

108TH CONGRESS
2D SESSION

S. 2737

To facilitate the development of science parks, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 22, 2004

Mr. BINGAMAN introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To facilitate the development of science parks, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Science Park Adminis-
5 tration Act of 2004”.

6 **SEC. 2. DEVELOPMENT OF SCIENCE PARKS.**

7 (a) FINDING.—Section 2 of the Stevenson-Wydler
8 Technology Innovation Act of 1980 (15 U.S.C. 3701) is
9 amended by adding at the end the following new para-
10 graph:

1 “(12) It is in the best interests of the Nation
2 to encourage the formation of science parks to pro-
3 mote the clustering of innovation through high tech-
4 nology activities.”.

5 (b) DEFINITION.—Section 4 of such Act (15 U.S.C.
6 3703) is amended by adding at the end the following new
7 paragraph:

8 “(14) ‘Science park’ means a group of inter-
9 related companies and institutions, including sup-
10 pliers, service providers, institutions of higher edu-
11 cation, and trade associations that cooperate as well
12 as compete and are located in a specific area whose
13 administration promotes real estate development,
14 technology transfer, and partnerships between such
15 companies and institutions.”.

16 (c) PROMOTION OF DEVELOPMENT OF SCIENCE
17 PARKS.—Section 5(c) of such Act (15 U.S.C. 3704(c)) is
18 amended—

19 (1) in paragraph (14), by striking “and” at the
20 end;

21 (2) in paragraph (15), by striking the period at
22 the end and inserting “; and”; and

23 (3) by adding at the end the following new
24 paragraph:

25 “(16) promote the formation of science parks.”.

1 (d) SCIENCE PARKS.—Such Act is further amended
2 by adding at the end the following new section:

3 **“SEC. 24. SCIENCE PARKS.**

4 “(a) DEVELOPMENT OF PLANS FOR CONSTRUCTION
5 OF SCIENCE PARKS.—

6 “(1) IN GENERAL.—The Secretary shall award
7 grants and enter into contracts and cooperative
8 agreements for the development of plans for the con-
9 struction of science parks.

10 “(2) LIMITATION ON AMOUNT OF GRANTS, CON-
11 TRACTS, OR AGREEMENTS.—The amount of a grant
12 awarded, or contract or cooperative agreement en-
13 tered into, under this subsection may not exceed
14 \$500,000.

15 “(3) AWARD OR ENTRY.—

16 “(A) COMPETITION REQUIRED.—The Sec-
17 retary shall award any grant, or enter into any
18 contract or cooperative agreement, for project
19 under this subsection pursuant to a peer-re-
20 viewed competition.

21 “(B) ADVERTISING.—The Secretary shall
22 advertise any competition under this paragraph
23 in the Commerce Business Daily.

24 “(C) SELECTION CRITERIA.—The Sec-
25 retary shall publish the criteria to be utilized in

1 any competition under this paragraph to select
2 recipients of grants, or parties to contracts or
3 cooperative agreements, under this subsection.
4 Such criteria shall include requirements relating
5 to—

6 “(i) the number of jobs to be created
7 at the science park each year for a period
8 of 5 years;

9 “(ii) the funding to be required to
10 construct the science park over the first 5
11 years;

12 “(iii) the amount and type of cost
13 matching by the applicant;

14 “(iv) the types of businesses and re-
15 search entities expected in the science park
16 over the first 5 years;

17 “(v) letters of intent by businesses
18 and research entities to locate in the
19 science park;

20 “(vi) the capacity of the science park
21 for expansion over a period of 25 years;

22 “(vii) the quality of life at the science
23 park for employees at the science park;

24 “(viii) the capability to attract a well
25 trained workforce to the science park;

1 “(ix) the management of the science
2 park, including a business plan of the
3 management entity to become self-suffi-
4 cient;

5 “(x) expected risks in the construction
6 and operation of the science park;

7 “(xi) risk mitigation;

8 “(xii) transportation and logistics; and

9 “(xiii) physical infrastructure, includ-
10 ing telecommunications.

11 “(4) AUTHORIZATION OF APPROPRIATIONS.—

12 There is authorized to be appropriated for each of
13 fiscal years 2005 through 2010, \$7,500,000 to carry
14 out this subsection.

15 “(b) REVOLVING LOAN PROGRAM FOR DEVELOP-
16 MENT OF SCIENCE PARK INFRASTRUCTURE.—

17 “(1) IN GENERAL.—The Secretary shall make
18 grants to six regional centers for the development of
19 science park infrastructure through the operation of
20 revolving loan funds by such centers.

21 “(2) SELECTION OF CENTERS.—

22 “(A) IN GENERAL.—The Secretary shall
23 select the regional centers to be awarded grants
24 under this subsection utilizing such criteria as
25 the Secretary shall prescribe.

1 “(B) CRITERIA.—The criteria prescribed
2 by the Secretary under this paragraph shall in-
3 clude criteria relating to revolving loan funds
4 and revolving loan fund operators under para-
5 graph (4), including—

6 “(i) the qualifications of principal offi-
7 cers;

8 “(ii) non-Federal cost matching re-
9 quirements;

10 “(iii) auditing of loan funds according
11 to Generally Accepted Accounting Prin-
12 ciples (GAAP);

13 “(iv) conditions for the termination of
14 loan funds; and

15 “(v) annual reporting requirements.

