **SEC. 2. SPACE-RELATED INCOME.**

7 (a) **EXCLUSION FROM GROSS INCOME.**—

1 (1) IN GENERAL.—Part III of subchapter B of
2 chapter 1 of the Internal Revenue Code of 1986 (re-
3 lating to items specifically excluded from gross in-
4 come) is amended by redesignating section 139 as
5 section 140 and inserting after section 138 the fol-
6 lowing new section:

7 **“SEC. 139. SPACE-RELATED INCOME.**

8 “(a) GENERAL RULE.—Gross income shall not in-
9 clude space-related income.

10 “(b) SPACE-RELATED INCOME.—

11 “(1) IN GENERAL.—For purposes of this sec-
12 tion, the term ‘space-related income’ means—

13 “(A) income derived from the sale by the
14 taxpayer to an unrelated person of—

15 “(i) any product which is manufac-
16 tured by the taxpayer in outer space, and

17 “(ii) any service provided by the tax-
18 payer in or from outer space, and

19 “(B) income of an individual attributable
20 to services performed in or from outer space by
21 such individual in a trade or business.

22 “(2) EXCEPTION FOR TELECOMMUNICATIONS
23 SERVICES, ETC.—Paragraph (1)(A)(ii) shall not
24 apply to any telecommunications service, any service
25 provided by a weather or other earth observation

1 satellite, and any service of transporting property to
2 or from outer space.

3 “(c) EXCLUSION FROM TARIFFS, ETC.—Any
4 product—

5 “(1) which is manufactured in outer space, and

6 “(2) which was—

7 “(A) launched from, and returned to
8 Earth, within the United States, or

9 “(B) manufactured at a facility in outer
10 space which is owned by 1 or more United
11 States persons,

12 shall be exempt from all Federal excises, imposts, and du-
13 ties and any other Federal tariffs.

14 “(d) PHASEOUT OF BENEFITS.—In the case of a tax-
15 able year beginning after December 31, 2025, the amount
16 excluded under subsection (a) shall be reduced (but not
17 below zero) by $x/20$ th’s of the amount excludable without
18 regard to this subsection, where ‘x’ is the number of years
19 such taxable year is after the last taxable year beginning
20 before January 1, 2026. A similar rule shall apply to the
21 benefits under subsection (c).”

22 (2) CLERICAL AMENDMENT.—The table of sec-
23 tions for part III of such Code is amended by strik-
24 ing the last item and inserting the following new
25 items:

“Sec. 139. Space-related income.

“Sec. 140. Cross references to other Acts.”

1 (b) CAPITAL GAINS EXCLUSION.—

2 (1) IN GENERAL.—Part I of subchapter P of
3 such Code (relating to treatment of capital gains) is
4 amended by adding at the end the following new sec-
5 tion:

6 **“SEC. 1203. EXCLUSION FOR GAINS OF QUALIFIED SPACE**
7 **CORPORATIONS.**

8 “(a) IN GENERAL.—Gross income shall not include
9 gain on the sale or exchange of any stock of a qualified
10 space corporation.

11 “(b) QUALIFIED SPACE CORPORATION.—For pur-
12 poses of subsection (a), the term ‘qualified space corpora-
13 tion’ means, with respect to any taxable year, a domestic
14 corporation which is a C corporation if—

15 “(1) such corporation is organized exclusively
16 for providing to unrelated persons—

17 “(A) any product which is manufactured
18 by the corporation in outer space, or

19 “(B) any service provided by the corpora-
20 tion in or from outer space, and

21 “(2) such corporation derives at least 90 per-
22 cent of its gross receipts from the active conduct of
23 a trade or business of providing a product or service
24 described in paragraph (1).

1 Such term shall not include a corporation providing a serv-
2 ice or product described in section 139(b)(2).”.

3 (2) CLERICAL AMENDMENT.—The table of sec-
4 tions for part I of subchapter P of such Code is
5 amended by adding at the end the following new
6 item:

“Sec. 1203. Exclusion for gains of qualified space corporations.”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 1999.

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