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109TH CONGRESS
1ST SESSION

H. R. 450

To amend the Internal Revenue Code of 1986 to encourage stronger math and science programs at elementary and secondary schools.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 1, 2005

Mr. EHLERS introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend the Internal Revenue Code of 1986 to encourage stronger math and science programs at elementary and secondary schools.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''National Science Education Incentive Act of 2005''.

SEC. 2. FINDINGS.

The Congress finds the following:

(1) As concluded in the report of the Committee on Science of the House of Representatives, ''Unlocking Our Future: Toward a New National

Science Policy,'' which was adopted by the House of Representatives, the United States must maintain and improve its preeminent position in science and technology in order to advance human understanding of the universe and all it contains, and to improve the lives, health, and freedoms of all people.

(2) It is estimated that more than half of the economic growth of the United States today results directly from research and development in science and technology. The most fundamental research is responsible for investigating our perceived universe, to extend our observations to the outer limits of what our minds and methods can achieve, and to seek answers to questions that have never been asked before. Applied research continues the process by applying the answers from basic science to the problems faced by individuals, organizations, and governments in the everyday activities, so that our lives may become more meaningful and livable.

(3) The effectiveness of the United States in promoting economic growth will be largely determined by the intellectual capital and innovativeness of the United States. Education is critical to developing this resource.

(4) The education programs of the United States need to provide for 3 different kinds of intellectual capital. First, the country needs scientists and engineers to continue the research and development that is central to the economic growth of the United States. Second, it needs technologically proficient workers who are comfortable and capable dealing with the demands of a science-based, high-technology workplace. Last, it needs scientifically literate voters and consumers to make intelligent decisions about public policy.

(5) Student performance on the recent Trends in International Math and Science Study and the Program for International Student Assessment highlights the shortcomings of current K–12 science and mathematics education in the United States, particularly when compared to other countries. We must expect more from our Nation's educators and students if we are to build on the accomplishments of previous generations. New methods of teaching mathematics and science are required, as well as better curricula and improved training of teachers, coupled with strong parental involvement and support.

(6) Science is more than a collection of facts, theories, and results. It is a process of inquiry built upon observations and data that leads to a way of knowing and explaining the perceived universe in logically derived concepts and theories.

(7) Students should learn science primarily by doing science. Science education ought to reflect the scientific process and be object-oriented, experiment-centered, and concept-based.

(8) Children are naturally curious and inquisitive. To successfully tap into these innate qualities, education in science must begin at an early age and continue throughout the entire school experience.

(9) Teachers provide the essential connection between students and the content they are learning. High-quality, well-trained prospective teachers need to be identified and recruited by presenting to them a career that is respected by their peers, is financially and intellectually rewarding, and contains sufficient opportunities for advancement.

(10) Teachers must have incentives to remain in the classroom and improve their practice, and training of teachers is essential if the results are to be superior. Teachers need to be knowledgeable of their content area, of their curriculum, of up-to-date

research in teaching and learning, and of techniques that can be used to connect that information to their students in their classroom.

SEC. 3. REFUNDABLE CREDIT FOR PORTION OF TUITION PAID FOR UNDERGRADUATE EDUCATION OF CERTAIN TEACHERS.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by redesignating section 36 as section 37 and by inserting after section 35 the following new section:

"SEC. 36. TUITION FOR UNDERGRADUATE EDUCATION OF CERTAIN TEACHERS.

''(a) IN GENERAL.—In the case of an individual who is an eligible teacher for the taxable year, there shall be allowed as a credit against the tax imposed by this subtitle an amount equal to 10 percent of qualified undergraduate tuition paid by such individual.

''(b) LIMITATIONS.—

''(1) DOLLAR AMOUNT.—The credit allowed by this section for any taxable year shall not exceed $1,000.

''(2) TEACHERS IN HIGH-NEEDS SCHOOLS DISTRICTS.—In the case of one of the first 5 taxable years in which a teacher is an eligible teacher who

teaches in an elementary school or a secondary school (as those terms are defined in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801)) receiving funds under part A of title I of such Act (20 U.S.C. 6311 et seq.), subparagraph (A) shall be applied by substituting '$1,500' for '$1,000'.

