

103^D CONGRESS
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H. R. 3550

To foster economic growth, create new employment opportunities, and strengthen the industrial base of the United States by providing credit for businesses and by facilitating the transfer and commercialization of government-owned patents, licenses, processes, and technologies, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 19, 1993

Mr. KANJORSKI (for himself, Mr. GEPHARDT, Mr. BONIOR, Mr. BROWN of California, Mr. VALENTINE, Mr. RICHARDSON, Mr. RIDGE, Mrs. ROUKEMA, Mr. HOYER, Mr. MFUME, Mr. KLINK, Mr. KLEIN, Ms. KAPTUR, Ms. MCKINNEY, Mr. HINCHEY, Ms. SCHENK, Mr. MURTHA, Mr. BORSKI, Mr. HOLDEN, Mr. FOGLIETTA, Mr. MCHALE, Mr. MURPHY, Mr. BLACKWELL, Mr. FINGERHUT, Mr. BARCA of Wisconsin, Mr. ANDREWS of New Jersey, Mr. BACCHUS of Florida, Mr. STUPAK, Mrs. THURMAN, Mr. BARRETT of Wisconsin, Mrs. UNSOELD, Ms. MARGOLIES-MEZVINSKY, Mr. ROTH, Mr. SHAYS, Mr. DOOLEY, Mr. DERRICK, Ms. VELÁZQUEZ, Mr. MCDADE, Mr. WELDON, Mr. TAYLOR of Mississippi, Mr. SAWYER, Mr. BILBRAY, Mr. MORAN, Ms. SLAUGHTER, Mrs. MINK, Mr. ORTON, Mr. FAZIO, Ms. SHEPHERD, Mr. LEWIS of Georgia, and Mr. BISHOP) introduced the following bill; which was referred jointly to the Committees on Banking, Finance and Urban Affairs, Science, Space, and Technology, the Judiciary, and Ways and Means

A BILL

To foster economic growth, create new employment opportunities, and strengthen the industrial base of the United States by providing credit for businesses and by facilitating the transfer and commercialization of government-

owned patents, licenses, processes, and 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Federal Technology Commercialization and Credit En-
6 hancement Act of 1993”.

7 (b) TABLE OF CONTENTS.—

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Purposes.
- Sec. 4. Definitions.

TITLE I—CONSOLIDATION OF INFORMATION ON TECHNOLOGIES

- Sec. 101. Establishment of data base.
- Sec. 102. Standardization and accessibility of information.
- Sec. 103. Access to data base.
- Sec. 104. Review of current Federal technology transfer efforts.
- Sec. 105. Exercise of march-in-rights; reassignment of licensing responsibilities.

TITLE II—TECHNOLOGY TRANSFER AND COMMERCIALIZATION
FINANCING CORPORATION

- Sec. 201. Establishment of corporation.
- Sec. 202. Process of organization.
- Sec. 203. Directors, officers, and employees.
- Sec. 204. General powers.
- Sec. 205. Promotion of technologies.
- Sec. 206. Authority to represent the government.
- Sec. 207. Financing of corporation.
- Sec. 208. Consultation with Federal agencies, and with private parties.
- Sec. 209. Review of corporation.
- Sec. 210. Audit by Comptroller General.
- Sec. 211. Reports.
- Sec. 212. Administration.
- Sec. 213. Miscellaneous provisions.

TITLE III—COMMERCIALIZATION FINANCING

- Sec. 301. Technology Transfer Investment Fund.
- Sec. 302. Loan and loan guarantee authority.
- Sec. 303. Terms and conditions.
- Sec. 304. Equity instruments purchase or guarantee authority.
- Sec. 305. Technical assistance for lenders and borrowers.

- Sec. 306. Outreach to specific areas.
- Sec. 307. Liability.
- Sec. 308. Injunctive relief.
- Sec. 309. Performance measures; annual report.

TITLE IV—ALTERNATIVE MINIMUM TAX ON CORPORATIONS
IMPORTING PRODUCTS INTO THE UNITED STATES

- Sec. 401. Alternative minimum tax on corporations importing products into the United States at artificially inflated prices.

TITLE V—MISCELLANEOUS PROVISIONS

- Sec. 501. Effective date.
- Sec. 502. Separability.

1 **SEC. 2. FINDINGS.**

2 The Congress finds that—

3 (1) through its support and funding of research
4 and development in this Nation's Federal agencies,
5 laboratories, and educational institutions, the Fed-
6 eral Government has fostered the creation of thou-
7 sands of patents, licenses, technologies, and proc-
8 esses owned, or held in whole or part, by the Federal
9 Government;

10 (2) if commercialized, these patents, licenses,
11 technologies, and processes owned, or held in whole
12 or part, by the Federal Government hold the poten-
13 tial to greatly expand the economy of the United
14 States and to create millions of new jobs at good
15 wages for American workers;

16 (3) the Federal Government has not been suffi-
17 ciently effective in encouraging the commercializa-
18 tion of these patents, licenses, technologies, and

1 processes owned, or held in whole or part, by the
2 Federal Government;

3 (4) throughout the Federal Government, there
4 is no single inventory or source of information on
5 patents, licenses, technologies, and processes owned,
6 or held in whole or part, by the Federal Govern-
7 ment;

8 (5) information on patents, licenses, tech-
9 nologies, and processes owned, or held in whole or
10 part, by the Federal Government is not standardized
11 in form or content, is separately maintained by nu-
12 merous Federal agencies and departments, and is
13 not easily accessible by the public;

14 (6) businesses and entrepreneurs in the United
15 States are largely unaware of the existence of these
16 patents, licenses, technologies, and processes, and
17 largely unaware of the possibilities for obtaining the
18 rights to these patents, licenses, technologies, and
19 processes for the purpose of commercialization;

20 (7) even in instances in which businesses and
21 entrepreneurs are aware of their rights to obtain
22 patents, licenses, technologies, and processes owned,
23 or held in whole or part, by the Federal Govern-
24 ment, the limited availability of credit to undertake

1 new business operations and concerns is a signifi-
2 cant deterrent to their commercialization;

3 (8) foreign corporations, frequently with the as-
4 sistance of their governments, are the primary enti-
5 ties obtaining rights to patents, licenses, tech-
6 nologies, and processes owned, or held in whole or
7 part, by the Federal Government, and are the pri-
8 mary entities bringing about their commercialization
9 in the form of new goods and products which com-
10 pete with United States businesses;

11 (9) it is in the economic interest of the United
12 States to facilitate the private sector commercializa-
13 tion of patents, licenses, technologies, and processes
14 by United States businesses; and

15 (10) greater effectiveness will be achieved
16 through the utilization of the private sector cor-
17 porate structure and profit incentives in facilitating
18 the commercialization of patents, licenses, tech-
19 nologies, and processes than can reasonably be ex-
20 pected by the Federal Government performing this
21 function.

