

DoD BILL SEEKS \$1.5 BILLION TO ENHANCE COMMERCIAL SPACE SYSTEMS

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Loans totaling \$1.5 billion would become available to commercial space service providers under Dept. of Defense (DoD) fiscal year 2003 appropriations bill (HR-5010) that Senate passed Thurs. by 95-3 margin. Overall Defense spending bill is \$355.4 billion, \$700 million less than House approved and \$11.4 billion below White House request. Senate and House will hold conference to resolve differences.

Primary thrust of bill's loan provision is advancement of in-space commercial system capabilities. Those privately built and operated systems then could provide satellite and other space services to DoD, NASA and National Reconnaissance Office without need for govt. to bear cost of production. Companies would be eligible for such loans when credit facilities weren't "reasonably available" to them. Defense Secy. would be required to determine whether loan applicants were eligible and were financially capable of undertaking such loans. Secy. would be authorized to collect from recipients amount equal to loan to cover cost of disbursing loan. Secy. also would be able to assume control of -- or to complete development of or to sell -- subsidized systems if recipients defaulted on loans.

Congressional supporters of loan program say that encouraging private sector production of reusable commercial space transportation systems could enhance nation's ability to recover, reposition or dispose of stranded commercial and military satellites. New capabilities sought through systems include: (1) Orbital transfers from low altitude orbits to high altitude orbits. (2) Correction of erroneous orbits. (3) Recovery, refurbishment and refueling of satellites. According to HR-5010, program is in national interest because "satellites stranded in erroneous earth orbit represent substantial economic loss to the [U.S.] and present substantial concerns for the current backlog of national space assets." Amendment to HR-5010 by Sen. Wellstone (D-Minn.) was passed unanimously by Senate Wed. Measure would prohibit DoD from awarding new FY 2003 contracts to U.S. companies that incorporated in other nations primarily to evade tax payments -- "Corporate expatriate" amendment. Measure would enable President to waive that restriction if he certified that awarding particular contract was in interest of national security. Wellstone said: "Former U.S. companies that have renounced their citizenship currently hold at least \$2 billion worth of contracts with the federal government... U.S. companies that play by the rules of the game, that pay their fair share of taxes, should not be forced to compete with bad actors that undercut their bids because of a tax loophole." - Steve Peacock