



Center for Entrepreneurship 2011 Legislative Agenda

- **Immigration. Support S. 565/H.R. 1114, the “StartUp Visa Act of 2011,” which would help create American jobs by encouraging foreign entrepreneurs to start businesses in the United States.**

Foreign-born entrepreneurs in the U.S. are increasingly active in creating jobs for Americans in the U.S. Fast-growing companies have long been the main source of new jobs and innovation in the United States. Companies such as Google, Pfizer, Intel, Yahoo, DuPont, eBay and Procter & Gamble are all former start-ups founded by immigrants. Foreign-born residents made up just 12.5% of the U.S. population in 2008, while nearly 40% of technology company founders and 52% of founders of companies in Silicon Valley are foreign-born. However, U.S. immigration policies are forcing foreign-born startup founders with venture capital and employees out of the country, effectively sending thousands of high paying knowledge jobs overseas for no reason. The StartUp Visa Act spotlights entrepreneurs who are already integrated into American business or research culture (since they are lawfully present, working for a U.S. organization or conducting graduate research here). The StartUp Visa Act will create jobs and increase America’s global competitiveness. *We urge lawmakers to support S. 565/H.R. 1114.*

- **Tax. Support H.R. 942, “The American Research and Competitiveness Act of 2011” which will simplify and improve the R&D tax credit by increasing the “alternative simplified credit” from 14% to 20% and making the credit permanent.**

Tax policy can have significant effects on capital accumulation and innovation, the two key forces driving long-run economic growth. The R&D tax credit creates high-wage, American jobs and has a direct impact on innovation. Approximately 70% or more of the benefits of the credit are attributable to salaries of workers performing U.S. based research. Economic data reveals that an economy’s growth is driven, in large part, by the percentage of its output invested in R&D. Permanent extension and expansion of the R&D tax credit will encourage investment in R&D in the U.S. that will enhance high-wage job growth and contribute to the revitalization of the

American economy. Increasing the alternative simplified credit rate to 20% would allow companies to increase their current R&D spending, attract new R&D spending, and add U.S. jobs. It is estimated that an expansion of the credit would lead to an additional \$90 billion in annual GDP, a significant increase in patents generated by American inventors, and generation of additional revenues for the Treasury through economic growth. *We urge lawmakers to support H.R. 942.*

- **Patent Reform. Support an efficient and well-funded USPTO to allow the agency to implement new initiatives to improve patent quality while reducing the average delay in patent processing times from 35 months to 20 months.**

A critical component of job creation is providing entrepreneurs with the appropriate environment to innovate. A key to unlocking American ingenuity rests, in large part, on reforming the U.S. patent system, which now has a backlog of more than 700,000 applications. An efficient and well-funded U.S. Patent & Trademark Office (USPTO) is essential to reducing the enormous backlog of patent applications at the USPTO. By stalling the delivery of innovative goods and services to market, this backlog impedes economic growth and the creation of high-paying jobs. Once implemented, the USPTO's proposed three-track model will allow applicants to prioritize applications, enabling the most valuable patents to come to market within 12 months. *We urge lawmakers to provide adequate funding to the USPTO to allow the agency to implement new initiatives and reduce the patent backlog.*

- **Capital Markets. Support rules that facilitate capital formation and not, directly or indirectly, limit the sources of capital available to consumers, entrepreneurs, or businesses.**

Large numbers of entrepreneurs use consumer credit products—credit cards, mortgages on personal property, auto loans, etc.—to provide the capital that their startup ventures need. It is essential that the new Consumer Financial Protection Bureau recognize this reality when considering regulations that may decrease the availability or increase the cost of consumer credit, and ensure that such regulations do not have the effect of eliminating, or making impractical, the very credit products on which entrepreneurs rely and thereby deprive entrepreneurs of the credit that is essential for their survival and expansion. The Chamber is actively engaged in many of the nearly 500 rulemakings, studies, and reports called for in Dodd-Frank. *We urge regulators to use their broad new authorities to improve regulation without picking winners and losers among capital providers, which artificially restricts the financial choices available to entrepreneurs.*

➤ **Immigration. Support elimination of the per country limit for employment-based permanent resident status.**

Currently, the Immigration and Nationality Act (INA) establishes a per country limit for both family and employment based immigration such that every country in the world has equal access to the quotas established for employment and family preference categories for green card status. This per country limit is an outgrowth of the effort to overturn the previous national origin system which gave priority to individuals based on their national origin. However, to the extent that employment-based permanent resident status is, and should be, based on skills, employability, and contribution to the economy, it shouldn't make any difference where individuals were born. While such per country limits remain relevant to family based immigration, to ensure that individuals from every country have equal access to join their family members, per country limits are completely disconnected to the principles underlying employment-based permanent resident status. *We urge lawmakers to eliminate the per country limit for employment-based permanent resident status.*

