

109TH CONGRESS
1ST SESSION

S. 1020

To make the United States competitive in a global economy.

IN THE SENATE OF THE UNITED STATES

MAY 12, 2005

Mr. COLEMAN (for himself and Mr. PRYOR) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To make the United States competitive in a global economy.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Collaborative Opportunities to Mobilize and Promote
6 Education, Technology, and Enterprise Act of 2005” or
7 the “COMPETE Act of 2005”.

8 (b) TABLE OF CONTENTS.—The table of contents of
9 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—TAX INCENTIVES

SUBTITLE A—RESEARCH CREDIT

- Sec. 101. Extension of research credit.
 Sec. 102. Increase in rates of alternative incremental credit.
 Sec. 103. Alternative simplified credit for qualified research expenses.

SUBTITLE B—EDUCATION

- Sec. 111. Credit for information and communications technology education and training program expenses.
 Sec. 112. Eligible educational institution.
 Sec. 113. Alternative percentage limitation for corporate charitable contributions to the mathematics and science partnership program.

TITLE II—EDUCATION PROVISIONS

- Sec. 201. Regional training and research centers.
 Sec. 202. Math and science partnership bonus grants.
 Sec. 203. Matching funds program to promote American competitiveness through graduate education.

TITLE III—UNITED STATES PATENT AND TRADEMARK FEE MODERNIZATION

- Sec. 301. Patent and Trademark Office funding.

1 **TITLE I—TAX INCENTIVES**

2 **Subtitle A—Research Credit**

3 **SEC. 101. EXTENSION OF RESEARCH CREDIT.**

4 (a) IN GENERAL.—Subsection (h) of section 41 of the
 5 Internal Revenue Code of 1986 (relating to termination)
 6 is amended by striking “2005” and inserting “2007”.

7 (b) CONFORMING AMENDMENT.—Subparagraph (D)
 8 of section 45C(b)(1) of such Code is amended by striking
 9 “2005” and inserting “2007”.

10 (c) EFFECTIVE DATE.—The amendments made by
 11 this section shall apply to amounts paid or incurred after
 12 the date of the enactment of this Act.

1 **SEC. 102. INCREASE IN RATES OF ALTERNATIVE INCRE-**
 2 **MENTAL CREDIT.**

3 (a) IN GENERAL.—Subparagraph (A) of section
 4 41(c)(4) of the Internal Revenue Code of 1986 (relating
 5 to election of alternative incremental credit) is amended—

6 (1) by striking “2.65 percent” and inserting “3
 7 percent”;

8 (2) by striking “3.2 percent” and inserting “4
 9 percent”; and

10 (3) by striking “3.75 percent” and inserting “5
 11 percent”.

12 (b) EFFECTIVE DATE.—The amendments made by
 13 this section shall apply to taxable years ending after the
 14 date of the enactment of this Act.

15 **SEC. 103. ALTERNATIVE SIMPLIFIED CREDIT FOR QUALI-**
 16 **FIED RESEARCH EXPENSES.**

17 (a) IN GENERAL.—Subsection (c) of section 41 of the
 18 Internal Revenue Code of 1986 (relating to base amount)
 19 is amended by redesignating paragraphs (5) and (6) as
 20 paragraphs (6) and (7), respectively, and by inserting
 21 after paragraph (4) the following new paragraph:

22 “(5) ELECTION OF ALTERNATIVE SIMPLIFIED
 23 CREDIT.—

24 “(A) IN GENERAL.—At the election of the
 25 taxpayer, the credit determined under sub-
 26 section (a)(1) shall be equal to 12 percent of so

1 much of the qualified research expenses for the
2 taxable year as exceeds 50 percent of the aver-
3 age qualified research expenses for the 3 tax-
4 able years preceding the taxable year for which
5 the credit is being determined.

6 “(B) SPECIAL RULE IN CASE OF NO
7 QUALIFIED RESEARCH EXPENSES IN ANY OF 3
8 PRECEDING TAXABLE YEARS.—

9 “(i) TAXPAYERS TO WHICH SUBPARA-
10 GRAPH APPLIES.—The credit under this
11 paragraph shall be determined under this
12 subparagraph if the taxpayer has no quali-
13 fied research expenses in any 1 of the 3
14 taxable years preceding the taxable year
15 for which the credit is being determined.

