115TH CONGRESS
1ST SESSION

S.

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

IN THE SENATE OF THE UNITED STATES

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

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.

(a) SHORT TITLE.—This Act may be cited as the

5 "Startup Act".

(b) TABLE OF CONTENTS.—The table of contents for

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 formation and growth of new companies.

4 (2) Between 1980 and 2005, companies less than 5 years old accounted for nearly all net job creation in the United States.

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

6 (4) To get Americans back to work, entrepreneurs must be free to innovate, create new companies, and hire employees.

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

16 (a) IN GENERAL.—Chapter 2 of title II of the Immigration and Nationality Act (8 U.S.C. 1181 et seq.) is amended by inserting after section 216A the following:
SEC. 216B. CONDITIONAL PERMANENT RESIDENT STATUS
FOR ALIENS WITH AN ADVANCED DEGREE IN
A STEM FIELD.

(a) In General.—Notwithstanding any other provision of this Act, the Secretary of Homeland Security may adjust the status of not more than 50,000 aliens who have earned a master’s degree or a doctorate degree at an institution of higher education in a STEM field to that of an alien conditionally admitted for permanent residence and authorize each alien granted such adjustment of status to remain in the United States—

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

(2) indefinitely if the alien remains actively engaged in a STEM field.

(b) Application for Conditional Permanent Resident Status.—Every alien applying for a conditional permanent resident status under this section shall submit an application to the Secretary of Homeland Security before the expiration of the alien’s student visa in such form and manner as the Secretary shall prescribe by regulation.

(c) Ineligibility for Federal Government Assistance.—An alien granted conditional permanent resi-
dent status under this section shall not be eligible, while in such status, for—

“(1) any unemployment compensation (as defined in section 85(b) of the Internal Revenue Code of 1986); or

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

“(d) EFFECT ON NATURALIZATION RESIDENCY REQUIREMENT.—An alien granted conditional permanent resident status under this section shall be deemed to have been lawfully admitted for permanent residence for purposes of meeting the 5-year residency requirement under section 316(a)(1).

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

“(f) DEFINITIONS.—In this section:

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

“(A) means—
(i) gainfully employed in a for-profit business or nonprofit organization in the United States in a STEM field;

(ii) teaching 1 or more STEM field courses at an institution of higher education; or

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

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

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

(3) STEM FIELD.—The term 'STEM field' means any field of study or occupation included on the most recent STEM-Designated Degree Program List published in the Federal Register by the Department of Homeland Security (as described in section 214.2(f)(11)(i)(C)(2) of title 8, Code of Federal Regulations)."
(b) CLERICAL AMENDMENT.—The table of contents of the Immigration and Nationality Act (8 U.S.C. 1101 et seq.) is amended by inserting after the item relating to section 216A the following:

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

(c) GOVERNMENT ACCOUNTABILITY OFFICE STUDY.—

(1) IN GENERAL.—Not later than 3 years after the date of the enactment of this Act, the Comptroller General of the United States shall submit to Congress a report on the alien college graduates granted immigrant status under section 216B of the Immigration and Nationality Act, as added by subsection (a).

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

(A) the number of aliens described in paragraph (1) who have earned a master's degree, broken down by the number of such degrees in science, technology, engineering, and mathematics;

(B) the number of aliens described in paragraph (1) who have earned a doctorate degree, broken down by the number of such de-
degrees in science, technology, engineering, and mathematics;

(C) the number of aliens described in paragraph (1) who have founded a business in the United States in a STEM field;

(D) the number of aliens described in paragraph (1) who are employed in the United States in a STEM field, broken down by employment sector (for profit, nonprofit, or government); and

(E) the number of aliens described in paragraph (1) who are employed by an institution of higher education.

(3) DEFINITIONS.—The terms "institution of higher education" and "STEM field" have the meaning given such terms in section 216B(f) of the Immigration and Nationality Act, as added by subsection (a).

SEC. 4. IMMIGRANT ENTREPRENEURS.

