

Calendar No. **633**116TH CONGRESS
2^D 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.

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.**

4 This Act may be cited as the “Enhancing Entrepre-
5 neurship for the 21st Century Act”.

1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) Recent research has demonstrated that—

4 (A) new businesses (commonly referred to
5 as “startups”)—

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

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

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

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

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

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

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

3 (B) increased industry concentration that
4 may make it more difficult for new market en-
5 trants to compete with established companies;

6 (C) increased risk-aversion following the fi-
7 nancial crisis and recession that occurred in
8 2008 and 2009 and deterioration of household
9 balance sheets;

10 (D) difficulties relating to access to cap-
11 ital, particularly difficulties encountered by un-
12 derserved populations, women, and members of
13 minority groups;

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

16 (F) record levels of student debt; and

17 (G) inefficiencies or other difficulties relat-
18 ing to the commercialization of federally funded
19 research and innovation.

20 **SEC. 3. DEFINITIONS.**

21 In this Act:

22 (1) APPROPRIATE COMMITTEES OF CON-
23 GRESS.—The term “appropriate committees of Con-
24 gress” means—

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

3 (B) the Committee on Energy and Com-
4 merce of the House of Representatives.

5 (2) ENTREPRENEUR.—The term “entre-
6 preneur” means an individual who founded, or is a
7 member of a group that founded, a United States
8 business.

9 (3) SECRETARY.—The term “Secretary” means
10 the Secretary of Commerce.

11 (4) UNITED STATES BUSINESS.—The term
12 “United States business” means a corporation, part-
13 nership, association, joint-stock company, business
14 trust, unincorporated organization, or sole propri-
15 etorship that—

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

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

21 **SEC. 4. ASSESSMENT AND ANALYSIS.**

22 (a) ASSESSMENT AND ANALYSIS REQUIRED.—Not
23 later than 2 years after the date of enactment of this Act,
24 the Secretary, in consultation with the Director of the Bu-
25 reau of the Census and the Director of the Bureau of Eco-

1 nomic Analysis of the Department of Commerce, shall con-
2 duct an assessment and analysis regarding the reasons for
3 the state of the formation of new United States businesses
4 during a period—

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

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

10 (b) CONSIDERATIONS AND CONSULTATION.—

11 (1) IN GENERAL.—In conducting the assess-
12 ment and analysis required under subsection (a), the
13 Secretary shall—

14 (A) notwithstanding any other provision of
15 Federal law, and subject to paragraph (2), re-
16 view data collected and maintained by—

- 17 (i) the Bureau of the Census;
18 (ii) the Bureau of Economic Analysis;
19 (iii) the Bureau of Labor Statistics;
20 (iv) the Small Business Administra-
21 tion;
22 (v) the Department of the Treasury;
23 (vi) the Board of Governors of the
24 Federal Reserve System; and

1 (vii) any other Federal or State agen-
2 cy, or public or private sector organization,
3 that the Secretary determines appropriate;

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

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

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

14 (iii) increased risk-aversion following
15 the financial crisis and recession that oc-
16 curred in 2008 and 2009 and deterioration
17 of household balance sheets;

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

22 (v) the concentration of venture cap-
23 ital in only a few cities;

24 (vi) record levels of student debt;

1 ~~(vii) inefficiencies or other difficulties~~
2 relating to the commercialization of feder-
3 ally funded research and innovation;

4 *(vii) the utilization of federally funded*
5 *research and innovation in the commercial*
6 *market;*

7 (viii) regulatory burden, overlap, com-
8 plexity, and uncertainty at the Federal and
9 State levels;

10 (ix) aspects of the Internal Revenue
11 Code of 1986 that penalize, obstruct, or
12 otherwise disadvantage new businesses, or
13 investors in new businesses, relative to in-
14 cumbent businesses, or investors in incum-
15 bent businesses, respectively;

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

19 (xi) any other factor that the Sec-
20 retary determines appropriate; and

21 (C) consult with—

22 (i) the heads of any agencies and of-
23 fices of the Federal Government that the
24 Secretary determines appropriate, includ-
25 ing—

1 (I) the Secretary of the Treasury;

2 (II) the Secretary of Labor;

3 (III) the Administrator of the
4 Small Business Administration;

5 (IV) the Chief Counsel of the Of-
6 fice of Advocacy of the Small Busi-
7 ness Administration; and

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

10 (ii) entrepreneurs, including entre-
11 preneurs who are women or members of
12 minority groups, especially those entre-
13 preneurs who founded United States busi-
14 nesses that experienced rapid growth; and

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

18 (2) CONFIDENTIALITY.—With respect to data
19 reviewed by the Secretary under paragraph (1)(A),
20 the Secretary shall ensure that the data is subject
21 to the same confidentiality requirements and protec-
22 tions as the confidentiality requirements and protec-
23 tions of the agency or entity, as applicable, providing
24 the data.

1 (c) REPORT.—The Secretary shall submit to the ap-
2 appropriate committees of Congress a report regarding the
3 findings of the Secretary with respect to the assessment
4 and analysis conducted under subsection (a).

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