16 “(ii) CREDIT RATE.—The credit de-
17 termined under this subparagraph shall be
18 equal to 6 percent of the qualified research
19 expenses for the taxable year.

20 “(C) ELECTION.—An election under this
21 paragraph shall apply to the taxable year for
22 which made and all succeeding taxable years
23 unless revoked with the consent of the Sec-
24 retary. An election under this paragraph may

1 not be made for any taxable year to which an
2 election under paragraph (4) applies.”.

3 (b) COORDINATION WITH ELECTION OF ALTER-
4 NATIVE INCREMENTAL CREDIT.—

5 (1) IN GENERAL.—Section 41(c)(4)(B) of the
6 Internal Revenue Code of 1986 (relating to election)
7 is amended by adding at the end the following: “An
8 election under this paragraph may not be made for
9 any taxable year to which an election under para-
10 graph (5) applies.”.

11 (2) TRANSITION RULE.—In the case of an elec-
12 tion under section 41(c)(4) of the Internal Revenue
13 Code of 1986 which applies to the taxable year
14 which includes the date of the enactment of this Act,
15 such election shall be treated as revoked with the
16 consent of the Secretary of the Treasury if the tax-
17 payer makes an election under section 41(c)(5) of
18 such Code (as added by subsection (a)) for such
19 year.

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

Subtitle B—Education

SEC. 111. CREDIT FOR INFORMATION AND COMMUNICATIONS TECHNOLOGY EDUCATION AND TRAINING PROGRAM EXPENSES.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

“SEC. 30B. INFORMATION AND COMMUNICATIONS TECHNOLOGY EDUCATION AND TRAINING PROGRAM EXPENSES.

“(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 50 percent of information and communications technology education and training program expenses paid or incurred by the taxpayer for the benefit of—

“(1) in the case of a taxpayer engaged in a trade or business, an employee of the taxpayer, or

“(2) in the case of a taxpayer who is an individual not so engaged, such individual.

“(b) LIMITATIONS.—

“(1) EMPLOYERS.—In the case of any taxpayer described in subsection (a)(1), the amount of expenses which may be taken into account under sub-

1 section (a) for the taxable year shall not exceed the
2 greater of—

3 “(A) the excess of—

4 “(i) the sum of—

5 “(I) \$10,000 multiplied by the
6 number of qualified individuals who
7 are employees and with respect to
8 whom the taxpayer has paid or in-
9 curred information and communica-
10 tions technology education and train-
11 ing expenses, plus

12 “(II) \$8,000 multiplied by the
13 number of all other employees with re-
14 spect to whom the taxpayer has paid
15 or incurred such expenses, over

16 “(ii) the average amount of such ex-
17 penses paid or incurred by the taxpayer
18 with respect to all employees for the 3 pre-
19 ceding taxable years, or

20 “(B) the sum of—

21 “(i) \$4,000 multiplied by the number
22 of qualified individuals who are employees
23 and with respect to whom the taxpayer has
24 paid or incurred such expenses, plus

1 “(ii) \$2,500 multiplied by the number
 2 of all other employees with respect to
 3 whom the taxpayer has paid or incurred
 4 such expenses.

5 “(2) INDIVIDUALS.—The amount of expenses
 6 with respect to any individual described in sub-
 7 section (a)(2) which may be taken into account
 8 under subsection (a) for the taxable year shall not
 9 exceed \$2,500 (\$4,000 in the case of a qualified in-
 10 dividual).

11 “(3) COORDINATION OF CREDITS.—

12 “(A) IN GENERAL.—The credit under sub-
 13 section (a)(1) allowed to an employer with re-
 14 spect to any employee shall be reduced by the
 15 coordination exclusion amount.

16 “(B) PORTION OF CREDIT ALLOWABLE.—
 17 For purposes of subparagraph (A), the coordi-
 18 nation exclusion amount is an amount which
 19 bears the same ratio to the applicable limitation
 20 as—

21 “(i) the amount (if any) of the limita-
 22 tion applicable to such employee under
 23 subsection (b)(2) which such employee
 24 does not assign to such employer, bears to

1 “(ii) \$2,500 (\$4,000 in the case of an
2 employee who is a qualified individual).

3 “(C) APPLICABLE LIMITATION.—For pur-
4 poses of subparagraph (B), the term ‘applicable
5 limitation’ means the amount under paragraph
6 (2) with respect to such employee which is used
7 by such employer to calculate the limitation
8 under such paragraph.