(a) QUALIFIED ALIEN ENTREPRENEURS.—

(1) ADMISSION AS IMMIGRANTS.—Chapter 1 of title II of the Immigration and Nationality Act (8 U.S.C. 1151 et seq.) is amended by adding at the end the following:
"SEC. 210A. QUALIFIED ALIEN ENTREPRENEURS.

(a) Admission as Immigrants.—The Secretary of Homeland Security, in accordance with the provisions of this section and of section 216A, may issue a conditional immigrant visa to not more than 75,000 qualified alien entrepreneurs.

(b) Application for Conditional Permanent Resident Status.—Every alien applying for a conditional immigrant visa under this section shall submit an application to the Secretary of Homeland Security in such form and manner as the Secretary shall prescribe by regulation.

(c) Revocation.—If, during the 4-year period beginning on the date on which an alien is granted a visa under this section, the Secretary of Homeland Security determines that such alien is no longer a qualified alien entrepreneur, the Secretary shall—

(1) revoke such visa; and

(2) notify the alien that the alien—

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

(B) will be subject to removal proceedings under section 240 if the alien does not depart from the United States not later than 6 months after receiving notification under this paragraph.
(d) REMOVAL OF CONDITIONAL BASIS.—The Secretary of Homeland Security shall remove the conditional basis of the status of an alien issued an immigrant visa under this section on that date that is 4 years after the date on which such visa was issued if such visa was not revoked pursuant to subsection (c).

(e) DEFINITIONS.—In this section:

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

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

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

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

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

(II) holds a nonimmigrant visa pursuant to section 101(a)(15)(F)(i);
“(B) during the 1-year period beginning on
the date the alien is granted a visa under this
section—
“(i) registers at least 1 new business
entity in a State;
“(ii) employs, at such business entity
in the United States, at least 2 full-time
employees who are not relatives of the
alien; and
“(iii) invests, or raises capital invest-
ment of, not less than $100,000 in such
business entity; and
“(C) during the 3-year period beginning on
the last day of the 1-year period described in
paragraph (2), employs, at such business entity
in the United States, an average of at least 5
full-time employees who are not relatives of the
alien.”.

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

“Sec. 210A. Qualified alien entrepreneurs.”.
(b) CONDITIONAL PERMANENT RESIDENT STATUS.—Section 216A of the Immigration and Nationality Act (8 U.S.C. 1186b) is amended—

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

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

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

(4) in subsection (d)(1)(B), by striking the period at the end and inserting “or 210A, as appropriate.”; and

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

(e) GOVERNMENT ACCOUNTABILITY OFFICE STUDY.—

(1) IN GENERAL.—Not later than 3 years after the date of the enactment of this Act, the Comptroller General of the United States shall submit to Congress a report on the qualified alien entrepreneurs 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) in the paragraph heading, by striking “AND
EMPLOYMENT-BASED”;

(2) by striking “(3), (4), and (5),” and inserting “(3) and (4),”;

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

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

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

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

(1) in subsection (a)—

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

(B) by striking paragraph (5); and

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

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

If the total number of immigrant visas made available
under section 203(a) to natives of any single foreign state
or dependent area will exceed the numerical limitation
specified in subsection (a)(2) in any fiscal year, in deter-
mining the allotment of immigrant visa numbers to natives
under section 203(a), visa numbers with respect to natives
of that state or area shall be allocated (to the extent prac-
ticable and otherwise consistent with this section and sec-
tion 203) in a manner so that, except as provided in sub-
section (a)(4), the proportion of the visa numbers made
available under each of paragraphs (1) through (4) of sec-
tion 203(a) is equal to the ratio of the total number of
visas made available under the respective paragraph to the
total number of visas made available under section
203(a).”.

