

BILL ANALYSIS

Senate Research Center
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S.C.R. 12
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.C.R. 12 urges Congress to amend the IRS Code of 1986 to allow spaceports access to private activity bonds (PABs). PABs are a financial tool that supports infrastructure such as airports and seaports. This measure aligns with the recommendations of the 2023 Congressional Select Committee on Strategic Competition Between the U.S. and the Chinese Communist Party, which found that the U.S. is falling behind in critical technologies and needs a comprehensive package of tax incentives and financing tools to stay competitive.

The federal recommendation to allow private activity bonds for spaceports aims to attract private investment, promote economic development, and create jobs in regions that host spaceports. Despite bipartisan support, the Secure U.S. Leadership in Space Act of 2024 (S.283 and H.R.7470), which proposed this change, failed to receive a hearing.

Home to NASA's Johnson Space Center and over 2,000 aerospace establishments, Texas plays a crucial role in the national space economy. In 2022, the Perryman Group estimated that the space economy contributed \$11.7 billion annually and supported over 102,000 jobs in the state. Expanding Texas' five existing spaceports with private activity bonds would allow them to serve as hubs for research, manufacturing, and testing—strengthening both NASA operations and the commercial space industry.

The Texas Legislature has already established the Texas Space Commission and the Texas Aerospace Research and Space Economy Consortium to attract investment and promote new technologies. S.C.R. 12 builds on these efforts by urging Congress to extend tax-exempt private activity bonds to spaceports, ensuring that Texas remains a leader in space exploration.

Urging Congress to amend the Internal Revenue Code to make spaceports eligible for tax-exempt private activity bonds.

Since the "space race" of the 1960s, Texas has been at the forefront of space exploration, discovery, and innovation, and the state is sure to play an instrumental role in defining the next phase of American involvement in space.

Texas is home to NASA's Lyndon B. Johnson Space Center as well as more than 2,000 aerospace establishments; during the 88th Session of the Texas Legislature, the Texas Space Commission was established to strengthen the state's leadership in aerospace activity, and the Texas Aerospace Research and Space Economy Consortium was launched to serve as a forum for higher education and industry experts seeking to advance the state's role in space operations.

In 2023, the U.S. Bureau of Labor Statistics and the Texas Economic Development Corporation recognized Texas as a powerhouse in the rapidly expanding private space sector; commercial investment in space transportation has driven the need for spaceport sites, operating environments, and infrastructure, and Texas ranks second in the nation in the number of spaceport locations.

Tax-exempt private activity bonds currently finance a wide range of facilities, including airports, docks, and wharves, which, like spaceports, serve as hubs for the transportation of people and freight; the qualification of spaceports for tax-exempt private activity bonds would encourage more investment in aerospace infrastructure, benefiting both Texas and the nation as a whole.

The United States cannot afford to fall behind in the highly competitive field of space operations, and making spaceports eligible for tax-exempt private activity bonds would help to ensure that the nation maintains its leadership in space commerce.

RESOLVED

That the 89th Legislature of the State of Texas hereby respectfully urge the United States Congress to amend the Internal Revenue Code to make spaceports eligible for tax-exempt private activity bonds.

That the Texas secretary of state forward official copies of this resolution to the president of the United States, to the president of the Senate and the speaker of the House of Representatives of the United States Congress, and to all the members of the Texas delegation to Congress with the request that this resolution be entered in the Congressional Record as a memorial to the Congress of the United States of America.