

115TH CONGRESS
1ST SESSION

S. 1877

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

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 27, 2017

Mr. MORAN (for himself, Mr. WARNER, Mr. BLUNT, and Ms. KLOBUCHAR) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

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”.

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. Conditional permanent resident status for immigrants with an advanced degree in a STEM field.

Sec. 4. Immigrant entrepreneurs.

- Sec. 5. Elimination of the per country numerical limitation for employment-based visas.
- Sec. 6. Accelerated commercialization of taxpayer-funded research.
- Sec. 7. Regional innovation program.
- Sec. 8. Economic impact of significant Federal agency rules.
- Sec. 9. Biennial State startup business report.
- Sec. 10. New business formation report.
- Sec. 11. Rescission of unspent Federal funds.

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 innovate, create new com-
12 panies, and hire employees.

13 **SEC. 3. CONDITIONAL PERMANENT RESIDENT STATUS FOR**
14 **IMMIGRANTS WITH AN ADVANCED DEGREE**
15 **IN A STEM FIELD.**

16 (a) IN GENERAL.—Chapter 2 of title II of the Immi-
17 gration and Nationality Act (8 U.S.C. 1181 et seq.) is
18 amended by inserting after section 216A the following:

1 **“SEC. 216B. CONDITIONAL PERMANENT RESIDENT STATUS**
2 **FOR ALIENS WITH AN ADVANCED DEGREE IN**
3 **A STEM FIELD.**

4 “(a) IN GENERAL.—Notwithstanding any other pro-
5 vision of this Act, the Secretary of Homeland Security
6 may adjust the status of not more than 50,000 aliens who
7 have earned a master’s degree or a doctorate degree at
8 an institution of higher education in a STEM field to that
9 of an alien conditionally admitted for permanent residence
10 and authorize each alien granted such adjustment of sta-
11 tus to remain in the United States—

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

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

18 “(b) APPLICATION FOR CONDITIONAL PERMANENT
19 RESIDENT STATUS.—Every alien applying for a condi-
20 tional permanent resident status under this section shall
21 submit an application to the Secretary of Homeland Secu-
22 rity before the expiration of the alien’s student visa in
23 such form and manner as the Secretary shall prescribe
24 by regulation.

25 “(c) INELIGIBILITY FOR FEDERAL GOVERNMENT AS-
26 SISTANCE.—An alien granted conditional permanent resi-

1 dent status under this section shall not be eligible, while
 2 in such status, for—

3 “(1) any unemployment compensation (as de-
 4 fined in section 85(b) of the Internal Revenue Code
 5 of 1986); or

6 “(2) any Federal means-tested public benefit
 7 (as that term is used in section 403 of the Personal
 8 Responsibility and Work Opportunity Reconciliation
 9 Act of 1996 (8 U.S.C. 1613)).

10 “(d) EFFECT ON NATURALIZATION RESIDENCY RE-
 11 QUIREMENT.—An alien granted conditional permanent
 12 resident status under this section shall be deemed to have
 13 been lawfully admitted for permanent residence for pur-
 14 poses of meeting the 5-year residency requirement under
 15 section 316(a)(1).

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

22 “(f) DEFINITIONS.—In this section:

23 “(1) ACTIVELY ENGAGED IN A STEM FIELD.—
 24 The term ‘actively engaged in a STEM field’—

25 “(A) means—

1 “(i) gainfully employed in a for-profit
2 business or nonprofit organization in the
3 United States in a STEM field;

4 “(ii) teaching 1 or more STEM field
5 courses at an institution of higher edu-
6 cation; or

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

9 “(B) includes any period of up to 6
10 months during which the alien does not meet
11 the requirement under subparagraph (A) if
12 such period was immediately preceded by a 1-
13 year period during which the alien met the re-
14 quirement under subparagraph (A).

15 “(2) INSTITUTION OF HIGHER EDUCATION.—
16 The term ‘institution of higher education’ has the
17 meaning given the term in section 101(a) of the
18 Higher Education Act of 1965 (20 U.S.C. 1001(a)).

19 “(3) STEM FIELD.—The term ‘STEM field’
20 means any field of study or occupation included on
21 the most recent STEM-Designated Degree Program
22 List published in the Federal Register by the De-
23 partment of Homeland Security (as described in sec-
24 tion 214.2(f)(11)(i)(C)(2) of title 8, Code of Federal
25 Regulations).”.

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

“Sec. 216B. Conditional permanent resident status for aliens with an advanced
 degree in a STEM field.”.

5 (c) GOVERNMENT ACCOUNTABILITY OFFICE
 6 STUDY.—

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

14 (2) CONTENTS.—The report required under
 15 paragraph (1) shall include—

16 (A) the number of aliens described in para-
 17 graph (1) who have earned a master’s degree,
 18 broken down by the number of such degrees in
 19 science, technology, engineering, and mathe-
 20 matics;

21 (B) the number of aliens described in
 22 paragraph (1) who have earned a doctorate de-
 23 gree, broken down by the number of such de-

1 grees in science, technology, engineering, and
 2 mathematics;

3 (C) the number of aliens described in para-
 4 graph (1) who have founded a business in the
 5 United States in a STEM field;

6 (D) the number of aliens described in
 7 paragraph (1) who are employed in the United
 8 States in a STEM field, broken down by em-
 9 ployment sector (for-profit, nonprofit, or gov-
 10 ernment); and

11 (E) the number of aliens described in para-
 12 graph (1) who are employed by an institution of
 13 higher education.

