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Title: Stehmer/Draft Bill to Amend the Commercial Space Act of 1998

Recipient: Gore,Hastert,Sensenbrenner,Ral
ph
Hall,Rohrabacher,Gordon,McCain
,Hollings,Frist,Breaux,Bond,Mikul
ski,Walsh,Mollohan

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Originator: A/Goldin

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Abstract:

Mr. goldin forwards draft to amend the Commercial Space Act of 19998, by adding section 108, the "Space Station Commercial Development Demonstration Program," together with its sectional analysis.

Comments:

Enclosures: Amendments

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Page 1 of 1

National Aeronautics and
Space Administration
Office of the Administrator
Washington, DC 20546-0001



JUL 27 1999

The Honorable Al Gore
President of the Senate
Washington, DC 20510

Dear Mr. President:

Enclosed is a draft bill to amend the Commercial Space Act of 1998 (Pub. Law 105-303, 42 U.S.C. 14701, et seq.) by adding section 108, the "Space Station Commercial Development Demonstration Program," together with its sectional analysis.

The proposed legislation amends last year's Commercial Space Act of 1998, which contained specific direction from Congress regarding commercialization of the International Space Station (ISS). Specifically, the 1998 Act asks for NASA policy initiatives to encourage and facilitate commercial operation, use, servicing, and augmentation of the ISS. This amendment responds by proposing the temporary establishment of several policies to demonstrate and expedite ISS commercialization. The amendment would grant the NASA Administrator the authority to waive some or all costs during the formative stages of a commercial venture, and establish a "gain sharing" mechanism for mature ventures, whereby NASA would be able to collect receipts that could be in excess of costs. NASA would use receipts to first offset its costs, and use excess receipts specifically for advancing U.S. economic development of Earth orbital space using the ISS.

This authority is similar to the authority provided to the Department of Defense in 10 U.S.C. 2371 and the Recreational Fee Demonstration Program (Pub. Law 104-134, Section 315). The latter is used by the Department of the Interior and the Department of Agriculture to demonstrate the feasibility of user-generated cost recovery. It has been a success, was extended beyond its initial sunset, and is now being considered on a permanent basis rather than as a demonstration program. This proposal is also similar to the authority provided to the national laboratories by the National Technology Transfer and Advancement Act of 1995 (Pub. Law 104-113) which amended the Stevenson/Wydler Technology Innovation Act (15 U.S.C. 3701, et seq.). Those amendments were intended to encourage public/private cooperative ventures and leverage private industry investments in cooperation with our national laboratories. Similarly, this proposal is intended to encourage commercial use of NASA's orbiting laboratory, the ISS. NASA is now beginning negotiations with private, commercial entities on agreements for the use of the research facilities of the ISS. Successful negotiation of such agreements will be greatly aided by the proposed authority.

Borrowing from the approach used by the 1995 amendments (15 U.S.C. 3710 c(a)(1)(B)(v)), the proposed amendment provides incentives to encourage NASA in its ISS commercialization activities. First, any receipts collected under this authority are to be used to offset any costs incurred by NASA in support of the commercial Enterprise. Receipts in excess of costs also may be retained and utilized for further ISS commercialization. Such excess receipts will be available for use without fiscal year limitation or further appropriation.

Authority to retain receipts in excess of costs in a separate account in the Department of Treasury, not subject to further appropriation, is a crucial element of this endeavor. Without this authority, the economic development program for ISS would remain wholly dependent upon Government funding. What NASA seeks to accomplish is a reinvestment program that extracts value from successful commercial endeavors in order to broaden future commercial endeavors.

It is important for NASA to have the maximum flexibility to utilize excess receipts in an expeditious manner that would have the greatest likelihood of success in meeting the objectives of this proposal: increasing U.S. development of Earth orbital space utilizing the ISS. The commercial marketplace is in constant flux--commercial projects are developed and financed independent of the Government's fiscal year calendar or the Government's appropriation cycle. Commercial firms, and their investors, want to make their financial commitments at the optimal point--that is, when their research and development shows the potential for success and their financial situation is conducive to further investment. And they want their potential partners to be ready, willing and able to make the same commitments at the same time. In order for NASA to be able to enter into agreements and commit the appropriate resources at the appropriate time, it must have the maximum flexibility to bring any and all available resources to bear at that specific time. It would not be possible to ask the U.S. commercial firms, whose investment in space ventures we are trying to encourage, to put their investment decisions on hold while NASA seeks an appropriation from Congress in order to utilize the excess receipts which it has previously collected.

