

112TH CONGRESS
1ST SESSION

S. 1965

To jump-start economic recovery through the formation and growth of new businesses, and for other purposes.

IN THE SENATE OF THE UNITED STATES

DECEMBER 8, 2011

Mr. MORAN (for himself and Mr. WARNER) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To jump-start economic recovery through the formation and growth of new businesses, 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 “Startup Act of 2011”.

6 (b) **TABLE OF CONTENTS.**—The table of contents for
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Economic impact of major rules.
- Sec. 4. Permanent full exclusion applicable to qualified small business stock.
- Sec. 5. Income tax credit for certain startup small businesses.
- Sec. 6. Study of regulatory impact of possible Sarbanes-Oxley reform.
- Sec. 7. Accelerated commercialization of university-based research.

Sec. 8. Conditional permanent resident status for aliens with an advanced degree in a STEM field.

Sec. 9. Alien entrepreneurs.

Sec. 10. Biennial State startup business report.

Sec. 11. New business formation report.

1 **SEC. 2. FINDINGS.**

2 Congress makes the following findings:

3 (1) Achieving economic recovery will require the
4 formation and growth of new companies.

5 (2) Between 1980 and 2005, companies less
6 than 5 years old accounted for nearly all net job cre-
7 ation in the United States.

8 (3) New firms in the United States create an
9 average of 3,000,000 jobs per year.

10 (4) To get Americans back to work, entre-
11 preneurs must be free to pursue their ideas, form
12 companies, and hire employees.

13 (5) State and local policies affect entrepreneurs'
14 ability to start new businesses and grow existing
15 businesses.

16 **SEC. 3. ECONOMIC IMPACT OF MAJOR RULES.**

17 Section 553 of title 5, United States Code, is amend-
18 ed by adding at the end the following:

19 “(f) REQUIRED REVIEW BEFORE ISSUANCE OF
20 MAJOR RULES.—

21 “(1) IN GENERAL.—Before issuing a notice of
22 proposed rulemaking in the Federal Register regard-
23 ing the issuance of a proposed major rule, the head

1 of the Federal agency or independent regulatory
2 agency seeking to issue the rule shall complete a re-
3 view that—

4 “(A) analyzes the problem that the pro-
5 posed rule intends to address, including—

6 “(i) the specific market failure, such
7 as externalities, market power, or lack of
8 information, that justifies such rule; or

9 “(ii) any other specific problem, such
10 as the failures of public institutions, that
11 justifies such rule;

12 “(B) analyzes the expected impact of the
13 proposed rule on the ability of new businesses
14 to form and expand;

15 “(C) identifies the expected impact of the
16 proposed rule on State, local, and tribal govern-
17 ments, including the availability of resources—

18 “(i) to carry out the mandates im-
19 posed by the rule on such government enti-
20 ties; and

21 “(ii) to minimize the burdens that
22 uniquely or significantly affect such gov-
23 ernmental entities, consistent with achiev-
24 ing regulatory objectives;

1 “(D) identifies any conflicting or duplica-
2 tive regulations;

3 “(E) determines—

4 “(i) if existing laws or regulations cre-
5 ated, or contributed to, the problem that
6 the new rule is intended to correct; and

7 “(ii) if the laws or regulations re-
8 ferred to in clause (i) should be modified
9 to more effectively achieve the intended
10 goal of the rule; and

11 “(F) includes the cost-benefit analysis de-
12 scribed in paragraph (2).

13 “(2) COST-BENEFIT ANALYSIS.—A cost-benefit
14 analysis described in this paragraph shall include—

15 “(A)(i) an assessment, including the un-
16 derlying analysis, of benefits anticipated from
17 the proposed rule, such as—

18 “(I) promoting the efficient func-
19 tioning of the economy and private mar-
20 kets;

21 “(II) enhancing health and safety;

22 “(III) protecting the natural environ-
23 ment; and

24 “(IV) eliminating or reducing dis-
25 crimination or bias; and

1 “(ii) the quantification of the benefits de-
2 scribed in clause (i), to the extent feasible;

3 “(B)(i) an assessment, including the un-
4 derlying analysis, of costs anticipated from the
5 proposed rule, such as—

6 “(I) the direct costs to the Federal
7 Government to administer the rule;

8 “(II) the direct costs to businesses
9 and others to comply with the rule; and

10 “(III) any adverse effects on the effi-
11 cient functioning of the economy, private
12 markets (including productivity, employ-
13 ment, and competitiveness), health, safety,
14 and the natural environment; and

15 “(ii) the quantification of the costs de-
16 scribed in clause (i), to the extent feasible;

17 “(C)(i) an assessment, including the un-
18 derlying analysis, of costs and benefits of poten-
19 tially effective and reasonably feasible alter-
20 natives to the proposed rule, which have been
21 identified by the agency or by the public, in-
22 cluding taking reasonably viable nonregulatory
23 actions; and

1 “(ii) an explanation of why the proposed
2 rule is preferable to the alternatives identified
3 under clause (i).

4 “(3) REPORT.—Before issuing a notice of pro-
5 posed rulemaking in the Federal Register regarding
6 the issuance of a proposed major rule, the head of
7 the Federal agency seeking to issue the rule shall—

8 “(A) submit the results of the review con-
9 ducted under paragraph (1) to—

10 “(i) Congress; and

11 “(ii) the Office of Information and
12 Regulatory Affairs in the Office of Man-
13 agement and Budget; and

14 “(B) post the results of the review con-
15 ducted under paragraph (1) on a publicly avail-
16 able website.

