

**These are some examples of areas where existing business incentives are not aligned with the needs of Space Development.**

**Small Business Issues**

House Jurisdiction – House Committee on Small Business

Senate Jurisdiction – Senate Committee on Small Business and Entrepreneurship

<b>Assistance and how it currently works</b>	<b>How and why it isn't aligned with Space activities</b>	<b>A possible fix to this</b>
<p>A Small Business Investment Company (SBIC) is a privately owned and managed investment fund, licensed and regulated by the U.S. Small Business Administration (SBA), that use their own capital plus SBA-guaranteed funds to provide equity and debt financing to qualified U.S. small businesses.</p>	<p>SBIC eligibility assumes revenue means success. In capital-intensive space businesses, revenue often arrives years before profitability, causing premature disqualification. SBIC revenue is only offset by the cost of goods sold. R&amp;D intensive businesses rarely qualify.</p>	<p>Amend 13 CFR § 121.104 such that certain listed technology sectors (possibly agency-defined Critical Technology Areas) with very high initial and recurring R&amp;D costs use enhanced size standards that include R&amp;D expenses within the cost of goods to determine SBIC eligibility</p>

**Commodity Reserve Issues**

House Jurisdiction – House Committee on Armed Services

House Committee on Natural Resources

Senate Jurisdiction – Senate Committee on Armed Services

Senate Committee on Energy and Natural Resources

<b>Assistance and how it currently works</b>	<b>How and why it isn't aligned with Space activities</b>	<b>A possible fix to this</b>
<p>The US maintains or has proposed to maintain commodity reserves for purchasing and storing materials to ensure stability during supply disruptions, natural disasters, or wars</p>	<p>Existing and proposed commodities reserves contain specific definitions of what is in the reserve and where the reserves can be stored. Most of these definitions do not assume materials in space.</p>	<p>Add to 50 U.S.C. § 98a: “Strategic materials may include space-derived resources and in-space stored commodities.” Ensure that pending legislation such as the SECURE Act contain equally enabling language.</p>

## Taxation Issues

House Jurisdiction – The House Ways and Means Committee

Senate Jurisdiction – The Senate Finance Committee

<b>Assistance and how it currently works</b>	<b>How and why it isn't aligned with Space activities</b>	<b>A possible fix to this</b>
<p>The ability to sell tax credits is a useful way for space startups to secure early, non-dilutive financing for R&amp;D required in the early stages of a company's life.</p>	<p>Transferable investment tax credits (26 U.S.C. § 641) were introduced specifically for clean energy-related credits to help early energy projects access cash flow sooner. While those specific clean-energy credits were removed in the One Big Beautiful Bill, the underlying principle remains useful for early-stage companies with high R&amp;D costs.</p>	<p>Amend 26 U.S.C. § 6418 to allow for all companies that fall under space-sector NAICS codes to transfer tax credits specified in § 6418.</p>
<p>Other advanced technology sectors receive tax credits, such as the advanced manufacturing tax credit for chip manufacturers under 26 U.S.C. § 48D and the energy project credit under § 48C.</p>	<p>The commercial space sector's rapid acceleration has outpaced Congress's ability to legislate. For example, tax-exempt bonds for spaceports are less than a year old.</p>	<p>Simple fixes include adding space infrastructure to the definition of Advanced Manufacturing Facility in the advanced manufacturing investment credit (26 USC § 48D) or space-specific production credits in 26 U.S.C. § 45X.</p>
<p>The Qualified Small Business Stock (QSBS) capital gains exemption (26 U.S. Code § 1202) program gives early-stage investors in small businesses an exemption from capital gains related to their investment.</p>	<p>Similar to SBA's incentive programs, the size rules for QSBS investments do not match the capitalization needs of high-tech, R&amp;D-heavy firms. The QSBS limit of \$75 million in aggregate gross assets means many space startups cannot use this investment incentive beyond their first internal seed round.</p>	<p>Given recent changes by SBA and codification of the joint SBA/DoD SBICCT program, 26 U.S.C. § 1202 should be amended to allow for much higher gross asset limits for companies in an SBA-defined "critical technology area."</p>
<p>The One Big Beautiful Bill provides for permanent, across-the-board bonus depreciation for all assets that meet the "qualified property" definition in 26 U.S.C. § 168(k)</p>	<p>Many space assets, such as communication satellites, space stations, or Lunar bases, have recovery periods just beyond the 20 years specified in 168(k).</p>	<p>Amend 26 U.S.C. § 168(k) with "Any permanent space assets or assets that regularly travel to or from space shall be treated as 5-year property."</p>