22 **SEC. 3. PURPOSES.**

23 The purposes of this Act are to—

24 (1) provide a self-supporting source of financing
25 for private-sector United States businesses to com-

1 commercialize patents, licenses, technologies, and proc-
2 esses owned, or held in whole or part, by the Federal
3 Government;

4 (2) develop a single, comprehensive data base of
5 information on patents, licenses, technologies, and
6 processes owned, or held in whole or part, by the
7 Federal Government, which is standardized and eas-
8 ily accessible by the general public;

9 (3) heighten the awareness of United States
10 businesses and entrepreneurs of the availability for
11 commercialization of patents, licenses, technologies,
12 and processes owned, or held in whole or part, by
13 the Federal Government;

14 (4) facilitate the transfer of technologies to
15 United States businesses and entrepreneurs and to
16 assist in their commercialization;

17 (5) finance the technology transfer and com-
18 mercialization initiatives contained in this Act by es-
19 tablishing an alternative minimum tax on corpora-
20 tions importing products into the United States at
21 artificially inflated prices;

22 (6) achieve greater effectiveness in facilitating
23 the commercialization of patents, licenses, tech-
24 nologies, and processes through the utilization of the

1 private sector corporate structure and profit incen-
2 tive; and

3 (7) foster United States economic growth and
4 the creation of new employment opportunities for
5 American workers in good paying jobs, while
6 strengthening and enhancing the manufacturing pre-
7 eminence of the United States into the 21st Cen-
8 tury.

9 **SEC. 4. DEFINITIONS.**

10 For purposes of this Act:

11 (1) SECRETARY.—The term “Secretary” means
12 the Secretary of Commerce.

13 (2) CORPORATION.—The term “Corporation”
14 means the Technology Transfer and Commercializa-
15 tion Financing Corporation established under title II
16 of this Act.

17 (3) BOARD.—The term “Board” means the
18 board of directors of the Transfer and Commer-
19 cialization Financing Corporation.

20 (4) FUND.—The term “Fund” means the Tech-
21 nology Transfer Investment Fund established under
22 section 302.

23 (5) QUALIFIED CONCERN.—The term “qualified
24 concern” means a United States based consortia, a
25 private United States business, or an educational in-

1 stitution participating in a joint project with one or
2 more private United States businesses, for the devel-
3 opment and commercialization of patents, licenses,
4 processes, technologies—

5 (A) owned or held in whole or part by Fed-
6 eral departments, agencies, or government con-
7 trolled corporations,

8 (B) developed in Federal laboratories,

9 (C) arising in the course of federally fund-
10 ed research at educational institutions, other
11 units of government, or with private concerns,
12 or

13 (D) which are made available to the Fed-
14 eral Government by private concerns.

15 (6) ACADEMY.—The term “Academy” means
16 the National Academy of Sciences.

17 **TITLE I—CONSOLIDATION OF**
18 **INFORMATION ON TECHNOLOGIES**

19 **SEC. 101. ESTABLISHMENT OF DATA BASE.**

20 The Secretary of Commerce shall establish and main-
21 tain an integrated, comprehensive data base describing all
22 patents, licenses, technologies, and processes owned, or
23 held in whole or part, by the Federal Government, or
24 which originated in the course of federally funded research
25 to which the Federal Government has an interest.

1 **SEC. 102. STANDARDIZATION AND ACCESSIBILITY OF IN-**
2 **FORMATION.**

3 (a) STANDARDIZATION AND ACCESSIBILITY OF IN-
4 FORMATION.—The Secretary shall take such steps as are
5 necessary to ensure that the information contained in the
6 data base established under section 101—

7 (1) is in a standardized form, and

8 (2) is accessible and usable in a manner as sim-
9 ple and easy to use as possible, recognizing the
10 needs of small- and medium-sized businesses.

11 (b) RESPONSIBILITIES.—In carrying out this title,
12 the Secretary shall—

13 (1) consult with and, to the extent practicable,
14 utilize the capabilities of other executive agencies, as
15 appropriate, to ensure the efficient and effective im-
16 plementation of this section; and

17 (2) explore, with other executive agencies, ways
18 to avoid duplication of effort by consolidating the
19 administration of the program established by this
20 section with any other similar Federal program, and
21 as part of such consolidation may delegate adminis-
22 trative functions, as necessary and appropriate, to
23 another executive agency.

24 (c) OTHER FEDERAL AGENCIES.—Other executive
25 agencies shall provide such information, and in such form,

1 as determined by the Secretary and shall cooperate with
2 the Secretary in carrying out this section.

3 **SEC. 103. ACCESS TO THE DATA BASE.**

4 (a) ACCESS TO THE DATA BASE BY THE CORPORA-
5 TION.—Except as provided in subsection (c), the Secretary
6 shall provide unlimited access to the data base established
7 under this title to the Technology Transfer and Commer-
8 cialization Financing Corporation established under title
9 II, without fee, to assist the Corporation in meeting its
10 responsibilities under this Act.

11 (b) ACCESS TO THE DATA BASE BY THE PUBLIC.—
12 Except as provided in subsection (c), the Secretary shall,
13 by regulation, develop and implement procedures provid-
14 ing for access to the data base established under this title
15 to members of the general public.

16 (c) RESTRICTIONS.—If, in consultation with the
17 heads of other executive agencies, the Secretary deter-
18 mines that access by the Corporation or any other person
19 to information contained in the data base established
20 under this title would—

21 (1) threaten national security,

22 (2) violate the proprietary rights of any private
23 interest, or

24 (3) be otherwise inappropriate

1 the Secretary shall take such steps as may determine to
2 be appropriate to limit access to the information in the
3 data base described in paragraphs (1), (2), or (3) of this
4 subsection to the Corporation or any other person.

5 **SEC. 104. REVIEW OF CURRENT FEDERAL TECHNOLOGY**
6 **TRANSFER EFFORTS.**

7 (a) IN GENERAL.—The Secretary shall conduct a re-
8 view of the technology transfer activities within all Federal
9 departments, agencies, and laboratories, or which are oth-
10 erwise supported by Federal funds. This review shall iden-
11 tify those activities which may overlap or duplicate the
12 technology transfer and commercialization activities pro-
13 vided for under this Act.