17 “(4) JUDICIAL REVIEW.—Any determinations
18 made, or other actions taken, by an agency or inde-
19 pendent regulatory agency under this subsection
20 shall not be subject to judicial review.

21 “(5) DEFINED TERM.—In this subsection the
22 term ‘major rule’ has the meaning given the term in
23 section 804.”.

1 **SEC. 4. PERMANENT FULL EXCLUSION APPLICABLE TO**
2 **QUALIFIED SMALL BUSINESS STOCK.**

3 (a) PERMANENT FULL EXCLUSION.—

4 (1) IN GENERAL.—Subsection (a) of section
5 1202 of the Internal Revenue Code of 1986 is
6 amended to read as follows:

7 “(a) EXCLUSION.—In the case of a taxpayer other
8 than a corporation, gross income shall not include 100
9 percent of any gain from the sale or exchange of qualified
10 small business stock held for more than 5 years.”.

11 (2) CONFORMING AMENDMENTS.—

12 (A) The heading for section 1202 of such
13 Code is amended by striking “**PARTIAL**”.

14 (B) The item relating to section 1202 in
15 the table of sections for part I of subchapter P
16 of chapter 1 of such Code is amended by strik-
17 ing “Partial exclusion” and inserting “Exclu-
18 sion”.

19 (C) Section 1223(13) of such Code is
20 amended by striking “1202(a)(2),”.

21 (b) REPEAL OF MINIMUM TAX PREFERENCE.—

22 (1) IN GENERAL.—Subsection (a) of section 57
23 of the Internal Revenue Code of 1986 is amended by
24 striking paragraph (7).

1 (2) TECHNICAL AMENDMENT.—Subclause (II)
2 of section 53(d)(1)(B)(ii) of such Code is amended
3 by striking “, (5), and (7)” and inserting “and (5)”.

4 (c) REPEAL OF 28 PERCENT CAPITAL GAINS RATE
5 ON QUALIFIED SMALL BUSINESS STOCK.—

6 (1) IN GENERAL.—Subparagraph (A) of section
7 1(h)(4) of the Internal Revenue Code of 1986 is
8 amended to read as follows:

9 “(A) collectibles gain, over”.

10 (2) CONFORMING AMENDMENTS.—

11 (A) Section 1(h) of such Code is amended
12 by striking paragraph (7).

13 (B)(i) Section 1(h) of such Code is amend-
14 ed by redesignating paragraphs (8), (9), (10),
15 (11), (12), and (13) as paragraphs (7), (8), (9),
16 (10), (11), and (12), respectively.

17 (ii) Sections 163(d)(4)(B), 854(b)(5),
18 857(c)(2)(D) of such Code are each amended
19 by striking “section 1(h)(11)(B)” and inserting
20 “section 1(h)(10)(B)”.

21 (iii) The following sections of such Code
22 are each amended by striking “section
23 1(h)(11)” and inserting “section 1(h)(10)”:

24 (I) Section 301(f)(4).

25 (II) Section 306(a)(1)(D).

1 (III) Section 584(c).

2 (IV) Section 702(a)(5).

3 (V) Section 854(a).

4 (VI) Section 854(b)(2).

5 (iv) The heading of section 857(e)(2) is
6 amended by striking “1(h)(11)” and inserting
7 “1(h)(10)”.

8 (d) EFFECTIVE DATE.—The amendments made by
9 this section apply to stock acquired after December 31,
10 2011.

11 **SEC. 5. INCOME TAX CREDIT FOR CERTAIN STARTUP**
12 **SMALL BUSINESSES.**

13 (a) IN GENERAL.—Section 6401 of the Internal Rev-
14 enue Code of 1986 is amended by adding at the end the
15 following new subsection:

16 “(c) INCOME TAX CREDIT FOR STARTUP SMALL
17 BUSINESSES.—

18 “(1) IN GENERAL.—In the case of a qualified
19 small business (within the meaning of section
20 1202(d)), if the tax imposed by subtitle A for any
21 taxable year exceeds the credits allowable under
22 chapter 1 for such taxable year, an amount equal to
23 the lesser of—

24 “(A) the applicable percentage of the
25 amount of such excess, or

1 “(B) \$5,000,000,
2 shall be considered an overpayment with respect to
3 such taxable year.

4 “(2) APPLICABLE PERCENTAGE.—For purposes
5 of this section, the applicable percentage is 100 per-
6 cent for the first taxable year described in para-
7 graph (1) of the qualified small business, 50 percent
8 for each of the 2 succeeding taxable years, and zero
9 percent thereafter.

10 “(3) ELECTION NOT TO CLAIM CREDIT.—This
11 subsection shall not apply to a taxpayer for any tax-
12 able year if such taxpayer elects to have this sub-
13 section not apply for the first taxable year described
14 in paragraph (1).

15 “(4) REGULATIONS.—The Secretary shall pre-
16 scribe such regulations as may be appropriate to
17 carry out the purposes of this subsection, includ-
18 ing—

19 “(A) regulations to prevent the avoidance
20 of the purposes of this subsection through split-
21 ups, shell corporations, partnerships, or other-
22 wise, and

23 “(B) regulations to provide for the proper
24 determination of the first taxable year of a
25 qualified small business.”.

