II

Calendar No. 633

116TH CONGRESS
2D SESSION

S. 2535

To require the Secretary of Commerce to conduct an assessment and analysis relating to the decline in the business formation rate in the United States.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 24, 2019

Ms. KLOBUCHAR (for herself, Mr. SCOTT of South Carolina, Ms. SINEMA, and Mr. YOUNG) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

DECEMBER 15, 2020

Reported by Mr. WICKER, with an amendment

[Omit the part struck through and insert the part printed in italic]

A BILL

To require the Secretary of Commerce to conduct an assessment and analysis relating to the decline in the business formation rate in the United States.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Enhancing Entrepreneurship for the 21st Century Act’’.

SEC. 2. FINDINGS.

Congress finds the following:

(1) Recent research has demonstrated that—

(A) new businesses (commonly referred to as ''startups'')—

(i) are disproportionately responsible for the innovations that drive economic growth; and

(ii) account for virtually all net new job creation;

(B) the rate of formation of United States businesses has fallen significantly in recent years; and

(C) as determined by widely cited research, the decline in the rate described in subparagraph (B) is occurring in all 50 States, in all but a handful of 360 metro areas examined, and across a broad range of industry sectors.

(2) Before policymakers can identify ways in which the decline in the rate described in paragraph (1)(B) may be counteracted, the underlying causes of the decline must be identified.

(3) Economists have identified several factors that may explain the decline in the rate described in paragraph (1)(B), including—

(A) demographic changes caused by an aging workforce and slowing population growth;

(B) increased industry concentration that may make it more difficult for new market entrants to compete with established companies;

(C) increased risk-aversion following the financial crisis and recession that occurred in 2008 and 2009 and deterioration of household balance sheets;

(D) difficulties relating to access to capital, particularly difficulties encountered by underserved populations, women, and members of minority groups;

(E) the concentration of venture capital in only a few cities;

(F) record levels of student debt; and

(G) inefficiencies or other difficulties relating to the commercialization of federally funded research and innovation.

SEC. 3. DEFINITIONS.

In this Act:

(1) APPROPRIATE COMMITTEES OF CONGRESS.—The term "appropriate committees of Congress" means—

(A) the Committee on Commerce, Science, and Transportation of the Senate; and

(B) the Committee on Energy and Commerce of the House of Representatives.

(2) ENTREPRENEUR.—The term ''entrepreneur'' means an individual who founded, or is a member of a group that founded, a United States business.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Commerce.

(4) UNITED STATES BUSINESS.—The term ''United States business'' means a corporation, partnership, association, joint-stock company, business trust, unincorporated organization, or sole proprietorship that—

(A) has its principal place of business in the United States; or

(B) is organized under the laws of a State of the United States or a territory, possession, or commonwealth of the United States.

SEC. 4. ASSESSMENT AND ANALYSIS.

(a) ASSESSMENT AND ANALYSIS REQUIRED.—Not later than 2 years after the date of enactment of this Act, the Secretary, in consultation with the Director of the Bureau of the Census and the Director of the Bureau of Economic Analysis of the Department of Commerce, shall conduct an assessment and analysis regarding the reasons for the state of the formation of new United States businesses during a period—

(1) that the Secretary determines appropriate based on the data described in subsection (b)(1)(A); and

(2) ending on the date on which the assessment and analysis is conducted.

(b) CONSIDERATIONS AND CONSULTATION.—

(1) IN GENERAL.—In conducting the assessment and analysis required under subsection (a), the Secretary shall—

(A) notwithstanding any other provision of Federal law, and subject to paragraph (2), review data collected and maintained by—

(i) the Bureau of the Census;

(ii) the Bureau of Economic Analysis;

(iii) the Bureau of Labor Statistics;

(iv) the Small Business Administration;

(v) the Department of the Treasury;

(vi) the Board of Governors of the Federal Reserve System; and

(vii) any other Federal or State agency, or public or private sector organization, that the Secretary determines appropriate;

(B) with respect to the formation of new United States businesses, consider the impact of—

(i) demographic changes caused by an aging workforce and slowing population growth;

(ii) increased industry concentration and whether such concentration may make it more difficult for new market entrants to compete with established companies;

(iii) increased risk-aversion following the financial crisis and recession that occurred in 2008 and 2009 and deterioration of household balance sheets;

(iv) difficulties relating to access to capital, particularly difficulties encountered by underserved populations, women, and members of minority groups;

(v) the concentration of venture capital in only a few cities;

(vi) record levels of student debt;

~~(vii) inefficiencies or other difficulties relating to the commercialization of federally funded research and innovation;~~

(vii) the utilization of federally funded research and innovation in the commercial market;

(viii) regulatory burden, overlap, complexity, and uncertainty at the Federal and State levels;

(ix) aspects of the Internal Revenue Code of 1986 that penalize, obstruct, or otherwise disadvantage new businesses, or investors in new businesses, relative to incumbent businesses, or investors in incumbent businesses, respectively;

(x) foreign-born entrepreneurs and the impact of those entrepreneurs on job creation; and

(xi) any other factor that the Secretary determines appropriate; and

(C) consult with—

(i) the heads of any agencies and offices of the Federal Government that the Secretary determines appropriate, including—

(I) the Secretary of the Treasury;

(II) the Secretary of Labor;

(III) the Administrator of the Small Business Administration;

(IV) the Chief Counsel of the Office of Advocacy of the Small Business Administration; and

(V) the Board of Governors of the Federal Reserve System;

(ii) entrepreneurs, including entrepreneurs who are women or members of minority groups, especially those entrepreneurs who founded United States businesses that experienced rapid growth; and

(iii) representatives from consumer, community, and entrepreneurship advocacy organizations.

(2) CONFIDENTIALITY.—With respect to data reviewed by the Secretary under paragraph (1)(A), the Secretary shall ensure that the data is subject to the same confidentiality requirements and protections as the confidentiality requirements and protections of the agency or entity, as applicable, providing the data.

(c) Report.—The Secretary shall submit to the appropriate committees of Congress a report regarding the findings of the Secretary with respect to the assessment and analysis conducted under subsection (a).

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