➤ **Immigration. Support visa recapture for employment-based permanent resident status.**

There is a complicated formula under the INA whereby certain unused immigrant visa numbers in the employment-based preferences spill to lower or higher preference categories and unused numbers spill to family based preferences. Since FY1992 there have been various years in which the 140,000 employment-based allocation was never used, due to bureaucratic delays and the timeline of the statutory formula (after the end of each FY quarter and then in the third FY quarter). If the previously unused employment-based permanent residency numbers were reallocated, between 130,000 and 326,000 employment-based visa numbers would be available, which would address backlogs in green card issuance. In other words, without any improvement to the underlying employer sponsorship process, which itself is cumbersome and ripe for reform, recapturing visas would go a long way to improve the employment based immigration system for at least several years into the future. *We urge lawmakers to support visa recapture for employment-based permanent resident status.*

➤ **Immigration. Support exemption from the H-1B cap for students completing graduate degrees in the U.S. STEM fields.**

Once the economy recovers, there will be a return to H-1B demand from employers that exceeds the cap (65,000) and the exemption for U.S.-educated graduate students (20,000). The Administration just announced an expansion of the list of

fields where graduates of U.S. institutions may obtain up to 29 months of post-completion practical training, instead of the 12 month period that otherwise limits such optional practical training. These same students should be exempt from the H-1B cap so that if employers find the skill set of these U.S.-educated students needed for U.S. jobs there is a clear and certain avenue to sponsorship for a lawful immigration status. When top students are planning out a career trajectory, the uncertainty of being able to remain in the U.S. working is relevant to whether they remain in the U.S. or choose to work in another country. *We urge lawmakers to establish an H-1B cap exemption for a broad range of STEM-related fields.*

➤ **Capital Markets. Standard setters should adopt different accounting standards for private companies.**

The U.S. Chamber is a participating member in the AICPA/FAF/NASBA "Blue-Ribbon" Panel on Accounting Standard Setting for Private Companies which submitted recommendations to standard setters, after surveying private companies and conducting research, to fundamentally change the system of standard setting for private companies. The Panel called for a creation of a new board, to be overseen by the Financial Accounting Foundation (FAF) that would focus on making exceptions and modifications to U.S. Generally Accepted Accounting Principles for private companies that better respond to the needs of the private company sector. *We urge lawmakers to communicate to the Securities and Exchange Commission (SEC) the importance of private companies and entrepreneurs being treated differently than big businesses when it comes to accounting standards.*

➤ **Capital Markets. Regulators should implement rules that rely on market measures of risk.**

The Chamber supports the Financial Stability Oversight Council's efforts to monitor systemic risk and believes that greater access to comprehensive market and industry information will assist the Council in identifying emerging threats to the stability of U.S. financial system. However, we have serious concerns that flaws in the Notice of Proposed Rulemaking and the process surrounding it impose significant costs on nonbank financial companies, other stakeholders, and the U.S. economy, that over-designation of nonbank financial companies for regulation by the Federal Reserve will have severe unintended consequences, and that overregulation in the marketplace will stunt economic growth. *We encourage the Council to correct the specified flaws before proceeding with this rulemaking process and ultimately to apply any heightened supervision designation sparingly to ensure ongoing diversity in the financial services industry where innovation and healthy competition continues to meet the needs of investors and consumers without limiting their choices.* Only by addressing these issues and proceeding judiciously can the

Council fulfill its mandate in a manner that promotes stability without unduly inhibiting growth and allows businesses to bring the U.S. economy back to vibrancy.

➤ **Congress. Join the Congressional Caucus on Innovation and Entrepreneurship.**

The Congressional Caucus on Innovation and Entrepreneurship will promote federal policies to create jobs by encouraging the availability of financing for early-stage companies. The Caucus will educate Members on the role of small businesses in developing innovative industries and in creating the vast majority of new American jobs. According to a study by the National Bureau of Economic Research, “business startups contribute substantially to both gross and net job creation.” Recent studies have shown that more and more entrepreneurs are leaving the U.S. because the business climate in foreign countries offers them better opportunities. *We urge lawmakers to join the Caucus on work on these important issues to continue economic recovery and create the next generation of great American entrepreneurs.*