1 (b) CONFORMING AMENDMENT.—Section 6501(m) of
2 the Internal Revenue Code of 1986 is amended by striking
3 “or 51(j)” and inserting “51(j), or 6401(c)”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to the first taxable year described
6 in section 6401(c)(1) of the Internal Revenue Code of
7 1986 (as added by this section) of any qualified small
8 business, but only if such first taxable year begins after
9 the date of the enactment of this Act.

10 **SEC. 6. STUDY OF REGULATORY IMPACT OF POSSIBLE SAR-**
11 **BANES-OXLEY REFORM.**

12 In carrying out the study and report required by sec-
13 tion 989I of the Investor Protection and Securities Reform
14 Act of 2010 (Public Law 111–203, 124 Stat. 1948), the
15 Comptroller General of the United States shall—

16 (1) assess the costs and benefits to prospective
17 investors, shareholders, and securities markets of al-
18 lowing smaller issuers to opt out of the requirements
19 of section 404(b) of the Sarbanes-Oxley Act of 2002
20 (15 U.S.C. 7262(b)); and

21 (2) in assessing such costs and benefits, con-
22 sider the feasibility, costs, and benefits to prospec-
23 tive investors, shareholders, and securities markets
24 of placing an asterisk or some other designation on
25 the ticker symbol and other relevant company disclo-

1 sures of such issuers, indicating that the issuer has
2 elected not to comply with section 404(b) of the Sar-
3 banes-Oxley Act of 2002 (15 U.S.C. 7262(b)).

4 **SEC. 7. ACCELERATED COMMERCIALIZATION OF UNIVER-**
5 **SITY-BASED RESEARCH.**

6 (a) DEFINITIONS.—In this section:

7 (1) COMMITTEE.—The term “Committee”
8 means the Committee on Research Commercializa-
9 tion Improvement established under subsection (c).

10 (2) EXTRAMURAL BUDGET.—The term “extra-
11 mural budget” means the sum of the total obliga-
12 tions minus amounts obligated for such activities by
13 employees of the agency in or through Government-
14 owned, Government-operated facilities, except that
15 for the Department of Energy it shall not include
16 amounts obligated for atomic energy defense pro-
17 grams solely for weapons activities or for naval reac-
18 tor programs, and except that for the Agency for
19 International Development it shall not include
20 amounts obligated solely for general institutional
21 support of international research centers or for
22 grants to foreign countries.

23 (3) INSTITUTION OF HIGHER EDUCATION.—The
24 term “institution of higher education” has the

1 meaning given the term in section 101(a) of the
2 Higher Education Act of 1965 (20 U.S.C. 1001(a)).

3 (4) RESEARCH OR RESEARCH AND DEVELOP-
4 MENT.—The term “research” or “research and de-
5 velopment” means any activity that is—

6 (A) a systematic, intensive study directed
7 toward greater knowledge or understanding of
8 the subject studied;

9 (B) a systematic study directed specifically
10 toward applying new knowledge to meet a rec-
11 ognized need; or

12 (C) a systematic application of knowledge
13 toward the production of useful materials, de-
14 vices, and systems or methods, including design,
15 development, and improvement of prototypes
16 and new processes to meet specific require-
17 ments.

18 (5) SECRETARY.—The term “Secretary” means
19 the Secretary of Commerce.

20 (b) GRANT PROGRAM AUTHORIZED.—

21 (1) IN GENERAL.—Each Federal agency that
22 has an extramural budget for research or research
23 and development that is in excess of \$100,000,000
24 for each of fiscal years 2012 through 2017, shall
25 transfer 0.15 percent of such extramural budget for

1 each of such fiscal years to the Secretary to enable
2 the Secretary to carry out a grant program in ac-
3 cordance with this subsection.

4 (2) GRANTS.—

5 (A) AWARDING OF GRANTS.—

6 (i) IN GENERAL.—From funds trans-
7 ferred under paragraph (1), the Secretary
8 shall use the criteria developed by the
9 Committee to award grants to institutions
10 of higher education, including consortia of
11 institutions of higher education, for initia-
12 tives to improve commercialization and
13 transfer of technology.

14 (ii) REQUEST FOR PROPOSALS.—Not
15 later than 30 days after the Committee
16 submits the recommendations for criteria
17 to the Secretary under subsection
18 (c)(4)(B), and annually thereafter for each
19 fiscal year for which the grant program is
20 authorized, the Secretary shall release a
21 request for proposals.

22 (iii) APPLICATIONS.—Each institution
23 of higher education that desires to receive
24 a grant under this subsection shall submit
25 an application to the Secretary not later

1 than 90 days after the Secretary releases
2 the request for proposals under clause (ii).

3 (iv) COMMITTEE REVIEW.—

4 (I) IN GENERAL.—The Secretary
5 shall submit each application received
6 under clause (iii) to the Committee
7 for Committee review.

8 (II) RECOMMENDATIONS.—The
9 Committee shall review each applica-
10 tion received under subclause (I) and
11 submit recommendations for grant
12 awards to the Secretary, including
13 funding recommendations for each
14 proposal.

15 (III) PUBLIC RELEASE.—The
16 Committee shall publicly release any
17 recommendations made under sub-
18 clause (II).

19 (IV) CONSIDERATION OF REC-
20 OMMENDATIONS.—In awarding grants
21 under this subsection, the Secretary
22 shall take into consideration the rec-
23 ommendations of the Committee
24 under subclause (II).