The ISS is a huge national investment in R&D infrastructure in space. It is unprecedented in the history of space flight, and we believe that its availability will be a catalyst for future economic development of space. The capitalization associated with entrepreneurial ventures in human space flight is extraordinarily large. The schedules associated with return on investments are extraordinarily long. This is a demonstration program, intended to demonstrate the feasibility of commercial ventures using the Station, and whether or not it is possible to operate the ISS in a business-like manner. Business does not operate within the confines of the Government's annual appropriation cycle. The authority provided by this demonstration program creates the requisite stability -- during the crucial formative period of business development -- which will greatly facilitate commercialization opportunities.

The results of this demonstration program -- and lessons learned along the way -- will be incorporated into NASA's planning for long-term commercialization of the Space Station, in concert with other ongoing activities such as establishing a non-Government organization (NGO) for utilization and management.

The Office of Management and Budget advises that there is no objection to the presentation of this proposal to Congress from the standpoint of the Administration's program.

Sincerely,



Daniel S. Goldin
Administrator

National Aeronautics and
Space Administration
Office of the Administrator
Washington, DC 20546-0001



JUL 27 1999

The Honorable Dennis Hastert
Speaker of the House
Of Representatives
Washington, DC 20515

Dear Mr. Speaker:

Enclosed is a draft bill to amend the Commercial Space Act of 1998 (Pub. Law 105-303, 42 U.S.C. 14701, et seq.) by adding section 108, the "Space Station Commercial Development Demonstration Program," together with its sectional analysis.

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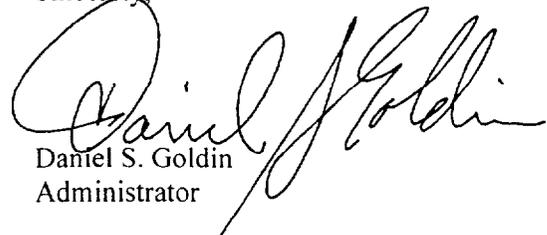
It is important for NASA to have the maximum flexibility to utilize excess receipts in an expeditious manner that would have the greatest likelihood of success in meeting the objectives of this proposal: increasing U.S. development of Earth orbital space utilizing the ISS. The commercial marketplace is in constant flux--commercial projects are developed and financed independent of the Government's fiscal year calendar or the Government's appropriation cycle. Commercial firms, and their investors, want to make their financial commitments at the optimal point--that is, when their research and development shows the potential for success and their financial situation is conducive to further investment. And they want their potential partners to be ready, willing and able to make the same commitments at the same time. In order for NASA to be able to enter into agreements and commit the appropriate resources at the appropriate time, it must have the maximum flexibility to bring any and all available resources to bear at that specific time. It would not be possible to ask the U.S. commercial firms, whose investment in space ventures we are trying to encourage, to put their investment decisions on hold while NASA seeks an appropriation from Congress in order to utilize the excess receipts which it has previously collected.

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The Office of Management and Budget advises that there is no objection to the presentation of this proposal to Congress from the standpoint of the Administration's program.

Sincerely,



Daniel S. Goldin
Administrator

National Aeronautics and
Space Administration
Office of the Administrator
Washington, DC 20546-0001



JUL 27 1999

The Honorable F. James Sensenbrenner, Jr.
Chairman
Committee on Science
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Enclosed is a draft bill to amend the Commercial Space Act of 1998 (Pub. Law 105-303, 42 U.S.C. 14701, et seq.) by adding section 108, the "Space Station Commercial Development Demonstration Program," together with its sectional analysis.

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Authority to retain receipts in excess of costs in a separate account in the Department of Treasury, not subject to further appropriation, is a crucial element of this endeavor. Without this authority, the economic development program for ISS would remain wholly dependent upon Government funding. What NASA seeks to accomplish is a reinvestment program that extracts value from successful commercial endeavors in order to broaden future commercial endeavors.

