

110TH CONGRESS  
1ST SESSION

# S. 1371

To establish a program to award innovation prizes to individuals and entities for researching and developing innovative technologies, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

MAY 11, 2007

Mr. PRYOR introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

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## A BILL

To establish a program to award innovation prizes to individuals and entities for researching and developing innovative technologies, 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 “Reward Innovation in  
5       America Act”.

6       **SEC. 2. DEFINITIONS.**

7       In this Act:

8               (1) **ADMINISTERING ENTITY.**—The term “ad-  
9       ministering entity” means an entity with which the

1 Secretary enters into an agreement under section  
2 4(e).

3 (2) COMPETITION.—The term “competition”  
4 means a competition for an innovation prize under  
5 the program described in section 4(a).

6 (3) INNOVATION PRIZE.—The term “innovation  
7 prize” means a prize awarded to a participant who  
8 wins a competition.

9 (4) PARTICIPANT.—The term “participant”  
10 means an individual or entity that participates in a  
11 competition.

12 (5) SECRETARY.—The term “Secretary” means  
13 the Secretary of Commerce.

14 **SEC. 3. NATIONAL INNOVATION PRIZES BOARD.**

15 (a) ESTABLISHMENT.—There is established in the  
16 Department of Commerce a National Innovation Prizes  
17 Board (referred to in this Act as the “Board”).

18 (b) PURPOSES.—The purposes of the Board are as  
19 follows:

20 (1) To develop and administer the program de-  
21 scribed in section 4(a).

22 (2) To select the research topics for competi-  
23 tions.

24 (3) To establish the rules of the competitions  
25 and the criteria for winning innovation prizes.

1           (4) To determine the amount of the innovation  
2 prize for each competition.

3           (5) To certify the winners of the competitions.

4           (6) To determine the annual funding require-  
5 ment for each competition.

6           (c) MEMBERSHIP.—

7           (1) NUMBER OF MEMBERS.—The Secretary  
8 shall determine the number of members of the  
9 Board.

10          (2) CHAIR.—The Secretary, or a designee of  
11 the Secretary, shall serve as Chair of the Board.

12          (3) MEMBERS.—

13               (A) FROM FEDERAL AGENCIES.—The Sec-  
14 retary may appoint the heads of Federal agen-  
15 cies to serve as full members of the Board on  
16 a permanent basis.

17               (B) NON-FEDERAL MEMBERS.—The Sec-  
18 retary may appoint to the Board individuals  
19 who are not officers or employees of the Fed-  
20 eral Government and who have national reputa-  
21 tions in the private sector, policy sector, or aca-  
22 demic institutions.

23          (4) TERMS.—

1 (A) IN GENERAL.—Except as provided in  
2 subparagraph (B), a member of the Board shall  
3 serve for a term of 3 years.

4 (B) INITIAL TERMS.—The initial terms of  
5 members described in paragraph (3)(B) shall be  
6 staggered.

7 (5) VACANCIES.—A member of the Board de-  
8 scribed in paragraph (3)(B) appointed to fill a va-  
9 cancy occurring other than by the expiration of a  
10 term shall be appointed for the remainder of the  
11 term of the former member.

12 (6) STATUS.—Except as provided in paragraph  
13 (7), a member described in paragraph (3)(B) shall  
14 not be deemed to be an officer or employee of the  
15 United States for purposes of the laws or regulations  
16 of the United States.

17 (7) TRAVEL EXPENSES.—A member described  
18 in paragraph (3)(B) shall be allowed travel expenses,  
19 including per diem in lieu of subsistence, at rates  
20 authorized for employees of the Federal Government  
21 under subchapter I of chapter 57 of title 5, United  
22 States Code.

23 **SEC. 4. INNOVATION PRIZES PROGRAM.**

24 (a) IN GENERAL.—The program described in this  
25 subsection means a program of competitions to award in-

1 novation prizes to eligible individuals and entities to ad-  
2 vance the research, development, and commercial applica-  
3 tion of innovative technologies.

