

A graphic featuring a dark blue rectangular box on the left containing the title 'WASHINGTON STATE SPACE INDUSTRY OVERVIEW' in white, uppercase, sans-serif font. To the right of the box is a vertical image showing a bright orange and yellow light source, possibly a rocket engine or a celestial body, against a dark background.

# WASHINGTON STATE SPACE INDUSTRY OVERVIEW

## How can you help Washington State be a leader Space Innovation?

- To create and maintain a resilient economy especially in our smaller companies, we need to **incentivize innovation, Research & Development, and manufacturing.**
  - o Examples include:
    - Ensure Local tax codes incentivize Research & Development and Manufacturing in the space industry
    - Create an expansion of retail sales and use tax exemptions for Research & Development including the construction or redevelopment of new or existing facilities to test, the manufacturing, or repair spacecraft, satellites, launch vehicles, ground stations, and/or supersonic and hypersonic vehicles.
    - Help to create special manufacturing districts in high-demand industrial subareas.
    - Funding to promote and publicize the region with all the same materials with coordinated economic development business attraction.
  
- **Invest in a pilot program to develop a cohesive and coordinated workforce development strategy** to build the next generation of diverse talent to carry the space industry forward in Washington State.
  
- **Advocate for the establishment of federal agency presence (e.g. NASA, DoD) within Washington State.**

## What is Our Competition Doing to Attract Innovative Companies?

### Texas

#### 1. Property tax exemption

FREEMPORT EXEMPTION. Freeport goods are property that are temporarily located in the state and launch vehicles and satellites qualify for this.

Sec. 11.251. TANGIBLE PERSONAL PROPERTY EXEMPT.

(a) In this section, "freeport goods" means property that under Article VIII, Section 1-j, of the Texas Constitution is not taxable.

(b) A person is entitled to an exemption from taxation by a taxing unit of the appraised value of that portion of the person's inventory or property consisting of freeport goods as determined under this section for the taxing unit.

(c) The exemption provided by Subsection (b) is subtracted from the market value of the inventory or property determined under Section 23.12 to determine the taxable value of the inventory or property for the taxing unit.

#### 2. Manufacturing Permitting

- a. County permitting offices enable blanket manufacturing permits & independent qualified 3rd party inspectors to supplement county permitting resources when needed.

### Florida

#### 1. Sales Tax Exemption

EXEMPTIONS; SPACE ACTIVITIES.—

There shall be exempt from the tax imposed by this chapter:

- a. The sale, lease, use, storage, consumption, or distribution in this state of any orbital space facility, space propulsion system, or space vehicle, satellite, or station of any kind possessing space flight capacity, including the components thereof.

- b. The sale, lease, use, storage, consumption, or distribution in this state of tangible personal property placed on or used aboard any orbital space facility, space propulsion system, or space vehicle, satellite, or station of any kind, irrespective of whether such tangible personal property is returned to this state for subsequent use, storage, or consumption in any manner. This exemption is not affected by the failure of a launch to occur, or the destruction of a launch vehicle or any components thereof.

#### 2. Exemption of Sales Tax on Property Used or Occupied Predominantly for Space Flight Business Purposes Section 212.031, Florida Statutes

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 as defined in Florida Statute 212.031 is exempt from Florida sales Tax.

3. Exemption of Sales Tax on Machinery and Equipment Section 212.08, Florida Statutes

Machinery and Equipment used to increase the productive output of a spaceport activity, as defined in Florida Statute 212.02, for new and expanding businesses is exempt from Florida sales tax.

Industrial machinery and equipment used in space technology facilities to design, manufacture, assemble, process, compound, or produce space technology products for sale or for use by these facilities are exempt from 100 percent of the tax imposed.

“Space technology products” means products that are specifically designed or manufactured for application in space activities, including, but not limited to, space launch vehicles, space flight vehicles, missiles, satellites or research payloads, avionics, and associated control systems and processing systems. The term does not include products that are designed or manufactured for general commercial aviation or other uses even though those products may also serve an incidental use in space applications.

Machinery and equipment used predominantly in space related research and development activities in a research and development facility are also fully exempt from the tax imposed.

4. Exemption of Excise Tax for Space Launch Vehicle Fuels Section 206.42, Florida Statutes

Fuels of such quality not adapted for use in ordinary motor vehicles, being produced for and sold and exclusively used for space flight as defined in Florida Statute 212.02 are exempt from the Florida fuels’ excise tax.

5. Exemption of Space Laboratories and Carriers Section 196.1999, Florida Statutes

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.

6. Exemption of Direct and Overhead Materials Section 212.08, Florida Statutes

Tangible personal property (including direct and overhead materials) used or consumed by a government contractor, including prime and subcontractors, in the performance of a D.O.D. or NASA contract as defined in Florida Statute 212.08.17(b) is exempt from Florida sales and use tax. This exemption applies to the entire (100%) sales price or cost price of such overhead materials.

7. Corporate Income Tax Exemption of Space Laboratories and Carriers Section 220.194, Florida Statutes

A certified spaceflight business may take a nontransferable corporate income tax credit for up to 50 percent of the business's tax liability for the taxable year in which the credit is taken. The maximum nontransferable tax credit amount that may be approved per taxpayer for a taxable year is \$1 million. No more than \$3 million in total tax may be certified.

A certified spaceflight business may transfer, in whole or in part, its Florida net operating loss that would otherwise be available to be taken on a return through a transferable tax credit equal to the amount of the net operating loss eligible to be transferred. The maximum transferable tax credit amount that may be approved per taxpayer for a taxable year is \$2.5 million. No more than \$7 million in total tax credits may be certified.

8. Exemption of Sales Tax on Property Used or Occupied Predominantly for Space Flight Business Purposes

Section 212.031, Florida Statutes

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 as defined in Florida Statute 212.031 is exempt from Florida sales Tax.

**California**

1. Property tax exemption for personal property used in spaceflight (launch vehicles and satellites)

Pertinent definitions:

(1) "Qualified property" means any of the following:

(A) Tangible personal property, whether raw materials, work in process or finished goods, that has, or upon manufacture, assembly, or installation has, space flight capacity, including, but not limited to, an orbital space facility, space propulsion system, space vehicle, launch vehicle, satellite, or space station of any kind, and any component thereof, regardless of whether that property is to be ultimately returned to this state.

(B) Fuel of a quality that is not adaptable for use in ordinary motor vehicles, but is produced, sold, and used exclusively for space flight.

2. Manufacturing permitting

County permitting offices enable use of independent qualified 3rd party inspectors to supplement county permitting resources when needed.

3. Test and Research Labs

NASA Ames Research Center, Mountain View, CA  
Aerodynamics, computational simulations, and rotorcraft research

NASA Armstrong Flight Research Center, Edwards, CA  
Aircraft testing and high-speed flight research

Air Force Test Center, Edwards AFB, CA  
Aerospace systems testing for U.S. Air Force

Air Force Test Center, Edwards AFB, CA  
Aerospace systems testing for U.S. Air Force

Northrop Grumman Radiation & Survivability Center of Excellence, Redondo Beach, CA  
Radiation effects testing on space systems

Northrop Grumman Flight Test Operations (FTO) Sub-Systems, Edwards AFB, CA  
Flight test campaigns for aircraft sub-systems

Northrop Grumman Lab Operations Cognizant Test Engineering, Edwards AFB, CA  
Lab operations management, test planning, and execution

DNB Engineering, Inc., Fullerton, CA  
Electromagnetic compatibility and environmental testing

Independent Testing Laboratories, Costa Mesa, CA  
Environmental and EMI testing for aerospace

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