9 “(4) QUALIFIED INDIVIDUAL.—The term ‘quali-
10 fied individual’ means an individual—

11 “(A) with respect to whom all information
12 and communications technology education and
13 training program expenses are paid or incurred
14 in connection with a program operated—

15 “(i) in an empowerment zone or en-
16 terprise community designated under part
17 I of subchapter U or a renewal community
18 designated under part I of subchapter X,

19 “(ii) in a school district in which at
20 least 50 percent of the students attending
21 schools in such district are eligible for free
22 or reduced-cost lunches under the school
23 lunch program established under the Rich-
24 ard B. Russell National School Lunch Act,

1 “(iii) in an area designated as a dis-
2 aster area by the Secretary of Agriculture
3 or by the President under the Robert T.
4 Stafford Disaster Relief and Emergency
5 Assistance Act in the taxable year or any
6 of the 4 preceding taxable years,

7 “(iv) in a rural enterprise community
8 designated under section 766 of the Agri-
9 culture, Rural Development, Food and
10 Drug Administration, and Related Agen-
11 cies Appropriations Act, 1999,

12 “(v) in an area designated by the Sec-
13 retary of Agriculture as a Rural Economic
14 Area Partnership Zone,

15 “(vi) in an area over which an Indian
16 tribal government (as defined in section
17 7701(a)(40)) has jurisdiction, or

18 “(vii) by an employer who has 200 or
19 fewer employees for each business day in
20 each of 20 or more calendar weeks in the
21 current or preceding calendar year,

22 “(B) with a disability, or

23 “(C) who is receiving a benefit under chap-
24 ter 2 of title II of the Trade Act of 1974.

1 “(c) INFORMATION TECHNOLOGY EDUCATION AND
2 TRAINING PROGRAM EXPENSES.—For purposes of this
3 section—

4 “(1) IN GENERAL.—The term ‘information
5 technology education and training program expenses’
6 means expenses paid or incurred by reason of the
7 participation of the taxpayer (or any employee of the
8 taxpayer) in any information and communications
9 technology education and training program. Such ex-
10 penses shall include expenses paid in connection
11 with—

12 “(A) course work,

13 “(B) certification testing,

14 “(C) programs carried out under the Act
15 of August 16, 1937 (50 Stat. 664, chapter 663;
16 29 U.S.C. 50 et seq.), which are registered by
17 the Department of Labor, and

18 “(D) other expenses that are essential to
19 assessing skill acquisition.

20 “(2) INFORMATION TECHNOLOGY EDUCATION
21 AND TRAINING PROGRAM.—The term ‘information
22 technology education and training program’ means a
23 training program in information and communica-
24 tions technology workplace disciplines or which is
25 provided in the United States by an accredited col-

lege, university, private career school, postsecondary educational institution, a commercial information technology provider, or an employer-owned information technology training organization.

“(3) COMMERCIAL INFORMATION TECHNOLOGY TRAINING PROVIDER.—The term ‘commercial information technology training provider’ means a private sector organization providing an information and communications technology education and training program.

“(4) EMPLOYER-OWNED INFORMATION TECHNOLOGY TRAINING ORGANIZATION.—The term ‘employer-owned information technology training organization’ means a private sector organization that provides information technology training to its employees using internal training development and delivery personnel. The training programs must use industry-recognized training disciplines and evaluation methods, comparable to institutional and commercial training providers.

“(d) DENIAL OF DOUBLE BENEFIT.—

“(1) DISALLOWANCE OF OTHER CREDITS AND DEDUCTIONS.—No deduction or credit shall be allowed under any other provision of this chapter for

1 expenses taken into account in determining the cred-
 2 it under this section.

3 “(2) REDUCTION FOR HOPE AND LIFETIME
 4 LEARNING CREDITS.—The amount taken into ac-
 5 count under subsection (a) shall be reduced by the
 6 information technology education and training pro-
 7 gram expenses taken into account in determining the
 8 credits under section 25A.

9 “(e) CERTAIN RULES MADE APPLICABLE.—For pur-
 10 poses of this section, rules similar to the rules of section
 11 45A(e)(2) and subsections (c), (d), and (e) of section 52
 12 shall apply.