16 “(3) LIMITATION ON PROJECT AMOUNT.—The
17 amount of any project for the development of science
18 park infrastructure that is funded under this sub-
19 section may not exceed \$1,000,000.

20 “(4) REVOLVING LOAN FUNDS.—

21 “(A) IN GENERAL.—A regional center re-
22 ceiving a grant under this subsection shall fund
23 the development of science park infrastructure
24 through the utilization of a revolving loan fund.

1 “(B) OPERATION AND INTEGRITY.—The
2 Secretary shall prescribe regulations to main-
3 tain the proper operation and financial integrity
4 of revolving loan funds under this paragraph.

5 “(C) EFFICIENT ADMINISTRATION.—The
6 Secretary may—

7 “(i) at the request of a grantee,
8 amend and consolidate grant agreements
9 governing revolving loan funds to provide
10 flexibility with respect to lending areas and
11 borrower criteria;

12 “(ii) assign or transfer assets of a re-
13 volving loan fund to a third party for the
14 purpose of liquidation, and a third party
15 may retain assets of the fund to defray
16 costs related to liquidation; and

17 “(iii) take such actions as are appro-
18 priate to enable revolving loan fund opera-
19 tors to sell or securitize loans (except that
20 the actions may not include issuance of a
21 Federal guaranty by the Secretary).

22 “(D) TREATMENT OF ACTIONS.—An action
23 taken by the Secretary under this paragraph
24 with respect to a revolving loan fund shall not
25 constitute a new obligation if all grant funds

1 associated with the original grant award have
2 been disbursed to the recipient.

3 “(E) PRESERVATION OF SECURITIES
4 LAWS.—

5 “(i) NOT TREATED AS EXEMPTED SE-
6 CURITIES.—No securities issued pursuant
7 to subparagraph (C)(iii) shall be treated as
8 exempted securities for purposes of the Se-
9 curities Act of 1933 or the Securities Ex-
10 change Act of 1934, unless exempted by
11 rule or regulation of the Securities and Ex-
12 change Commission.

13 “(ii) PRESERVATION.—Except as pro-
14 vided in clause (I), no provision of this
15 paragraph or any regulation issued by the
16 Secretary under this paragraph shall su-
17 percede or otherwise affect the application
18 of the securities laws (as such term is de-
19 fined in section 2(a)(47) of the Securities
20 Exchange Act of 1934) or the rules, regu-
21 lations, or orders of the Securities and Ex-
22 change Commission or a self-regulatory or-
23 ganization thereunder.

24 “(5) AUTHORIZATION OF APPROPRIATIONS.—

25 There is authorized to be appropriated for each of

1 fiscal years 2005 through 2010, \$60,000,000 to
2 carry out this subsection.

3 “(c) LOAN GUARANTEES FOR SCIENCE PARK INFRA-
4 STRUCTURE.—

5 “(1) IN GENERAL.—The Secretary shall guar-
6 antee loans for projects for the construction of
7 science park infrastructure.

8 “(2) LIMITATIONS ON GUARANTEE AMOUNTS.—
9 The maximum amount of loan principal guaranteed
10 under this subsection may not exceed—

11 “(A) \$50,000,000 with respect to any sin-
12 gle project; and

13 “(B) \$1,000,000,000 with respect to all
14 projects.

15 “(3) SELECTION OF GUARANTEE RECIPI-
16 ENTS.—The Secretary shall select recipients of loan
17 guarantees under this subsection utilizing such cri-
18 teria as the Secretary shall prescribe.

19 “(4) OVERSIGHT.—The Comptroller General of
20 the United States shall, on a biennial basis, conduct
21 an audit of the loans guaranteed under this sub-
22 section, and shall submit to Congress a report on
23 each audit conducted under this paragraph.

1 “(5) TERMINATION.—No loan may be guaran-
2 teed under this subsection after September 30,
3 2010.

4 “(6) AUTHORIZATION OF APPROPRIATIONS.—
5 There is authorized to be appropriated
6 \$1,000,000,000 for the cost, as defined in section
7 502(5) of the Federal Credit Reform Act of 1990,
8 of loans guaranteed under this subsection.

9 “(d) NATIONAL ACADEMY OF SCIENCES EVALUA-
10 TION OF SCIENCE PARK DEVELOPMENT.—

11 “(1) IN GENERAL.—The Secretary shall enter
12 into an agreement with the National Academy of
13 Sciences under which the Academy shall evaluate, on
14 an annual basis, the development of science parks
15 pursuant to activities under this section.

16 “(2) ANNUAL REPORT.—Under the agreement
17 under paragraph (1), the Academy shall submit to
18 the Secretary each year a report on its evaluation of
19 science park development under that paragraph.
20 Each report may include such recommendations as
21 the Academy considers appropriate for additional ac-
22 tivities to promote and facilitate the development of
23 science parks in the United States.

24 “(e) ANNUAL REPORT.—Not later than March 31
25 each year, the Secretary shall submit to Congress a report

1 on the activities under this section during the preceding
2 year, including the results of any audit by the Comptroller
3 General under subsection (c)(4) during such year and any
4 recommendations made by the National Academy of
5 Sciences under subsection (d)(2) during such year. Each
6 report may include such recommendations for legislative
7 or administrative action as the Secretary considers appro-
8 priate to further promote and facilitate the development
9 of science parks in the United States.