14 (3) DEFINITIONS.—The terms “institution of
 15 higher education” and “STEM field” have the
 16 meaning given such terms in section 216B(f) of the
 17 Immigration and Nationality Act, as added by sub-
 18 section (a).

19 **SEC. 4. IMMIGRANT ENTREPRENEURS.**

20 (a) QUALIFIED ALIEN ENTREPRENEURS.—

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

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

2 “(a) ADMISSION AS IMMIGRANTS.—The Secretary of
3 Homeland Security, in accordance with the provisions of
4 this section and of section 216A, may issue a conditional
5 immigrant visa to not more than 75,000 qualified alien
6 entrepreneurs.

7 “(b) APPLICATION FOR CONDITIONAL PERMANENT
8 RESIDENT STATUS.—Every alien applying for a condi-
9 tional immigrant visa under this section shall submit an
10 application to the Secretary of Homeland Security in such
11 form and manner as the Secretary shall prescribe by regu-
12 lation.

13 “(c) REVOCATION.—If, during the 4-year period be-
14 ginning on the date on which an alien is granted a visa
15 under this section, the Secretary of Homeland Security de-
16 termines that such alien is no longer a qualified alien en-
17 trepreneur, the Secretary shall—

18 “(1) revoke such visa; and

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

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

22 “(B) will be subject to removal proceedings
23 under section 240 if the alien does not depart
24 from the United States not later than 6 months
25 after receiving notification under this para-
26 graph.

1 “(d) REMOVAL OF CONDITIONAL BASIS.—The Sec-
 2 retary of Homeland Security shall remove the conditional
 3 basis of the status of an alien issued an immigrant visa
 4 under this section on that date that is 4 years after the
 5 date on which such visa was issued if such visa was not
 6 revoked pursuant to subsection (c).

7 “(e) DEFINITIONS.—In this section:

8 “(1) FULL-TIME EMPLOYEE.—The term ‘full-
 9 time employee’ means a United States citizen or
 10 legal permanent resident who is paid by the new
 11 business entity registered by a qualified alien entre-
 12 preneur at a rate that is comparable to the median
 13 income of employees in the region.

14 “(2) QUALIFIED ALIEN ENTREPRENEUR.—The
 15 term ‘qualified alien entrepreneur’ means an alien
 16 who—

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

19 “(i) is lawfully present in the United
 20 States; and

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

23 “(II) holds a nonimmigrant visa pur-
 24 suant to section 101(a)(15)(F)(i);

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

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

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

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

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

19 (2) CLERICAL AMENDMENT.—The table of con-
20 tents in the first section of the Immigration and Na-
21 tionality Act (8 U.S.C. 1101 et seq.) is amended by
22 adding after the item relating to section 210 the fol-
23 lowing:

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

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

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

7 (2) in subsection (b)(1)(C), by striking
8 “203(b)(5),” and inserting “203(b)(5) or 210A, as
9 appropriate,”;

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

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

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

18 (c) GOVERNMENT ACCOUNTABILITY OFFICE
19 STUDY.—

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

210A of the Immigration and Nationality Act, as added by subsection (a).

(2) CONTENTS.—The report described in paragraph (1) shall include information regarding—

(A) the number of qualified alien entrepreneurs who have received immigrant status under section 210A of the Immigration and Nationality Act, as added by subsection (a), listed by country of origin;

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

(C) whether such qualified alien entrepreneurs generally remain in the localities in which they initially settle;

(D) the types of commercial enterprises that such qualified alien entrepreneurs have established; and

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

SEC. 5. ELIMINATION OF THE PER COUNTRY NUMERICAL LIMITATION FOR EMPLOYMENT-BASED VISAS.

(a) IN GENERAL.—Section 202(a)(2) of the Immigration and Nationality Act (8 U.S.C. 1152(a)(2)) is amended—

1 (1) in the paragraph heading, by striking “AND
2 EMPLOYMENT-BASED”;

3 (2) by striking “(3), (4), and (5),” and insert-
4 ing “(3) and (4),”;

5 (3) by striking “subsections (a) and (b) of sec-
6 tion 203” and inserting “section 203(a)”;

7 (4) by striking “7” and inserting “15”; and

8 (5) by striking “such subsections” and inserting
9 “such section”.

10 (b) CONFORMING AMENDMENTS.—Section 202 of the
11 Immigration and Nationality Act (8 U.S.C. 1152) is
12 amended—

13 (1) in subsection (a)—

14 (A) in paragraph (3), by striking “both
15 subsections (a) and (b) of section 203” and in-
16 serting “section 203(a)”;

17 (B) by striking paragraph (5); and

18 (2) by amending subsection (e) to read as fol-
19 lows:

20 “(e) SPECIAL RULES FOR COUNTRIES AT CEILING.—

21 If the total number of immigrant visas made available
22 under section 203(a) to natives of any single foreign state
23 or dependent area will exceed the numerical limitation
24 specified in subsection (a)(2) in any fiscal year, in deter-
25 mining the allotment of immigrant visa numbers to natives

1 under section 203(a), visa numbers with respect to natives
 2 of that state or area shall be allocated (to the extent prac-
 3 ticable and otherwise consistent with this section and sec-
 4 tion 203) in a manner so that, except as provided in sub-
 5 section (a)(4), the proportion of the visa numbers made
 6 available under each of paragraphs (1) through (4) of sec-
 7 tion 203(a) is equal to the ratio of the total number of
 8 visas made available under the respective paragraph to the
 9 total number of visas made available under section
 10 203(a).”.

