

STATEMENT OF  
THE HONORABLE JERRY F. COSTELLO  
SUBCOMMITTEE ON SPACE AND AERONAUTICS  
“AN EXAMINATION OF FAA’S LAUNCH INDEMNIFICATION PROGRAM”  
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Good morning and thank you, Mr. Chairman, for calling this important hearing on the FAA’s commercial space launch indemnification program.

In March we had a similar hearing to examine the FAA’s Office of Commercial Space Transportation Fiscal Year 2013 budget request. Also, in 2011, I chaired a hearing in the Aviation Subcommittee of the House Transportation and Infrastructure Committee which discussed the future of NASA’s human spaceflight programs. I agree it is important to continue to focus on this issue in our Subcommittee, given the fact that the public needs a clear understanding of the risks involved with commercial space transportation, and it will need to be convinced those risks are being effectively managed.

Therefore I want to thank the Chairman for his leadership on this issue and I also want to welcome our witnesses. I look forward to your testimony.

In 1988, Congress amended the Commercial Space Launch Act to establish a risk-based regime to address third-party losses associated with potential U.S. commercial space launch or re-entry failures.

Since then, the U.S. commercial space launch industry has grown and changed.

Just last week, a private U.S. company, Space Exploration Technologies—SpaceX—, successfully demonstrated the potential for commercial cargo resupply of the International Space Station.

Another company, Orbital Sciences, plans to demonstrate the same transportation capability later this year.

And in the coming years, suborbital spacecraft are anticipated to begin launching space tourists, followed potentially by commercial human space flights to low-Earth orbit.

Given that the sunset provision is set to expire at the end of the calendar year, Congress must decide whether or not to extend the current regime and if so, whether changes are needed to it.

The provisions we are examining today were put into place more than two decades ago, and I think it is appropriate for us to review the impacts.

To that end, I hope to hear from the witnesses whether the intended effects of the provisions are being realized; if the existing indemnification regime is still appropriate given the maturity of the existing industry; the extent to which government indemnification affects U.S. space launch industry competitiveness in the global market; and what modifications are needed to achieve optimal transparency and safety while not increasing taxpayer exposure to unnecessary risk.

Thank you and I yield back the balance of my time.