1 (B) COMMERCIALIZATION ACCELERATOR
2 GRANTS.—

3 (i) IN GENERAL.—The Secretary shall
4 award grants to support institutions of
5 higher education pursuing specific innova-
6 tive initiatives to improve an institution's
7 capacity to commercialize faculty research
8 that can be widely adopted if the research
9 yields measurable results.

10 (ii) CONTENT OF PROPOSALS.—
11 Grants shall be awarded under this sub-
12 paragraph to proposals demonstrating the
13 capacity for accelerated commercialization,
14 proof-of-concept proficiency, and trans-
15 lating scientific discoveries and cutting-
16 edge inventions into technological innova-
17 tions and new companies. In particular,
18 grant funds shall seek to support innova-
19 tive approaches to achieving these goals
20 that can be replicated by other institutions
21 of higher education if the innovative ap-
22 proaches are successful.

23 (iii) ASSESSMENT OF SUCCESS.—
24 Grants awarded under this subparagraph
25 shall use criteria for assessing the success

1 of programs through the establishment of
2 technical milestones.

3 (C) COLLABORATIVE COMMERCIALIZATION
4 GRANTS.—

5 (i) IN GENERAL.—The Secretary shall
6 award grants to support institutions of
7 higher education pursuing initiatives that
8 allow faculty to directly approach tech-
9 nology transfer programs outside of their
10 institution of employment in an effort to
11 commercialize research breakthroughs.

12 (ii) CONTENT OF INITIATIVES.—Ini-
13 tiatives eligible to be supported with grant
14 funds awarded under this subparagraph
15 shall only include those—

16 (I) that have a licensing revenue
17 sharing agreement between the insti-
18 tution of higher education where the
19 research originates and the institution
20 that commercializes the research; and

21 (II) for which the first right of
22 refusal in commercializing research
23 belongs to the institution of higher
24 education where the research origi-
25 nates.

1 (3) TERMINATION.—The Secretary shall have
2 the authority to terminate grant funding to an insti-
3 tution of higher education in accordance with the
4 process and performance metrics recommended by
5 the Committee.

6 (4) LIMITATIONS.—

7 (A) PROJECT MANAGEMENT COSTS.—A
8 grant recipient may use not more than 10 per-
9 cent of grant funds awarded under this sub-
10 section for the purpose of funding project man-
11 agement costs of the grant program.

12 (B) SUPPLEMENT, NOT SUPPLANT.—An
13 institution of higher education that receives a
14 grant under this subsection shall use the grant
15 funds to supplement, and not supplant, non-
16 Federal funds that would, in the absence of
17 such grant funds, be made available for activi-
18 ties described in this section.

19 (5) UNSPENT FUNDS.—Any funds transferred
20 to the Secretary under paragraph (1) for a fiscal
21 year that are not expended by the end of such fiscal
22 year may be expended in any subsequent fiscal year
23 through fiscal year 2017. Any funds transferred
24 under paragraph (1) that are remaining at the end
25 of the grant program's authorization under this sub-

1 section shall be transferred to the Treasury for def-
2 icit reduction.

3 (c) COMMITTEE ON RESEARCH COMMERCIALIZATION
4 IMPROVEMENT.—

5 (1) IN GENERAL.—Not later than 90 days after
6 the date of enactment of this section, the Director
7 of the National Science Foundation shall—

8 (A) establish the Committee on Research
9 Commercialization Improvement; and

10 (B) appoint the members of the Committee
11 described in subparagraphs (A) through (J) of
12 paragraph (2).

13 (2) COMPOSITION.—The Committee shall be
14 composed of 15 members, of whom—

15 (A) 1 member shall be an administrator at
16 a private institution of higher education;

17 (B) 1 member shall be an administrator at
18 a land-grant college or university (as defined in
19 section 1404 of the Agricultural Research, Ex-
20 tension, and Teaching Policy Act of 1977 (7
21 U.S.C. 3103));

22 (C) 1 member shall be an administrator at
23 a public institution of higher education;

1 (D) 1 member shall be a tenured faculty
2 member at an institution of higher education,
3 whose research has been commercialized;

4 (E) 1 member shall be a qualified venture
5 capitalist, defined as an individual who is em-
6 ployed by a company that—

7 (i) is classified as a “venture capital
8 operating company” under section 2510.3–
9 101(d) of title 29, Code of Federal Regula-
10 tions;

11 (ii) is based in the United States;

12 (iii) is comprised of partners, the ma-
13 jority of whom are United States citizens;

14 (iv) has capital commitments of not
15 less than \$10,000,000;

16 (v) has been operating for not less
17 than 2 years; and

18 (vi) has made not less than 2 invest-
19 ments of not less than \$500,000 during
20 each of the most recent 2 years;

21 (F) 1 member shall be a qualified Angel
22 Investor, defined as an individual who—

23 (i) is an accredited investor (as de-
24 fined in section 230.501(a) of title 17,
25 Code of Federal Regulations);

1 (ii) is a United States citizen; and

2 (iii) has made not less than 2 equity
3 investments of not less than \$50,000 in
4 each of the previous 3 years;

5 (G) 1 member shall be a small business
6 owner or executive at a company that—

7 (i) is based in the United States; and

8 (ii) has worked with an institution of
9 higher education in commercializing re-
10 search;