14 (b) REPORTS.—The Secretary shall issue a report to
15 the United States House of Representatives and the Sen-
16 ate, not later than one year following the enactment of
17 this Act, detailing—

18 (1) the findings of the review directed under
19 subsection (a),

20 (2) the funding levels of each existing Federal
21 technology transfer and commercialization activities,
22 and

23 (3) recommendations for the modification or
24 elimination of any existing Federal technology trans-
25 fer and commercialization activities which he finds

1 to be duplicative of the activities provided for under
2 this Act.

3 **SEC. 105. EXERCISE OF MARCH-IN RIGHTS; REASSIGNMENT**
4 **OF LICENSING RESPONSIBILITIES.**

5 35 U.S.C. 207(b) is amended by inserting the follow-
6 ing new paragraph—

7 “(4) develop uniform regulations for all Federal
8 agencies which have conveyed title to a subject in-
9 vention under this chapter requiring such agencies
10 to exercise their rights under section 203(l)(a) with-
11 in a specified period of time, and, if so directed by
12 the Secretary, to transfer the responsibility for the
13 granting of a nonexclusive, partially exclusive, or ex-
14 clusive license to a subject invention to such organi-
15 zation as the Secretary may designate.”.

16 **TITLE II—TECHNOLOGY TRANSFER AND**
17 **COMMERCIALIZATION FINANCING**
18 **CORPORATION**

19 **SEC. 201. ESTABLISHMENT OF CORPORATION.**

20 (a) IN GENERAL.—There shall be established a Tech-
21 nology Transfer and Commercialization Financing Cor-
22 poration. The Corporation shall be operated for the pur-
23 pose of fostering economic growth, creating new employ-
24 ment opportunities, and strengthening the industrial base
25 of the United States by providing credit for businesses and

1 by facilitating the transfer and commercialization of pat-
2 ents, licenses, processes, and technologies—

3 (1) owned or held in whole or part by Federal
4 departments, agencies, or government controlled cor-
5 porations,

6 (2) developed in Federal laboratories,

7 (3) arising in the course of federally funded re-
8 search at educational institutions, other units of gov-
9 ernment, or with private concerns, and

10 (4) which are made available by private con-
11 cerns.

12 (b) CORPORATION NOT AN ESTABLISHMENT OF THE
13 UNITED STATES.—The Corporation shall not be an agen-
14 cy or establishment of the United States.

15 **SEC. 202. PROCESS OF ORGANIZATION.**

16 (a) INCORPORATION.—The Secretary of Commerce,
17 the Secretary of the Treasury, and the Secretary of Labor
18 shall serve as the incorporators of the Technology Trans-
19 fer and Commercialization Financing Corporation, who
20 shall serve as the initial board of directors until their suc-
21 cessors are elected and qualified. Such incorporators shall
22 take whatever other actions are necessary to establish the
23 corporation, including the filing of articles of incorpora-
24 tion.

25 (b) OWNERSHIP OF THE CORPORATION.

1 (1) The Federal Government shall retain a 60
2 percent non-voting equity ownership of the Corpora-
3 tion, except as otherwise provided under this Act.

4 (2) Within 6 months of the date of enactment,
5 the Secretary of Commerce shall solicit proposals for
6 the sale of the remaining 40 percent of the equity
7 ownership in the Corporation to a United States pri-
8 vate entity or consortium which will assume the
9 management and operation of the Corporation. Such
10 final sale shall be completed within 12 months of the
11 date of enactment.

12 (3) Any subsequent stock offering in the Cor-
13 poration will be managed in such manner that 60
14 percent of such offering is conveyed as non-voting
15 equity ownership, without cost, to the Federal Gov-
16 ernment.

17 (c) SELECTION CRITERIA AND PROCEDURES FOR
18 THE SALE OF 40 PERCENT OF THE EQUITY IN THE COR-
19 PORATION.—

20 (1) IN GENERAL.—The President, in consulta-
21 tion with the Secretary of Commerce, shall make the
22 final selection of a proposal for the sale of 40 per-
23 cent of the equity in the Corporation, as provided
24 under subsection (b)(2).

1 (2) CRITERIA FOR SELECTING A PROPOSAL TO
2 RECOMMEND TO THE PRESIDENT.—In selecting a
3 proposal to recommend to the President for the sale
4 of 40 percent of the equity in the Corporation, as
5 described in paragraph (1), the Secretary of Com-
6 merce shall take into consideration the following fac-
7 tors—

8 (A) the quality of the operational plan,

9 (B) the soundness of the financing of the
10 organization and of the operational plan,

11 (C) the qualifications of, and the diversity
12 of talents and skills represented by, the submit-
13 ters of the proposal, including the extent to
14 which a combination of organizations is submit-
15 ting a joint proposal, and

16 (D) whether a State government, or unit of
17 a State government, is participating financially
18 with the organization submitting a proposal,

19 (E) the intentions of the submitters of the
20 proposal to locate the headquarters of the Cor-
21 poration in an area which is not located in the
22 50 largest Metropolitan Statistical Areas, based
23 on the 1990 Census, and

1 (F) such other factors as the Incorporators
2 determine to be appropriate in meeting the ob-
3 jectives of this Act.

4 (3) PROCEDURES FOR SELECTING A PROPOSAL
5 TO RECOMMEND TO THE PRESIDENT.—In selecting a
6 proposal to recommend to the President for the sale
7 of 40 percent of the equity in the Corporation, as
8 described in paragraph (1), the Secretary of Com-
9 merce shall ensure that in the selection process—

10 (A) not less than 3 proposals are identified
11 as proposals to receive further consideration, as
12 provided under subparagraphs (B) and (C):
13 *Provided, however,* That if less than 3 proposals
14 are submitted each of the proposals shall re-
15 ceive such further consideration,

16 (B) a review procedure is implemented
17 under which the sponsors of the proposals iden-
18 tified in subparagraph (A) are provided an op-
19 portunity to make personal presentations of
20 their proposals to the Secretary or his designee,
21 and

22 (C) individual negotiations for the revision
23 of proposals identified in subparagraph (A) may
24 be entered into.

1 (d) CONVERSION OF NON-VOTING EQUITY TO VOT-
2 ING EQUITY.—Prior to the solicitation for proposals, as
3 provided under subsection (b)(2), the Secretary shall, by
4 regulation, issue rules setting forth the circumstances
5 under which the Federal Government’s 60 percent non-
6 voting equity ownership may be converted into voting eq-
7 uity ownership in order to meet the objectives of this Act
8 or otherwise protect the interests of the American tax-
9 payers.