10 “(f) REGULATIONS.—

11 “(1) REGULATIONS.—The Secretary shall pre-
12 scribe regulations to carry out this section.

13 “(2) DEADLINE.—The Secretary shall prescribe
14 such regulations not later than one year after the
15 date of the enactment of the Science Park Adminis-
16 tration Act of 2004.”.

17 **SEC. 3. SCIENCE PARK VENTURE CAPITAL FUND PILOT**
18 **PROGRAM.**

19 Title III of the Small Business Investment Act of
20 1958 (15 U.S.C. 681 et seq.) is amended by adding at
21 the end the following:

1 **“PART C—SCIENCE PARK VENTURE CAPITAL**
2 **FUND PILOT PROGRAM**

3 **“SEC. 371. DEFINITIONS.**

4 “As used in this part, the following definitions shall
5 apply:

6 “(1) EQUITY CAPITAL.—The term ‘equity cap-
7 ital’ means common or preferred stock or a similar
8 instrument, including subordinated debt with equity
9 features.

10 “(2) HIGH-TECHNOLOGY.—The term ‘high-
11 technology’ means any of the high technology indus-
12 tries in the North American Industrial Classification
13 System, as listed in table 8–25 of the National
14 Science Board publication entitled ‘Science and En-
15 gineering Indicators 2004’.

16 “(3) LEVERAGE.—The term ‘leverage’ in-
17 cludes—

18 “(A) debentures purchased or guaranteed
19 by the Administrator;

20 “(B) participating securities purchased or
21 guaranteed by the Administrator; and

22 “(C) preferred securities outstanding as of
23 the date of enactment of this part.

24 “(4) MEZZANINE FINANCING.—The term ‘mez-
25 zanine financing’ means late-stage venture capital

1 usually associated with the final round of financing
2 prior to an initial public offering.

3 “(5) OPERATIONAL ASSISTANCE.—The term
4 ‘operational assistance’ means management, mar-
5 keting, and other technical assistance that assists
6 high-technology start-up companies with business
7 development.

8 “(6) PARTICIPATION AGREEMENT.—The term
9 ‘participation agreement’ means an agreement, be-
10 tween the Administrator and a company granted
11 final approval by the Administrator under section
12 374(e), that—

13 “(A) details the operating plan and invest-
14 ment criteria of the company; and

15 “(B) requires the company to make invest-
16 ments in high-technology start-up companies
17 within a science park.

18 “(7) PRIVATE CAPITAL.—The term ‘private
19 capital’—

20 “(A) means the total of—

21 “(i)(I) the paid-in capital and paid-in
22 surplus of a corporate science park venture
23 capital company;

1 “(II) the contributed capital of the
2 partners of a partnership science park ven-
3 ture capital company; or

4 “(III) the equity investment of the
5 members of a limited liability company
6 science park venture capital company; and

7 “(ii) unfunded binding commitments
8 from investors that meet criteria estab-
9 lished by the Administrator to contribute
10 capital to the science park venture capital
11 company, except that—

12 “(I) unfunded commitments may
13 be counted as private capital for pur-
14 poses of approval by the Adminis-
15 trator of any request for leverage; and

16 “(II) leverage shall not be funded
17 based on the commitments; and

18 “(B) does not include—

19 “(i) any funds borrowed by a science
20 park venture capital company from any
21 source;

22 “(ii) any funds obtained through the
23 issuance of leverage; or

1 “(iii) any funds obtained directly or
2 indirectly from Federal, State, or local gov-
3 ernment, except for—

4 “(I) funds obtained from the
5 business revenues of any federally
6 chartered or government-sponsored
7 enterprise established before the date
8 of enactment of this part;

9 “(II) funds invested by an em-
10 ployee welfare benefit plan or pension
11 plan; and

12 “(III) any qualified nonprivate
13 funds, if the investors of such funds
14 do not directly or indirectly control
15 the management, board of directors,
16 general partners, or members of the
17 science park venture capital company.

18 “(8) PROGRAM.—The term ‘Program’ means
19 the Science Park Venture Capital Program estab-
20 lished under section 372.

21 “(9) QUALIFIED NONPRIVATE FUNDS.—The
22 term ‘qualified nonprivate funds’ means—

23 “(A) any funds directly or indirectly in-
24 vested in any applicant or science park venture
25 capital company on or before the date of enact-

1 ment of this part, by any Federal agency other
2 than the Administration, under a law explicitly
3 mandating the inclusion of those funds in the
4 definition of the term private capital; and

5 “(B) any funds invested in any applicant
6 or science park venture capital company by 1 or
7 more entities of any State, including any guar-
8 antee extended by any such entity, in an aggre-
9 gate amount not to exceed 33 percent of the
10 private capital of the applicant or science park
11 venture capital company.

12 “(10) SCIENCE PARK.—The term ‘science park’
13 means a group of interrelated companies and institu-
14 tions, including suppliers, service providers, institu-
15 tions of higher education, and trade associations
16 that cooperate as well as compete and are located in
17 a specific area whose administration promotes real
18 estate development, technology transfer, and part-
19 nerships between such companies and institutions.