11 (H) 1 member shall be a chief executive of-
12 ficer at an innovative and growing company
13 that is based in the United States;

14 (I) 2 members shall be individuals who
15 work in a technology transfer office at an insti-
16 tution of higher education;

17 (J) 1 member shall be an individual who
18 works in a technology transfer office at a com-
19 pany in the technology sector that generates at
20 least \$50,000,000 in revenue annually;

21 (K) 1 member shall be a technology trans-
22 fer expert to be nominated by the National Gov-
23 ernors Association;

24 (L) 1 member shall be a nationally recog-
25 nized technology transfer expert who is not em-

1 employed at the time of their service on the Com-
2 mittee by a public or private institution of high-
3 er education;

4 (M) 1 member shall be nominated by the
5 National Advisory Council on Innovation and
6 Entrepreneurship; and

7 (N) 1 member shall be the Director of the
8 National Science Foundation.

9 (3) CHAIR.—

10 (A) IN GENERAL.—The Director of the
11 National Science Foundation shall serve as the
12 Chair of the Committee.

13 (B) REPLACEMENT OF MEMBERS.—The
14 Director of the National Science Foundation, in
15 the Director's capacity as Chair of the Com-
16 mittee, shall appoint a replacement for any
17 member described in subparagraphs (A)
18 through (M) of paragraph (2) who leaves mem-
19 bership on the Committee.

20 (4) DUTIES.—

21 (A) DEVELOPMENT OF CRITERIA.—Not
22 later than 120 days after the Committee is es-
23 tablished and all of the members of the Com-
24 mittee are appointed, the Committee shall con-
25 vene and develop recommendations for criteria

1 in awarding grants to institutions of higher
2 education under subsection (b).

3 (B) SUBMISSION TO COMMERCE AND PUB-
4 LICLY RELEASED.—The Committee shall—

5 (i) submit the recommendations de-
6 scribed in subparagraph (A) to the Sec-
7 retary; and

8 (ii) release the recommendations to
9 the public.

10 (C) MAJORITY VOTE.—The recommenda-
11 tions submitted by the Committee, as described
12 in this paragraph, shall be determined by a ma-
13 jority vote of Committee members.

14 (D) PERFORMANCE METRICS.—The Com-
15 mittee shall develop and provide to the Sec-
16 retary recommendations on performance
17 metrics to be used to evaluate grants awarded
18 under subsection (b).

19 (5) POWERS.—

20 (A) HEARINGS.—The Committee may hold
21 such hearings, meet and act at such times and
22 places, take such testimony, and receive such
23 evidence as the Committee considers advisable
24 to carry out this section.

1 (B) INFORMATION FROM FEDERAL AGEN-
2 CIES.—

3 (i) IN GENERAL.—The Committee
4 may secure directly from a Federal agency
5 such information as the Committee con-
6 siders necessary to carry out this section.

7 (ii) PROVISION OF INFORMATION.—
8 On request of the Chair of the Committee,
9 the head of the agency shall provide the in-
10 formation to the Committee.

11 (C) POSTAL SERVICES.—The Committee
12 may use the United States mails in the same
13 manner and under the same conditions as other
14 agencies of the Federal Government.

15 (6) COMMITTEE PERSONNEL MATTERS.—

16 (A) COMPENSATION OF MEMBERS.—Mem-
17 bers of the Committee shall not receive any
18 compensation for service on the Committee.

19 (B) TRAVEL EXPENSES.—A member of the
20 Committee shall be allowed travel expenses, in-
21 cluding per diem in lieu of subsistence, at rates
22 authorized for an employee of an agency under
23 subchapter I of chapter 57 of title 5, United
24 States Code, while away from the home or reg-

1 ular place of business of the member in the per-
2 formance of the duties of the Committee.

3 (C) STAFF.—

4 (i) IN GENERAL.—The Chair of the
5 Committee may, without regard to the civil
6 service laws (including regulations), ap-
7 point and terminate an executive director
8 and such other additional personnel as are
9 necessary to enable the Committee to per-
10 form the duties of the Committee.

11 (ii) CONFIRMATION OF EXECUTIVE DI-
12 RECTOR.—The employment of an executive
13 director shall be subject to confirmation by
14 the Committee.

15 (iii) COMPENSATION.—

16 (I) IN GENERAL.—Except as pro-
17 vided in subparagraph (B), the Chair
18 of the Committee may fix the com-
19 pensation of the executive director
20 and other personnel without regard to
21 the provisions of chapter 51 and sub-
22 chapter III of chapter 53 of title 5,
23 United States Code, relating to classi-
24 fication of positions and General
25 Schedule pay rates.

1 (iv) MAXIMUM RATE OF PAY.—The
2 rate of pay for the executive director and
3 other personnel shall not exceed the rate
4 payable for level V of the Executive Sched-
5 ule under section 5316 of title 5, United
6 States Code.

7 (7) EVALUATION.—

8 (A) IN GENERAL.—Not later than 180
9 days before the date that the grant program
10 authorized under subsection (b) expires, the
11 Committee shall conduct an evaluation of the
12 effect that the grant program is having on ac-
13 celerating the commercialization of faculty re-
14 search.