4 (b) ELIGIBLE INDIVIDUALS AND ENTITIES.—

5 (1) IN GENERAL.—The term “eligible individual  
6 or entity” includes an individual, university, or small  
7 or large business that complies with the require-  
8 ments of paragraph (2).

9 (2) REQUIREMENTS.—An eligible individual or  
10 entity—

11 (A) shall have complied with such eligi-  
12 bility requirements for participation in a com-  
13 petition as the Board may establish and publish  
14 in the Federal Register under subsection (d)(2);

15 (B) in the case of a private entity, shall be  
16 incorporated in and maintain a primary place of  
17 business in the United States;

18 (C) in the case of an individual, whether  
19 participating in the program singly or in a  
20 group, shall be a citizen of, or an alien lawfully  
21 admitted for permanent residence in, the  
22 United States; and

23 (D) may not be—

24 (i) a Federal entity, such as a feder-  
25 ally funded research and development cen-

1                   ter or a government-owned, contractor-op-  
2                   erated laboratory;

3                   (ii) a Federal employee acting within  
4                   the scope of employment; or

5                   (iii) an employee of a national labora-  
6                   tory acting within the scope of employ-  
7                   ment.

8                   (3) CONSULTATION WITH FEDERAL EMPLOY-  
9                   EES.—An individual or entity shall not be deemed  
10                  ineligible under this subsection because such indi-  
11                  vidual or entity used Federal facilities or consulted  
12                  with Federal employees during a competition if such  
13                  facilities and employees are made available to all in-  
14                  dividuals and entities participating in the competi-  
15                  tion on an equitable basis.

16                  (c) DEVELOPMENT OF PROGRAM.—

17                  (1) PLAN.—Not later than 120 days after the  
18                  date of the enactment of this Act, the Secretary  
19                  shall prepare and submit to the Committee on Com-  
20                  merce, Science, and Transportation of the Senate  
21                  and the Committee on Science and Technology of  
22                  the House of Representatives a plan for imple-  
23                  menting the program described in subsection (a)  
24                  that includes—

1 (A) a description of how the research top-  
2 ics for competitions and the criteria for award-  
3 ing the innovation prizes will be determined;

4 (B) the terms and conditions of the com-  
5 petitions;

6 (C) the time frame for the award of inno-  
7 vation prizes; and

8 (D) a description of the plans of the Sec-  
9 retary to partner with nonprofit organizations  
10 or Federal agencies to sponsor competitions or  
11 to outsource administration of competitions to  
12 nonprofit organizations under subsection (e).

13 (2) INNOVATION PRIZES.—In developing the  
14 plan under paragraph (1), the Secretary shall in-  
15 clude the following requirements:

16 (A) CATEGORIES.—There shall be 2 cat-  
17 egories of innovation prizes as follows:

18 (i) 21ST CENTURY INNOVATION  
19 PRIZES.—21st Century Innovation Prizes  
20 shall be awarded in multiple competitions  
21 in different research areas. The amount of  
22 each 21st Century Innovation Prize award  
23 may not exceed \$2,000,000.

24 (ii) INNOVATE AMERICA GRAND CHAL-  
25 LENGE PRIZES.—

1 (I) IN GENERAL.—Innovate  
2 America Grand Challenge Prizes shall  
3 be awarded in large, highly complex,  
4 and expensive competitions that—

5 (aa) are held every 2 to 4  
6 years; and

7 (bb) address research objec-  
8 tives well beyond the current  
9 state of the art and that are in-  
10 tended to become integral to  
11 major changes in complex socio-  
12 technological systems.

13 (II) AMOUNT OF AWARD.—The  
14 amount of each Innovate America  
15 Grand Challenge Prize award shall be  
16 \$5,000,000 or more, but not more  
17 than \$30,000,000.

18 (B) AWARDS.—The Board shall determine  
19 the amount of each innovation prize for each  
20 competition and may elect to award only a first  
21 place prize or to award first, second, and third  
22 place prizes.