20 “(11) SCIENCE PARK VENTURE CAPITAL.—The
21 term ‘science park venture capital’ means equity
22 capital investments in high-technology start-up busi-
23 nesses located in science parks to foster economic
24 development and technological innovation.

1 “(12) SCIENCE PARK VENTURE CAPITAL COM-
2 PANY.—The term ‘science park venture capital com-
3 pany’ means a company that—

4 “(A) meets the requirements under section
5 373;

6 “(B) has been granted final approval by
7 the Administrator under section 374(e); and

8 “(C) has entered into a participation
9 agreement with the Administrator.

10 “(13) START-UP COMPANY.—The term ‘start-up
11 company’ means a company that has developed intel-
12 lectual property protection of research and develop-
13 ment, but has not reached the stage associated with
14 mezzanine financing.

15 “(14) STATE.—The term ‘State’ means each of
16 the several States of the United States, the District
17 of Columbia, the Commonwealth of Puerto Rico, the
18 Virgin Islands, Guam, American Samoa, the Com-
19 monwealth of the Northern Mariana Islands, and
20 any other commonwealth, territory, or possession of
21 the United States.

22 **“SEC. 372. ESTABLISHMENT.**

23 “‘There is established a Science Park Venture Capital
24 Program, under which the Administrator may—

1 “(1) enter into participation agreements with
2 companies granted final approval under section
3 373(e);

4 “(2) guarantee the debentures issued by science
5 park venture capital companies under section 374;
6 and

7 “(3) award grants to science park venture cap-
8 ital companies under section 376.

9 **“SEC. 373. REQUIREMENTS FOR SCIENCE PARK VENTURE**
10 **CAPITAL COMPANIES.**

11 “(a) ORGANIZATION.—For purposes of this part, a
12 science park venture capital company—

13 “(1) shall be an incorporated body, a limited li-
14 ability company, or a limited partnership organized
15 and chartered, or otherwise existing under State law
16 solely for the purpose of performing the functions
17 and conducting the activities authorized by this part;

18 “(2) if incorporated, shall have succession for a
19 period of not less than 30 years unless earlier dis-
20 solved by the shareholders of the company;

21 “(3) if a limited partnership or a limited liabil-
22 ity company, shall have succession for a period of
23 not less than 10 years; and

1 “(4) shall possess the powers reasonably nec-
2 essary to perform the functions and conduct the ac-
3 tivities.

4 “(b) ARTICLES.—The articles of any science park
5 venture capital company—

6 “(1) shall specify in general terms—

7 “(A) the purposes for which the company
8 is formed;

9 “(B) the name of the company;

10 “(C) the area or areas in which the oper-
11 ations of the company are to be carried out;

12 “(D) the place where the principal office of
13 the company is to be located; and

14 “(E) the amount and classes of the shares
15 of capital stock of the company;

16 “(2) may contain any other provisions con-
17 sistent with this part that the science park venture
18 capital company may determine to be appropriate to
19 adopt for the regulation of the business of the com-
20 pany and the conduct of the affairs of the company;
21 and

22 “(3) shall be subject to the approval of the Ad-
23 ministrators.

24 “(c) CAPITAL REQUIREMENTS.—

1 “(1) IN GENERAL.—Except as provided in para-
2 graph (2), the private capital of each science park
3 venture capital company shall be not less than—

4 “(A) \$5,000,000; or

5 “(B) \$10,000,000, with respect to each
6 science park venture capital company author-
7 ized or seeking authority to issue participating
8 securities to be purchased or guaranteed by the
9 Administrator under this part.

10 “(2) EXCEPTION.—The Secretary may, in the
11 discretion of the Administrator, and based on a
12 showing of special circumstances and good cause,
13 permit the private capital of science park venture
14 capital company described in paragraph (1)(B) to be
15 less than \$10,000,000, but not less than
16 \$5,000,000, if the Administrator determines that the
17 action would not create or otherwise contribute to an
18 unreasonable risk of default or loss to the Federal
19 Government.

20 “(3) ADEQUACY.—In addition to the require-
21 ments under paragraph (1), the Administrator
22 shall—

23 “(A) determine whether the private capital
24 of each science park venture capital company is
25 adequate to ensure a reasonable prospect that

1 the company will be operated soundly and prof-
2 itably, and managed actively and prudently in
3 accordance with the articles of the company;

4 “(B) determine that the science park ven-
5 ture capital company will be able to comply
6 with the requirements of this part;

7 “(C) ensure that the science park venture
8 capital company is designed primarily to meet
9 equity capital needs of the businesses in which
10 the company invests and not to compete with
11 traditional financing by commercial lenders of
12 high-technology startup businesses; and

13 “(D) require that the science park venture
14 capital company makes short-term non-equity
15 investments of less than 5 years only to the ex-
16 tent necessary to preserve an existing invest-
17 ment.

18 “(d) DIVERSIFICATION OF OWNERSHIP.—The Ad-
19 ministrator shall ensure that the management of each
20 science park venture capital company licensed after the
21 date of enactment of this part is sufficiently diversified
22 from, and unaffiliated with, the ownership of the company
23 so as to ensure independence and objectivity in the finan-
24 cial management and oversight of the investments and op-
25 erations of the company.