(c) COUNTRY-SPECIFIC OFFSET.—Section 2 of the
note) is amended—

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

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

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

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

(1) IN GENERAL.—Subject to of this subsection
and notwithstanding title II of the Immigration and
Nationality Act (8 U.S.C. 1151 et seq.), the following rules shall apply:

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

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

(C) For fiscal year 2020, 10 percent of the immigrant visas made available under each of such paragraphs shall be allotted to immigrants who are natives of a foreign state or dependent area that was not one of the two states with the largest aggregate numbers of natives obtaining
immigrant visas during fiscal year 2018 under such paragraphs.

(2) PER-COUNTRY LEVELS.—

(A) RESERVED VISAS.—With respect to the visas reserved under each of subparagraphs (A) through (C) of paragraph (1), the number of such visas made available to natives of any single foreign state or dependent area in the appropriate fiscal year may not exceed 25 percent (in the case of a single foreign state) or 2 percent (in the case of a dependent area) of the total number of such visas.

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

(3) SPECIAL RULE TO PREVENT UNUSED VISAS.—If, with respect to fiscal year 2018, 2019, or 2020, the operation of paragraphs (1) and (2) would prevent the total number of immigrant visas made
available under paragraph (2) or (3) of section 203(b) of the Immigration and Nationality Act (8 U.S.C. 1153(b)) from being issued, such visas may be issued during the remainder of such fiscal year without regard to such paragraphs (1) and (2).

(4) RULES FOR CHARGEABILITY.—Section
202(b) of the Immigration and Nationality Act (8 U.S.C. 1152(b)) shall apply in determining the foreign state to which an alien is chargeable for purposes of this subsection.

SEC. 6. ACCELERATED COMMERCIALIZATION OF TAX-
PAYER-FUNDED RESEARCH.

(a) DEFINITIONS.—In this section:

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

(2) ELIGIBLE ENTITY.—The term “eligible entity” means—

(A) an institution of higher education; or

(B) a venture development organization.

(3) EXTRAMURAL BUDGET.—The term “extramural budget” means the sum of the total obliga-
tions minus amounts obligated for such activities by employees of the agency in or through Government-owned, Government-operated facilities, except that for the Department of Energy it shall not include amounts obligated for atomic energy defense programs solely for weapons activities or for naval reactor programs, and except that for the Agency for International Development it shall not include amounts obligated solely for general institutional support of international research centers or for grants to foreign countries.

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

(5) NONPROFIT ORGANIZATION.—The term "nonprofit organization" means an entity or organization—

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

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

(B) described in paragraph (1) or (2) of section 170(c) of such Act.
(6) RESEARCH OR RESEARCH AND DEVELOPMENT.—The terms "research" and "research and development" mean any activity that is—

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

(B) a systematic study directed specifically toward applying new knowledge to meet a recognized need; or

(C) a systematic application of knowledge toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements.

(7) SECRETARY.—The term "Secretary" means the Secretary of Commerce.

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

(9) VENTURE DEVELOPMENT ORGANIZATION.—The term "venture development organization" means a nonprofit organization or a State organization that contributes to regional or sector-based economic prosperity by providing a portfolio of services
intended to accomplish at least 3 of the following purposes:

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

(B) Assisting in the creation of high-growth private enterprises that are commercializing technology.

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

(D) Providing expert assistance to—

(i) private companies;

(ii) faculty, staff, and students of institutions of higher education who are commercializing new products or services; or

(iii) entrepreneurs who are commercializing new products or services;

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

(b) GRANT PROGRAM AUTHORIZED.—

(1) IN GENERAL.—Each Federal agency that has an extramural budget for research or research and development that is in excess of $100,000,000
for each of fiscal years 2018 through 2022, shall transfer 0.15 percent of such extramural budget for each of such fiscal years to the Secretary to enable the Secretary to carry out a grant program in accordance with this subsection.

(2) GRANTS.—

(A) AWARDBNG OF GRANTS.—

(i) IN GENERAL.—From funds transferred under paragraph (1), the Secretary shall use the criteria developed by the Council to award grants to eligible entities for initiatives to improve commercialization and transfer of technology.

