

**[DISCUSSION DRAFT]**

MAY 11, 1998

105TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

\_\_\_\_\_  
IN THE HOUSE OF REPRESENTATIVES

Mr. ROHRABACHER introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To amend the Internal Revenue Code of 1986 to provide  
that gross income shall not include income derived from  
products manufactured in outer space or from services  
provided 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 “\_\_\_\_\_ Act of 1998”.

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

2 (a) IN GENERAL.—Part III of subchapter B of chap-  
3 ter 1 of the Internal Revenue Code of 1986 (relating to  
4 items specifically excluded from gross income) is amended  
5 by redesignating section 139 as section 139A and insert-  
6 ing after section 138 the following 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 returned to Earth, and

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

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

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

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

3 “(c) EXCLUSION FROM TARIFFS, ETC.—Any prod-  
4 uct—

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

6 “(2) which was—

7 “(A) launched from, and returned to Earth  
8 at, 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 (b) CLERICAL AMENDMENT.—The table of sections  
23 for such part III is amended by striking the last item and  
24 inserting the following new items:

“Sec. 139. Space-related income.

“Sec. 139A. Cross references to other Acts.”

1           (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 1998.