13 “(f) APPLICATION WITH OTHER CREDITS.—The
 14 credit allowed by subsection (a) for any taxable year shall
 15 not exceed the excess (if any) of—

16 “(1) the sum of the regular tax liability (as de-
 17 fined by section 26(b)) plus the tax imposed by sec-
 18 tion 55, over

19 “(2) the sum of the credits allowable under sub-
 20 part A and section 27 for the taxable year.

21 “(g) INFLATION ADJUSTMENTS.—In the case of a
 22 taxable year beginning after 2004, each of the dollar
 23 amounts under paragraphs (1), (2), and (3) of subsection
 24 (b) shall be increased by an amount equal to—

25 “(1) such dollar amount, multiplied by

1 “(2) the cost-of-living adjustment determined
 2 under section 1(f)(3) of the calendar year in which
 3 the taxable year begins, determined by substituting
 4 ‘calendar year 2003’ for ‘calendar year 1992’ in sub-
 5 paragraph (B) thereof.

6 If any amount as adjusted under the preceding sentence
 7 is not a multiple of \$100, such amount shall be rounded
 8 to the next lowest multiple of \$100.”.

9 (b) CLERICAL AMENDMENT.—The table of sections
 10 for subpart B of part IV of subchapter A of chapter 1
 11 of the Internal Revenue Code of 1986 is amended by add-
 12 ing at the end the following:

“Sec. 30B. Information and communications technology education and training
 program expenses.”.

13 (c) EFFECTIVE DATE.—The amendments made by
 14 this section shall apply to amounts paid or incurred in tax-
 15 able years beginning after December 31, 2004.

16 **SEC. 112. ELIGIBLE EDUCATIONAL INSTITUTION.**

17 (a) IN GENERAL.—Section 25A(f)(2) of the Internal
 18 Revenue Code of 1986 (relating to eligible educational in-
 19 stitution) is amended to read as follows:

20 “(2) ELIGIBLE EDUCATIONAL INSTITUTION.—

21 The term ‘eligible educational institution’ means—

22 “(A) an institution—

1 “(i) which is described in section
 2 101(b) or 102(a) of the Higher Education
 3 Act of 1965, and

4 “(ii) which is eligible to participate in
 5 a program under title IV of such Act, or

6 “(B) a commercial information and com-
 7 munications technology training provider (as
 8 defined in section 30B(c)(3)).”.

9 (b) CONFORMING AMENDMENT.—The second sen-
 10 tence of section 221(d)(2) of the Internal Revenue Code
 11 of 1986 is amended by striking “section 25A(f)(2)” and
 12 inserting “section 25A(f)(2)(A)”.

13 (c) EFFECTIVE DATE.—The amendments made by
 14 this section shall apply to taxable years beginning after
 15 December 31, 2004.

16 **SEC. 113. ALTERNATIVE PERCENTAGE LIMITATION FOR**
 17 **CORPORATE CHARITABLE CONTRIBUTIONS**
 18 **TO THE MATHEMATICS AND SCIENCE PART-**
 19 **nership PROGRAM.**

20 (a) IN GENERAL.—Section 170(b) of the Internal
 21 Revenue Code of 1986 (related to percentage limitations)
 22 is amended by adding at the end the following new para-
 23 graph:

1 “(3) SPECIAL RULE FOR CORPORATE CON-
 2 TRIBUTIONS TO THE MATHEMATICS AND SCIENCE
 3 PARTNERSHIP PROGRAM.—

4 “(A) IN GENERAL.—In the case of a cor-
 5 poration which makes an eligible mathematics
 6 and science contribution—

7 “(i) the limitation under paragraph
 8 (2) shall apply separately with respect to
 9 all such contributions and all other chari-
 10 table contributions, and

11 “(ii) paragraph (2) shall be applied
 12 with respect to all eligible mathematics and
 13 science contributions by substituting ‘15
 14 percent’ for ‘10 percent’.

15 “(B) ELIGIBLE MATHEMATICS AND
 16 SCIENCE CONTRIBUTION.—

17 “(i) IN GENERAL.—For purposes of
 18 this paragraph, the term ‘eligible mathe-
 19 matics and science contribution’ means a
 20 charitable contribution (other than a con-
 21 tribution of used equipment) to a qualified
 22 partnership for the purpose of an activity
 23 described in section 2202(c) of the Ele-
 24 mentary and Secondary Education Act of
 25 1965.