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

(iii) APPLICATIONS.—Eligible entities that desire to receive a grant under this subsection shall submit an application to the Secretary not later than 90 days after
the Secretary releases the request for proposals under clause (ii).

(iv) COUNCIL REVIEW.—

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

(II) RECOMMENDATIONS.—The Council shall review each application received under subclause (I) and submit recommendations for grant awards to the Secretary, including funding recommendations for each proposal.

(III) PUBLIC RELEASE.—The Council shall publicly release any recommendations made under subclause (II).

(IV) CONSIDERATION OF RECOMMENDATIONS.—In awarding grants under this subsection, the Secretary shall take into consideration the recommendations of the Council under subclause (II).
(B) COMMERCIALIZATION CAPACITY BUILDING GRANTS.—

(i) IN GENERAL.—The Secretary shall award grants to eligible entities to support specific innovative initiatives to improve the regional capacity for private companies, faculty, staff, and students of institutions of higher education, or entrepreneurs to commercialize technology originating from federally-funded research.

(ii) CONTENT OF PROPOSALS.—Grants shall be awarded under this subparagraph for proposals demonstrating the capacity for accelerated commercialization, proof-of-concept proficiency, and translating scientific discoveries and cutting-edge inventions into technological innovations and new companies. In particular, grant funds shall seek to support innovative approaches to achieving these goals that can be replicated by other institutions of higher education or venture development organizations if the innovative approaches are successful.
(3) **Assessment of success.**—Grants awarded under this subsection shall use criteria for assessing the success of programs through the establishment of benchmarks.

(4) **Termination.**—The Secretary is authorized to terminate grant funding to an eligible entity in accordance with the process and performance metrics recommended by the Council.

(5) **Limitations.**—

(A) **Project management costs.**—A grant recipient may use not more than 10 percent of grant funds awarded under this subsection for the purpose of funding project management costs of the grant program.

(B) **Supplement, not supplant.**—An eligible entity that receives a grant under this subsection shall use the grant funds to supplement, and not to supplant, non-Federal funds that would, in the absence of such grant funds, be made available for activities described in this section.

(6) **Unspent funds.**—Any funds transferred to the Secretary under paragraph (1) for a fiscal year that are not expended by the end of such fiscal year may be expended in any subsequent fiscal year.
through fiscal year 2022. Any funds transferred under paragraph (1) that are remaining at the end of the grant program’s authorization under this subsection shall be transferred to the Treasury for deficit reduction.

(c) COUNCIL.—

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

(2) SUBMISSION TO DEPARTMENT OF COMMERCe AND PUBLIC RELEASE.—The Council shall—

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

(B) release the recommendations to the public.

(3) MAJORITY VOTE.—The recommendations submitted by the Council under paragraph (2) shall be determined by a majority vote of Council members.

(4) PERFORMANCE METRICS.—The Council shall develop and provide to the Secretary recommendations on performance metrics to be used to evaluate grants awarded under subsection (b).
(5) EVALUATION.—

(A) IN GENERAL.—Not later than 180 days before the expiration of the grant program authorized under subsection (b), the Council shall evaluate the effect of the grant program on accelerating the commercialization of technology originating from federally-funded research or research and development.

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

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

(ii) quantitative data related to the effect, if any, that the grant program has had on accelerating the commercialization of technology originating from federally-funded research and research and development; and

(iii) a description of the lessons learned in administering the grant program, and how such lessons could be applied to future efforts to accelerate the commercialization of technology originating
from federally-funded research or research
and development.

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

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

SEC. 7. REGIONAL INNOVATION PROGRAM.

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

“SEC. 27. REGIONAL INNOVATION PROGRAM.