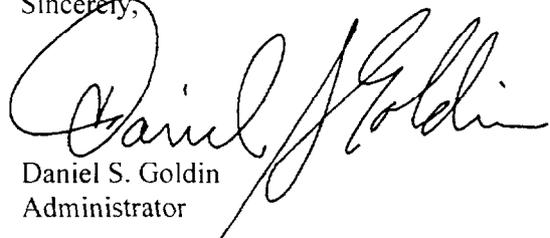
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The Office of Management and Budget advises that there is no objection to the presentation of this proposal to Congress from the standpoint of the Administration's program.

Sincerely,



Daniel S. Goldin
Administrator



JUL 27 1999

The Honorable Ralph. Hall
Acting Ranking Member
Committee on Science
House of Representatives
Washington, DC 20515

Dear Mr. Brown:

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The Office of Management and Budget advises that there is no objection to the presentation of this proposal to Congress from the standpoint of the Administration's program.

Sincerely,



Daniel S. Goldin
Administrator

Space Station Commercial Development Demonstration Program

The Commercial Space Act of 1998 (P.L. 105-303, 42 U.S.C 14701, et seq.) is amended by adding the following section:

Sec. 108. Space Station Commercial Development Demonstration Program.

- (a) FINDINGS-- The Congress finds that:
- (1) it is in the interest of the United States to stimulate the commercial development of space to enable new markets, products and services that support private and public undertakings in space;
 - (2) the economic development of Earth orbital space will be furthered by the use of the International Space Station by commercial entities committing private capital to business enterprises;
 - (3) the high cost of space access and operations is a major barrier for the development of these new markets and services;
 - (4) United States commercial use of the International Space Station would be furthered by a predictable price structure; and
 - (5) receipts resulting from United States commercial use of the International Space Station could reduce the cost burden to the National Aeronautics and Space Administration of operating and maintaining the International Space Station.
- (b) PRICING AUTHORITY-- Pursuant to the policies set forth in section 101 of this Act, the Administrator shall establish a price structure designed to facilitate United States commercial use of the on-orbit resources and accommodations, transportation services and related ground facilities of the International Space Station which are provided by the National Aeronautics and Space Administration.
- (c) PURPOSE-- The purpose of this authority is to enable a demonstration of the feasibility and economic viability of private sector business operations involving the International Space Station and its related infrastructure.
- (d) DUTIES OF THE ADMINISTRATOR-- In carrying out the provisions of this section, the Administrator shall--
- (1) encourage business enterprises to consider using the unique capabilities of the International Space Station through strategic communications and outreach;
 - (2) seek out nonaerospace companies that might offer innovative U.S. commercial uses of the International Space Station; .
 - (3) utilize, to the fullest extent practical, the authority of the National Aeronautics and Space Act of 1958, as amended (42 U.S.C. 2451 et seq.), to enter into cooperative, reimbursable, and barter arrangements with the private sector; and
 - (4) ensure that agreements for nonprimary uses of the International Space Station are entered into only on a basis of noninterference with primary uses.

(e) PRICE STRUCTURE--

- (1) In order to encourage companies to commit private capital to Space Station business enterprises, the Administrator shall establish a market-based price structure with a marginal cost floor for the United States commercial use of resources, accommodations, transportation services, and related infrastructure of the International Space Station. If a viable commercial vendor offers comparable services, the price shall be based on prevailing market rates or, in the absence of a prevailing market rate, the offer price of a viable commercial vendor. The prices for transportation services include only those of the Space Shuttle to and from the International Space Station and such services shall be subject to restrictions applied to the Space Shuttle in the Commercial Space Act of 1998 (42 USC 14731).
- (2) The Administrator shall publish within 120 days of passage of this amendment, and updated as required, the market-based price structure established in paragraph (1) above, including the cost basis for the marginal cost floor established under this section.
- (3) The Administrator may, on a case-by-case basis, waive all or part of the marginal cost to the National Aeronautics and Space Administration required to support the United States commercial use during the formative period and delay marginal cost recovery until such time as the commercial enterprise matures to a profitable business operation. Upon maturity of the commercial enterprise to profitable operations, the Administrator shall fully recover, at a minimum, the marginal costs in order to preclude the formation of private enterprises that are reliant on Federal subsidies for their operations.
- (4) The Administrator shall not provide waivers for U.S. commercial users pursuing nonprimary uses of the International Space Station.
- (5) Considerations-- In waiving costs under this section, the Administrator shall consider:
 - (A) the relative amount of private capital at risk;
 - (B) the business risk involved;
 - (C) the potential markets to be served by the business enterprise;
 - (D) the probability that the proposed business enterprise will mature to the point where market value of its products or services exceed the marginal costs associated with its operations; and
 - (E) the magnitude of marginal cost and duration of United States Government support required to sustain the business enterprise during the formative period.