11 (c) COUNTRY-SPECIFIC OFFSET.—Section 2 of the
 12 Chinese Student Protection Act of 1992 (8 U.S.C. 1255
 13 note) is amended—

14 (1) in subsection (a), by striking “subsection
 15 (e))” and inserting “subsection (d))”; and

16 (2) by striking subsection (d) and redesignating
 17 subsection (e) as subsection (d).

18 (d) EFFECTIVE DATE.—The amendments made by
 19 this section shall take effect on September 30, 2017, and
 20 shall apply to fiscal years beginning with fiscal year 2018.

21 (e) TRANSITION RULES FOR EMPLOYMENT-BASED
 22 IMMIGRANTS.—

23 (1) IN GENERAL.—Subject to of this subsection
 24 and notwithstanding title II of the Immigration and

1 Nationality Act (8 U.S.C. 1151 et seq.), the fol-
2 lowing rules shall apply:

3 (A) For fiscal year 2018, 15 percent of the
4 immigrant visas made available under each of
5 paragraphs (2) and (3) of section 203(b) of
6 such Act (8 U.S.C. 1153(b)) shall be allotted to
7 immigrants who are natives of a foreign state
8 or dependent area that was not one of the two
9 states with the largest aggregate numbers of
10 natives obtaining immigrant visas during fiscal
11 year 2016 under such paragraphs.

12 (B) For fiscal year 2019, 10 percent of the
13 immigrant visas made available under each of
14 such paragraphs shall be allotted to immigrants
15 who are natives of a foreign state or dependent
16 area that was not one of the two states with the
17 largest aggregate numbers of natives obtaining
18 immigrant visas during fiscal year 2017 under
19 such paragraphs.

20 (C) For fiscal year 2020, 10 percent of the
21 immigrant visas made available under each of
22 such paragraphs shall be allotted to immigrants
23 who are natives of a foreign state or dependent
24 area that was not one of the two states with the
25 largest aggregate numbers of natives obtaining

1 immigrant visas during fiscal year 2018 under
2 such paragraphs.

3 (2) PER-COUNTRY LEVELS.—

4 (A) RESERVED VISAS.—With respect to
5 the visas reserved under each of subparagraphs
6 (A) through (C) of paragraph (1), the number
7 of such visas made available to natives of any
8 single foreign state or dependent area in the ap-
9 propriate fiscal year may not exceed 25 percent
10 (in the case of a single foreign state) or 2 per-
11 cent (in the case of a dependent area) of the
12 total number of such visas.

13 (B) UNRESERVED VISAS.—With respect to
14 the immigrant visas made available under each
15 of paragraphs (2) and (3) of section 203(b) of
16 the Immigration and Nationality Act (8 U.S.C.
17 1153(b)) and not reserved under paragraph (1),
18 for each of fiscal years 2018, 2019, and 2020,
19 not more than 85 percent shall be allotted to
20 immigrants who are natives of any single for-
21 eign state.

22 (3) SPECIAL RULE TO PREVENT UNUSED
23 VISAS.—If, with respect to fiscal year 2018, 2019, or
24 2020, the operation of paragraphs (1) and (2) would
25 prevent the total number of immigrant visas made

1 available under paragraph (2) or (3) of section
 2 203(b) of the Immigration and Nationality Act (8
 3 U.S.C. 1153(b)) from being issued, such visas may
 4 be issued during the remainder of such fiscal year
 5 without regard to such paragraphs (1) and (2).

6 (4) RULES FOR CHARGEABILITY.—Section
 7 202(b) of the Immigration and Nationality Act (8
 8 U.S.C. 1152(b)) shall apply in determining the for-
 9 eign state to which an alien is chargeable for pur-
 10 poses of this subsection.

11 **SEC. 6. ACCELERATED COMMERCIALIZATION OF TAX-**
 12 **PAYER-FUNDED RESEARCH.**

13 (a) DEFINITIONS.—In this section:

14 (1) COUNCIL.—The term “Council” means the
 15 Advisory Council on Innovation and Entrepreneur-
 16 ship of the Department of Commerce established
 17 pursuant to section 25(c) of the Stevenson-Wydler
 18 Technology Innovation Act of 1980 (15 U.S.C.
 19 3720(c)).

20 (2) ELIGIBLE ENTITY.—The term “eligible enti-
 21 ty” means—

22 (A) an institution of higher education; or

23 (B) a venture development organization.

24 (3) EXTRAMURAL BUDGET.—The term “extra-
 25 mural budget” means the sum of the total obliga-

1 tions minus amounts obligated for such activities by
 2 employees of the agency in or through Government-
 3 owned, Government-operated facilities, except that
 4 for the Department of Energy it shall not include
 5 amounts obligated for atomic energy defense pro-
 6 grams solely for weapons activities or for naval reac-
 7 tor programs, and except that for the Agency for
 8 International Development it shall not include
 9 amounts obligated solely for general institutional
 10 support of international research centers or for
 11 grants to foreign countries.