“(a) Definitions.—In this section:

“(1) Eligible recipient defined.—The
term ‘eligible recipient’ means—

“(A) a State;

“(B) an Indian tribe;

“(C) a city or other political subdivision of

a State;
“(D) an entity that—

“(i) is a nonprofit organization, an institution of higher education, a public-private partnership, a science or research park, a Federal laboratory, a venture development organization (as defined in section 6 of the Startup Act), or an economic development organization or similar entity that is focused primarily on improving science, technology, innovation, and entrepreneurship; or

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

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

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

“(B) to strengthen the competitiveness of existing businesses through new product innovation;
“(C) to improve the pace of market readiness and overall commercialization of innovation; and

“(D) to enhance the overall innovation capacity and long-term resilience of the region.

“(3) STATE.—The term ‘State’ means 1 of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, or any other territory or possession of the United States.

“(b) ESTABLISHMENT.—The Secretary shall establish a regional innovation program to encourage and support the development of State and local initiatives designed to increase innovation-driven economic opportunity within their respective regions.

“(c) REGIONAL INNOVATION GRANTS.—

“(1) AUTHORIZATION OF GRANTS.—As part of the program established under subsection (b), the Secretary may award grants, on a competitive basis, to eligible recipients for activities designed to strengthen the competitiveness of new and existing innovation-driven businesses within the geographic
regions identified by eligible recipients before receiving a grant under this subsection.

“(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:

“(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.

“(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.

“(C) Increasing the number of full-time equivalent employment opportunities within in-
novation-based business ventures in the geographic region that pay wages that are higher than the median for the geographic region.

"(D) Using innovation, technology, and innovation-based business ventures to help the public and nonprofit sectors—

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

"(ii) to achieve other quantifiable efficiencies, savings, or reductions in carrying out their operations and service delivery.

"(E) Achieving quantifiable, positive benefits to, or measurable enhancements for, the economic performance of the geographic region or the population within the region identified by the regional innovation program grant recipient through increased collaboration, productive partnerships, and strengthened network relationships (internal and external to the region) that support the regional innovation system.

"(3) RESTRICTED ACTIVITIES.—Grants awarded under this subsection may not be used to pay for—
“(A) costs related to the construction, expansion, demolition, renovation, or installation of physical assets;

“(B) costs related to the recruitment, inducement, or associated financial or tangible incentives that might be offered to relocate an existing business from a geographic area to another geographic area; or

“(C) costs associated with offsetting revenues forgone by 1 or more taxing authorities through tax incentives, tax increment financing, special improvement districts, tax abatements for private development within designated zones or geographic areas, or other reduction in revenues resulting from tax credits affecting the geographic region of the eligible recipients.

“(4) APPLICATIONS.—

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

“(B) COMPONENTS.—Each application submitted under subparagraph (A) shall include a description of the regional innovation initia-
tive supported by the proposed activity, including—

“(i) whether the regional innovation initiative is supported by the private sector, State and local governments, and other relevant stakeholders;

“(ii) which 3 or more of the outcomes described in paragraph (2) will the regional innovation initiative address by implementing the activities described in the application;

“(iii) what activities the regional innovation initiative will undertake and how those activities will achieve the outcomes described in paragraph (2);

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

“(v) whether the participants in the regional innovation initiative have access to, or contribute to, a well-trained workforce and other innovation assets that are critical to the successful outcomes specified in the application;
“(vi) whether the participants in the regional innovation initiative are capable of attracting additional funds from non-Federal sources; and

“(vii) if appropriate for the activities proposed in the application, the likelihood that the participants in the regional innovation initiative will be able to sustain activities after grant funds received under this subsection have been expended.

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

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

“(i) applications proposing to include workforce or training related activities in their regional innovation initiative from eligible recipients who agree to collaborate with local workforce investment area boards; and

“(ii) applications from regions that contain communities negatively impacted by trade.
“(5) COST SHARE.—The Secretary may not provide more than 50 percent of the total cost of any activity funded under this subsection.

“(6) OUTREACH TO RURAL COMMUNITIES.—The Secretary shall conduct outreach to public and private sector entities in rural communities to encourage those entities to participate in regional innovation initiatives under this subsection.