(f) DEMONSTRATION PROGRAM FOR REINVESTMENT OF RECEIPTS--

- (1) Any receipts collected shall first be used to offset any direct or indirect costs incurred by the National Aeronautics and Space Administration in support of the United States commercial use .
- (2) Any receipts in excess of those costs identified in paragraph (1) above may be retained by the Administrator for use in promoting increased United States economic development of Earth orbital space utilizing the International Space Station. Amounts collected shall be available to the Administrator for expenditure without further appropriation and may be distributed and used as provided in this subsection without fiscal year limitation.

- (3) The National Aeronautics and Space Administration shall prepare an annual report describing all receipts collected and the use of those receipts. This report shall be delivered within 60 days of the end of each fiscal year of this program, and shall address at a minimum a two-year period, including the prior fiscal year's receipt and the projections and plans for the coming fiscal year.
- (g) PROGRAM ASSESSMENT--The National Aeronautics and Space Administration shall develop measures of success that will be used to evaluate the effectiveness of this program, include an annual status report based on those measures of success as part of the report under paragraph (f)(3) above, and shall conduct an independent evaluation of the demonstration program. The National Aeronautics and Space Administration shall prepare a final report on this demonstration program which shall be submitted to Congress 120 days following the earlier of International Space Station assembly complete or the end of fiscal year 2004. This report shall include a final assessment of program effectiveness, including measures of success, and the independent evaluation, and shall also include a long-term plan for commercialization of the International Space Station which incorporates lessons learned from this demonstration program.
- (h) DEFINITIONS-- As used in this section:
- (1) the term "non-primary uses" means those uses of the International Space Station other than research, development, and product generation in the unique environment of space, and education.
 - (2) the term "United States commercial use" means proof of concept or full-scale private commercial projects that benefit the United States economy through the sales of goods or services or the creation of jobs.
 - (3) the term "viable commercial vendor" means a vendor who has demonstrated the ability to provide, or who is offering and could reasonably be expected to provide, a service comparable to that specifically being offered by the International Space Station.
- (i) TERMINATION –The demonstration program and the authority under (f)(2) above to reinvest receipts applies to agreements entered into and private projects initiated before the earlier of International Space Station assembly complete or the end of fiscal year 2004.

SECTIONAL ANALYSIS

Of a Bill

To amend the Commercial Space Act of 1998 (Pub.Law 105-303, 42 U.S.C. 14701, et seq.) by adding section 108, the "Space Station Commercial Development Demonstration Program"

The proposed bill amends the Commercial Space Act of 1998 by adding a new section 108, which would establish the Space Station Commercial Development Demonstration Program (the Program). The 1998 Act asks for NASA policy initiatives to encourage and facilitate commercial operation, use, servicing and augmentation of the International Space Station (ISS). This amendment responds by proposing the temporary establishment of several policies to demonstrate whether or not they will expedite ISS commercialization.

The bill provides that the NASA Administrator shall establish a market-based price structure with a marginal cost floor for U.S. commercial use of ISS resources, accommodations, Space Shuttle transportation services and related ground infrastructure. Where viable commercial vendors offer comparable services the price shall be based on prevailing market rates. The bill also provides that the Administrator may waive all or part of the marginal price and provides factors for the Administrator to consider in exercising his waiver authority.

The proposed amendment also provides incentives to encourage NASA in its ISS commercialization activities. First, any receipts collected under this authority are to be used to offset any costs incurred by NASA in support of the commercial enterprise. Receipts in excess of costs also may be retained and utilized for further ISS commercialization. Such excess receipts will be available for use without fiscal year limitation or further appropriation.

Finally, the demonstration program would terminate on the earlier of ISS assembly complete or the end of fiscal year 2004.

Subsection (a) sets forth the Findings, that it is in the interest of the United States to stimulate the commercial development of space, that the economic development of Earth orbital space will be furthered by the use of the International Space Station by commercial entities committing private capital to business enterprises; that the high cost of space access and operations is a major barrier for the development of these new markets and services; that United States commercial use of the International Space Station would be furthered by a predictable price structure; and that receipts resulting from United States commercial use of the International Space Station could reduce the cost to NASA of operating and maintaining the International Space Station.

