II

118TH CONGRESS
1ST SESSION

S. 589

To amend the Internal Revenue Code of 1986 to provide bonus depreciation for certain space launch expenditures, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 1, 2023

Mr. RUBIO (for himself, Mr. SCOTT of Florida, Mrs. FEINSTEIN, Mr. WICKER, and Mr. CRUZ) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend the Internal Revenue Code of 1986 to provide bonus depreciation for certain space launch expenditures, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "American Space Commerce Act of 2023".

SEC. 2. SPECIAL ALLOWANCE FOR QUALIFIED DOMESTIC SPACE LAUNCH PROPERTY.

(a) ALLOWANCE OF BONUS DEPRECIATION FOR QUALIFIED DOMESTIC SPACE LAUNCH PROPERTY.—Section 168(k)(2)(A)(i) of the Internal Revenue Code of 1986 is amended—

(1) by striking "or" at the end of subclause (III),

(2) by striking "or" at the end of subclause (IV),

(3) by adding "or" at the end of subclause (V), and

(4) by adding at the end the following new subclause:

"(VI) which is qualified domestic space launch property (as defined in paragraph (11)),".

(b) EXTENSION OF TERMINATION OF BONUS DEPRECIATION FOR QUALIFIED DOMESTIC SPACE LAUNCH PROPERTY.—

(1) IN GENERAL.—Section 168(k)(2)(A)(iii) of the Internal Revenue Code of 1986 is amended by inserting "(in the case of qualified domestic space launch property, before January 1, 2033)" after "before January 1, 2027".

(2) APPLICATION OF APPLICABLE PERCENTAGE.—Section 168(k)(6) of such Code is amended by adding at the end the following new subparagraph:

"(D) RULE FOR QUALIFIED DOMESTIC SPACE LAUNCH PROPERTY.—Notwithstanding any other provisions of this paragraph, in the case of any qualified property which is qualified domestic space launch property, the term 'applicable percentage' means, in the case of property placed in service after December 31, 2023, and before January 1, 2033, 100 percent.".

(c) QUALIFIED DOMESTIC SPACE LAUNCH PROPERTY DEFINED.—Section 168(k) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

"(11) QUALIFIED DOMESTIC SPACE LAUNCH PROPERTY DEFINED.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'qualified domestic space launch property' means property placed in service before January 1, 2033, that is—

"(i) a space transportation vehicle or payload (as such terms are defined in section 50101 of title 51, United States Code) that is launched from the United States, or

"(ii) other property or equipment placed in service for the purpose of facilitating a space launch from the United States.

"(B) SPECIAL RULE FOR SPACE LAUNCHES FROM AIRCRAFT.—A space transportation vehicle or payload that is launched from an aircraft shall be considered to be launched from the United States if, and only if, such space transportation vehicle or payload is—

"(i) substantially manufactured within the United States, as determined by the Secretary, and

"(ii) launched from an aircraft on a flight that originated from United States soil.

"(C) UNITED STATES.—The term 'United States' includes the possessions of the United States.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2023.

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