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108TH CONGRESS
1ST SESSION

H. R. 3064

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

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 10, 2003

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

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A BILL

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

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''National Science Education Incentive Act of 2003''.

SEC. 2. FINDINGS.

The Congress finds the following:

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

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

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

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

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

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

(6) Science is more than a collection of facts, theories, and results. It is a process of inquiry built upon observations and data that leads to a way of

knowing and explaining in logically derived concepts and theories.

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

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

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

(10) Teachers need to have incentives to remain in the classroom and improve their practice, and training of teachers is essential if the results are to be good. Teachers need to be knowledgeable of their content area, of their curriculum, of up-to-date research in teaching and learning, and of techniques that can be used to connect that information to their students in their classroom.

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

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

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

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

''(b) LIMITATIONS.—

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

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

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

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

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

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

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

''(C) who received a baccalaureate or similar degree with a major in mathematics, science, engineering, or technology from a qualified educational institution, and

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

''(2) SPECIAL RULE FOR ADMINISTRATIVE PERSONNEL.—School administrative functions shall be treated as teaching courses referred to in paragraph

(1)(B) if such functions primarily relate to such courses or are for a school which focuses primarily on such courses.

''(3) QUALIFIED EDUCATIONAL INSTITUTION.—The term 'qualified educational institution' means any eligible educational institution (as defined in section 25A(f)(2)) if—

''(A) more than 80 percent of such institution's graduates who apply for certification by any State as a teacher are so certified, and

''(B) such institution's school of education (or equivalent unit) has an advisory committee which includes (on a rotating basis or otherwise) practicing mathematicians and scientists and representatives from several of the appropriate science, mathematics, engineering, and technology departments of such institution.

''(d) QUALIFIED UNDERGRADUATE TUITION.—For purposes of this section, the term 'qualified undergraduate tuition' means qualified higher education expenses (as defined in section 529(e)(3)) for a qualified educational institution, reduced as provided in section 25A(g)(2) and by any credit allowed by section 25A with respect to such expenses.

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

(b) CONFORMING AMENDMENTS.—

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

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

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

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act; except that only periods of being an eligible teacher (as defined in section 36(c) of the Internal Revenue Code of 1986, as added by this section) after such date shall be taken into account under section 36(b)(2) of such Code, as so added.

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

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

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

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

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

''(1) SMET school contributions,

''(2) SMET teacher externship expenses, and

''(3) SMET teacher training expenses.

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

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

''(A) SMET property contributions, and

''(B) SMET service contributions.

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

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

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

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

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

''(E) the property is not transferred by the donee in exchange for money, other property, or

services, except for shipping, installation and transfer costs, and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

''(A) who is a teacher in grades K–12 at an educational organization described in section 170(b)(1)(A)(ii) which is located in the United States or which is located on a United States military base outside the United States, and

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

''(e) SMET TEACHER TRAINING EXPENSES.—The term 'SMET teacher training expenses' means any amount paid or incurred by a taxpayer engaged in a trade or business within an area of science, mathematics, engi-

neering, or technology which is attributable to the participation of any eligible SMET teacher in a regular training program provided to employees of the taxpayer which is determined by such teacher's school as enhancing such teacher's teaching skills in the areas of science, mathematics, engineering, or technology.

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

(b) CONFORMING AMENDMENTS.—

(1) Section 38(b) of such Code is amended—

(A) by striking ''plus'' at the end of paragraph (14),

(B) by striking the period at the end of paragraph (15), and inserting '', plus'', and

(C) by adding at the end the following new paragraph:

''(16) the elementary and secondary science, mathematics, engineering, and technology (SMET) contributions credit determined under section 45G.''.

(2) Subsection (d) of section 39 of such Code (relating to carryback and carryforward of unused credits) is amended by adding at the end the following new paragraph:

''(11) NO CARRYBACK OF SECTION 45G CREDIT BEFORE ENACTMENT OF CREDIT.—No portion of the unused business credit for any taxable year which is attributable to the credit determined under section 45G may be carried back to a taxable year beginning before the date of the enactment of this paragraph.''.

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

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

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

SEC. 5. ASSURANCE OF CONTINUED LOCAL CONTROL.

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

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