

## Appendix K: State space incentives

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Nearly all of spaceport states offer space launch incentives (Table K-1). Of the eight states with FAA certified spaceports, only one (Alaska) does not offer incentives specific to spaceflight. Six states offer sales and tax exemptions similar to the Virginia spaceport tax exemption.

Florida, like Virginia, is one of the more generous states in terms of economic incentives for space launches, followed by Texas. Florida offers a transferable tax credit to expanding space businesses that create at least 35 jobs and make a capital investment of at least \$15 million. This stands in contrast to the Virginia subtraction, which is targeted at a much narrower group of activities than the Florida incentive and also is not directly linked to attaining certain thresholds of job creation and investment. Florida also offers various sales and excise tax exemptions for space flight businesses for machinery and equipment, fuel, and various other types of tangible personal property. More importantly, the state provides financial assistance for space launch infrastructure investment through a program similar to Virginia's Transportation Partnership Opportunity Fund, providing a 50-50 match for commercial space activity projects. Brevard County, where both the Kennedy Space Center and Cape Canaveral are located, also offers county tax abatements to the industry. Texas offers similar infrastructure assistance through its Spaceport Trust Fund, which provides grants for space launch infrastructure and facilities in the form of a 25% match.

Since the commercial space industry is relatively new, states appear to have been establishing new incentives rather than eliminating existing ones. Florida, however, has periodically altered its space incentive offerings. The Qualified Defense Contractor and Space Flight Business Tax Refund provided a base-level \$3,000 per FTE tax refund for eligible companies with bonus increments for firms locating in enterprise zones and paying higher wages. This program expired in July 2014. The Manufacturing and Spaceport Investment Incentive Program, which provided a sales tax refund on purchases of eligible equipment, was a temporary program available from July 1, 2010, to June 30, 2012, and was repealed in January 2019.

**TABLE K-1**  
**State space launch incentives**

<b>State</b>	<b>Type of Incentive</b>	<b>Year established</b>	<b>Name of incentive</b>	<b>Description</b>
California	Tax exemption	1994	Space Flight Property Sales and Use Tax Exemption	Exempts from sales and use tax the sale of, and the storage, use, or other consumption in this state of, qualified property for use in space flight.
Colorado	Tax exemption	2014	Space Flight Tax Exemption	Exempts from sales and use tax qualified property used in space flight. This includes a space vehicle and its components, tangible personal property to be placed or used aboard a space vehicle, and fuel for space flight.
Florida	Tax exemption	2016	Exemption of Sales Tax on Property Used or Occupied Predominantly for Space Flight Business Purposes	The lease of real property used or occupied predominantly for space flight business, including vehicle launch activities, ground control or ground support, all directly related administrative activities, and other activities is exempt from sales tax.
	Tax exemption	2005	Exemption of Space Laboratories and Carriers	A module, pallet, rack, locker, and any necessary associated hardware and subsystem intended to be used to transport or store cargo used for a space laboratory for the primary purpose of conducting scientific research in space is exempt from ad valorem taxation.

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State	Type of Incentive	Year established	Name of incentive	Description
Florida	Tax exemption	2016	Exemption of Direct and Overhead Materials	Tangible personal property (including direct and overhead materials) used or consumed by a government contractor, including prime and subcontractors, in the performance of a Department of Defense or NASA contract is exempt from Florida sales and use tax.
	Tax exemption	2016	Exemption of Excise Tax for Space Launch Vehicle Fuels	Fuels of such quality not adapted for use in ordinary motor vehicles, being produced for and sold and exclusively used for space flight are exempt from the fuels' excise tax.
	Tax exemption	2000	Sales Tax Exemption on Machinery and Equipment	Sales and use taxes are exempted on the purchase of machinery and equipment used for space technology production. Industrial machinery and equipment means tangible personal property or other property that has a depreciable life of 3 years or more and is used as an integral part in the manufacturing, processing, compounding, or production of tangible personal property for sale or is exclusively used in spaceport activities.
	Tax credit	2016	Space Business Incentives Act	Transferable tax credit for space launch, payload, research and development, and other space business to Florida. Eligible firms must create 35 jobs and \$15 million in capital investment in the three previous taxable years.
New Mexico	Tax deduction	1995	Spaceport-Related Activities Gross Receipts Tax Deductions	Four separate deductions are connected with the operation of spaceport in the state: (1) receipts from launching, operating, or recovering space vehicles or payloads, (2) receipts from preparing a payload, (3) receipts from operating a spaceport, (4) receipts from the provision of research, development, testing, and evaluation services for the United States Air Force Operationally Responsive Space Program.
	Property tax exemption	2003	Railroad Equipment, Aircraft, and Space Vehicles Exemption from Compensating Tax	The use of space vehicles for transportation of persons or property in, to, or from space are exempt from compensating tax.

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	Tax exemption	2003	Fuel for Space Vehicles Exemption from gross receipts tax and compensating tax	Receipts from the sale and the use of fuel, oxidizer, or a substance that combines fuel and oxidizer to propel space vehicles or to operate space vehicle launchers are exempt from gross receipts tax and compensating tax.
	Tax deduction	2003	Space-Related Test Articles Deduction from Compensating Tax	The value of equipment and materials used for research or testing to support the research or testing of space-related test articles, or for storage of such equipment or materials to support the research and testing of space-related test articles, is deductible in computing compensating tax due.
Oklahoma	Tax exemption	NA	Spaceport Exemption	Exempted sales include tangible property to a spaceport user as determined by the Oklahoma Space Industry Development Authority; satellites, launch vehicles, propulsion system, space facility, components, parts, and motors; machinery and equipment used in the manufacturing, processing, compounding, or producing of any space facility, space propulsion system or space vehicle, satellite, or station of any kind possessing space flight capacity.
Texas	Grant	2003	Spaceport Trust Fund	Grants for infrastructure are available to any spaceport development corporation that has secured a viable business entity if that entity is capable of launching and landing a reusable launch vehicle or spacecraft and intends to locate its facilities at the development corporation's planned spaceport in the state. Entity must have established a development plan for a spaceport project; demonstrated the financial ability to furnish at least 75 percent of the funding required for the project; and secured a viable business entity with a business plan demonstrating the capability and expertise necessary to launch and land a reusable launch vehicle or spacecraft. Entity must have committed to locating its facilities at the development corporation's planned spaceport in the state. The spaceport or launch operator, if required by federal law, must also have obtained or applied for the appropriate FAA license or other appropriate authorization.

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	Tax exemption	1997	Virginia Spaceport Users Exemption	Tax exemption for space facilities and hardware, including inputs, components, and supplies such as special fuels, machinery and equipment, and other goods and services for activities undertaken at a Virginia Commercial Space Flight Authority facility.
Virginia	Tax subtraction	2009	Zero G Zero Tax Act (Part I) Subtraction	Tax deduction for gains realized from the sale of launch services to space flight participants or launch services intended to provide individuals the training or experience of a launch, without performing an actual launch.
	Tax subtraction	2009	Zero G Zero Tax Act (Part II) Subtraction	Tax deduction for gains realized from resupply services contracts for delivering payload entered into with the Commercial Orbital Transportation Services division of the National Aeronautics and Space Administration or other space flight entity.

SOURCE: PFM Group Consulting LLC (2019), C2ER Economic Incentives Database, Florida Office of Economic and Demographic Research (2018), and review of spaceport and state departments of taxation and revenue websites.