10 **SEC. 203. DIRECTORS, OFFICERS, AND EMPLOYEES.**

11 (a) BOARD OF DIRECTORS.—

12 (1) APPOINTMENT AND NUMBER.—The Cor-
13 poration shall have a board of directors consisting of
14 individuals who are citizens of the United States, of
15 whom one shall be elected by the board to serve as
16 chairman. The members of the board shall be elected
17 annually by the stockholders of the Corporation.

18 (2) NO CONFLICT OF INTEREST.—A director
19 may not participate in the deliberations on, or vote
20 on, a matter regarding an application, claim, or
21 other matter pending before the Corporation if, to
22 his knowledge, he, his spouse, minor child, parent,
23 sibling, partner, or organization, other than the Cor-
24 poration, in which he is serving as an officer, direc-
25 tor, trustee, partner, or employee, or any person

1 with whom he is negotiating or has any arrangement
2 concerning perspective employment, has a financial
3 interest in the matter. A director who violates this
4 paragraph shall be subject to removal from the
5 Board, but such a violation shall not impair, nullify,
6 or otherwise affect the validity of any otherwise law-
7 ful action by the Corporation in which such director
8 participated.

9 (3) COMPENSATION OF THE BOARD.—The rate
10 of compensation of members of the Board shall be
11 fixed by the stockholders of the Corporation. Funds
12 for such compensation shall be drawn exclusively
13 from the capital and earnings of the Corporation
14 and shall not be drawn from moneys contained in
15 the Fund established under title III.

16 (4) BYLAWS.—The Board is empowered to
17 adopt and amend bylaws governing the operation of
18 the Corporation. Such bylaws shall not be inconsis-
19 tent with the provisions of this title or the articles of
20 incorporation of the Corporation.

21 (b) OFFICERS AND EMPLOYEES.—

22 (1) APPOINTMENT.—The Board shall appoint a
23 chief executive officer, who shall have the authority
24 to appoint such other officers and employees as he

1 deems necessary to carry out the provisions of this
2 Title and the functions of the Corporation.

3 (2) NO CONFLICT OF INTEREST.—An officer or
4 employee may not participate in a matter regarding
5 an application, claim, or other matter pending before
6 the Corporation if, to his knowledge, he, his spouse,
7 minor child, parent, sibling, partner, or organization,
8 other than the Corporation, in which he is serving
9 as an officer, director, trustee, partner, or employee,
10 or any person with whom he is negotiating or has
11 any arrangement concerning perspective employ-
12 ment, has a financial interest in the matter. An offi-
13 cer or employee who violates this paragraph shall be
14 subject to termination, but such a violation shall not
15 impair, nullify, or otherwise affect the validity of any
16 otherwise lawful action by the Corporation in which
17 such officer or employee participated.

18 (3) COMPENSATION OF OFFICERS AND EMPLOY-
19 EES.—The rate of compensation of the chief execu-
20 tive officer, and all officers and employees, of the
21 Corporation shall be fixed by the board. Provided,
22 however, that at its discretion, the Board may dele-
23 gate to the chief executive officer, subject to the pro-
24 visions of paragraph (2), the authority to fix the

1 rate of compensation for other offices and employ-
2 ees.

3 (4) SOURCE OF FUNDS FOR COMPENSATION.—
4 Funds for compensation for the chief executive offi-
5 cer, and for all officers and employees, shall not be
6 drawn from moneys contained in the Fund estab-
7 lished under title III.

8 (5) TENURE.—Officers and employees shall
9 serve at the pleasure of the Board.

10 **SEC. 204. GENERAL POWERS.**

11 The corporation shall have the power to do the follow-
12 ing:

13 (1) Have succession in the name of the Cor-
14 poration.

15 (2) Adopt, alter, and use a corporate seal.

16 (3) Sue and be sued in the name of the Cor-
17 poration.

18 (4) Make and carry out contracts.

19 (5) Exercise such other incidental powers not
20 inconsistent with this title that are necessary or ap-
21 propriate to carry out the purposes and functions of
22 the Corporation, including the usual powers con-
23 ferred upon a corporation by the District of Colum-
24 bia Business Corporation Act.

25 (6) Modify the name of the Corporation.

1 **SEC. 205. PROMOTION OF TECHNOLOGIES.**

2 (a) **MARKETING OF TECHNOLOGIES.**—The Corpora-
3 tion shall undertake an aggressive, multifaceted outreach
4 program to increase awareness of the availability of pat-
5 ents, licenses, processes, and technologies to qualified con-
6 cerns under this Act. This program shall emphasize the
7 use of new information technologies, including the utiliza-
8 tion of cable television and the modern electronic media,
9 and the data base established under title I.

10 (b) **UTILIZATION OF CABLE TELEVISION.**—

11 (1) In implementing the outreach program pro-
12 vided under subsection (a) the Corporation shall
13 enter into contracts for the establishment of a cable
14 television network devoted to marketing efforts for
15 the commercialization of patents, licenses, processes,
16 and technologies—

17 (A) owned or held in whole or part by Fed-
18 eral departments, agencies, or government con-
19 trolled corporations,

20 (B) developed in Federal laboratories,

21 (C) arising in the course of federally fund-
22 ed research at educational institutions, other
23 units of government, or with private concerns,
24 and

25 (D) which are otherwise made available to
26 the government by private concerns.

1 (2) Under terms negotiated between the Sec-
2 retary and the Corporation, the Secretary is author-
3 ized to make payments to the Corporation, from the
4 Fund established under title III, or from other au-
5 thorized funds, for promotional fees for the produc-
6 tion of segments for broadcast over cable television,
7 or other appropriate media, which identify—

8 (A) the technologies described in para-
9 graph (1),

10 (B) their potential commercial applica-
11 tions, and

12 (C) methods available for obtaining addi-
13 tional information on the technologies.

14 (c) TECHNICAL ASSISTANCE.—The Corporation
15 shall, upon request, provide technical assistance and serv-
16 ices, as appropriate and needed, to qualified concerns
17 under this title. The Corporation may charge fees for tech-
18 nical assistance and services provided under this section
19 in amounts sufficient to cover the reasonable cost of such
20 assistance and services. The Corporation may waive such
21 fees on a case-by-case basis.