Subsection (b) requires that the NASA Administrator establish a price structure for the use of the ISS that would facilitate U.S. commercial use of the ISS.

Subsection (c) sets forth the purpose of this authority: to demonstrate the viability of private sector business operations involving the ISS.

Subsection (d) sets forth the duties of the Administrator, which are to: encourage business enterprises to consider using the unique capabilities of the ISS; seek out non-aerospace companies who might offer innovative U.S. commercial uses of the ISS; utilize, to the fullest extent practical, the authority of the National Aeronautics and Space Act of 1958, as amended (42 U.S.C. 2451 et seq.); enter into cooperative, reimbursable, and barter arrangements with the private sector; and ensure that agreements for non-primary uses of the ISS are entered into only on a basis of non-interference with primary uses.

Subsection (e) directs the Administrator to establish a market-based price structure with a marginal cost floor for the U.S. commercial use of the ISS. If a viable commercial vendor (defined in subsection (h) as a vendor who has demonstrated the ability to provide, or who is offering and could reasonably be expected to provide, a service comparable to that being offered by the ISS) offers a comparable service, then the price charged by NASA is to be based on prevailing market rates. In the absence of a prevailing market rate, the price charged by NASA is to be based on the offer price of a viable commercial vendor.

This price structure is to be published within 120 days of enactment of this amendment, and updated as necessary. The Administrator is authorized, after considering certain enumerated factors, on a case-by-case basis, to waive all or part of the marginal cost and delay recovery of such costs until the commercial enterprise becomes a profitable business operation. This is also known as "gain sharing", a method whereby NASA would forego some payments at the beginning of a venture in order to stimulate the development of that venture, and then share in the profits when it becomes a profitable operation.

Subsection (f) establishes a demonstration, or test, program for the reinvestment of the receipts, or payments, received by NASA from U.S. commercial users of the ISS. Any receipts collected shall first be used to offset any direct or indirect costs incurred by NASA in support of the United States commercial use. Any receipts in excess of those costs may be retained by the Administrator for use in promoting increased United States economic development of Earth orbital space utilizing the ISS. Amounts collected shall be available to the Administrator for expenditure without further appropriation and may be distributed and used as provided in this subsection without fiscal year limitation. Receipts in excess of costs shall be retained in a separate account in the Treasury and shall be available solely for these purposes.

NASA shall prepare an annual report describing all receipts collected and the use of those receipts. This report shall be delivered within 60 days of the end of each fiscal year of this program, and shall address at a minimum a two-year period, including the prior fiscal year's receipt and the projections and plans for the coming fiscal year.

Subsection (g) requires NASA to develop measurements to evaluate the effectiveness of the demonstration program, provide an annual status and conduct an independent evaluation of the demonstration program. A final report to Congress is to be delivered within 120 days of termination of the program.

Subsection (h) sets forth three definitions for use in this section: "non-primary use", which means those uses of the ISS other than research, development, product generation and education, which will not be eligible for cost waivers and must not interfere with primary uses; "United State commercial use" which means concepts or projects that benefit the U.S. economy; and "viable commercial vendor", which means a vendor who has demonstrated the ability to provide, or is offering and could reasonably be expected to provide, a comparable service.

Subsection (l) is a sunset provision, which directs that the demonstration program and authority to reinvest receipts applies only to agreements entered into and private projects initiated before ISS assembly complete or the end of fiscal year 2004. This is a test of new policies, and their extension beyond this test period will depend on the evaluation provided for by subsection (g).

National Aeronautics and
Space Administration

Office of the Administrator
Washington, DC 20546-0001



The Honorable Dana Rohrabacher
Chairman
Subcommittee on Space and Aeronautics
Committee on Science
House of Representatives
Washington, DC 20515

JUL 27 1999

Dear Mr. Chairman:

Enclosed is a draft bill to amend the Commercial Space Act of 1998 (Pub. Law 105-303, 42 U.S.C. 14701, et seq.) by adding section 108, the "Space Station Commercial Development Demonstration Program," together with its sectional analysis.

