RESTORE NASA

If a Space Company Fails

How NASA takes back what the public paid for, and the rules that prepare for it

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The problem

A handful of companies now carry most of America's access to space, and the public has paid for much of what they built. Over the last fifteen years the federal government has obligated about $27 billion to SpaceX, about $23 billion to United Launch Alliance and about $4 billion to Blue Origin, with billions more to the space businesses of Boeing, Lockheed Martin and Northrop Grumman.[1]

Companies fail, including big ones. Iridium built a 66-satellite network for several billion dollars, went bankrupt in 1999 within a year of opening for business, and was sold in 2000 for $25 million.[2] OneWeb went bankrupt in 2020 with 74 satellites in orbit and was rescued by the British government and an Indian conglomerate.[3] SpaceX itself is no longer only a rocket company: in February 2026 it merged with Elon Musk's artificial intelligence company, xAI, and it has since sold $25 billion of bonds to pay off the debts of xAI and the social network X.[4] Its rockets and satellites now carry the risks of an AI company.

If one of these companies failed today, its rockets, satellites, landers, factories and designs would be sold in a bankruptcy court to whoever bid the most. That could be a rival billionaire, a private equity fund, or, if nobody stopped it, a buyer abroad. The government could block some outcomes and bargain hard, but it could not keep the assets. The public would have paid to build them and would get nothing back.

This part of the plan changes that: if a company built with public money fails, what it built goes to NASA. It names no company. It applies to every space company that has taken large amounts of public money, and it does two things: it sets rules that prepare for a failure while the company is healthy, and it says what happens if one fails.

Who is covered

The law would set the tests in advance, so no official decides who is covered and no company is singled out. A company is covered if its space business meets any one of four tests:

- **Public money.** It has received at least $500 million in federal obligations over the past fifteen years for any kind of space work: launch, satellites and satellite services, landers, space stations, spacecraft, or the missions they fly.

[1] USAspending.gov, federal obligations by recipient, fiscal years 2012 to 2026, all award types, pulled 18 November 2026. In billions of dollars: Space Exploration Technologies Corp. 26.9; United Launch Alliance 23.5; Viasat 5.7; Blue Origin 4.0; Iridium 1.6; Axiom Space 0.70; Astrobotic 0.58; Intuitive Machines 0.57; Firefly Aerospace 0.52; NASA obligations to Boeing 25.5, Lockheed Martin 21.5, Northrop Grumman 13.8 and Aerojet Rocketdyne and L3Harris 7.3. Obligations are money committed; classified awards are not included. https://www.usaspending.gov

[2] Spaceflight Now, report on the sale of Iridium's assets, November 2000. https://spaceflightnow.com/news/n0011/16iridium/

[3] UK Government, "UK government to acquire cutting-edge satellite network," July 2020. https://www.gov.uk/government/news/uk-government-to-acquire-cutting-edge-satellite-network

[4] Yahoo Finance, "Elon Musk's SpaceX Merges With xAI In Trillion-Dollar Merger," February 2026. https://finance.yahoo.com/news/elon-musks-spacex-merges-xai-153111324.html ; Outlook Business, "SpaceX Sells $25 Bn Bonds to Refinance Elon Musk's X, xAI Debt," 2026. https://www.outlookbusiness.com/corporate/spacex-sells-25-bn-bonds-to-refinance-elon-musks-x-xai-debt

- **A role the government cannot easily replace.** It is an approved national security launch provider, carries NASA crews or cargo, or runs a launch site on a federal range or NASA center, and has received at least $100 million in federal space money.
- **Scale in orbit.** It operates 100 or more satellites serving federal agencies or allied governments, or is licensed for 1,000 or more.
- **No substitute.** A council of the Space Force, the Commerce Department, the Federal Communications Commission and the Treasury finds, on a written record and after hearing the company, that nobody else could take over its federal work within a year.

By the federal government's own spending records, the money test alone would cover SpaceX, United Launch Alliance, Blue Origin, Viasat, Iridium, Axiom Space, Astrobotic, Intuitive Machines and Firefly Aerospace, along with the space businesses of Boeing, Lockheed Martin, Northrop Grumman and L3Harris.[5] The role test adds Rocket Lab, a national security launch provider,[6] and Sierra Space, which carries NASA cargo. The coverage is deliberately broad: it reaches rocket makers, satellite operators, the builders of Moon landers and space stations, and any company flying missions to Mars, because NASA would need all of what they build. For a company like Boeing, only its space business is covered.

Rules while a company is healthy

Every covered company would follow these rules from the day the law takes effect. They cost a healthy company little, and they make a failure cheap and quick to handle.

- **A continuity plan, filed every year.** How the company's launches and satellites would keep running if it failed: which entity owns what, which people and suppliers are essential, and what software, keys and procedures a successor would need. The Dodd-Frank Act of 2010 requires large banks to file plans like this.
- **Designs and software in escrow.** The designs, code and operating procedures needed to keep its systems running, deposited with a federal custodian, updated every year, and released only if the company fails. Defense contracts already let the government order technical data years after the work is done.[7]
- **An option to buy.** Every new federal launch, satellite or space-service contract lets the government buy the assets used for that work at their appraised value if the company fails or walks away.