22 (d) OUTREACH TO SPECIFIC AREAS.—The Corpora-
23 tion shall seek to ensure that qualified concerns located
24 in areas determined by the Secretary of Commerce to—

1 (1) have a depressed economy or chronically
2 high unemployment,

3 (2) have been adversely affected by the loss of
4 jobs attributable to the North American Free Trade
5 Agreement, or

6 (3) be designated Federal empowerment zones
7 or enterprise communities,

8 are notified of the availability assistance through the pro-
9 gram established under this title and, to the extent prac-
10 ticable, to encourage and facilitate the participation of
11 such qualified concerns in such program.

12 **SEC. 206. AUTHORITY TO REPRESENT THE GOVERNMENT.**

13 (a) IN GENERAL.—In accordance with regulations
14 promulgated by the Secretary, the Corporation shall act
15 as the sole agent, and represent the interests, of the Fed-
16 eral Government in facilitating the transfer of patents, li-
17 censes, processes, and technologies to qualified concerns
18 under this Act.

19 (b) RIGHTS OF QUALIFIED CONCERNS.—In accord-
20 ance with regulations promulgated by the Secretary, the
21 Corporation is authorized to convey, to qualified concerns,
22 under terms and conditions to be negotiated between the
23 Corporations and qualified concerns, title, exclusive li-
24 cense, non-exclusive license, or other rights which may be
25 necessary and appropriate to facilitate the commercializa-

1 tion of patents, licenses, processes, and technologies as
2 provided under this Act.

3 (c) MINIMUM RIGHTS OF THE FEDERAL GOVERN-
4 MENT.—In the conveyance of rights to qualified concerns
5 as provided for under subsection (b), the Corporation shall
6 ensure the following:

7 (1) The conveyance agreement contains lan-
8 guage providing for the right of the Corporation to
9 revoke the rights provided under subsection (b) if—

10 (A) the qualified concern does not dem-
11 onstrate that it is undertaking a good faith ef-
12 fort to achieve the commercialization of the pat-
13 ent, license, process, or technology; or

14 (B) the Secretary certifies that the inter-
15 ests of national security or the general welfare
16 of the American people necessitates the revoca-
17 tion of such rights.

18 (2) The Federal Government retains a license
19 to such patents, processes, and technologies for its
20 own use.

21 (3) The Federal Government receives in com-
22 pensation for the conveyance of such rights—

23 (A) royalty fees,

24 (B) partial equity ownership in the quali-
25 fied concerns to whom such rights are conveyed,

1 (C) the right to share in the earnings of
2 the qualified entity proportionate to the value of
3 the rights so conveyed, or

4 (D) a sum of money or other compensation
5 that the Corporation determines to be appro-
6 priate.

7 **SEC. 207. FINANCING OF CORPORATION.**

8 (a) CAPITAL STOCK.—The corporation is authorized
9 to issue and have outstanding, in such amounts as it shall
10 determine, shares of capital stock, without par value,
11 which shall carry voting rights and be eligible for divi-
12 dends.

13 (b) NONVOTING SECURITY ISSUES AND CERTIFI-
14 CATES OF INDEBTEDNESS.—The corporation is author-
15 ized to issue, in addition to the stock authorized by sub-
16 section (a) of this section, nonvoting securities, bonds, de-
17 bentures, and other certificates of indebtedness as it may
18 determine.

19 **SEC. 208. CONSULTATION WITH FEDERAL AGENCIES, AND**
20 **WITH PRIVATE PARTIES.**

21 (a) CONSULTATION WITH FEDERAL AGENCIES.—In
22 carrying out this title, the Board and the Corporation
23 shall consult frequently with the Department of Com-
24 merce, and such Federal agencies and departments as is
25 appropriate, to ensure coordination and the maximum uti-

1 lization of all related Federal resources to promote tech-
2 nology transfer and commercialization.

3 (b) SECURITY CLEARANCE FOR CERTAIN OFFI-
4 CERS.—Officers of the Corporation with the appropriate
5 national security clearances shall have access to informa-
6 tion in the data base, established under title I, which has
7 been otherwise restricted because of national security con-
8 siderations. If such officers, upon review of information
9 on technologies which have been restricted in the data
10 base, have reason to believe that information on selected
11 technologies has been unnecessarily restricted, the officers
12 shall so inform the Secretary and request that the Sec-
13 retary review the appropriateness of the restriction on in-
14 formation.

15 (c) CONSULTATION WITH PRIVATE PARTIES.—In
16 carrying out this title, the Board and the Corporation
17 shall solicit comments from private parties, including rep-
18 resentatives of finance, industry, and organized labor on
19 the role of the Corporation and the needs of private par-
20 ties.

21 **SEC. 209. REVIEW OF CORPORATION.**

22 (a) NATIONAL ACADEMY OF SCIENCES REVIEW.—
23 Not later than 9 years after the date of enactment of this
24 Act, the National Academy of Sciences shall conduct a re-

1 view of the performance of the Corporation to determine
2 whether the Corporation—

3 (1) has had an overall positive effect on the
4 ability of United States industry to commercialize
5 and adopt new technologies;

6 (2) has invested in projects that exhibited a
7 reasonable potential for success;

8 (3) has successfully promoted and facilitated
9 the transfer and commercialization of patents, li-
10 censes, processes, and technologies developed in Fed-
11 eral laboratories, arising in the course of federally
12 funded research at colleges and universities, other
13 units of government, or with private concerns, and
14 which are made available by private concerns; and

15 (4) should be terminated.

16 (b) REPORT.—Upon completion of the review re-
17 ferred to in subsection (a), the Academy shall submit a
18 report to the President, the Congress, and the Corpora-
19 tion. If the Academy determines that the Corporation
20 should be terminated, the report shall include a rec-
21 ommended termination date.

22 **SEC. 210. AUDIT BY COMPTROLLER GENERAL.**

23 The Comptroller General of the United States is au-
24 thorized to audit the financial transactions of the Corpora-
25 tion. For the purposes of carrying out such an audit, the

1 Comptroller General shall have access to all books,
2 records, and property belonging to, or in the possession
3 of, the Corporation. In the case of a person or entity which
4 has entered into a financial relationship with the Corpora-
5 tion, the Comptroller General shall have access only to
6 those books, records, and property belonging to, or in the
7 possession of, the person or entity which pertain to the
8 Corporation and which are necessary to carry out the
9 audit. The Comptroller General shall make a report of
10 each such audit to the Congress and the President.

11 **SEC. 211. REPORTS.**

12 (a) INITIAL REPORT.—The Corporation shall, after
13 the completion of the 4th year after the date of enactment
14 of this Act, submit a report to the President and the Con-
15 gress concerning the activities of the Corporation in carry-
16 ing out the purposes of this Act. Such report shall include
17 a description of the activities, expenditures, and invest-
18 ments of the Corporation, and analysis of the rate of re-
19 turn of projects in which the Corporation participated, and
20 projections of future activities, expenditures, and invest-
21 ments.

