

109TH CONGRESS  
1ST SESSION

# S. 1020

To make the United States competitive in a global economy.

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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

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## 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.

## 1                   **Subtitle B—Education**

2   **SEC. 111. CREDIT FOR INFORMATION AND COMMUNICA-**  
 3                   **TIONS TECHNOLOGY EDUCATION AND TRAIN-**  
 4                   **ING PROGRAM EXPENSES.**

5           (a) **IN GENERAL.**—Subpart B of part IV of sub-  
 6 chapter A of chapter 1 of the Internal Revenue Code of  
 7 1986 is amended by adding at the end the following:

8   **“SEC. 30B. INFORMATION AND COMMUNICATIONS TECH-**  
 9                   **NOLOGY EDUCATION AND TRAINING PRO-**  
 10                  **GRAM EXPENSES.**

11           “(a) **ALLOWANCE OF CREDIT.**—There shall be al-  
 12 lowed as a credit against the tax imposed by this chapter  
 13 for the taxable year an amount equal to 50 percent of in-  
 14 formation and communications technology education and  
 15 training program expenses paid or incurred by the tax-  
 16 payer for the benefit of—

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

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

21           “(b) **LIMITATIONS.**—

22                   “(1) **EMPLOYERS.**—In the case of any taxpayer  
 23 described in subsection (a)(1), the amount of ex-  
 24 penses 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-

1       lege, university, private career school, postsecondary  
2       educational institution, a commercial information  
3       technology provider, or an employer-owned informa-  
4       tion technology training organization.

5               “(3) COMMERCIAL INFORMATION TECHNOLOGY  
6       TRAINING PROVIDER.—The term ‘commercial infor-  
7       mation technology training provider’ means a private  
8       sector organization providing an information and  
9       communications technology education and training  
10      program.

11              “(4) EMPLOYER-OWNED INFORMATION TECH-  
12      NOLOGY TRAINING ORGANIZATION.—The term ‘em-  
13      ployer-owned information technology training organi-  
14      zation’ means a private sector organization that pro-  
15      vides information technology training to its employ-  
16      ees using internal training development and delivery  
17      personnel. The training programs must use industry-  
18      recognized training disciplines and evaluation meth-  
19      ods, comparable to institutional and commercial  
20      training providers.

21              “(d) DENIAL OF DOUBLE BENEFIT.—

22              “(1) DISALLOWANCE OF OTHER CREDITS AND  
23      DEDUCTIONS.—No deduction or credit shall be al-  
24      lowed 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                   “(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-

1 stitution of higher education and 1 or more of the fol-  
2 lowing entities:

3 (1) A research organization.

4 (2) An organization described in section  
5 501(c)(3) of the Internal Revenue Code of 1986  
6 that—

7 (A) is exempt from taxation under section  
8 501(a) of such Code; and

9 (B) has expertise in the sciences, tech-  
10 nology, engineering, or mathematics.

11 (3) A trade or business.

12 (c) LOCATION.—The Director of the National Science  
13 Foundation shall award a grant for the establishment of  
14 1 regional training and research center in each of the 10  
15 geographic regions of the United States that is served by  
16 a regional educational laboratory under section 174 of the  
17 Education Sciences Reform Act of 2002 (20 U.S.C. 9564).

18 (d) DESIGNATION.—Each regional training and re-  
19 search center established under this section shall be known  
20 as a “Making America Competitive Center” (MAC Cen-  
21 ter).

22 (e) USE OF FUNDS.—

23 (1) IN GENERAL.—Each eligible entity receiving  
24 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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