1 “(ii) QUALIFIED PARTNERSHIP.—The
 2 term ‘qualified partnership’ means an eligi-
 3 ble partnership (within the meaning of sec-
 4 tion 2201(b)(1) of the Elementary and
 5 Secondary Education Act of 1965), but
 6 only to the extent that such partnership
 7 does not include a person other than a per-
 8 son described in paragraph (1)(A).”.

9 (b) EFFECTIVE DATE.—The amendment made by
 10 this section shall apply to contributions made after the
 11 date of the enactment of this Act.

12 **TITLE II—EDUCATION** 13 **PROVISIONS**

14 **SEC. 201. REGIONAL TRAINING AND RESEARCH CENTERS.**

15 (a) CENTERS ESTABLISHED.—From amounts appro-
 16 priated under subsection (f), the Director of the National
 17 Science Foundation shall award grants, on a competitive
 18 basis, to eligible entities to enable the eligible entities to
 19 establish 10 regional training and research centers to help
 20 maintain the Nation’s workforce and education investment
 21 and infrastructure in the sciences, technology, engineer-
 22 ing, and mathematics.

23 (b) ELIGIBLE ENTITY DEFINED.—In this section the
 24 term “eligible entity” means a partnership between an in-

stitution of higher education and 1 or more of the following entities:

(1) A research organization.

(2) An organization described in section 501(c)(3) of the Internal Revenue Code of 1986 that—

(A) is exempt from taxation under section 501(a) of such Code; and

(B) has expertise in the sciences, technology, engineering, or mathematics.

(3) A trade or business.

(c) LOCATION.—The Director of the National Science Foundation shall award a grant for the establishment of 1 regional training and research center in each of the 10 geographic regions of the United States that is served by a regional educational laboratory under section 174 of the Education Sciences Reform Act of 2002 (20 U.S.C. 9564).

(d) DESIGNATION.—Each regional training and research center established under this section shall be known as a “Making America Competitive Center” (MAC Center).

(e) USE OF FUNDS.—

(1) IN GENERAL.—Each eligible entity receiving a grant under this section shall use the grant funds

1 to establish a regional training and research center
2 that—

3 (A) provides training, technical assistance,
4 and professional development in the sciences,
5 technology, engineering, and mathematics, to or
6 for States, local educational agencies, qualified
7 teachers, and schools, in the region served by
8 the regional training and research center;

9 (B)(i) develops and funds joint cooperative
10 programs, for qualified teachers and students,
11 with a trade or business related to the sciences,
12 technology, engineering, or mathematics; and

13 (ii) develops instructional materials and
14 teaching methods in the areas of the sciences,
15 technology, engineering, and mathematics for
16 use in primary and secondary schools in the re-
17 gion served by the center; and

18 (C) builds networks among the sciences,
19 technology, engineering, and mathematics re-
20 sources within the 10 regions and nationally.

21 (2) QUALIFIED TEACHER.—For purposes of
22 paragraph (1)(B), the term “qualified teacher”
23 means any individual who—

24 (A) teaches one or more courses in grades
25 4 through 12 primarily in—

- 1 (i) science;
- 2 (ii) computer science;
- 3 (iii) occupational preparation with re-
- 4 spect to vocational and technical occupa-
- 5 tions;
- 6 (iv) engineering; or
- 7 (v) mathematics; or

8 (B)(i) received a baccalaureate or similar
 9 degree with a major or a minor in the sciences,
 10 technology, engineering, or mathematics from a
 11 college, university, vocational school, or other
 12 postsecondary institution eligible to participate
 13 in a student aid program administered by the
 14 Department of Education; and

15 (ii) is a teacher who is highly qualified
 16 (within the meaning of section 9101(23) of the
 17 Elementary and Secondary Education Act of
 18 1965).

19 (f) AUTHORIZATION OF APPROPRIATIONS.—There
 20 are authorized to be appropriated to carry out this sec-
 21 tion—

- 22 (1) \$200,000,000 for fiscal year 2006;
- 23 (2) \$210,000,000 for fiscal year 2007;
- 24 (3) \$230,000,000 for fiscal year 2008;
- 25 (4) \$270,000,000 for fiscal year 2009; and

1 (5) \$350,000,000 for fiscal year 2010.