''(3) CREDIT ALLOWED ONLY FOR 10 YEARS.—No credit shall be allowed under this section for any taxable year after the 10th taxable year for which credit is allowed under this section.

''(c) ELIGIBLE TEACHER.—For purposes of this section—

''(1) IN GENERAL.—The term 'eligible teacher' means, with respect to a taxable year, any individual—

''(A) who is a full-time teacher, including a full-time substitute teacher, in any of grades kindergarten through 12th grade for the academic year ending in such taxable year,

''(B)(i) who teaches primarily math, science, engineering, or technology courses in 1 or more of grades 9 through 12 during such academic year, or

"(ii) who teaches math, science, engineering, or technology courses in 1 or more of grades kindergarten through 8 during such academic year,

"(C) who, in the case that such individual is a middle or secondary school teacher, received a baccalaureate or similar degree with a major in mathematics, science, engineering, or technology from an institution of higher education, and

"(D) who is highly qualified (as defined in section 9101(23) of the Elementary and Secondary Education Act of 1965).

"(2) SPECIAL RULE FOR ADMINISTRATIVE PERSONNEL.—School administrative functions shall be treated as teaching courses referred to in paragraph (1)(B) if such functions primarily relate to such courses or are for a school which focuses primarily on such courses.

"(d) QUALIFIED UNDERGRADUATE TUITION.—For purposes of this section, the term 'qualified undergraduate tuition' means qualified higher education expenses (as defined in section 529(e)(3)) for enrollment or attendance at an institution of higher education, reduced as provided

in section 25A(g)(2) and by any credit allowed by section 25A with respect to such expenses.

''(e) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means an institution of higher education as defined in section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002).

''(f) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting ''or 36'' after ''section 35''.

(2) The table of sections for subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by striking the last item and inserting the following new items:

''Sec. 36. Tuition for undergraduate education of certain teachers.
''Sec. 37. Overpayments of tax.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act; except that only periods of being an eligible teacher (as defined in section 36(c) of the Internal Revenue Code of 1986, as added by this section) after such date shall be taken into account under section 36(b)(3) of such Code, as so added.

SEC. 4. CREDITS FOR CERTAIN CONTRIBUTIONS BENEFITING SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS EDUCATION AT THE ELEMENTARY AND SECONDARY SCHOOL LEVEL.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits) is amended by adding at the end the following new section:

"SEC. 45J. CONTRIBUTIONS BENEFITING SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS EDUCATION AT THE ELEMENTARY AND SECONDARY SCHOOL LEVEL.

''(a) IN GENERAL.—For purposes of section 38, the elementary and secondary science, technology, engineering, and mathematics (STEM) contributions credit determined under this section for the taxable year is an amount equal to 100 percent of the qualified STEM contributions of the taxpayer for such taxable year.

''(b) QUALIFIED STEM CONTRIBUTIONS.—For purposes of this section, the term 'qualified STEM contributions' means—

''(1) STEM school contributions,

''(2) STEM teacher externship expenses, and

''(3) STEM teacher training expenses.

''(c) STEM SCHOOL CONTRIBUTIONS.—For purposes of this section—

''(1) IN GENERAL.—The term 'STEM school contributions' means—

''(A) STEM property contributions, and

''(B) STEM service contributions.

''(2) STEM PROPERTY CONTRIBUTIONS.—The term 'STEM property contributions' means the amount which would (but for subsection (f)) be allowed as a deduction under section 170 for a charitable contribution of STEM inventory property if—

''(A) the donee is an elementary or secondary school described in section 170(b)(1)(A)(ii),

''(B) substantially all of the use of the property by the donee is within the United States or within the defense dependents' education system for educational purposes in any of the grades K–12 that are related to the purpose or function of the donee,

''(C) the original use of the property begins with the donee,

''(D) the property will fit productively into the donee's education plan,

''(E) the property is not transferred by the donee in exchange for money, other property, or services, except for shipping, installation and transfer costs, and

''(F) the donee's use and disposition of the property will be in accordance with the provisions of subparagraphs (B) and (E).