The proposed legislation amends last year's Commercial Space Act of 1998, which contained specific direction from Congress regarding commercialization of the International Space Station (ISS). Specifically, the 1998 Act asks for NASA policy initiatives to encourage and facilitate commercial operation, use, servicing, and augmentation of the ISS. This amendment responds by proposing the temporary establishment of several policies to demonstrate and expedite ISS commercialization. The amendment would grant the NASA Administrator the authority to waive some or all costs during the formative stages of a commercial venture, and establish a "gain sharing" mechanism for mature ventures, whereby NASA would be able to collect receipts that could be in excess of costs. NASA would use receipts to first offset its costs, and use excess receipts specifically for advancing U.S. economic development of Earth orbital space using the ISS.

This authority is similar to the authority provided to the Department of Defense in 10 U.S.C. 2371 and the Recreational Fee Demonstration Program (Pub. Law 104-134, Section 315). The latter is used by the Department of the Interior and the Department of Agriculture to demonstrate the feasibility of user-generated cost recovery. It has been a success, was extended beyond its initial sunset, and is now being considered on a permanent basis rather than as a demonstration program. This proposal is also similar to the authority provided to the national laboratories by the National Technology Transfer and Advancement Act of 1995 (Pub. Law 104-113) which amended the Stevenson/Wydler Technology Innovation Act (15 U.S.C. 3701, et seq.). Those amendments were intended to encourage public/private cooperative ventures and leverage private industry investments in cooperation with our national laboratories. Similarly, this proposal is intended to encourage commercial use of NASA's orbiting laboratory, the ISS. NASA is now beginning negotiations with private, commercial entities on agreements for the use of the research facilities of the ISS. Successful negotiation of such agreements will be greatly aided by the proposed authority.

Borrowing from the approach used by the 1995 amendments (15 U.S.C. 3710 c(a)(1)(B)(v)), the proposed amendment provides incentives to encourage NASA in its ISS commercialization activities. First, any receipts collected under this authority are to be used to offset any costs incurred by NASA in support of the commercial Enterprise. Receipts in excess of costs also may be retained

and utilized for further ISS commercialization. Such excess receipts will be available for use without fiscal year limitation or further appropriation.

Authority to retain receipts in excess of costs in a separate account in the Department of Treasury, not subject to further appropriation, is a crucial element of this endeavor. Without this authority, the economic development program for ISS would remain wholly dependent upon Government funding. What NASA seeks to accomplish is a reinvestment program that extracts value from successful commercial endeavors in order to broaden future commercial endeavors.

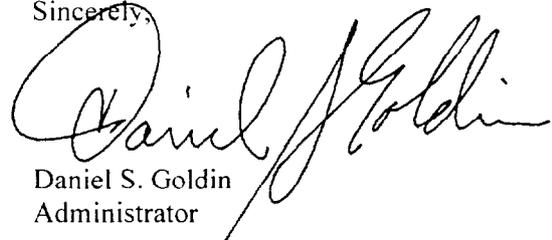
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The ISS is a huge national investment in R&D infrastructure in space. It is unprecedented in the history of space flight, and we believe that its availability will be a catalyst for future economic development of space. The capitalization associated with entrepreneurial ventures in human space flight is extraordinarily large. The schedules associated with return on investments are extraordinarily long. This is a demonstration program, intended to demonstrate the feasibility of commercial ventures using the Station, and whether or not it is possible to operate the ISS in a business-like manner. Business does not operate within the confines of the Government's annual appropriation cycle. The authority provided by this demonstration program creates the requisite stability -- during the crucial formative period of business development -- which will greatly facilitate commercialization opportunities.

The results of this demonstration program -- and lessons learned along the way -- will be incorporated into NASA's planning for long-term commercialization of the Space Station, in concert with other ongoing activities such as establishing a non-Government organization (NGO) for utilization and management.

The Office of Management and Budget advises that there is no objection to the presentation of this proposal to Congress from the standpoint of the Administration's program.

Sincerely,

A handwritten signature in cursive script, reading "Daniel S. Goldin". The signature is written in black ink and is positioned above the printed name and title.

Daniel S. Goldin
Administrator

National Aeronautics and
Space Administration
Office of the Administrator
Washington, DC 20546-0001



JUL 27 1999

The Honorable Bart Gordon
Ranking Member
Subcommittee on Space and Aeronautics
Committee on Science
House of Representatives
Washington, DC 20515

Dear Mr. Gordon:

Enclosed is a draft bill to amend the Commercial Space Act of 1998 (Pub. Law 105-303, 42 U.S.C. 14701, et seq.) by adding section 108, the "Space Station Commercial Development Demonstration Program," together with its sectional analysis.