2 **SEC. 202. MATH AND SCIENCE PARTNERSHIP BONUS**
 3 **GRANTS.**

4 Part B of title II of the Elementary and Secondary
 5 Education Act of 1965 (20 U.S.C. 6661 et seq.) is amend-
 6 ed by adding at the end the following:

7 **“SEC. 2204. MATH AND SCIENCE PARTNERSHIP BONUS**
 8 **GRANTS.**

9 “(a) IN GENERAL.—From amounts appropriated
 10 under subsection (d), the Secretary shall award a grant—

11 “(1) for each of the school years 2005–2006
 12 through 2014–2015, to each of the 5 elementary
 13 schools and each of the 5 secondary schools in a
 14 State whose students demonstrate the most improve-
 15 ment in mathematics, as measured by the improve-
 16 ment in the students’ average score on the State’s
 17 assessments in mathematics from the school year
 18 preceding the school year for which the grant is
 19 awarded to the school year for which the grant is
 20 awarded; and

21 “(2) for each of the school years 2009–2010
 22 through 2014–2015, to each of the 5 elementary
 23 schools and each of the 5 secondary schools in a
 24 State whose students demonstrate the most improve-
 25 ment in science, as measured by the improvement in

1 the students' average score on the State's assess-
 2 ments in science from the school year preceding the
 3 school year for which the grant is awarded to the
 4 school year for which the grant is awarded.

5 “(b) GRANT AMOUNT.—The amount of each grant
 6 awarded under this section shall be \$500,000.

7 “(c) APPLICABILITY.—Sections 2201, 2202, and
 8 2203 shall not apply to this section.

9 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
 10 are authorized to be appropriated to carry out this section
 11 \$130,000,000 for each of fiscal years 2006 through 2009,
 12 and \$260,000,000 for each of fiscal years 2010 through
 13 2015.”.

14 **SEC. 203. MATCHING FUNDS PROGRAM TO PROMOTE AMER-**
 15 **ICAN COMPETITIVENESS THROUGH GRAD-**
 16 **UATE EDUCATION.**

17 (a) PURPOSE.—The purpose of this section is to pro-
 18 mote America's economic competitiveness and job creation
 19 by—

20 (1) assisting graduate students studying the
 21 sciences, technology, engineering, and mathematics;

22 (2) advancing education in the sciences, tech-
 23 nology, engineering, and mathematics;

24 (3) stimulating greater links between private in-
 25 dustry and graduate education; and

1 (4) enabling the Office of Science of the De-
2 partment of Energy to establish a matching funds
3 program for eligible institutions of higher education.

4 (b) DEFINITIONS.—In this section:

5 (1) ELIGIBLE INSTITUTION OF HIGHER EDU-
6 CATION.—The term “eligible institution of higher
7 education” means an institution of higher education,
8 as defined in section 101(a) of the Higher Education
9 Act of 1965 (20 U.S.C. 1001), that—

10 (A) offers an established program of post-
11 baccalaureate study leading to a graduate de-
12 gree in the sciences, technology, engineering, or
13 mathematics; and

14 (B) enters into a written agreement with
15 the Director pursuant to subsection (e) to carry
16 out the authorized activities described in the
17 application submitted under subsection (d).

18 (2) DIRECTOR.—The term “Director” means
19 the Director of the Office of Science of the Depart-
20 ment of Energy.

21 (c) GRANTS.—

22 (1) GRANTS AUTHORIZED.—The Director is au-
23 thorized to award grants, on a competitive basis, to
24 eligible institutions of higher education to enable the

1 eligible institutions of higher education to carry out
2 authorized activities described in subsection (e).

3 (2) MATCHING FUNDS REQUIRED.—In order to
4 receive a grant under this subsection an eligible in-
5 stitution of higher education shall agree to provide
6 matching funds, toward the cost of the authorized
7 activities to be assisted under the grant, in an
8 amount equal to 25 percent of the funds received
9 under the grant.