15 (B) INCLUSIONS.—The evaluation shall in-
16 clude—

17 (i) the recommendation of the Com-
18 mittee as to whether the grant program
19 should be continued or terminated;

20 (ii) quantitative data related to the ef-
21 fect, if any, that the grant program has
22 had on faculty research commercialization;
23 and

24 (iii) a description of lessons learned in
25 administering the grant program, and how

1 those lessons could be applied to future ef-
 2 forts to accelerate commercialization of
 3 faculty research.

4 (C) AVAILABILITY.—Upon completion of
 5 the evaluation, the evaluation shall be made
 6 available on a public website and submitted to
 7 Congress. The Secretary shall notify all institu-
 8 tions of higher education when the evaluation is
 9 published and how it can be accessed.

10 **SEC. 8. CONDITIONAL PERMANENT RESIDENT STATUS FOR**
 11 **ALIENS WITH AN ADVANCED DEGREE IN A**
 12 **STEM FIELD.**

13 (a) IN GENERAL.—Title II of the Immigration and
 14 Nationality Act (8 U.S.C. 1151 et seq.) is amended by
 15 inserting after section 216A the following:

16 **“SEC. 216B. CONDITIONAL PERMANENT RESIDENT STATUS**
 17 **FOR ALIENS WITH AN ADVANCED DEGREE IN**
 18 **A STEM FIELD.**

19 “(a) IN GENERAL.—Notwithstanding any other pro-
 20 vision of this Act, the Secretary of Homeland Security
 21 may adjust the status of not more than 50,000 aliens who
 22 have earned a master’s degree or a doctorate degree at
 23 an institution of higher education in a STEM field to that
 24 of an alien conditionally admitted for permanent residence

1 and authorize each alien granted such adjustment of sta-
2 tus to remain in the United States—

3 “(1) for up to 1 year after the expiration of the
4 alien’s student visa under section 101(a)(15)(F)(i) if
5 the alien is diligently searching for an opportunity to
6 become actively engaged in a STEM field; and

7 “(2) indefinitely if the alien remains actively en-
8 gaged in a STEM field.

9 “(b) APPLICATION FOR CONDITIONAL PERMANENT
10 RESIDENT STATUS.—Every alien applying for a condi-
11 tional permanent resident status under this section shall
12 submit an application to the Secretary of Homeland Secu-
13 rity before the expiration of the alien’s student visa in
14 such form and manner as the Secretary shall prescribe
15 by regulation.

16 “(c) INELIGIBILITY FOR FEDERAL GOVERNMENT AS-
17 SISTANCE.—An alien granted conditional permanent resi-
18 dent status under this section shall not be eligible, while
19 in such status, for—

20 “(1) any unemployment compensation (as de-
21 fined in section 85(b) of the Internal Revenue Code
22 of 1986); or

23 “(2) any form of assistance or benefit described
24 in section 403(a) of the Personal Responsibility and

1 Work Opportunity Reconciliation Act of 1996 (8
2 U.S.C. 1613(a)).

3 “(d) EFFECT ON NATURALIZATION RESIDENCY RE-
4 QUIREMENT.—An alien granted conditional permanent
5 resident status under this section shall be deemed to have
6 been lawfully admitted for permanent residence for pur-
7 poses of meeting the 5-year residency requirement set
8 forth in section 316(a)(1).

9 “(e) REMOVAL OF CONDITION.—The Secretary of
10 Homeland Security shall remove the conditional basis of
11 an alien’s conditional permanent resident status under
12 this section on the date that is 5 years after the date such
13 status was granted if the alien maintained his or her eligi-
14 bility for such status during the entire 5-year period.

15 “(f) DEFINITIONS.—In this section:

16 “(1) The term ‘actively engaged in a STEM
17 field’—

18 “(A) means—

19 “(i) gainfully employed in a for-profit
20 business or nonprofit organization in the
21 United States in a STEM field;

22 “(ii) teaching 1 or more STEM field
23 courses at an institution of higher edu-
24 cation; or

1 “(iii) employed by a Federal, State, or
2 local government entity; and

3 “(B) includes any period of up to 6
4 months during which the alien does not meet
5 the requirement under subparagraph (A) if
6 such period was immediately preceded by a 1-
7 year period during which the alien met the re-
8 quirement under subparagraph (A).

9 “(2) The term ‘institution of higher education’
10 has the meaning given the term in section 101(a) of
11 the Higher Education Act of 1965 (20 U.S.C.
12 1001(a)).

13 “(3) The term ‘STEM field’ means any field of
14 study or occupation included on the most recent
15 STEM-Designated Degree Program List published
16 in the Federal Register by the Department of Home-
17 land Security (as described in section
18 214.2(f)(11)(C)(2) of title 8, Code of Federal Regu-
19 lations).”.

20 (b) CLERICAL AMENDMENT.—The table of contents
21 for the Immigration and Nationality Act (8 U.S.C. 1101
22 et seq.) is amended by inserting after the item relating
23 to section 216A the following:

 “Sec. 216B. Conditional permanent resident status for aliens with an advanced
 degree in science, technology, engineering, or mathematics.”.

1 (c) GOVERNMENT ACCOUNTABILITY OFFICE
2 STUDY.—

3 (1) IN GENERAL.—Not later than 3 years after
4 the date of the enactment of this Act, the Comp-
5 troller General of the United States shall submit a
6 report to Congress on the alien college graduates
7 granted immigrant status under section 216B of the
8 Immigration and Nationality Act, as added by sub-
9 section (a).