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The Office of Management and Budget advises that there is no objection to the presentation of this proposal to Congress from the standpoint of the Administration's program.

Sincerely,



Daniel S. Goldin
Administrator

National Aeronautics and
Space Administration
Office of the Administrator
Washington, DC 20546-0001



JUL 27 1999

The Honorable John McCain
Chairman
Committee on Commerce, Science and Transportation
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Enclosed is a draft bill to amend the Commercial Space Act of 1998 (Pub. Law 105-303, 42 U.S.C. 14701, et seq.) by adding section 108, the "Space Station Commercial Development Demonstration Program," together with its sectional analysis.

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The Office of Management and Budget advises that there is no objection to the presentation of this proposal to Congress from the standpoint of the Administration's program.

Sincerely,



Daniel S. Goldin
Administrator

National Aeronautics and
Space Administration
Office of the Administrator
Washington, DC 20546-0001



JUL 27 1999

The Honorable Ernest F. Hollings
Ranking Member
Committee on Commerce, Science and Transportation
United States Senate
Washington, DC 20510

Dear Senator Hollings:

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The Office of Management and Budget advises that there is no objection to the presentation of this proposal to Congress from the standpoint of the Administration's program.

Sincerely,



Daniel S. Goldin
Administrator

National Aeronautics and
Space Administration

Office of the Administrator
Washington, DC 20546-0001



The Honorable Bill Frist
Chairman
Subcommittee on Science, Technology, and Space
Committee on Commerce, Science, and Transportation
United States Senate
Washington, DC 20510

JUL 27 1999

Dear Mr. Chairman:

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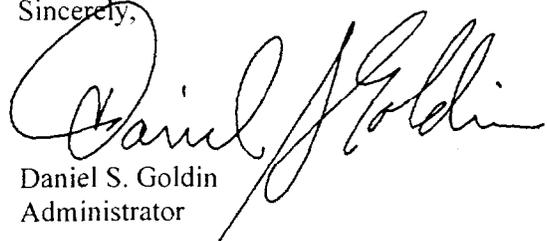
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The Office of Management and Budget advises that there is no objection to the presentation of this proposal to Congress from the standpoint of the Administration's program.

Sincerely,

A handwritten signature in cursive script, reading "Daniel S. Goldin". The signature is written in black ink and is positioned above the printed name and title.

Daniel S. Goldin
Administrator

National Aeronautics and
Space Administration

Office of the Administrator
Washington, DC 20546-0001



The Honorable John Breaux
Ranking Member
Subcommittee on Science, Technology, and Space
Committee on Commerce, Science, and Transportation
United States Senate
Washington, DC 20510

JUL 27 1999

Dear Senator Breaux:

Enclosed is a draft bill to amend the Commercial Space Act of 1998 (Pub. Law 105-303, 42 U.S.C. 14701, et seq.) by adding section 108, the "Space Station Commercial Development Demonstration Program," together with its sectional analysis.

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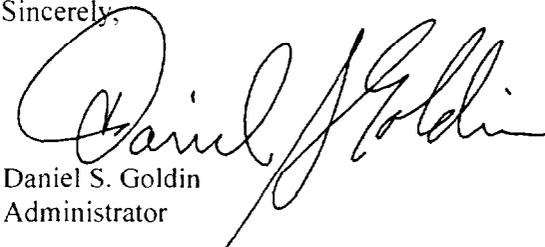
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The ISS is a huge national investment in R&D infrastructure in space. It is unprecedented in the history of space flight, and we believe that its availability will be a catalyst for future economic development of space. The capitalization associated with entrepreneurial ventures in human space flight is extraordinarily large. The schedules associated with return on investments are extraordinarily long. This is a demonstration program, intended to demonstrate the feasibility of commercial ventures using the Station, and whether or not it is possible to operate the ISS in a business-like manner. Business does not operate within the confines of the Government's annual appropriation cycle. The authority provided by this demonstration program creates the requisite stability -- during the crucial formative period of business development -- which will greatly facilitate commercialization opportunities.