12 (4) INSTITUTION OF HIGHER EDUCATION.—The
 13 term “institution of higher education” has the
 14 meaning given the term in section 101(a) of the
 15 Higher Education Act of 1965 (20 U.S.C. 1001(a)).

16 (5) NONPROFIT ORGANIZATION.—The term
 17 “nonprofit organization” means an entity or organi-
 18 zation—

19 (A)(i) described in section 501(c)(3) of the
 20 Internal Revenue Code of 1986; and

21 (ii) exempt from taxation under 501(a) of
 22 such Act; or

23 (B) described in paragraph (1) or (2) of
 24 section 170(c) of such Act.

1 (6) RESEARCH OR RESEARCH AND DEVELOP-
2 MENT.—The terms “research” and “research and
3 development” mean any activity that is—

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

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

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

16 (7) SECRETARY.—The term “Secretary” means
17 the Secretary of Commerce.

18 (8) STATE ORGANIZATION.—The term “State
19 organization” means an entity that has been created
20 by a State, Puerto Rico, or the District of Columbia.

21 (9) VENTURE DEVELOPMENT ORGANIZATION.—
22 The term “venture development organization”
23 means a nonprofit organization or a State organiza-
24 tion that contributes to regional or sector-based eco-
25 nomic prosperity by providing a portfolio of services

1 intended to accomplish at least 3 of the following
2 purposes:

3 (A) Accelerating the commercialization of
4 research or research and development.

5 (B) Assisting in the creation of high-
6 growth private enterprises that are commer-
7 cializing technology.

8 (C) Strengthening the competitive position
9 of existing small and medium-sized enterprises
10 through the development, commercial adoption,
11 or deployment of technology.

12 (D) Providing expert assistance to—

13 (i) private companies;

14 (ii) faculty, staff, and students of in-
15 stitutions of higher education who are com-
16 mercializing new products or services; or

17 (iii) entrepreneurs who are commer-
18 cializing new products or services.

19 (E) Providing financial grants, loans, or
20 direct financial investment in companies that
21 are commercializing technology.

22 (b) GRANT PROGRAM AUTHORIZED.—

23 (1) IN GENERAL.—Each Federal agency that
24 has an extramural budget for research or research
25 and development that is in excess of \$100,000,000

1 for each of fiscal years 2018 through 2022, shall
2 transfer 0.15 percent of such extramural budget for
3 each of such fiscal years to the Secretary to enable
4 the Secretary to carry out a grant program in ac-
5 cordance with this subsection.

6 (2) GRANTS.—

7 (A) AWARDING OF GRANTS.—

8 (i) IN GENERAL.—From funds trans-
9 ferred under paragraph (1), the Secretary
10 shall use the criteria developed by the
11 Council to award grants to eligible entities
12 for initiatives to improve commercialization
13 and transfer of technology.

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

22 (iii) APPLICATIONS.—Eligible entities
23 that desire to receive a grant under this
24 subsection shall submit an application to
25 the Secretary not later than 90 days after

1 the Secretary releases the request for pro-
2 posals under clause (ii).

3 (iv) COUNCIL REVIEW.—

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

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

15 (III) PUBLIC RELEASE.—The
16 Council shall publicly release any rec-
17 ommendations made under subclause
18 (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 Council under
24 subclause (II).

1 (B) COMMERCIALIZATION CAPACITY
2 BUILDING GRANTS.—

3 (i) IN GENERAL.—The Secretary shall
4 award grants to eligible entities to support
5 specific innovative initiatives to improve
6 the regional capacity for private compa-
7 nies, faculty, staff, and students of institu-
8 tions of higher education, or entrepreneurs
9 to commercialize technology originating
10 from federally funded research.

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

1 (3) ASSESSMENT OF SUCCESS.—Grants award-
2 ed under this subsection shall use criteria for assess-
3 ing the success of programs through the establish-
4 ment of benchmarks.

5 (4) TERMINATION.—The Secretary is author-
6 ized to terminate grant funding to an eligible entity
7 in accordance with the process and performance
8 metrics recommended by the Council.

9 (5) LIMITATIONS.—

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

15 (B) SUPPLEMENT, NOT SUPPLANT.—An
16 eligible entity that receives a grant under this
17 subsection shall use the grant funds to supple-
18 ment, and not to supplant, non-Federal funds
19 that would, in the absence of such grant funds,
20 be made available for activities described in this
21 section.

22 (6) UNSPENT FUNDS.—Any funds transferred
23 to the Secretary under paragraph (1) for a fiscal
24 year that are not expended by the end of such fiscal
25 year may be expended in any subsequent fiscal year

1 through fiscal year 2022. Any funds transferred
2 under paragraph (1) that are remaining at the end
3 of the grant program's authorization under this sub-
4 section shall be transferred to the Treasury for def-
5 icit reduction.

6 (c) COUNCIL.—

7 (1) IN GENERAL.—Not later than 120 days
8 after the date of the enactment of this Act, the
9 Council shall convene and develop recommendations
10 for criteria in awarding grants to eligible entities
11 under subsection (b).

12 (2) SUBMISSION TO DEPARTMENT OF COM-
13 MERCE AND PUBLIC RELEASE.—The Council shall—

14 (A) submit the recommendations described
15 in paragraph (1) to the Secretary; and

16 (B) release the recommendations to the
17 public.