[5]USAspending.gov, federal obligations by recipient, fiscal years 2012 to 2026, all award types, pulled 18 November 2026. In billions of dollars: Space Exploration Technologies Corp. 26.9; United Launch Alliance 23.5; Viasat 5.7; Blue Origin 4.0; Iridium 1.6; Axiom Space 0.70; Astrobotic 0.58; Intuitive Machines 0.57; Firefly Aerospace 0.52; NASA obligations to Boeing 25.5, Lockheed Martin 21.5, Northrop Grumman 13.8 and Aerojet Rocketdyne and L3Harris 7.3. Obligations are money committed; classified awards are not included. https://www.usaspending.gov

[6]Rocket Lab, "Rocket Lab's Neutron Rocket On-Ramped to U.S. Space Force's $5.6b National Security Space Launch (NSSL) program," March 2025. https://rocketlabcorp.com/updates/rocket-labs-neutron-rocket-on-ramped-to-u-s-space-forces-5-6b-national-security-space-launch-nssl-program/

[7]Defense Federal Acquisition Regulation Supplement 252.227-7026 and 252.227-7027 (deferred delivery and deferred ordering of technical data). https://www.law.cornell.edu/cfr/text/48/252.227-7027

- **The government controls what the government buys.** When the government pays for a service, for itself or for an ally, the government and not the company decides whether that service is limited, slowed or cut off, and it holds the means to do so. If the company refuses to perform, the government may step in and run the service itself. That is the lesson of October 2026, when Ukraine's Starshield service was slowed and neither the company nor the White House would say who did it.[8]
- **A ring fence around the space business.** A covered company's rockets, satellites, ground stations, spectrum rights and factories sit in a separate subsidiary. That subsidiary cannot pledge them for the debts of its parent or sister companies, and cannot pay dividends upward when its capital runs low. Texas regulators required the same of the electric utility Oncor when its parent was bought out in 2007, and when the parent went bankrupt in 2014, Oncor stayed out of the bankruptcy and kept the lights on.[9]
- **Early warning.** Quarterly financial reports to the council, and immediate notice of a missed loan covenant, an auditor's doubt that the company can continue, or a large sale of space assets.
- **First offer before a sale or exit.** A covered company may not sell its space assets, move them abroad or shut down a capability the government relies on without first offering them to NASA at their appraised value.
- **Federal land comes back.** New and renewed leases of launch pads on federal ranges and NASA centers return the pad and everything built on it to the government if the tenant goes bankrupt, not only when the lease ends. The lease for NASA's historic pad 39A already returns it to NASA "in at least a maintained, and potentially an improved, condition" at the end of the lease.[10]
- **Clear title to what the public paid for.** Hardware built for the government is registered as government property, with ownership stated in the contract.
- **A golden share for any rescue.** When the government puts in money short of a takeover, it takes a special share with vetoes over moving the company abroad and selling sensitive services, as Britain did with OneWeb.[11]

NASA has no seat on the council and never sees a company's continuity plan or escrowed designs before a failure, because NASA competes with these companies and may one day take over their assets.

The contract rules apply to new contracts, renewals and leases, not to contracts already signed: when Congress changed the terms of existing contracts in the savings and loan crisis, the Supreme Court held the government liable for breaking them.[12] The other rules apply to every covered company by law, going forward, the way bank rules do. A company that does not want them can stop taking federal money.

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[8] Al Jazeera, "What is Starshield, and who limited Ukraine's access to it?" 15 October 2026. https://www.aljazeera.com/amp/news/2026/10/15/what-is-starshield-and-who-limited-ukraines-access-to-it

[9] Jones Day, "Oncor Electric Delivery Company shielded from Energy Future Holdings' chapter 11 bankruptcy," 2014. https://jonesday.com/de/practices/experience/2014/04/oncor-electric-delivery-company-shielded-from-energy-future-holdings-chapter-11-bankruptcy ; Governing, "Massive Bankruptcy Tests Texas Utility Regulators." https://www.governing.com/archive/massive-bankruptcy-tests-texas-utility-regulators.html

[10] Government Accountability Office, decision on the protest of Blue Origin, LLC (B-408823), 2013. https://www.gao.gov/products/b-408823

[11] UK Government, "UK government to acquire cutting-edge satellite network," July 2020. https://www.gov.uk/government/news/uk-government-to-acquire-cutting-edge-satellite-network

[12] *United States v. Winstar Corp.*, 518 U.S. 839 (1996). https://supreme.justia.com/cases/federal/us/518/839/

If a covered company fails

A covered company is treated as failed if it becomes insolvent, files for bankruptcy, defaults on its senior debt, or asks for and receives emergency federal aid. The last rule comes from the Won't Get Fooled Again Act: a company that needs public money to survive has failed. Ordinary contracts at market prices are not aid.