23 (d) ADVERTISING AND NOTICE TO PARTICIPANTS.—

24 (1) ADVERTISING.—The Board shall advertise  
25 each competition widely to encourage broad partici-

1       pation in each competition, including by individuals,  
2       universities (including historically Black colleges and  
3       universities and other institutions serving minori-  
4       ties), and large and small businesses (including busi-  
5       nesses owned or controlled by socially and economi-  
6       cally disadvantaged persons).

7               (2) FEDERAL REGISTER NOTICE.—The Board  
8       shall announce each competition by publishing in the  
9       Federal Register a notice that includes the subject  
10      of the competition, the duration of the competition,  
11      the eligibility requirements for participation in the  
12      competition, the process for participants to register  
13      for the competition, the amount of the innovation  
14      prize, and the criteria for awarding the innovation  
15      prize.

16      (e) ADMINISTERING COMPETITIONS.—The Board  
17      may enter into an agreement with a private, nonprofit or-  
18      ganization to administer competitions. The duties of the  
19      administering entity under the agreement shall include—

20               (1) advertising competitions and the results of  
21      competitions;

22               (2) raising funds from private entities and indi-  
23      viduals to pay for administrative costs of competi-  
24      tions and to contribute to cash innovation prizes;

1           (3) working with the Board to develop the cri-  
2           teria for selecting winners in competitions, based on  
3           goals provided by the Secretary;

4           (4) determining, in consultation with the Board,  
5           the appropriate amount of each innovation prize to  
6           be awarded;

7           (5) selecting judges for competitions using cri-  
8           teria developed in consultation with the Board; and

9           (6) preventing the unauthorized use or disclo-  
10          sure of the intellectual property, trade secrets, and  
11          confidential business information of participants.

12         (f) FUNDING.—

13           (1) FUNDING SOURCES.—

14           (A) IN GENERAL.—Innovation prizes  
15           awarded under the program described in sub-  
16           section (a) shall consist of—

17           (i) funds authorized to be appro-  
18           priated under section 6; and

19           (ii) any funds raised by the admin-  
20           istering entity under subsection (e)(2).

21           (B) FEDERAL AGENCIES.—The Secretary  
22           may accept funds from other Federal agencies  
23           for innovation prizes.

24           (2) FUNDING FROM OTHER ENTITIES.—

1 (A) IN GENERAL.—The Board is author-  
2 ized to enter into agreements with other enti-  
3 ties, including corporations, nonprofit organiza-  
4 tions, and other government agencies, to offer  
5 joint innovation prizes if—

6 (i) the joint innovation prize supports  
7 the purposes of this Act;

8 (ii) the entity offering additional  
9 funds agrees to deposit the funds into a  
10 designated escrow account; and

11 (iii) the Board retains full authority  
12 over the competition and the awarding of  
13 the cash innovation prizes.

14 (B) PROHIBITION ON SPECIAL CONSIDER-  
15 ATION IN RETURN FOR DONATIONS.—The Sec-  
16 retary may not give any special consideration to  
17 any private sector entity or individual in return  
18 for a donation to the administering entity to  
19 fund a competition.

20 (3) ANNOUNCEMENT OF INNOVATION PRIZES  
21 CONTINGENT ON FUNDING.—

22 (A) IN GENERAL.—The Secretary may not  
23 publish the notice in the Federal Register re-  
24 quired by subsection (d)(2) until all the funds

1 necessary to pay the innovation prize have been  
2 appropriated or committed in writing.

3 (B) INCREASES IN AMOUNT OF INNOVA-  
4 TION PRIZE.—The Secretary may increase the  
5 amount of an innovation prize after an initial  
6 announcement is made under subsection (d)(2)  
7 if—

8 (i) notice of the increase is published  
9 in the Federal Register; and

10 (ii) the funds needed to pay the  
11 amount of the increase have been appro-  
12 priated or committed in writing.