The results of this demonstration program -- and lessons learned along the way -- will be incorporated into NASA's planning for long-term commercialization of the Space Station, in concert with other ongoing activities such as establishing a non-Government organization (NGO) for utilization and management.

The Office of Management and Budget advises that there is no objection to the presentation of this proposal to Congress from the standpoint of the Administration's program.

Sincerely,

A handwritten signature in cursive script, reading "Daniel S. Goldin". The signature is written in dark ink and is positioned above the printed name and title.

Daniel S. Goldin
Administrator

National Aeronautics and
Space Administration
Office of the Administrator
Washington, DC 20546-0001



JUL 27 1999

The Honorable Christopher S. Bond
Chairman
Subcommittee on VA-HUD-Independent Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

I wish to inform you that, on July 27, 1999, I forwarded to President of the Senate a draft bill to amend the Commercial Space Act of 1998 (P.L. 105-303) by adding Section 108, the "Space Station Commercial Development Demonstration Program." A copy of my letter to the President and the proposed legislation is enclosed for your information.

This legislative proposal is in furtherance of the direction in the Commercial Space Act of 1998 for NASA to, among other things, encourage and facilitate commercial use of the International Space Station (ISS). It is intended to demonstrate the feasibility of leveraging U.S. private industry investments in ISS-related research activities. It is crucial to NASA's ability to successfully negotiate agreements with U.S. commercial entities for the use of the research facilities of the ISS--negotiations that have been underway for some time now and which are reaching critical stages. This legislation must be enacted this year in order for NASA to conclude these negotiations and ensure that these agreements are in place with sufficient lead-time before the initial operations of the ISS.

NASA is highly motivated to work with the Congress to secure enactment of this legislation this year. I would be pleased to discuss this legislative proposal with you in greater detail at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Daniel S. Goldin".

Daniel S. Goldin
Administrator

Enclosure

National Aeronautics and
Space Administration
Office of the Administrator
Washington, DC 20546-0001



JUL 27 1999

The Honorable Barbara A. Mikulski
Ranking Member
Subcommittee on VA-HUD-Independent Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Mikulski:

I wish to inform you that, on July 27, 1999, I forwarded to President of the Senate a draft bill to amend the Commercial Space Act of 1998 (P.L. 105-303) by adding Section 108, the "Space Station Commercial Development Demonstration Program." A copy of my letter to the President and the proposed legislation is enclosed for your information.

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Daniel S. Goldin
Administrator

Enclosure

National Aeronautics and
Space Administration
Office of the Administrator
Washington, DC 20546-0001



JUL 27 1999

The Honorable James T. Walsh
Chairman
Subcommittee on VA-HUD-
Independent Agencies
Committee on Appropriations
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I wish to inform you that, on July 27, 1999, I forwarded to Speaker of the House a draft bill to amend the Commercial Space Act of 1998 (P.L. 105-303) by adding Section 108, the "Space Station Commercial Development Demonstration Program." A copy of my letter to the Speaker and the proposed legislation is enclosed for your information.

This legislative proposal is in furtherance of the direction in the Commercial Space Act of 1998 for NASA to, among other things, encourage and facilitate commercial use of the International Space Station (ISS). It is intended to demonstrate the feasibility of leveraging U.S. private industry investments in ISS-related research activities. It is crucial to NASA's ability to successfully negotiate agreements with U.S. commercial entities for the use of the research facilities of the ISS--negotiations that have been underway for some time now and which are reaching critical stages. This legislation must be enacted this year in order for NASA to conclude these negotiations and ensure that these agreements are in place with sufficient lead-time before the initial operations of the ISS.

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A handwritten signature in cursive script that reads "Daniel S. Goldin".

Daniel S. Goldin
Administrator

Enclosure

National Aeronautics and
Space Administration
Office of the Administrator
Washington, DC 20546-0001



The Honorable Alan B. Mollohan
Ranking Member
Subcommittee on VA-HUD-
Independent Agencies
Committee on Appropriations
House of Representatives
Washington, DC 20515

JUL 27 1999

Dear Mr. Mollohan:

I wish to inform you that, on July 27, 1999, I forwarded to Speaker of the House a draft bill to amend the Commercial Space Act of 1998 (P.L. 105-303) by adding Section 108, the "Space Station Commercial Development Demonstration Program." A copy of my letter to the Speaker and the proposed legislation is enclosed for your information.

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Administrator

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