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

“(d) REGIONAL INNOVATION RESEARCH AND INFORMATION PROGRAM.—

“(1) IN GENERAL.—As part of the program established under subsection (b), the Secretary shall establish a regional innovation research and information program—

“(A) to gather, analyze, and disseminate information on best practices for regional innovation initiatives, including information relating to how innovation, productivity, and economic development can be maximized through such strategies;

“(B) to provide technical assistance, including through the development of technical
assistance guides, for the development and implementa-
tion of regional innovation initiatives;

"(C) to support the development of relevant metrics and measurement standards to evaluate regional innovation initiatives, including the extent to which such strategies stimulate innovation, productivity, and economic development; and

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

"(i) the size, specialization, and competitiveness of regional innovation initiatives;

"(ii) the regional domestic product contribution, total jobs and earnings by key occupations, establishment size, nature of specialization, patents, Federal research and development spending, and other relevant information for regional innovation initiatives; and

"(iii) supply chain product and service flows within and between regional innovation initiatives.
“(2) RESEARCH GRANTS.—The Secretary may award research grants on a competitive basis to support and further the goals of the program established under this section.

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

“(4) REGIONAL INNOVATION GRANT PROGRAM.—The Secretary shall incorporate data and analysis relating to any grant awarded under subsection (c) into the program established under this subsection.

“(e) INTERAGENCY COORDINATION.—

“(1) IN GENERAL.—To the maximum extent practicable, the Secretary shall ensure that the activities carried out under this section are coordinated with, and do not duplicate the efforts of, other programs at the Department of Commerce or at other Federal agencies.

“(2) COLLABORATION.—

“(A) IN GENERAL.—The Secretary shall explore and pursue collaboration with other Federal agencies, including through multi-
agency funding opportunities, on regional innovation strategies.

"(B) SMALL BUSINESSES.—The Secretary shall ensure that such collaboration with Federal agencies prioritizes the needs and challenges of small businesses.

"(f) EVALUATION.—

"(1) IN GENERAL.—Not later than 5 years after Congress appropriates funds to carry out this section, the Secretary shall competitively award a contract with an independent entity to conduct an evaluation of programs established under this section.

"(2) REQUIREMENTS.—The evaluation conducted under paragraph (1) shall include—

"(A) an assessment of whether the program is achieving its goals;

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

"(C) any recommendations for how the program may be improved; and

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

"(g) REPORTING REQUIREMENT.—Not later than 1 year after the first grant is awarded under subsection (e)
and annually thereafter until 5 years after the last grant recipient completes the regional innovation initiative for which such grant was awarded, the Secretary shall submit a report to Congress that describes the outcome of each regional innovation initiative that was completed during the previous 5 years.

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

SEC. 8. ECONOMIC IMPACT OF SIGNIFICANT FEDERAL AGENCY RULES.

Section 553 of title 5, United States Code, is amended by adding at the end the following:

“(f) Required Review Before Issuance of Significant Rules.—

“(1) Defined Term.—In this subsection the term ‘significant rule’ means a rule that is likely—

“(A) to have an annual effect on the economy of $100,000,000 or more;

“(B) to adversely affect, in a material way, the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities; or
"(C) to create a serious inconsistency or otherwise interfere with an action taken or planned by another agency.

"(2) REVIEW.—Before issuing a notice of proposed rulemaking in the Federal Register regarding the issuance of a significant rule, the head of the Federal agency or independent regulatory agency seeking to issue the rule shall complete a review, to the extent permitted by law, that—

"(A) analyzes the problem that the proposed rule intends to address, including—

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

"(ii) any other specific problem, such as the failures of public institutions, that justifies such rule;

"(B) analyzes the expected impact of the proposed rule on the ability of new businesses to form and expand;

"(C) identifies the expected impact of the proposed rule on State, local, and tribal governments, including the availability of resources—
“(i) to carry out the mandates imposed by the rule on such government entities; and

“(ii) to minimize the burdens that uniquely or significantly affect such governmental entities, consistent with achieving regulatory objectives;

“(D) identifies any conflicting or duplicative regulations;

“(E) determines—

“(i) if existing laws or regulations created, or contributed to, the problem that the new rule is intended to correct; and

“(ii) if the laws or regulations referred to in clause (i) should be modified to more effectively achieve the intended goal of the rule; and

“(F) includes the cost-benefit analysis described in paragraph (3).