22 (b) PREREVIEW REPORT.—The Corporation shall,
23 not later than 8 years after the date of enactment of this
24 Act, submit a report to the President and the Congress.

1 Such report shall contain the type of information referred
2 to in subsection (a).

3 **SEC. 212. ADMINISTRATION.**

4 (a) HEARINGS.—The Board may hold such hearings,
5 sit and act at such times and places, take such testimony,
6 receive such evidence, and publish or otherwise distribute
7 so much of its proceedings and reports as it may deem
8 advisable.

9 (b) OFFICE SPACE AND EQUIPMENT.—The Board
10 may acquire, furnish, and equip such office space as it
11 determines necessary.

12 (c) NECESSARY EXPENSES.—The Board may incur
13 such necessary expenses and exercise such powers as are
14 consistent and reasonably required to perform its func-
15 tions.

16 (d) RECORDS.—To the extent permitted by law, all
17 appropriate records and papers of the Board shall be made
18 available for public inspection.

19 (e) AID FROM FEDERAL AGENCIES.—Upon the re-
20 quest of the Board, the head of a Federal department or
21 agency is authorized to—

22 (1) furnish to the Board such information as
23 the Board deems necessary for carrying out its func-
24 tions and as is available to the agency; and

1 (2) detail for temporary duty, on a reimburs-
2 able basis, such personnel as the Board deems nec-
3 essary to carry out its functions.

4 **SEC. 213. MISCELLANEOUS PROVISIONS.**

5 (a) JURISDICTION.—

6 (1) IN GENERAL.—Whenever the Corporation is
7 a party to any civil action under this title, such ac-
8 tion shall be deemed to arise under the laws of the
9 United States. No attachment or execution may be
10 issued against the Corporation, or any property
11 thereof, prior to entry of final judgment.

12 (2) CITIZENSHIP OF CORPORATION.—The Cor-
13 poration shall be deemed to be a citizen only of the
14 District of Columbia for the purpose of determining
15 the original jurisdiction of the district courts of the
16 United States in civil actions to which the Corpora-
17 tion is a party.

18 (b) BUSINESS ACTIVITY AND QUALIFICATION.—The
19 Corporation shall be deemed to be qualified to do business
20 in each State in which it performs any activity authorized
21 under this title.

1 **TITLE III—COMMERCIALIZATION**
2 **FINANCING**

3 **SEC. 301. TECHNOLOGY TRANSFER INVESTMENT FUND.**

4 (a) ESTABLISHMENT OF FUND.—There is estab-
5 lished in the Treasury of the United States the Technology
6 Transfer Investment Fund. The Fund shall be adminis-
7 tered by the Technology Transfer and Commercialization
8 Financing Corporation, as provided in title II, in order
9 to carry out the purposes of this Act. The Fund shall con-
10 sist of the amounts appropriated under subsection (b).

11 (b) AUTHORIZATION OF APPROPRIATION.—There is
12 authorized to be appropriated to the Fund, to remain
13 available until expended, \$3,000,000,000 for fiscal year
14 1995, \$3,000,000,000 for fiscal year 1996,
15 \$3,000,000,000 for fiscal year 1997, \$3,000,000,000 for
16 fiscal year 1998, and \$3,000,000,000 for fiscal year 1999.

17 (c) EXPENDITURES FROM THE FUND.—Amounts in
18 the Fund shall be made available without fiscal year limi-
19 tation to the Corporation for the purposes of promoting
20 the transfer and commercialization of technologies, as pro-
21 vided under section 205, and for providing financial sup-
22 port, through direct investment, loans, loan guarantees,
23 licenses, equity positions, and joint venture partnerships,
24 to United States based consortia, private United States
25 businesses, and educational institutions participating in

1 joint projects with private United States businesses, for
2 the development and commercialization of patents, li-
3 censes, processes, and technologies—

4 (1) owned or held in whole or part by Federal
5 departments, agencies, or government controlled cor-
6 porations,

7 (2) developed in Federal laboratories,

8 (3) arising in the course of federally funded re-
9 search at educational institutions, other units of gov-
10 ernment, or with private concerns, or

11 (4) which are otherwise made available by pri-
12 vate concerns.

13 (d) INVESTMENT OF EXCESS FUNDS.—If the Cor-
14 poration determines that the amount of money in the
15 Fund exceeds the current requirements of the Corpora-
16 tion, the Corporation may direct the Secretary of the
17 Treasury to invest such amounts as the Corporation
18 deems advisable, for such period as the Corporation di-
19 rects, in obligations of the United States, in obligations
20 guaranteed by the United States Government, or in such
21 other obligations or securities of the United States as the
22 Secretary of the Treasury deems appropriate.

23 **SEC. 302. LOAN AND LOAN GUARANTEE AUTHORITY.**

24 Funds authorized under section 301 may be used by
25 the Corporation to enter into agreements to make loans

1 and loan guarantees, either directly or in cooperation with
2 other lenders, to small- and medium-sized qualified con-
3 cerns based in the United States, and for operations lo-
4 cated in the United States, in accordance with this title.

5 **SEC. 303. TERMS AND CONDITIONS.**

6 Loans and loan guarantees made under section 302
7 shall be in such form and manner and under such terms
8 and conditions as the Corporation may prescribe, and shall
9 be subject to the following terms and conditions:

10 (1) Loans awarded or guaranteed shall be for
11 sound financing of development, demonstration, uti-
12 lization, or commercialization of technologies.

13 (2) Loans shall only be awarded or guaranteed
14 if the Corporation finds that—

15 (A) sufficient collateral, which may include
16 both tangible and intangible assets, is pledged;
17 or

18 (B) the borrower is sufficiently financially
19 sound, to reasonably ensure repayment.

20 (3) Loans awarded or guaranteed shall be sen-
21 ior to any other debt obligations of the borrower, ex-
22 cept to the extent that the Corporation considers
23 necessary to accommodate the borrower's ability to
24 raise sufficient debt or equity capital from other

1 non-Federal sources to pay the balance of eligible
2 project costs that are not covered by such loans.

3 (4) Interest on a loan, or portion of a loan,
4 awarded or guaranteed by the Corporation under
5 this title shall be at a rate, at the time such loan
6 is made, to equal the then current average market
7 yield on outstanding debt obligations of the United
8 States with remaining periods to maturity com-
9 parable to the maturity of such loan, plus an addi-
10 tional charge of up to 1 percent applied by the Cor-
11 poration to cover expected defaults and reasonable
12 administrative costs of carrying out this title.