18 (3) MAJORITY VOTE.—The recommendations
19 submitted by the Council under paragraph (2) shall
20 be determined by a majority vote of Council mem-
21 bers.

22 (4) PERFORMANCE METRICS.—The Council
23 shall develop and provide to the Secretary rec-
24 ommendations on performance metrics to be used to
25 evaluate grants awarded under subsection (b).

1 (5) EVALUATION.—

2 (A) IN GENERAL.—Not later than 180
3 days before the expiration of the grant program
4 authorized under subsection (b), the Council
5 shall evaluate the effect of the grant program
6 on accelerating the commercialization of tech-
7 nology originating from federally funded re-
8 search or research and development.

9 (B) INCLUSIONS.—The evaluation under
10 subparagraph (A) shall include—

11 (i) the recommendation of the Council
12 as to whether the grant program should be
13 continued or terminated;

14 (ii) quantitative data related to the ef-
15 fect, if any, that the grant program has
16 had on accelerating the commercialization
17 of technology originating from federally
18 funded research and research and develop-
19 ment; and

20 (iii) a description of the lessons
21 learned in administering the grant pro-
22 gram, and how such lessons could be ap-
23 plied to future efforts to accelerate the
24 commercialization of technology originating

1 from federally funded research or research
2 and development.

3 (C) AVAILABILITY.—The results of the
4 evaluation under subparagraph (A) shall be
5 made available on a public website and sub-
6 mitted to Congress. The Secretary shall notify
7 all institutions of higher education when the
8 evaluation is published and how it can be
9 accessed.

10 (d) RULE OF CONSTRUCTION.—Nothing in this sec-
11 tion may be construed to alter, modify, or amend any pro-
12 vision of chapter 18 of title 35, United States Code (com-
13 monly known as the “Bayh-Dole Act”).

14 **SEC. 7. REGIONAL INNOVATION PROGRAM.**

15 Section 27 of the Stevenson-Wydler Technology Inno-
16 vation Act of 1980 (15 U.S.C. 3722) is amended to read
17 as follows:

18 **“SEC. 27. REGIONAL INNOVATION PROGRAM.**

19 “(a) DEFINITIONS.—In this section:

20 “(1) ELIGIBLE RECIPIENT DEFINED.—The
21 term ‘eligible recipient’ means—

22 “(A) a State;

23 “(B) an Indian tribe;

24 “(C) a city or other political subdivision of
25 a State;

1 “(D) an entity that—

2 “(i) is a nonprofit organization, an in-
 3 stitution of higher education, a public-pri-
 4 vate partnership, a science or research
 5 park, a Federal laboratory, a venture de-
 6 velopment organization (as defined in sec-
 7 tion 6 of the Startup Act), or an economic
 8 development organization or similar entity
 9 that is focused primarily on improving
 10 science, technology, innovation, and entre-
 11 preneurship; or

12 “(E) a consortium of any of the entities
 13 described in subparagraphs (A) through (D).

14 “(2) REGIONAL INNOVATION INITIATIVE.—The
 15 term ‘regional innovation initiative’ means a public
 16 or nonprofit activity or program implemented in a
 17 specific geographic area to address issues of greatest
 18 need in the local innovation systems—

19 “(A) to increase the success of innovation-
 20 driven startups;

21 “(B) to strengthen the competitiveness of
 22 existing businesses through new product innova-
 23 tion;

1 “(C) to improve the pace of market readi-
2 ness and overall commercialization of innova-
3 tion; and

4 “(D) to enhance the overall innovation ca-
5 pacity and long-term resilience of the region.

6 “(3) STATE.—The term ‘State’ means one of
7 the several States of the United States, the District
8 of Columbia, the Commonwealth of Puerto Rico, the
9 United States Virgin Islands, Guam, American
10 Samoa, the Commonwealth of the Northern Mariana
11 Islands, or any other territory or possession of the
12 United States.

13 “(b) ESTABLISHMENT.—The Secretary shall estab-
14 lish a regional innovation program to encourage and sup-
15 port the development of State and local initiatives de-
16 signed to increase innovation-driven economic opportunity
17 within their respective regions.

18 “(c) REGIONAL INNOVATION GRANTS.—

19 “(1) AUTHORIZATION OF GRANTS.—As part of
20 the program established under subsection (b), the
21 Secretary may award grants, on a competitive basis,
22 to eligible recipients for activities designed to
23 strengthen the competitiveness of new and existing
24 innovation-driven businesses within the geographic

1 regions identified by eligible recipients before receiving a grant under this subsection.

3 “(2) PERMISSIBLE ACTIVITIES.—Grants awarded under this subsection may be used for activities determined appropriate by the Secretary that strive to achieve 3 or more of the following outcomes:

7 “(A) Increasing the availability and investment of private and philanthropic financing that supports innovation-based business ventures within geographic regions and populations that have historically received less venture capital than the average per capita amount of venture capital received by businesses throughout the United States during the previous 3 years, as determined by the Secretary.

16 “(B) Completing the research, development and introduction of new products, processes, and services into the commercial market by United States companies, as measured by increased revenues, increased sales, greater market share, reduce costs, increased market value, or overall profitability increase, as reported by the participating companies to the Secretary.

24 “(C) Increasing the number of full-time equivalent employment opportunities within in-

1 novation-based business ventures in the geo-
 2 graphic region that pay wages that are higher
 3 than the median for the geographic region.

