



January 31, 2019

The Honorable Jerry Moran
U.S. Senator
521 Dirksen Senate Building
Washington, DC 20510

The Honorable Mark Warner
U.S. Senator
703 Hart Senate Building
Washington, DC 20510

Dear Senator Moran and Senator Warner:

On behalf of our nation's venture capital investors and the entrepreneurs they support, I write to express our support of the *Startup Act*. Your continued dedication to promoting entrepreneurship is commendable, and we stand ready to help you advance your legislation. From one Congress to the next, the *Startup Act* has proven to be an effective platform for advancing pro-startup policy.

Research continues to demonstrate that new businesses are the engine of job creation in the United States, creating an average of about three million new jobs each year and accounting for virtually all net new job creation in the United States in the last forty years, according to data from the Department of Labor and the Census Bureau. A recent research paper from Stanford University finds that 556 U.S. venture-backed companies went public between 1974 and 2015, accounting for 42% of all IPOs, 63% of the market capitalization, and 85% of total research and development spending. At the end of 2018, five of the six largest public companies by market capitalization were venture-backed. The venture industry has also been at the forefront of medical discovery, fueling the growth and success stories such as Amgen, Genentech, and Gilead Sciences.

Despite past success, U.S. policymakers must remain vigilant and continue to support startups through public policy. Other countries have witnessed the economic benefits of new companies and are working hard to create entrepreneurial ecosystems of their own. In the mid-1990s, U.S. startups received more than 95% of global venture dollars; today, they receive only a little more than half. Over that same timeframe, China has gone from effectively no venture capital-backed companies to being responsible for nearly a quarter of global venture investment. In 2006, the United States was home to ten of the ten largest venture deals in the world; whereas last year China was home to seven of the ten largest venture deals.

The increasing global competition for the world's best entrepreneurs means lawmakers must re-commit themselves to making the United States the best place in the world to launch a

high-growth startup. NVCA supports the policies which comprise the *Startup Act* to help set our country back on a positive course toward promoting new business formation and creating American jobs.

One area of the *Startup Act* that is particularly impactful to startups is the common-sense immigration policies included in the legislation. The startup visa created in the *Startup Act* is desperately needed to attract immigrant entrepreneurs and their young companies to our shores. Immigrant entrepreneurs have a recognized history of creating high-quality American jobs and successful companies. For example, one study found that immigrant entrepreneurs have started more than half of America's startup companies valued at \$1 billion or more. A 2013 NVCA study found that fully one-third of all venture-backed initial public offerings (IPO) in the preceding seven years came from a company with an immigrant founder. But immigrant entrepreneurs have not met their true potential because of the lack of a reliable immigration category, such as a startup visa created by your legislation. We also strongly support creation of a STEM visa to ensure technological and scientific advancements occur in our country, rather than overseas.

Furthermore, NVCA supports the legislation's recognition of the important role university research and technology commercialization plays in the startup ecosystem. Improving the translation of federally-funded technological breakthroughs into venture-backed startups and successful companies encourages greater entrepreneurial activity and competitiveness throughout geographically diverse ecosystems.

Thank you for your continued leadership on the *Startup Act*. We are pleased to offer our support for the *Startup Act* and help as you move this important legislation through Congress.

Sincerely,

A handwritten signature in cursive script that reads "Bobby Franklin".

Bobby Franklin
President and CEO