1 **“SEC. 374. SELECTION OF SCIENCE PARK VENTURE CAP-**
2 **ITAL COMPANIES.**

3 “(a) **ELIGIBILITY.**—A company is eligible to partici-
4 pate as a science park venture capital company in the Pro-
5 gram if the company—

6 “(1) is a newly formed for-profit entity or a
7 newly formed for-profit subsidiary of an existing en-
8 tity;

9 “(2) has a management team in the science
10 park with experience in development financing or
11 relevant venture capital financing; and

12 “(3) has a primary objective of economic devel-
13 opment of the science park and its surrounding geo-
14 graphic area.

15 “(b) **APPLICATION.**—Any eligible company that de-
16 sires to participate as a science park venture capital com-
17 pany in the Program shall submit an application to the
18 Administrator, which shall include—

19 “(1) a business plan describing how the com-
20 pany intends to make successful venture capital in-
21 vestments in start up companies within the science
22 park;

23 “(2) a description of the qualifications and gen-
24 eral reputation of the management of the company;

1 “(3) an estimate of the ratio of cash to in-kind
2 contributions of binding commitments to be made to
3 the company under the Program;

4 “(4) a description of the criteria to be used to
5 evaluate whether, and to what extent, the company
6 meets the objectives of the Program;

7 “(5) information regarding the management
8 and financial strength of any parent firm, affiliated
9 firm, or other firm essential to the success of the
10 business plan of the company; and

11 “(6) such other information as the Adminis-
12 trator may require.

13 “(c) STATUS.—Not later than 90 days after the ini-
14 tial receipt by the Administrator of an application under
15 this section, the Administrator shall provide to the appli-
16 cant a written report that describes the status of the appli-
17 cants and any requirements remaining for completion of
18 the application.

19 “(d) MATTERS CONSIDERED.—In reviewing and
20 processing any application under this section, the Admin-
21 istrator—

22 “(1) shall determine if—

23 “(A) the applicant meets the requirements
24 under subsection (e); and

1 “(B) the management of the applicant is
2 qualified and has the knowledge, experience,
3 and capability necessary to comply with this
4 part;

5 “(2) shall take into consideration—

6 “(A) the need for and availability of fi-
7 nancing for high-technology start-up companies
8 in the science park in which the applicant is to
9 commence business;

10 “(B) the general business reputation of the
11 owners and management of the applicant; and

12 “(C) the probability of successful oper-
13 ations of the applicant, including adequate prof-
14 itability and financial soundness; and

15 “(3) shall not take into consideration any pro-
16 jected shortage or unavailability of grant funds or le-
17 verage.

18 “(e) APPROVAL; LICENSE.—The Administrator may
19 approve an applicant to operate as a science park venture
20 capital company under this part and license the applicant
21 as a science park venture capital company, if—

22 “(1) the Administrator determines that the ap-
23 plication satisfies the requirements under subsection
24 (b);

25 “(2) the Administrator approves—

1 “(A) the area in which the science park
2 venture capital company is to conduct its oper-
3 ations; and

4 “(B) the establishment of branch offices or
5 agencies (if authorized by the articles); and

6 “(3) the applicant enters into a participation
7 agreement with the Administrator.

8 **“SEC. 375. DEBENTURES.**

9 “(a) **GUARANTEES.**—The Administrator may guar-
10 antee the timely payment of principal and interest, as
11 scheduled, on debentures issued by any science park ven-
12 ture capital company.

13 “(b) **TERMS AND CONDITIONS.**—The Administrator
14 may make guarantees under this section on such terms
15 and conditions as the Administrator determines to be ap-
16 propriate, except that the term of any debenture guaran-
17 teed under this section shall not exceed 15 years.

18 “(c) **FULL FAITH AND CREDIT OF THE UNITED**
19 **STATES.**—The full faith and credit of the United States
20 is pledged to pay all amounts that may be required to be
21 paid under any guarantee under this part.

22 “(d) **MAXIMUM GUARANTEE.**—The Administrator
23 may—

24 “(1) guarantee the debentures issued by a
25 science park venture capital company only to the ex-

1 tent that the total face amount of outstanding guar-
2 anteed debentures of such company does not exceed
3 the lesser of—

4 “(A) 300 percent of the private capital of
5 the company, or

6 “(B) \$100,000,000; and

7 “(2) provide for the use of discounted debentures.
8

9 **“SEC. 376. ISSUANCE AND GUARANTEE OF TRUST CERTIFI-**
10 **CATES.**

11 “(a) ISSUANCE.—The Administrator may issue trust
12 certificates representing ownership of all or a part of de-
13 bentures issued by a science park venture capital company
14 and guaranteed by the Administrator under this part, if
15 such certificates are based on and backed by a trust or
16 pool approved by the Administrator and composed solely
17 of guaranteed debentures.

18 “(b) GUARANTEE.—

19 “(1) IN GENERAL.—The Administrator may,
20 under such terms and conditions as it deems appro-
21 priate, guarantee the timely payment of the principal
22 of and interest on trust certificates issued by the
23 Administrator or its agents for purposes of this sec-
24 tion.