10 (3) AWARD CONSIDERATIONS.—In awarding
11 grants under this subsection the Director shall take
12 into consideration—

13 (A) the demonstrated commitment of the
14 eligible institution of higher education to pro-
15 viding matching funds (including tuition remis-
16 sion, tuition waivers, and other types of institu-
17 tional support) toward the cost of the author-
18 ized activities to be assisted under the grant;

19 (B) the demonstrated capacity of the eligi-
20 ble institution of higher education to raise
21 matching funds from private sources;

22 (C) the demonstrated ability of the eligible
23 institution of higher education to work with pri-
24 vate corporations and organizations to promote
25 economic competitiveness and job creation;

1 (D) the demonstrated ability of the eligible
2 institution of higher education to increase the
3 number of the eligible institution of higher edu-
4 cation's graduates in the sciences, technology,
5 engineering, or mathematics with the inter-
6 disciplinary background and the technical, pro-
7 fessional and personal skills needed to con-
8 tribute to American competitiveness and job
9 creation in the future;

10 (E) the potential for the grant assistance
11 to increase the number of graduates in the
12 sciences, technology, engineering, or mathe-
13 matics at the eligible institution of higher edu-
14 cation; and

15 (F) the demonstrated track record of the
16 eligible institution of higher education in out-
17 reach and mentoring activities that have the ex-
18 pressed purpose of recruiting and retaining
19 women, recognized minorities, and individuals
20 with disabilities in the sciences, technology, en-
21 gineering, or mathematics.

22 (4) AMOUNT.—The Director shall award each
23 grant under this subsection in an amount that is not
24 more than \$1,000,000 for each fiscal year.

1 (5) EQUITABLE GEOGRAPHIC DISTRIBUTION.—

2 In awarding grants under this subsection the Direc-
3 tor shall ensure—

4 (A) an equitable geographic distribution of
5 the grants; and

6 (B) an equitable distribution among public
7 and independent eligible institutions of higher
8 education.

9 (d) APPLICATIONS.—Each eligible institution of high-
10 er education desiring a grant under this section shall sub-
11 mit an application to the Director at such time, in such
12 manner, and accompanied by such information and assur-
13 ances as the Director may require. Each such application
14 shall describe—

15 (1) the authorized activities for which assist-
16 ance is sought;

17 (2) the source and amount of the matching
18 funds to be provided; and

19 (3) the amount of funds raised by the eligible
20 institution of higher education from private sources
21 that will be allocated and spent to carry out the au-
22 thorized activities described in subsection (e).

23 (e) AUTHORIZED ACTIVITIES; AGREEMENT.—Each
24 eligible institution of higher education desiring a grant
25 under this section shall enter into a written agreement

1 with the Director under which the eligible institution of
 2 higher education agrees to use all of the grant funds—

3 (1) to provide stipends or other financial assist-
 4 ance (such as tuition assistance and related ex-
 5 penses) for students who are enrolled in graduate
 6 programs in the sciences, technology, engineering, or
 7 mathematics at the eligible institution of higher edu-
 8 cation; and

9 (2) to support outreach and mentoring activities
 10 to increase the participation of underrepresented
 11 groups in the sciences, technology, engineering, or
 12 mathematics at all or any level of education, includ-
 13 ing elementary, secondary and post-secondary edu-
 14 cation.

15 (f) AUTHORIZATION OF APPROPRIATIONS.—There
 16 are authorized to be appropriated to carry out this sec-
 17 tion—

18 (1) \$50,000,000 for fiscal year 2006;

19 (2) \$60,000,000 for fiscal year 2007;

20 (3) \$70,000,000 for fiscal year 2008;

21 (4) \$80,000,000 for fiscal year 2009; and

22 (5) \$90,000,000 for fiscal year 2010.

1 **TITLE III—UNITED STATES PAT-**
2 **ENT AND TRADEMARK FEE**
3 **MODERNIZATION**

4 **SEC. 301. PATENT AND TRADEMARK OFFICE FUNDING.**

5 (a) AMENDMENT.—Section 42(c) of title 35, United
6 States Code, is amended—

7 (1) by striking “(c)” and inserting “(c)(1)”;
8 and

9 (2) by adding at the end the following:

10 “(2) If estimated fee collections by the Patent
11 and Trademark Office for a fiscal year exceed the
12 amount appropriated to the Office for that fiscal
13 year, the Director shall reduce fees established
14 under section 41 of this title and section 31(a) of
15 the Act of July 5, 1946 (commonly referred to as
16 the ‘Trademark Act of 1946’) for that fiscal year or
17 the remainder of that fiscal year so that estimated
18 collections for that fiscal year are equal to the
19 amount appropriated to the Office for that fiscal
20 year. Such reductions shall take effect on the later
21 of October 1, of that fiscal year or 2 months after
22 the date of enactment of the Act making the appro-
23 priation, and shall not be retroactive.”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 subsection (a) shall apply with respect to fiscal year 2006
3 and each fiscal year thereafter.

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