10 (2) CONTENTS.—The report described in para-
11 graph (1) shall include—

12 (A) the number of aliens described in para-
13 graph (1) who have earned a master's degree,
14 broken down by the number of such degrees in
15 science, technology, engineering, and mathe-
16 matics;

17 (B) the number of aliens described in
18 paragraph (1) who have earned a doctorate de-
19 gree, broken down by the number of such de-
20 grees in science, technology, engineering, and
21 mathematics;

22 (C) the number of aliens described in para-
23 graph (1) who have founded a business in the
24 United States in a STEM field;

1 (D) the number of aliens described in
 2 paragraph (1) who are employed in the United
 3 States in a STEM field, broken down by em-
 4 ployment sector (for profit, nonprofit, or gov-
 5 ernment); and

6 (E) the number of aliens described in para-
 7 graph (1) who are employed by an institution of
 8 higher education.

9 (3) DEFINITIONS.—The terms “institution of
 10 higher education” and “STEM field” have the
 11 meaning given such terms in section 216B(f) of the
 12 Immigration and Nationality Act, as added by sub-
 13 section (a).

14 **SEC. 9. ALIEN ENTREPRENEURS.**

15 (a) QUALIFIED ALIEN ENTREPRENEURS.—

16 (1) ADMISSION AS IMMIGRANTS.—Chapter 1 of
 17 title II of the Immigration and Nationality Act (8
 18 U.S.C. 1151 et seq.) is amended by adding at the
 19 end the following:

20 **“SEC. 210A. QUALIFIED ALIEN ENTREPRENEURS.**

21 “(a) ADMISSION AS IMMIGRANTS.—The Secretary of
 22 Homeland Security, in accordance with the provisions of
 23 this section and section 216A, may issue a conditional im-
 24 migrant visa to not more than 75,000 qualified alien en-
 25 trepreneurs.

1 “(b) APPLICATION FOR CONDITIONAL PERMANENT
2 RESIDENT STATUS.—Every alien applying for a condi-
3 tional immigrant visa under this section shall submit an
4 application to the Secretary of Homeland Security in such
5 form and manner as the Secretary shall prescribe by regu-
6 lation.

7 “(c) REVOCATION.—If, during the 4-year period be-
8 ginning on the date that an alien is granted a visa under
9 this section, the Secretary of Homeland Security deter-
10 mines that such alien is no longer a qualified alien entre-
11 preneur, the Secretary shall—

12 “(1) revoke such visa; and

13 “(2) notify the alien that the alien—

14 “(A) may voluntarily depart from the
15 United States in accordance to section 240B; or

16 “(B) will be subject to removal proceedings
17 under section 240 if the alien does not depart
18 from the United States not later than 6 months
19 after receiving such notification.

20 “(d) REMOVAL OF CONDITIONAL BASIS.—The Sec-
21 retary shall remove the conditional basis of the status of
22 an alien issued an immigrant visa under this section on
23 that date that is 4 years after the date on which such
24 visa was issued if such visa was not revoked pursuant to
25 subsection (c).

1 “(e) DEFINITIONS.—In this section:

2 “(1) The term ‘full-time employee’ means a
3 United States citizen or legal permanent resident
4 who is paid by the new business entity registered by
5 a qualified alien entrepreneur at a rate that is com-
6 parable to the median income of employees in the re-
7 gion.

8 “(2) The term ‘institution of higher education’
9 has the meaning given the term in section 101(a) of
10 the Higher Education Act of 1965 (20 U.S.C.
11 1001(a)).

12 “(3) The term ‘qualified alien entrepreneur’
13 means an alien who—

14 “(A) at the time the alien applies for an
15 immigrant visa under this section—

16 “(i) is lawfully present in the United
17 States;

18 “(ii)(I) holds a nonimmigrant visa
19 pursuant to section 101(a)(15)(H)(i)(b); or

20 “(II) has completed or will complete a
21 graduate level degree in a STEM field
22 from an institution of higher education;

23 “(B) during the 1-year period beginning on
24 the date the alien is granted a visa under this
25 section—

1 “(i) registers at least 1 new business
2 entity in a State;

3 “(ii) employs, at such business entity
4 in the United States, at least 2 full-time
5 employees who are not relatives of the
6 alien; and

7 “(iii) invests, or raises capital invest-
8 ment of, not less than \$100,000 in such
9 business entity; and

10 “(C) during the 3-year period beginning on
11 the last day of the 1-year period described in
12 paragraph (2), employs, at such business entity
13 in the United States, an average of at least 5
14 full-time employees who are not relatives of the
15 alien.

16 “(4) The term ‘STEM field’ means any field of
17 study or occupation included on the most recent
18 STEM-Designated Degree Program List published
19 in the Federal Register by the Department of Home-
20 land Security (as described in section
21 214.2(f)(11)(C)(2) of title 8, Code of Federal Regu-
22 lations).”.

23 (2) TABLE OF CONTENTS AMENDMENT.—The
24 table of contents in the first section of the Immigra-
25 tion and Nationality Act (8 U.S.C. 1101 et seq.) is

1 amended by adding after the item relating to section
2 210 the following:

“Sec. 210A. Qualified alien entrepreneurs.”.