1 “(2) LIMITATION.—Each guarantee under this
2 subsection shall be limited to the extent of principal
3 and interest on the guaranteed debentures that com-
4 pose the trust or pool.

5 “(3) PREPAYMENT OR DEFAULT.—

6 “(A) IN GENERAL.—In the event that a
7 debenture in a trust or pool is prepaid, or in
8 the event of default of such a debenture, the
9 guarantee of timely payment of principal and
10 interest on the trust certificates shall be re-
11 duced in proportion to the amount of principal
12 and interest such prepaid debenture represents
13 in the trust or pool.

14 “(B) INTEREST.—Interest on prepaid or
15 defaulted debentures shall accrue and be guar-
16 anteed by the Administrator only through the
17 date of payment of the guarantee.

18 “(C) REDEMPTION.—At any time during
19 its term, a trust certificate may be called for re-
20 demption due to prepayment or default of all
21 debentures.

22 “(c) FULL FAITH AND CREDIT.—The full faith and
23 credit of the United States is pledged to pay all amounts
24 that may be required to be paid under any guarantee of

1 a trust certificate issued by the Administrator or its
2 agents under this section.

3 “(d) SUBROGATION AND OWNERSHIP RIGHTS.—

4 “(1) SUBROGATION.—If the Administrator pays
5 a claim under a guarantee issued under this section,
6 it shall be subrogated fully to the rights satisfied by
7 such payment.

8 “(2) OWNERSHIP RIGHTS.—No provision of
9 Federal, State, or local law shall preclude or limit
10 the exercise by the Administrator of its ownership
11 rights in the debentures residing in a trust or pool
12 against which 1 or more trust certificates are issued
13 under this section.

14 “(e) MANAGEMENT AND ADMINISTRATION.—

15 “(1) REGISTRATION.—The Administrator may
16 provide for a central registration of all trust certifi-
17 cates issued under this section.

18 “(2) CONTRACTING OF FUNCTIONS.—

19 “(A) IN GENERAL.—Notwithstanding any
20 other provision of law, the Administrator may
21 contract with an agent or agents to carry out
22 on behalf of the Administrator the pooling and
23 the central registration functions provided for
24 in this section, including—

1 “(i) maintenance, on behalf of and
2 under the direction of the Administrator,
3 of such commercial bank accounts or in-
4 vestments in obligations of the United
5 States as may be necessary to facilitate the
6 creation of trusts or pools backed by de-
7 bentures guaranteed under this part; and

8 “(ii) the issuance of trust certificates
9 to facilitate the creation of such trusts or
10 pools.

11 “(B) FIDELITY BOND OR INSURANCE RE-
12 QUIREMENT.—Any agent performing functions
13 on behalf of the Administrator under this para-
14 graph shall provide a fidelity bond or insurance
15 in such amounts as the Administrator deter-
16 mines necessary to fully protect the interests of
17 the United States.

18 “(C) REGULATION OF BROKERS AND
19 DEALERS.—The Administrator may regulate
20 brokers and dealers in trust certificates issued
21 under this section.

22 “(D) ELECTRONIC REGISTRATION.—Noth-
23 ing in this subsection may be construed to pro-
24 hibit the use of a book entry or other electronic

1 form of registration for trust certificates issued
2 under this section.

3 **“SEC. 377. OPERATIONAL ASSISTANCE GRANTS.**

4 “(a) IN GENERAL.—

5 “(1) GRANTS AUTHORIZED.—The Adminis-
6 trator may award grants to science park venture
7 capital companies and other entities to provide oper-
8 ational assistance to high-technology start-up com-
9 panies financed, or expected to be financed, by such
10 companies.

11 “(2) TERMS.—Grants under this subsection
12 shall be made over a period not to exceed 10 years,
13 under such other terms as the Administrator may
14 require.

15 “(3) GRANT AMOUNT.—Each grant awarded
16 under this subsection shall be equal to the lesser
17 of—

18 “(A) 10 percent of the private capital
19 raised by the science park venture capital com-
20 pany; or

21 “(B) \$1,000,000.

22 “(4) OTHER ENTITIES.—The amount of a
23 grant made under this subsection to any entity other
24 than a science park venture capital company shall be
25 equal to the resources (in cash or in kind) raised by

1 the entity in accordance with the requirements appli-
2 cable to science park venture capital companies
3 under this part.

4 “(b) SUPPLEMENTAL GRANTS.—

5 “(1) IN GENERAL.—The Administrator may
6 award supplemental grants to science park venture
7 capital companies and other entities, under such
8 terms as the Administrator may require, to provide
9 additional operational assistance to start-up compa-
10 nies financed, or expected to be financed, by such
11 companies or entities.

12 “(2) MATCHING REQUIREMENT.—The Adminis-
13 trator may require, as a condition of any supple-
14 mental grant made under this subsection, that the
15 company or entity receiving the grant provide a
16 matching contribution equal to the amount of the
17 supplemental grant from non-Federal cash or in-
18 kind resources.

19 “(c) LIMITATION.—None of the assistance made
20 available under this section may be used for any overhead
21 or general and administrative expense of a science park
22 venture capital company or other entity.