When a covered company fails:

- **A federal receiver takes over its space business** and keeps every launch on schedule and every satellite serving its customers, military, allied, commercial and household, without a day's interruption. The receiver can keep paying the suppliers it needs.
- **The working assets go to NASA.** Rockets, satellites, landers, ground stations, factories, engines, designs, software, customer contracts and staff move to NASA, which runs them as part of its own fleet. Spectrum licenses move with the FCC's approval, and the country's international filings for orbits and frequencies stay with the United States.
- **Creditors are paid fairly.** NASA pays a price based on what the assets were worth on the day of failure. Lenders with collateral receive its value, and every creditor receives at least what an ordinary liquidation would have paid. Anyone who thinks that is too little can sue the United States for the difference in a single designated court.
- **Shareholders lose their stake**, as they would in any bankruptcy of a company that has failed.
- **Employees are paid first**, then small suppliers, then customers, whose prepaid service is honored, and then everyone else.
- **No foreign buyer** can take the assets without a national security review.

A company that does not fail but decides to abandon a capability the country depends on, such as a rocket line, a satellite network or a factory, must offer those assets to NASA first, at their appraised value. That is a purchase, not a takeover.

Executives pay back

The people who run a covered company into failure do not keep their winnings. Senior executives and directors found substantially responsible for the failure return what they were paid in the five years before it: salary, bonuses, and the proceeds of selling the company's shares. Every senior executive and director, whatever their part in the failure, returns bonuses and share-sale proceeds from the two years before it. Shares sold in a public offering count. SpaceX went public in June 2026 in the largest offering in history,[13] and the rule would reach what its insiders sell from the day the law takes effect.

[13]Nasdaq, "SpaceX Commences Trading On Nasdaq After Record $75 Billion IPO," June 2026. https://www.nasdaq.com/articles/spacex-commences-trading-nasdaq-after-record-75-billion-ipo

The clawbacks reach only pay received after the law is passed. Current law already lets the Federal Deposit Insurance Corporation recover two years of pay from the executives responsible for the failure of a large financial company,[14] and courts are wary of laws that reach back further to impose costs nobody could have foreseen.[15] The money recovered goes to the creditors, ahead of shareholders and behind employees.

Why it is lawful

The government cannot seize a company on its own say-so. When President Truman took over the steel mills in 1952, the Supreme Court reversed him because Congress had not given him the power.[16] So this provision is written by Congress, in advance, and it applies only to companies that have actually failed. Taking a healthy company's assets would be an ordinary use of eminent domain, with the government paying full value for the business and everything it is expected to earn.[17]

Congress has done this before. In the early 1970s several railroads in the Northeast went bankrupt, the Penn Central the largest of them. Congress created a new company, Conrail, and moved the railroads' working assets into it. Creditors sued, and in 1974 the Supreme Court upheld the transfer, because they could sue the United States for anything more the Constitution owed them.[18] This provision follows that design.

The government also already holds some of the cards. A bankrupt contractor's federal contracts cannot be handed to a buyer without the government's consent,[19] the launch pads on federal land come back to the government, and no buyer can take over a satellite network's spectrum licenses without the FCC's approval. During a national emergency the President can also take temporary control of a company's communications systems, with compensation,[20] which would keep service running in the days before a receiver is in place. That power is broad and has been criticized as a possible kill switch, so the plan narrows it at the same time.

National security is part of the case. In 2025 Congress told the Defense Department that it "shall acquire and operate" its own warfighting space systems and use commercial ones only to supplement them.[21] A law that keeps the country's launch and satellite capacity running when a company fails, and keeps it out of foreign hands, serves the same purpose.

[14] Dodd-Frank Wall Street Reform and Consumer Protection Act, section 210(s), 12 U.S.C. 5390(s). https://www.law.cornell.edu/uscode/text/12/5390

[15] *Eastern Enterprises v. Apfel*, 524 U.S. 498 (1998). https://supreme.justia.com/cases/federal/us/524/498/

[16] *Youngstown Sheet & Tube Co. v. Sawyer*, 343 U.S. 579 (1952). https://supreme.justia.com/cases/federal/us/343/579/

[17] *Kimball Laundry Co. v. United States*, 338 U.S. 1 (1949). https://www.govinfo.gov/content/pkg/USREPORTS-338/pdf/USREPORTS-338-1.pdf

[18] *Regional Rail Reorganization Act Cases*, 419 U.S. 102 (1974). https://supreme.justia.com/cases/federal/us/419/102/

[19] 41 U.S.C. 6305; 11 U.S.C. 365(c)(1). https://www.law.cornell.edu/uscode/text/41/6305

[20] 47 U.S.C. 606. https://www.govinfo.gov/link/uscode/47/606

[21] 10 U.S.C. 2275d, added by the National Defense Authorization Act for Fiscal Year 2026. https://law.counselstack.com/usc/10/2275d