4 “(D) Using innovation, technology, and in-
 5 novation-based business ventures to help the
 6 public and nonprofit sectors—

7 “(i) to reduce costs associated with
 8 carrying out their missions and services; or

9 “(ii) to achieve other quantifiable effi-
 10 ciencies, savings, or reductions in carrying
 11 out their operations and service delivery.

12 “(E) Achieving quantifiable, positive bene-
 13 fits to, or measurable enhancements for, the
 14 economic performance of the geographic region
 15 or the population within the region identified by
 16 the regional innovation program grant recipient
 17 through increased collaboration, productive
 18 partnerships, and strengthened network rela-
 19 tionships (internal and external to the region)
 20 that support the regional innovation system.

21 “(3) RESTRICTED ACTIVITIES.—Grants award-
 22 ed under this subsection may not be used to pay
 23 for—

1 “(A) costs related to the construction, ex-
 2 pansion, demolition, renovation, or installation
 3 of physical assets;

4 “(B) costs related to the recruitment, in-
 5 ducement, or associated financial or tangible in-
 6 centives that might be offered to relocate an ex-
 7 isting business from a geographic area to an-
 8 other geographic area; or

9 “(C) costs associated with offsetting reve-
 10 nues forgone by one or more taxing authorities
 11 through tax incentives, tax increment financing,
 12 special improvement districts, tax abatements
 13 for private development within designated zones
 14 or geographic areas, or other reduction in reve-
 15 nues resulting from tax credits affecting the ge-
 16 ographic region of the eligible recipients.

17 “(4) APPLICATIONS.—

18 “(A) IN GENERAL.—An eligible recipient
 19 shall submit an application to the Secretary at
 20 such time, in such manner, and containing such
 21 information and assurances as the Secretary
 22 may require.

23 “(B) COMPONENTS.—Each application
 24 submitted under subparagraph (A) shall include
 25 a description of the regional innovation initia-

1 tive supported by the proposed activity, includ-
2 ing—

3 “(i) whether the regional innovation
4 initiative is supported by the private sec-
5 tor, State and local governments, and
6 other relevant stakeholders;

7 “(ii) which 3 or more of the outcomes
8 described in paragraph (2) will the regional
9 innovation initiative address by imple-
10 menting the activities described in the ap-
11 plication;

12 “(iii) what activities the regional inno-
13 vation initiative will undertake and how
14 those activities will achieve the outcomes
15 described in paragraph (2);

16 “(iv) how the eligible recipient will
17 measure progress toward, and attainment
18 of, the outcomes addressed by the regional
19 innovation initiative;

20 “(v) whether the participants in the
21 regional innovation initiative have access
22 to, or contribute to, a well-trained work-
23 force and other innovation assets that are
24 critical to the successful outcomes specified
25 in the application;

1 “(vi) whether the participants in the
2 regional innovation initiative are capable of
3 attracting additional funds from non-Fed-
4 eral sources; and

5 “(vii) if appropriate for the activities
6 proposed in the application, the likelihood
7 that the participants in the regional inno-
8 vation initiative will be able to sustain ac-
9 tivities after grant funds received under
10 this subsection have been expended.

11 “(C) FEEDBACK.—The Secretary shall
12 provide feedback to program applicants that are
13 not awarded grants to help them improve future
14 applications.

15 “(D) SPECIAL CONSIDERATIONS.—The
16 Secretary shall give special consideration to—

17 “(i) applications proposing to include
18 workforce or training related activities in
19 their regional innovation initiative from eli-
20 gible recipients who agree to collaborate
21 with local workforce investment area
22 boards; and

23 “(ii) applications from regions that
24 contain communities negatively impacted
25 by trade.

1 “(5) COST SHARE.—The Secretary may not
2 provide more than 50 percent of the total cost of
3 any activity funded under this subsection.

4 “(6) OUTREACH TO RURAL COMMUNITIES.—
5 The Secretary shall conduct outreach to public and
6 private sector entities in rural communities to en-
7 courage those entities to participate in regional inno-
8 vation initiatives under this subsection.

9 “(7) FUNDING.—The Secretary may accept
10 funds from other Federal agencies to support grants
11 and activities under this subsection.

12 “(d) REGIONAL INNOVATION RESEARCH AND INFOR-
13 MATION PROGRAM.—

14 “(1) IN GENERAL.—As part of the program es-
15 tablished under subsection (b), the Secretary shall
16 establish a regional innovation research and infor-
17 mation program—

18 “(A) to gather, analyze, and disseminate
19 information on best practices for regional inno-
20 vation initiatives, including information relating
21 to how innovation, productivity, and economic
22 development can be maximized through such
23 strategies;

24 “(B) to provide technical assistance, in-
25 cluding through the development of technical

1 assistance guides, for the development and im-
2 plementation of regional innovation initiatives;

3 “(C) to support the development of rel-
4 evant metrics and measurement standards to
5 evaluate regional innovation initiatives, includ-
6 ing the extent to which such strategies stimu-
7 late innovation, productivity, and economic de-
8 velopment; and

9 “(D) to collect and make available data on
10 regional innovation initiatives in the United
11 States, including data on—

12 “(i) the size, specialization, and com-
13 petitiveness of regional innovation initia-
14 tives;

15 “(ii) the regional domestic product
16 contribution, total jobs and earnings by
17 key occupations, establishment size, nature
18 of specialization, patents, Federal research
19 and development spending, and other rel-
20 evant information for regional innovation
21 initiatives; and

22 “(iii) supply chain product and service
23 flows within and between regional innova-
24 tion initiatives.