3 (b) CONDITIONAL PERMANENT RESIDENT STA-
4 TUS.—Section 216A of the Immigration and Nationality
5 Act (8 U.S.C. 1186b) is amended—

6 (1) by striking “Attorney General” each place
7 such term appears and inserting “Secretary of
8 Homeland Security”;

9 (2) in subsection (b)(1)(C), by striking
10 “203(b)(5),” and inserting “203(b)(5) or 210A, as
11 appropriate,”;

12 (3) in subsection (c)(1), by striking “alien en-
13 trepreneur must” each place such term appears and
14 inserting “alien entrepreneur shall”;

15 (4) in subsection (d)(1)(B), by striking the pe-
16 riod at the end and inserting “or 210A, as appro-
17 priate.”; and

18 (5) in subsection (f)(1), by striking the period
19 at the end and inserting “or 210A.”.

20 (c) GOVERNMENT ACCOUNTABILITY OFFICE
21 STUDY.—

22 (1) IN GENERAL.—Not later than 3 years after
23 the date of the enactment of this Act, the Comp-
24 troller General of the United States shall submit a
25 report to Congress on the qualified alien entre-

1 preneurs granted immigrant status under section
2 210A of the Immigration and Nationality Act, as
3 added by subsection (a).

4 (2) CONTENTS.—The report described in para-
5 graph (1) shall include information regarding—

6 (A) the number of qualified alien entre-
7 preneurs who have received immigrant status
8 under section 210A of the Immigration and Na-
9 tionality Act, as added by subsection (a), listed
10 by country of origin;

11 (B) the localities in which such qualified
12 alien entrepreneurs have initially settled;

13 (C) whether such qualified alien entre-
14 preneurs generally remain in the localities in
15 which they initially settle;

16 (D) the types of commercial enterprises
17 that such qualified alien entrepreneurs have es-
18 tablished; and

19 (E) the types and number of jobs created
20 by such qualified alien entrepreneurs.

21 **SEC. 10. BIENNIAL STATE STARTUP BUSINESS REPORT.**

22 (a) DATA COLLECTION.—The Secretary of Com-
23 merce shall regularly compile information from each of the
24 50 States and the District of Columbia on State laws that

1 affect the formation and growth of new businesses within
2 the State or District.

3 (b) REPORT.—Not later than 18 months after the
4 date of the enactment of this Act, and every 2 years there-
5 after, the Secretary, using data compiled under subsection
6 (a), shall prepare a report that—

7 (1) analyzes the economic effect of State and
8 District laws that either encourage or inhibit busi-
9 ness formation and growth; and

10 (2) ranks the States and the District based on
11 the effectiveness with which their laws foster new
12 business creation and economic growth.

13 (c) DISTRIBUTION.—The Secretary shall—

14 (1) submit each report prepared under sub-
15 section (b) to Congress; and

16 (2) make each report available to the public on
17 the Department of Commerce’s website.

18 (d) INCLUSION OF LARGE METROPOLITAN AREAS.—

19 Not later than 90 days after the submission of the first
20 report under this section, the Secretary of Commerce shall
21 submit to Congress a study on the feasibility and advis-
22 ability of including, in future reports, information about
23 the effect of local laws and ordinances on the formation
24 and growth of new businesses in large metropolitan areas
25 within the United States.

1 (e) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated such sums as may be
3 necessary to carry out this section.

4 **SEC. 11. NEW BUSINESS FORMATION REPORT.**

5 (a) IN GENERAL.—The Secretary of Commerce shall
6 regularly compile quantitative and qualitative information
7 on businesses in the United States that are not more than
8 1 year old.

9 (b) DATA COLLECTION.—The Secretary shall—

10 (1) regularly compile information from the Bu-
11 reau of the Census' business register on new busi-
12 ness formation in the United States; and

13 (2) conduct quarterly surveys of business own-
14 ers who start a business during the 1-year period
15 ending on the date on which such survey is con-
16 ducted to gather qualitative information about the
17 factors that influenced their decision to start the
18 business.

19 (c) RANDOM SAMPLING.—In conducting surveys
20 under subsection (b)(2), the Secretary may use random
21 sampling to identify a group of business owners who are
22 representative of all the business owners described in sub-
23 section (b)(2).

24 (d) BENEFITS.—The Secretary shall inform business
25 owners selected to participate in a survey conducted under

1 this section of the benefits they would receive from partici-
2 pating in the survey.

3 (e) VOLUNTARY PARTICIPATION.—Business owners
4 selected to participate in a survey conducted under this
5 section may decline to participate without penalty.

6 (f) REPORT.—Not later than 18 months after the
7 date of the enactment of this Act, and every 3 months
8 thereafter, the Secretary shall use the data compiled under
9 subsection (b) to prepare a report that—

10 (1) lists the aggregate number of new busi-
11 nesses formed in the United States;

12 (2) lists the aggregate number of persons em-
13 ployed by new businesses formed in the United
14 States;

15 (3) analyzes the payroll of new businesses
16 formed in the United States;

17 (4) summarizes the data collected under sub-
18 section (b); and

19 (5) identifies the most effective means by which
20 government officials can encourage the formation
21 and growth of new businesses in the United States.

22 (g) DISTRIBUTION.—The Secretary shall—

23 (1) submit each report prepared under sub-
24 section (f) to Congress; and

1 (2) make each report available to the public on
2 the Department of Commerce's website.

3 (h) AUTHORIZATION OF APPROPRIATIONS.—There
4 are authorized to be appropriated such sums as may be
5 necessary to carry out this section.

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