23 **“SEC. 378. REPORTING REQUIREMENTS.**

24 “(a) SCIENCE PARK VENTURE CAPITAL COMPA-
25 NIES.—Each science park venture capital company shall

1 provide the Administrator with such information as the
2 Administrator may require, including information relating
3 to the criteria described in section 374(b)(4).

4 “(b) PUBLIC REPORTS.—

5 “(1) IN GENERAL.—The Administrator shall
6 prepare and make available to the public an annual
7 report on the Program, which shall include detailed
8 information on—

9 “(A) the number of science park venture
10 capital companies licensed by the Administrator
11 during the previous fiscal year;

12 “(B) the aggregate amount of leverage
13 that science park venture capital companies
14 have received from the Federal Government
15 during the previous fiscal year;

16 “(C) the aggregate number of each type of
17 leveraged instruments used by science park ven-
18 ture capital companies during the previous fis-
19 cal year, and how each such number compares
20 to the number in previous fiscal years;

21 “(D) for the previous fiscal year, the num-
22 ber of—

23 “(i) science park venture capital com-
24 pany licenses surrendered; and

1 “(ii) the number of science park ven-
2 ture capital companies placed in liquida-
3 tion;

4 “(E) the amount and type of leverage each
5 such company has received from the Federal
6 Government;

7 “(F) the amount of losses sustained by the
8 Federal Government as a result of operations
9 under this part during the previous fiscal year
10 and an estimate of the total losses that the
11 Federal Government can reasonably expect to
12 incur as a result of the operations during the
13 current fiscal year;

14 “(G) actions taken by the Administrator to
15 maximize recoupment of funds of the Federal
16 Government expended to implement and admin-
17 ister the Program during the previous fiscal
18 year and to ensure compliance with the require-
19 ments of this part, including implementing reg-
20 ulations;

21 “(H) the amount of Federal Government
22 leverage that each licensee received in the pre-
23 vious fiscal year and the types of leverage in-
24 struments used by each licensee;

1 “(I) for each type of financing instrument,
2 the sizes, types of geographic locations, and
3 other characteristics of the small business in-
4 vestment companies using the instrument dur-
5 ing the previous fiscal year, including the extent
6 to which the investment companies have used
7 the leverage from each instrument to make
8 loans or equity investments in science parks;
9 and

10 “(J) the actions of the Administrator to
11 carry out this part.

12 “(2) PROHIBITION.—In compiling the report re-
13 quired under paragraph (1), the Administrator may
14 not—

15 “(A) compile the report in a manner that
16 permits identification of any particular type of
17 investment by an individual science park ven-
18 ture capital company in which a science park
19 venture capital company invests; or

20 “(B) release any information that is pro-
21 hibited under section 1905 of title 18, United
22 States Code.

23 **“SEC. 379. EXAMINATIONS.**

24 “(a) IN GENERAL.—Each science park venture cap-
25 ital company that participates in the Program shall be

1 subject to examinations made at the direction of the Ad-
2 ministrator, in accordance with this section.

3 “(b) ASSISTANCE OF PRIVATE SECTOR ENTITIES.—

4 An examination under this section may be conducted with
5 the assistance of a private sector entity that has the quali-
6 fications and expertise necessary to conduct such an exam-
7 ination.

8 “(c) COSTS.—

9 “(1) IN GENERAL.—The Administrator may as-
10 sess the cost of an examination under this section,
11 including compensation of the examiners, against the
12 science park venture capital company examined.

13 “(2) PAYMENT.—Any science park venture cap-
14 ital company against which the Administrator as-
15 sesses costs under this subsection shall pay the costs
16 assessed.

17 “(d) DEPOSIT OF FUNDS.—Funds collected under
18 this section—

19 “(1) shall be deposited in the account that in-
20 curred the costs for carrying out this section;

21 “(2) shall be made available to the Adminis-
22 trator to carry out this section, without further ap-
23 propriation; and

24 “(3) shall remain available until expended.

1 **“SEC. 380. BANK PARTICIPATION.**

2 “(a) IN GENERAL.—Except as provided under sub-
3 section (b), any national bank, any member bank of the
4 Federal Reserve System, and, to the extent permitted
5 under applicable State law, any insured bank that is not
6 a member of such system, may invest in—

7 “(1) any science park venture capital company;

8 or

9 “(2) any entity established to invest solely in
10 science park venture capital companies.

11 “(b) LIMITATION.—No bank described in subsection
12 (a) may make investments described in that subsection
13 that are greater than 5 percent of the capital and surplus
14 of the bank.

15 **“SEC. 381. FEES.**

16 “(a) IN GENERAL.—Except as provided under sub-
17 section (b), the Administrator may charge such fees as
18 it determines to be appropriate with respect to any guar-
19 antee or grant issued under this part.

20 “(b) EXCEPTION.—The Administrator shall not col-
21 lect a fee for any guarantee of a trust certificate under
22 this section. Any agent of the Administrator may collect
23 a fee, upon the approval of the Administrator, for the
24 functions described in section 376(e)(2).

1 **“SEC. 382. APPLICABLE LAW.**

2 “(a) IN GENERAL.—The provisions relating to New
3 Market Venture Capital companies under sections 361
4 through section 366 shall apply to science park venture
5 capital companies.