1 “(2) RESEARCH GRANTS.—The Secretary may
2 award research grants on a competitive basis to sup-
3 port and further the goals of the program estab-
4 lished under this section.

5 “(3) DISSEMINATION OF INFORMATION.—Data
6 and analysis compiled by the Secretary under the
7 program established in this subsection shall be made
8 available to other Federal agencies, State and local
9 governments, and nonprofit and for-profit entities.

10 “(4) REGIONAL INNOVATION GRANT PRO-
11 GRAM.—The Secretary shall incorporate data and
12 analysis relating to any grant awarded under sub-
13 section (c) into the program established under this
14 subsection.

15 “(e) INTERAGENCY COORDINATION.—

16 “(1) IN GENERAL.—To the maximum extent
17 practicable, the Secretary shall ensure that the ac-
18 tivities carried out under this section are coordinated
19 with, and do not duplicate the efforts of, other pro-
20 grams at the Department of Commerce or at other
21 Federal agencies.

22 “(2) COLLABORATION.—

23 “(A) IN GENERAL.—The Secretary shall
24 explore and pursue collaboration with other
25 Federal agencies, including through multi-

1 agency funding opportunities, on regional inno-
2 vation strategies.

3 “(B) SMALL BUSINESSES.—The Secretary
4 shall ensure that such collaboration with Fed-
5 eral agencies prioritizes the needs and chal-
6 lenges of small businesses.

7 “(f) EVALUATION.—

8 “(1) IN GENERAL.—Not later than 5 years
9 after Congress appropriates funds to carry out this
10 section, the Secretary shall competitively award a
11 contract with an independent entity to conduct an
12 evaluation of programs established under this sec-
13 tion.

14 “(2) REQUIREMENTS.—The evaluation con-
15 ducted under paragraph (1) shall include—

16 “(A) an assessment of whether the pro-
17 gram is achieving its goals;

18 “(B) the program’s efficacy in providing
19 awards to geographically diverse entities;

20 “(C) any recommendations for how the
21 program may be improved; and

22 “(D) a recommendation as to whether the
23 program should be continued or terminated.

24 “(g) REPORTING REQUIREMENT.—Not later than 1
25 year after the first grant is awarded under subsection (c)

1 and annually thereafter until 5 years after the last grant
 2 recipient completes the regional innovation initiative for
 3 which such grant was awarded, the Secretary shall submit
 4 a report to Congress that describes the outcome of each
 5 regional innovation initiative that was completed during
 6 the previous 5 years.

7 “(h) FUNDING.—From amounts appropriated by
 8 Congress for economic development assistance programs,
 9 the Secretary may use up to \$100,000,000 in each of the
 10 fiscal years 2018 through 2024 to carry out this section.”.

11 **SEC. 8. ECONOMIC IMPACT OF SIGNIFICANT FEDERAL**
 12 **AGENCY RULES.**

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

15 “(f) REQUIRED REVIEW BEFORE ISSUANCE OF SIG-
 16 NIFICANT RULES.—

17 “(1) DEFINED TERM.—In this subsection the
 18 term ‘significant rule’ means a rule that is likely—

19 “(A) to have an annual effect on the econ-
 20 omy of \$100,000,000 or more;

21 “(B) to adversely affect, in a material way,
 22 the economy, a sector of the economy, produc-
 23 tivity, competition, jobs, the environment, public
 24 health or safety, or State, local, or tribal gov-
 25 ernments or communities; or

1 “(C) to create a serious inconsistency or
2 otherwise interfere with an action taken or
3 planned by another agency.

4 “(2) REVIEW.—Before issuing a notice of pro-
5 posed rulemaking in the Federal Register regarding
6 the issuance of a significant rule, the head of the
7 Federal agency or independent regulatory agency
8 seeking to issue the rule shall complete a review, to
9 the extent permitted by law, that—

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

12 “(i) the specific market failure, such
13 as externalities, market power, or lack of
14 information, that justifies such rule; or

15 “(ii) any other specific problem, such
16 as the failures of public institutions, that
17 justifies such rule;

18 “(B) analyzes the expected impact of the
19 proposed rule on the ability of new businesses
20 to form and expand;

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

1 “(i) to carry out the mandates im-
 2 posed by the rule on such government enti-
 3 ties; and

4 “(ii) to minimize the burdens that
 5 uniquely or significantly affect such gov-
 6 ernmental entities, consistent with achiev-
 7 ing regulatory objectives;

8 “(D) identifies any conflicting or duplica-
 9 tive regulations;

10 “(E) determines—

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

14 “(ii) if the laws or regulations re-
 15 ferred to in clause (i) should be modified
 16 to more effectively achieve the intended
 17 goal of the rule; and

18 “(F) includes the cost-benefit analysis de-
 19 scribed in paragraph (3).