13 (g) LIABILITY.—

14 (1) WAIVER OF LIABILITY.—

15 (A) IN GENERAL.—The Secretary may re-  
16 quire participants to waive claims against the  
17 Federal Government and the administering en-  
18 tity (except claims for willful misconduct) for  
19 any injury, death, damage, or loss of property,  
20 revenue, or profits arising from participation in  
21 a competition.

22 (B) NOTICE.—The Secretary shall give no-  
23 tice of any waiver required under subparagraph  
24 (A) in the notice published in the Federal Reg-  
25 ister under subsection (d)(2).

1 (C) EXCEPTION.—The Secretary may not  
2 require a participant to waive claims against  
3 the administering entity arising out of the un-  
4 authorized use or disclosure by the admin-  
5 istering entity of the intellectual property, trade  
6 secrets, or confidential business information of  
7 the participant.

8 (2) LIABILITY INSURANCE.—

9 (A) REQUIREMENTS.—A participant shall  
10 be required to obtain liability insurance or dem-  
11 onstrate financial responsibility, in amounts de-  
12 termined by the Secretary, for claims by—

13 (i) a third party for death, bodily in-  
14 jury, or property damage or loss resulting  
15 from an activity carried out in connection  
16 with participation in a competition; and

17 (ii) the Federal Government for dam-  
18 age or loss to Government property result-  
19 ing from participation in a competition.

20 (B) FEDERAL GOVERNMENT INSURED.—  
21 The Federal Government shall be named as an  
22 additional insured under an insurance policy re-  
23 quired under subparagraph (A). A registered  
24 participant shall be required to agree to indem-  
25 nify the Federal Government against third

1 party claims for damages arising from or re-  
2 lated to participation in a competition.

3 (h) INTELLECTUAL PROPERTY.—

4 (1) PROHIBITION ON THE GOVERNMENT AC-  
5 QUIRING INTELLECTUAL PROPERTY RIGHTS.—The  
6 Federal Government may not gain an interest in in-  
7 tellectual property developed by a participant for a  
8 competition.

9 (2) LICENSES.—The Federal Government may  
10 negotiate a license for the use of intellectual prop-  
11 erty developed by a participant for a competition.

12 **SEC. 5. REPORT.**

13 Not later than one year after the date of the enact-  
14 ment of this Act, and annually thereafter, the Secretary  
15 shall submit to the Committee on Commerce, Science, and  
16 Transportation of the Senate and the Committee on  
17 Science and Technology of the House of Representatives  
18 a report describing the activities of the program described  
19 in section 4(a), including—

20 (1) a description of the methods used to select  
21 the research topics of competitions and the amounts  
22 of the innovation prizes;

23 (2) a discussion of the features of competitions  
24 that contribute to the success or lack of success of  
25 the competitions;

1           (3) the number of participants involved in the  
2 competitions;

3           (4) the amount of private funds contributed to  
4 the program and the sources of such funds;

5           (5) the effect of the program on public aware-  
6 ness of innovation; and

7           (6) the effect of the program on the public  
8 image of the Department of Commerce.

9 **SEC. 6. AUTHORIZATION OF APPROPRIATIONS.**

10 (a) IN GENERAL.—

11           (1) AWARDS.—There are authorized to be ap-  
12 propriated to the Secretary to carry out the provi-  
13 sions of this Act—

14                   (A) for each of fiscal years 2008 through  
15 2012, \$5,000,000 for awards described in sec-  
16 tion 4(c)(2)(A)(i); and

17                   (B) for fiscal year 2008, \$30,000,000 for  
18 awards described in section 4(c)(2)(A)(ii).

19           (2) ADMINISTRATION.—In addition to the  
20 amounts authorized to be appropriated under para-  
21 graph (1), there are authorized to be appropriated to  
22 the Secretary for each of fiscal years 2008 through  
23 2012 \$750,000 for the administrative costs of car-  
24 rying out this Act.

1       (b) CARRYOVER OF FUNDS.—Funds appropriated to  
2 carry out the provisions of this Act shall remain available  
3 until expended.

○