6 “(b) PURCHASE OF GUARANTEED OBLIGATIONS.—
7 Section 318 shall not apply to any debenture issued by
8 a science park venture capital company under this part.

9 **“SEC. 383. REGULATIONS.**

10 “Not later than 12 months after the date of enact-
11 ment of this part, the Administrator shall issue such regu-
12 lations as it determines necessary to carry out this part.

13 **“SEC. 384. AUTHORIZATIONS OF APPROPRIATIONS.**

14 “(a) IN GENERAL.—There are authorized to be ap-
15 propriated to the Administration for each of the fiscal
16 years 2005 through 2010, to remain available until ex-
17 pended—

18 “(1) such subsidy budget authority as may be
19 necessary to guarantee \$1,000,000,000 of deben-
20 tures under this part; and

21 “(2) \$50,000,000 to make grants under this
22 part.

23 “(b) FUNDS COLLECTED FOR EXAMINATIONS.—
24 Funds deposited pursuant to section 362(d) may only be
25 used for—

26 “(1) examinations under section 362; and

1 “(2) other oversight activities of the Program.”.

2 **SEC. 4. TAX INCENTIVES FOR INVESTMENT IN SCIENCE**
 3 **PARKS.**

4 (a) **EXPENSING.**—

5 (1) **IN GENERAL.**—Section 179(d) of the Inter-
 6 nal Revenue Code of 1986 (relating to definitions
 7 and special rules) is amended by adding at the end
 8 the following new paragraph:

9 “(11) **APPLICATION OF SECTION TO PROPERTY**
 10 **PLACED IN SERVICE IN SCIENCE PARKS.**—

11 “(A) **IN GENERAL.**—In the case of any sec-
 12 tion 179 property placed in service in any
 13 science park, this section shall be applied with-
 14 out regard to paragraphs (1) and (2) of sub-
 15 section (b).

16 “(B) **SCIENCE PARK.**—The term ‘science
 17 park’ means a group of interrelated companies
 18 and institutions, including suppliers, service
 19 providers, institutions of higher education, and
 20 trade associations that cooperate as well as
 21 compete and are located in a specific area ap-
 22 proved by the Secretary and whose administra-
 23 tion promotes real estate development, tech-
 24 nology transfer, and partnerships between such
 25 companies and institutions.”.

1 (2) EFFECTIVE DATE.—The amendment made
2 by this subsection shall apply with respect to prop-
3 erty placed in service after the date of the enactment
4 of this Act.

5 (b) WAGE CREDIT.—

6 (1) MEMBER OF TARGETED GROUP.—Section
7 51(d)(1) of the Internal Revenue Code of 1986 (de-
8 fining members of targeted groups) is amended by
9 striking “or” at the end of subparagraph (G), by
10 striking the period at the end of subparagraph (H)
11 and inserting “, or”, and by adding at the end the
12 following new subparagraph:

13 “(I) a science park employee.”.

14 (2) SCIENCE PARK EMPLOYEE.—Section 51(d)
15 of such Code is amended by adding at the end the
16 following new paragraph:

17 “(13) SCIENCE PARK EMPLOYEE.—

18 “(A) IN GENERAL.—The term ‘science
19 park employee’ means, with respect to any pe-
20 riod, any employee of any trade or business lo-
21 cated in a science park if substantially all the
22 services performed during such period by such
23 employee for such business are performed in
24 such science park.

1 “(B) SCIENCE PARK.—The term ‘science
2 park’ means a group of interrelated companies
3 and institutions, including suppliers, service
4 providers, institutions of higher education, and
5 trade associations that cooperate as well as
6 compete and are located in a specific area ap-
7 proved by the Secretary and whose administra-
8 tion promotes real estate development, tech-
9 nology transfer, and partnerships between such
10 companies and institutions.”.

11 (3) EFFECTIVE DATE.—The amendments made
12 this subsection shall apply to any amount paid or in-
13 curred to an individual who begins work for the em-
14 ployer after the date of the enactment of this Act.

15 (c) TAX CREDIT FOR RESEARCH ACTIVITIES.—

16 (1) IN GENERAL.—Section 41(a) of the Internal
17 Revenue Code of 1986 (relating to credit for increas-
18 ing research activities) is amended by striking “and”
19 at the end of paragraph (1)(B), by striking the pe-
20 riod at the end of paragraph (2) and inserting “,
21 and”, and by adding at the end the following new
22 paragraph:

23 “(3) 20 percent of the qualified research ex-
24 penses paid or incurred by the taxpayer during the

1 taxable year in carrying on any trade or business lo-
2 cated in a science park.”.

3 (2) SPACE PARK.—Section 41(f) of such Code
4 (relating to special rules) is amended by adding at
5 the end the following new paragraph:

6 “(6) SCIENCE PARK.—The term ‘science park’
7 means a group of interrelated companies and institu-
8 tions, including suppliers, service providers, institu-
9 tions of higher education, and trade associations
10 that cooperate as well as compete and are located in
11 a specific area approved by the Secretary and whose
12 administration promotes real estate development,
13 technology transfer, and partnerships between such
14 companies and institutions.”.

15 (3) EFFECTIVE DATE.—The amendments made
16 by this subsection shall apply to taxable years begin-
17 ning after the date of the enactment of this Act.

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