20 “(3) COST-BENEFIT ANALYSIS.—A cost-benefit
 21 analysis described in this paragraph shall include—

22 “(A)(i) an assessment, including the un-
 23 derlying analysis, of benefits anticipated from
 24 the proposed rule, such as—

1 “(I) promoting the efficient func-
2 tioning of the economy and private mar-
3 kets;

4 “(II) enhancing health and safety;

5 “(III) protecting the natural environ-
6 ment; and

7 “(IV) eliminating or reducing dis-
8 crimination or bias; and

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

11 “(B)(i) an assessment, including the un-
12 derlying analysis, of costs anticipated from the
13 proposed rule, such as—

14 “(I) the direct costs to the Federal
15 Government to administer the rule;

16 “(II) the direct costs to businesses
17 and others to comply with the rule; and

18 “(III) any adverse effects on the effi-
19 cient functioning of the economy, private
20 markets (including productivity, employ-
21 ment, and competitiveness), health, safety,
22 and the natural environment; and

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

1 “(C)(i) an assessment, including the un-
2 derlying analysis, of costs and benefits of poten-
3 tially effective and reasonably feasible alter-
4 natives to the proposed rule, which have been
5 identified by the agency or by the public, in-
6 cluding taking reasonably viable nonregulatory
7 actions; and

8 “(ii) an explanation of why the proposed
9 rule is preferable to the alternatives identified
10 under clause (i).

11 “(4) REPORT.—Before issuing a notice of pro-
12 posed rulemaking in the Federal Register regarding
13 the issuance of a significant rule, the head of the
14 Federal agency or independent regulatory agency
15 seeking to issue the rule shall—

16 “(A) submit the results of the review con-
17 ducted under paragraph (2) to the appropriate
18 congressional committees; and

19 “(B) post the results of the review con-
20 ducted under paragraph (2) on a publicly avail-
21 able website.

22 “(5) JUDICIAL REVIEW.—Any determinations
23 made, or other actions taken, by an agency or inde-
24 pendent regulatory agency under this subsection
25 shall not be subject to judicial review.”.

1 **SEC. 9. BIENNIAL STATE STARTUP BUSINESS REPORT.**

2 (a) DATA COLLECTION.—The Secretary of Com-
3 merce shall regularly compile information from each of the
4 50 States and the District of Columbia on State laws that
5 affect the formation and growth of new businesses within
6 the State or District.

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

11 (1) analyzes the economic effect of State and
12 District laws that either encourage or inhibit busi-
13 ness formation and growth; and

14 (2) ranks the States and the District based on
15 the effectiveness with which their laws foster new
16 business creation and economic growth.

17 (c) DISTRIBUTION.—The Secretary of Commerce
18 shall—

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

21 (2) make each report available to the public on
22 the website of the Department of Commerce.

23 (d) INCLUSION OF LARGE METROPOLITAN AREAS.—
24 Not later than 90 days after the submission of the first
25 report under this section, the Secretary of Commerce shall
26 submit to Congress a study on the feasibility and advis-

1 ability of including, in future reports, information about
2 the effect of local laws and ordinances on the formation
3 and growth of new businesses in large metropolitan areas
4 within the United States.

5 (e) AUTHORIZATION OF APPROPRIATIONS.—There
6 are authorized to be appropriated such sums as may be
7 necessary to carry out this section.

8 **SEC. 10. NEW BUSINESS FORMATION REPORT.**

9 (a) IN GENERAL.—The Secretary of Commerce shall
10 regularly compile quantitative and qualitative information
11 on businesses in the United States that are not more than
12 1 year old.

13 (b) DATA COLLECTION.—The Secretary of Com-
14 merce shall—

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

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

24 (c) RANDOM SAMPLING.—In conducting surveys
25 under subsection (b)(2), the Secretary may use random

1 sampling to identify a group of business owners who are
2 representative of all the business owners described in sub-
3 section (b)(2).

4 (d) BENEFITS.—The Secretary of Commerce shall in-
5 form business owners selected to participate in a survey
6 conducted under this section of the benefits they would
7 receive from participating in the survey.

8 (e) VOLUNTARY PARTICIPATION.—Business owners
9 selected to participate in a survey conducted under this
10 section may decline to participate without penalty.

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

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

17 (2) lists the aggregate number of persons em-
18 ployed by new businesses formed in the United
19 States;

20 (3) analyzes the payroll of new businesses
21 formed in the United States;

22 (4) summarizes the data collected under sub-
23 section (b); and

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

4 (g) DISTRIBUTION.—The Secretary of Commerce
5 shall—

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

8 (2) make each report available to the public on
9 the website of the Department of Commerce.

10 (h) AUTHORIZATION OF APPROPRIATIONS.—There
11 are authorized to be appropriated such sums as may be
12 necessary to carry out this section.

13 **SEC. 11. RESCISSION OF UNSPENT FEDERAL FUNDS.**

14 (a) IN GENERAL.—Notwithstanding any other provi-
15 sion of law, of all available unobligated funds for fiscal
16 year 2017, the amount necessary to carry out this Act and
17 the amendments made by this Act in appropriated discre-
18 tionary funds are hereby rescinded.

19 (b) IMPLEMENTATION.—The Director of the Office of
20 Management and Budget shall determine and identify
21 from which appropriation accounts the rescission under
22 subsection (a) shall apply and the amount of such rescis-
23 sion that shall apply to each such account.

24 (c) REPORT.—Not later than 60 days after the date
25 of the enactment of this Act, the Director of the Office

1 of Management and Budget shall submit a report to the
2 Secretary of the Treasury and Congress of the accounts
3 and amounts determined and identified for rescission
4 under subsection (b).

○