13 (5) Except as provided in paragraph (6), the
14 maturity of loans awarded or guaranteed under this
15 subtitle may not be less than 2 years or greater
16 than—

17 (A) 10 years; or

18 (B) the useful life of property, plant,
19 equipment, or other assets, as determined by
20 the Corporation, which have been pledged as
21 collateral for such loan,

22 whichever is greater.

23 (6) The Corporation may extend the maturity
24 of or renew a loan or extend the guarantee of a loan
25 for additional periods, not to exceed 5 years, only if

1 such extension or renewal will aid in the orderly liq-
2 uidation of such loan.

3 (7) Payment of interest on direct loans made by
4 the Corporation under this title may be deferred by
5 the borrower, upon approval by the Corporation,
6 only to the extent that the borrower has established
7 to the satisfaction of the Corporation that the bor-
8 rower has not realized sufficient earnings and re-
9 turns of capital to make such payment without in-
10 ccurring undue financial hardship, and that there is
11 a reasonable prospect that such loan and interest
12 thereon will be repaid.

13 (8) The Corporation may guarantee payment of
14 up to 100 percent of principal and interest on a loan
15 made under section 302.

16 (9) The Corporation may establish, charge, and
17 regulate fees to cover loan origination and servicing
18 costs that are reasonable and necessary.

19 **SEC. 304. EQUITY INSTRUMENTS PURCHASE OR GUARAN-**
20 **TEE AUTHORITY.**

21 (a) **AUTHORITY TO PURCHASE AND GUARANTEE EQ-**
22 **UITY INSTRUMENTS.**—For the purposes of this Act, the
23 Corporation may purchase or commit to purchase
24 nonvoting equity instruments, with or without equity war-
25 rants, or commit to guarantee, the payment of 100 percent

1 of the redemption price of, and dividends on, such equity
2 instruments of United States based consortia, private
3 United States businesses, and educational institutions
4 participating in joint projects with private United States
5 businesses for the development and commercialization in
6 the United States of patents, licenses, processes, and tech-
7 nologies—

8 (1) owned or held in whole or part by Federal
9 departments, agencies, or government controlled cor-
10 porations,

11 (2) developed in Federal laboratories,

12 (3) arising in the course of federally funded re-
13 search at educational institutions, other units of gov-
14 ernment, or with private concerns, or

15 (4) which are made available by private con-
16 cerns.

17 (b) TERMS AND CONDITIONS OF EQUITY INSTRU-
18 MENTS—

19 (1) Guarantees and purchases of equity instru-
20 ments, or commitments to make such guarantees
21 and purchases, under this section may be made on
22 such terms and conditions as the Corporation shall
23 set forth in contract and to protect the interests of
24 taxpayers and the United States in the event of de-
25 fault or otherwise.

1 (2)(A) Except as provided in subparagraph (B),
2 equity instruments purchased or guaranteed under
3 this section shall be senior in priority for all pur-
4 poses to all non-Federal equity interests in a licensee
5 unless the Corporation, in the exercise of reasonable
6 investment prudence and in considering the financial
7 soundness of the qualified concern, determines oth-
8 erwise.

9 (B) The equity interests of a university or con-
10 sortium of universities, or of a State or instrumen-
11 tality of a State, in a qualified concern shall be
12 equal in priority to Federal equity interests for all
13 purposes unless the Corporation, in the exercise of
14 reasonable investment prudence and in considering
15 the financial soundness of the qualified concern, de-
16 termines otherwise.

17 (3) Equity instruments purchase or guaranteed
18 under this section shall be redeemed not later than
19 10 years after their date of issuance for an amount
20 equal to 100 percent of the original issue price plus
21 any accrued and unpaid dividends. In order to facili-
22 tate the orderly liquidation of a qualified concern's
23 investments, redemption of such equity instruments
24 may be extended by mutual consent for no more
25 than 5 years beyond such expiration date.

1 (4) The payment of dividends on equity instru-
2 ments purchased or guaranteed under this section
3 may be deferred by the qualified concern until such
4 time as, and to the extent that, the qualified concern
5 realizes earnings and returns of capital available for
6 distribution. Accumulated and unpaid dividends on
7 such equity instruments shall be paid by the quali-
8 fied concern before or at the time of redemption of
9 the equity instruments and before any distribution
10 of net realized earnings and returns of capital of the
11 qualified concern to its non-Federal equity investors.

12 (5) For purposes of this subsection, the term
13 “dividends” means dividends on preferred stock and
14 returns on preferred limited partnership interests or
15 other similar securities.

16 (c) USE OF PAYMENTS.—Amounts received by the
17 Corporation from the payment of dividends and the re-
18 demption of equity instruments pursuant to this section
19 shall be divided as follows:

20 (1) 60 percent of such amounts shall be depos-
21 ited in the Technology Transfer Investment Fund
22 and shall be available solely for carrying out the pur-
23 poses of this Act.

1 (2) 40 percent of such amounts shall be treated
2 as earnings of the Corporation and available for dis-
3 tribution as determined by the Board.

4 **SEC. 305. TECHNICAL ASSISTANCE FOR LENDERS AND BOR-**
5 **ROWERS.**

6 The Corporation shall, upon request, provide tech-
7 nical assistance and services, as appropriate and needed,
8 to lenders and borrowers under this title, and shall ensure
9 that such lenders and borrowers have ready access to ap-
10 propriate assistance in order to aid such lenders and bor-
11 rowers in achieving the purposes of this Act. The Corpora-
12 tion may charge fees for technical assistance and services
13 provided under this section in amounts sufficient to cover
14 the reasonable cost of such assistance and services. The
15 Corporation may waive such fees on a case-by-case basis.

16 **SEC. 306. OUTREACH TO SPECIFIC AREAS.**

17 The Corporation shall seek to ensure that qualified
18 concerns located in areas determined by the Secretary of
19 Commerce to—

20 (1) have a depressed economy or chronically
21 high unemployment,

22 (2) have been adversely affected by the loss of
23 jobs attributable to the North American Free Trade
24 Agreement, or

1 (3) be designated Federal empowerment zones
2 or enterprise communities,
3 are notified of the availability assistance through the pro-
4 gram established under this title and, to the extent prac-
5 ticable, to encourage and facilitate the participation of
6 such qualified concerns in such program.