The determination of the amount of deduction under section 170 for purposes of this paragraph shall be made as if the limitation under section 170(e)(3)(B) applied to all STEM inventory property.

''(3) STEM SERVICE CONTRIBUTIONS.—The term 'STEM service contributions' means the amount paid or incurred during the taxable year for STEM services provided in the United States or in the defense dependents' education system for the exclusive benefit of students at an elementary or secondary school described in section 170(b)(1)(A)(ii) but only if—

''(A) the taxpayer is engaged in the trade or business of providing such services on a commercial basis, and

''(B) no charge is imposed for providing such services.

''(4) STEM INVENTORY PROPERTY.—The term 'STEM inventory property' means, with respect to any contribution to a school, any property—

''(A) which is described in paragraph (1) or (2) of section 1221(a) with respect to the donor, and

''(B) which is determined by the school to be needed by the school in providing education in grades K–12 in the areas of science, technology, engineering, or mathematics.

''(5) STEM SERVICES.—The term 'STEM services' means, with respect to any contribution to a school, any service determined by the school to be needed by the school in providing education in grades K–12 in the areas of science, technology, engineering, or mathematics, including teaching courses of instruction at such school in any such area.

''(6) DEFENSE DEPENDENTS' EDUCATION SYSTEM.—For purposes of this subsection, the term 'defense dependents' education system' means the program established and operated under the Defense Dependents' Education Act of 1978 (20 U.S.C. 921 et seq.).

''(d) STEM TEACHER EXTERNSHIP EXPENSES.—For purposes of this section—

''(1) IN GENERAL.—The term 'STEM teacher externship expenses' means any amount paid or incurred to carry out a STEM externship program of the taxpayer but only to the extent that such amount is attributable to the participation in such program of any eligible STEM teacher, including amounts paid to such a teacher as a stipend while participating in such program.

''(2) STEM EXTERNSHIP PROGRAM.—The term 'STEM externship program' means any program—

''(A) established by a taxpayer engaged in a trade or business within an area of science, technology, engineering, or mathematics, and

''(B) under which eligible STEM teachers receive training to enhance their teaching skills in the areas of science, technology, engineering, or mathematics or otherwise improve their knowledge in such areas.

''(3) ELIGIBLE STEM TEACHER.—The term 'eligible STEM teacher' means any individual—

''(A) who is a teacher in grades K–12 at an educational organization described in section 170(b)(1)(A)(ii) which is located in the United

States or which is located on a United States military base outside the United States, and

''(B) whose teaching responsibilities at such school include, or are likely to include, any course in the areas of science, technology, engineering, or mathematics.

''(e) STEM TEACHER TRAINING EXPENSES.—The term 'STEM teacher training expenses' means any amount paid or incurred by a taxpayer engaged in a trade or business within an area of science, technology, engineering, or mathematics which is attributable to the participation of any eligible STEM teacher in a regular training program provided to employees of the taxpayer which is determined by such teacher's school as enhancing such teacher's teaching skills in the areas of science, technology, engineering, or mathematics.

''(f) DENIAL OF DOUBLE BENEFIT.—No deduction shall be allowed under this chapter for any amount allowed as a credit under this section.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 38(b) of such Code is amended by striking ''plus'' at the end of paragraph (18), by striking the period at the end of paragraph (19), and inserting '', plus'', and by adding at the end the following new paragraph:

''(20) the elementary and secondary science, technology, engineering, and mathematics (STEM) contributions credit determined under section 45J.''.

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by adding at the end the following new item:

''Sec. 45J. Contributions benefiting science, technology, engineering, and mathematics education at the elementary and secondary school level.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 5. ASSURANCE OF CONTINUED LOCAL CONTROL.

Nothing in this Act may be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution or school system.

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