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

“(A)(i) an assessment, including the underlying analysis, of benefits anticipated from the proposed rule, such as—
“(I) promoting the efficient functioning of the economy and private markets;

“(II) enhancing health and safety;

“(III) protecting the natural environment; and

“(IV) eliminating or reducing discrimination or bias; and

“(ii) the quantification of the benefits described in clause (i), to the extent feasible;

“(B)(i) an assessment, including the underlying analysis, of costs anticipated from the proposed rule, such as—

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

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

“(III) any adverse effects on the efficient functioning of the economy, private markets (including productivity, employment, and competitiveness), health, safety, and the natural environment; and

“(ii) the quantification of the costs described in clause (i), to the extent feasible;
"(C)(i) an assessment, including the underlying analysis, of costs and benefits of potentially effective and reasonably feasible alternatives to the proposed rule, which have been identified by the agency or by the public, including taking reasonably viable nonregulatory actions; and

"(ii) an explanation of why the proposed rule is preferable to the alternatives identified under clause (i).

"(4) REPORT.—Before issuing a notice of proposed rulemaking in the Federal Register regarding the issuance of a significant rule, the head of the Federal agency or independent regulatory agency seeking to issue the rule shall—

"(A) submit the results of the review conducted under paragraph (2) to the appropriate congressional committees; and

"(B) post the results of the review conducted under paragraph (2) on a publicly available website.

"(5) JUDICIAL REVIEW.—Any determinations made, or other actions taken, by an agency or independent regulatory agency under this subsection shall not be subject to judicial review."
**SEC. 9. BIENNIAL STATE STARTUP BUSINESS REPORT.**

(a) **DATA COLLECTION.**—The Secretary of Commerce shall regularly compile information from each of the 50 States and the District of Columbia on State laws that affect the formation and growth of new businesses within the State or District.

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

(1) analyzes the economic effect of State and District laws that either encourage or inhibit business formation and growth; and

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

(c) **DISTRIBUTION.**—The Secretary of Commerce shall—

(1) submit each report prepared under subsection (b) to Congress; and

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

(d) **INCLUSION OF LARGE METROPOLITAN AREAS.**—Not later than 90 days after the submission of the first report under this section, the Secretary of Commerce shall submit to Congress a study on the feasibility and advis-
ability of including, in future reports, information about
the effect of local laws and ordinances on the formation
and growth of new businesses in large metropolitan areas
within the United States.

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

SEC. 10. NEW BUSINESS FORMATION REPORT.

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

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

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

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

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

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

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

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

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

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

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

(4) summarizes the data collected under sub-
section (b); and
(5) identifies the most effective means by which
government officials can encourage the formation
and growth of new businesses in the United States.
(g) DISTRIBUTION.—The Secretary of Commerce
shall—
(1) submit each report prepared under sub-
section (f) to Congress; and
(2) make each report available to the public on
the website of the Department of Commerce.
(h) AUTHORIZATION OF APPROPRIATIONS.—There
are authorized to be appropriated such sums as may be
necessary to carry out this section.

SEC. 11. RESCISSION OF UNSPENT FEDERAL FUNDS.
(a) IN GENERAL.—Notwithstanding any other provi-
sion of law, of all available unobligated funds for fiscal
year 2017, the amount necessary to carry out this Act and
the amendments made by this Act in appropriated discre-
tionary funds are hereby rescinded.
(b) IMPLEMENTATION.—The Director of the Office of
Management and Budget shall determine and identify
from which appropriation accounts the rescission under
subsection (a) shall apply and the amount of such rescis-
sion that shall apply to each such account.
(c) REPORT.—Not later than 60 days after the date
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).