7 **SEC. 307. LIABILITY.**

8 Nothing in this title or in any other provision of law
9 imposes any liability on the United States with respect to
10 any obligations entered into, or stocks issued, or commit-
11 ments made, by the Corporation or any qualified concern
12 operating under the provisions of this title.

13 **SEC. 308. INJUNCTIVE RELIEF.**

14 If the Corporation determines that a qualified con-
15 cern has engaged, or is about to engage, in any acts or
16 practices which constitute a violation of any provision of
17 this title, or of any provision of a contract entered into
18 under authority provided under this title, the Corporation
19 may apply to the appropriate district court of the United
20 States for injunctive relief.

21 **SEC. 309. PERFORMANCE MEASURES; ANNUAL REPORT.**

22 (a) PERFORMANCE MEASURES.—The performance of
23 the program established under this title shall be evaluated
24 relative to progress made in achieving its purposes and
25 shall be measured in relevant and meaningful terms such

1 as significant accomplishments in advancing technology,
2 businesses formed and financed, jobs created, taxes gen-
3 erated, licenses granted and maintained, capital invested,
4 and other criteria the Secretary may deem appropriate.

5 (b) ANNUAL REPORT.—The Secretary shall prepare
6 and submit annually a report to the Congress containing
7 a full and detailed account of operations under this title.
8 Such report shall include—

9 (1) an assessment of progress made in achiev-
10 ing the purposes of this subtitle;

11 (2) performance measures established under
12 subsection (a);

13 (3) an audit setting forth the amount, type, re-
14 cipient, and source of disbursements, receipts, and
15 losses sustained by the Corporation as a result of
16 operations under this title during the preceding fis-
17 cal year and since inception of the program;

18 (4) the Corporation's plans to ensure the provi-
19 sion of financing to all areas of the country and to
20 all qualified concerns, and plans to notify and to en-
21 courage and facilitate the participation of qualified
22 concerns, including steps taken to accomplish those
23 goals;

1 (5) steps taken by the Corporation to carry out
2 this title and to ensure compliance with statutory
3 and regulatory standards relating thereto; and

4 (6) recommendations with respect to program
5 changes, statutory changes, and other matters, in-
6 cluding tax incentives, to improve and facilitate the
7 operations of the Corporation and to encourage the
8 use of its financing facilities by qualified concerns.

9 **TITLE IV—ALTERNATIVE MINIMUM TAX**
10 **ON CORPORATIONS IMPORTING PROD-**
11 **UCTS INTO THE UNITED STATES**

12 **SEC. 401. ALTERNATIVE MINIMUM TAX ON CORPORATIONS**
13 **IMPORTING PRODUCTS INTO THE UNITED**
14 **STATES AT ARTIFICIALLY INFLATED PRICES.**

15 (a) IN GENERAL.—Subchapter A of chapter 1 of the
16 Internal Revenue Code of 1986 (relating to determination
17 of tax liability) is amended by adding at the end thereof
18 the following new part:

19 **“PART VIII—ALTERNATIVE MINIMUM TAX ON**
20 **CORPORATIONS IMPORTING PRODUCTS**
21 **INTO THE UNITED STATES AT ARTIFICIALLY**
22 **INFLATED PRICES**

“Sec. 59B. Alternative minimum tax on corporations importing
products into the United States at artificially in-
flated prices.

1 **“SEC. 59B. ALTERNATIVE MINIMUM TAX ON CORPORA-**
2 **TIONS IMPORTING PRODUCTS INTO THE**
3 **UNITED STATES AT ARTIFICIALLY INFLATED**
4 **PRICES.**

5 “(a) IMPOSITION OF TAX.—In the case of a corpora-
6 tion to which this section applies, there is hereby imposed
7 an alternative minimum tax equal to 5 percent of net busi-
8 ness receipts of the corporation for the taxable year.

9 “(b) TAXPAYERS TO WHICH SECTION APPLIES.—
10 This section shall apply to any corporation, foreign or do-
11 mestic, if—

12 “(1) gross sales in the United States during the
13 tax year of parts or products manufactured by the
14 corporation, or any subsidiary or affiliate controlled
15 by the corporation, exceeded \$10,000,000,

16 “(2) during that same tax year parts or prod-
17 ucts manufactured by the corporation, or any sub-
18 sidiary or affiliate controlled by the corporation, with
19 a customs value in excess of \$10,000,000 were im-
20 ported into the United States, and

21 “(3) its tax obligation under this section ex-
22 ceeds its total tax obligation under all other sections
23 of the Internal Revenue Code of 1986.

24 “(c) CREDIT FOR TAXES PAID.—There shall be a
25 nonrefundable credit against the taxes owed under this

1 section equal to the total of all other taxes paid by the
2 corporation under the Internal Revenue Code of 1986.

3 “(d) DEFINITIONS.—For purposes of this section:

4 “(1) NET BUSINESS RECEIPTS.—The term ‘net
5 business receipts’ means the value of all parts or
6 products sold in the United States, excluding—

7 “(A) the value of parts or products sold for
8 export,

9 “(B) expenses paid for parts or products
10 produced in the United States,

11 “(C) expenses paid for services performed
12 in the United States, and

13 “(D) amounts paid for income, sales or use
14 taxes imposed by any State, or political subdivi-
15 sion thereof, or by the District of Columbia,
16 Puerto Rico, Guam or the Virgin Islands.

17 “(2) SUBSIDIARY OR AFFILIATE CONTROLLED
18 BY THE CORPORATION.—An entity shall be consid-
19 ered to be a ‘subsidiary or affiliate controlled by the
20 corporation’ if the corporation owns 5 percent or
21 more of any class of stock of the entity or if the cor-
22 poration exercises control over a majority of the
23 board of directors of the entity.”

1 (b) CLERICAL AMENDMENT.—The table of parts for
 2 such subchapter A is amended by adding at the end there-
 3 of the following new item:

“Part VIII. Alternative minimum tax on corporations importing
 products into the United States at artificially in-
 flated prices.”

4 (c) EFFECTIVE DATE.—The amendments made by
 5 this section shall apply to taxable years beginning after
 6 December 31, 1993.

7 **TITLE V—MISCELLANEOUS PROVISIONS**

8 **SEC. 501. EFFECTIVE DATE.**

9 This Act shall be effective upon enactment.

10 **SEC. 502. SEPARABILITY.**

11 If any provision of this Act, or any application of such
 12 provision to any person or circumstance, shall be held in-
 13 valid, the remainder of this Act, or the application of such
 14 provision to person or circumstances other than those as
 15 to which it is held invalid, shall not be affected thereby.

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