



June 23, 2021

The Honorable Zoe Lofgren
U.S. House of Representatives
1401 Longworth House Office Building
Washington, DC 20515

The Honorable Tom McClintock
U.S. House of Representatives
2312 Rayburn House Office Building
Washington, DC 20515

Dear Chair Lofgren and Ranking Member McClintock:

On behalf of our nation's venture capital investors and the entrepreneurs with whom they partner, I write to express our strong support for a Startup Visa, which would help the United States attract the world's best entrepreneurs to our shores and create American jobs. The entrepreneurial ecosystem welcomes the hearing by the House Judiciary Subcommittee on Immigration and Citizenship on "Oh Canada! How Outdated U.S. Immigration Policies Push Top Talent to Other Countries," and hope this hearing will create the momentum necessary to enact a Startup Visa.

The failure to create a Startup Visa is the most prominent example of how immigration policy pushes talent to other countries. On a bipartisan basis, members of Congress have supported the creation of a Startup Visa, and we encourage the Judiciary Committee's membership to join in that effort so our country can realize more of the benefits that increased entrepreneurship brings. For example, Chair Lofgren has introduced the *Entrepreneurial Businesses Creating Jobs Act*.¹ The *Startup Act* includes a Startup Visa and has been introduced for several congresses by Senators Jerry Moran (R-K), Mark Warner (D-VA), Roy Blunt (R-MO), and Amy Klobuchar (D-MN).² And a startup visa was included in the Senate passed comprehensive immigration reform legislation of 2013.³

Foreign-born entrepreneurs play a key role in the creation of U.S. venture capital-backed startups. Startups, in turn, are fundamental to U.S. job creation and have been responsible for virtually all net new jobs in the last couple of decades, with the Kauffman Foundation reporting that startups create an average of three million net new jobs per year.⁴ Numerous immigrant-

¹ See Entrepreneurial Businesses Creating Jobs Act of 2014 (H.R. 3370; 114th Congress)

² See Startup Act (S. 328, 116th Congress)

³ See Border Security, Economic Opportunity, and Immigration Modernization Act of 2013 (S. 744)

⁴ Ian Hathaway et al., "The Return of Business Creation," Ewing Marion Kauffman Foundation, July 2013, available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2307926; Tim Kane, "The Importance of Startups in Job Creation and Job Destruction," Ewing Marion Kauffman Foundation, July 2010, available at: https://www.kauffman.org/wp-content/uploads/2019/12/firm_formation_importance_of_startups.pdf.

founded companies have grown to become some of America's most successful companies, including Moderna, Zoom, SpaceX, LinkedIn, and eBay. But the contributions of foreign-born entrepreneurs are despite U.S. immigration law, not because of it.

An NVCA report found that one-third of U.S. venture capital-companies that went public between 2006 and 2012 had at least one immigrant founder.⁵ A New American Economy study found that 44 percent of Fortune 500 companies (219 companies) were founded by immigrants or their children.⁶ An Internet Trends Report found that 60 percent of the most highly valued U.S. tech companies were founded by first or second-generation Americans, accounting for 1.9 million employees.⁷ Finally, a Harvard Business Review piece has found that 31 percent of VC-backed founders are immigrants, compared to 25 percent of entrepreneurs generally.⁸ These findings underscore why “access to talent (immigration and education)” is the most important public policy issue cited by startups.⁹

Despite these successes, immigrant entrepreneurs have been hindered by a lack of a reliable immigration category, such as a Startup Visa. A Startup Visa is needed to correct the flaw in immigration law that generally prevents immigrant entrepreneurs from remaining in the U.S. unless they receive permanent residence through another visa category.¹⁰ Under current law, foreign-born entrepreneurs must fit ‘square pegs in round holes’ by using visas that are not built with the entrepreneurial model in mind.¹¹ This leaves many foreign-born entrepreneurs behind and pushes them away to the welcome arms of countries that roll out the red carpet for entrepreneurs. At least twenty-five other countries already have some version of a Startup Visa including Canada, the United Kingdom, Australia, Germany, and Sweden. U.S. immigration policy is presently subsidizing the economic success of these countries.

A Startup Visa will allow the United States to continue to be a global technology leader and the preferred location to launch a new business in an increasingly competitive global economic landscape. Without a Startup Visa, the United States will fall behind in the global competition

⁵ Stuart Anderson, “American Made 2.0: How Immigrants Continue to Contribute to the U.S. Economy,” National Foundation for American Policy, commissioned by and prepared for the National Venture Capital Association (2012), available at: <https://nvca.org/wp-content/uploads/2019/06/American-Made-2.0.pdf>.

⁶ “New American Fortune 500: The Legacy of Immigrants and Their Children,” New American Economy Research Fund, Partnership for a New American Economy, October 10, 2018, available at:

<https://research.newamericaneconomy.org/report/new-american-fortune500-in-2018-the-entrepreneurial-legacy-of-immigrants-and-their-children/>

⁷ Mary Meeker, Internet Trends 2019 at 261, available at: <https://www.bondcap.com/report/itr19/#view/1>.

⁸ Sari Pekkala Kerr and William R. Kerr, “Immigrants Play a Disproportionate Role in American Entrepreneurship,” available at: <https://hbr.org/2016/10/immigrants-play-a-disproportionate-role-in-american-entrepreneurship>.

⁹ Silicon Valley Bank, “US startups are bullish on 2020,” available at:

https://www.svb.com/globalassets/library/uploadedfiles/content/trends_and_insights/reports/startup_outlook_report/svb-suo-us-2020-final.pdf.

¹⁰ Jeff Farrah, “Immigration Policy Isn’t Working for the Economy. Let’s Fix That.”, NVCA, available at:

<https://nvca.org/immigration-policy-isnt-working-economy-lets-fix/>

¹¹ For example, the H-1B visa requires an employer-employee relationship and therefore is very difficult for a founder to obtain. The O-1A visa (extraordinary ability) is not accessible to startup founders who have not yet achieved acclaim or are not academic researchers, though they have a promising business concept. The E-2 visa requires the founder to already have capital to start the company and is not available to entrepreneurs from India or China. The L-1 visa requires an international branch, parent, subsidiary, or affiliate, which is not applicable for startup founders that are focused on the U.S. Finally, the green card system generally is incredibly backlogged.

for talent as innovators and entrepreneurs accept other attractive options. In fact, U.S. immigration policy that pushes away entrepreneurs is one reason why the U.S. share of global venture capital has fallen more than 30 percentage points, from 84 percent in 2004 to 52 percent in 2019 in the last 15 years.¹²

Canada is particularly well-positioned to benefit from the talent of immigrant entrepreneurs. World-class cities like Toronto and Vancouver have fostered vibrant startup ecosystems, and Canadian policymakers have seized the opportunity to welcome entrepreneurs seeking to launch a high growth company in their borders by creating its Start-up Visa Program.¹³

Ensuring a healthy and vibrant VC industry and startup ecosystem is fundamental to strong domestic job growth given the central role that young firms play in U.S. job creation. To that end, a Startup Visa will boost American job growth in the recovery from the COVID-19 pandemic and resulting economic crisis. NVCA recently released a report, titled “Immigrant Entrepreneurs Can Drive Economic Growth in the Pandemic Recovery,” on the enormous contributions of immigrant entrepreneurs and how a Startup Visa could bolster our economic recovery and global competitiveness.¹⁴

Thank you for your leadership in holding a hearing on this critical matter. We stand ready to work with you to update our immigration laws and create a Startup Visa to ensure the U.S. remains the most attractive nation in the world to launch and grow innovative startups.

Sincerely,

A handwritten signature in black ink that reads "Bobby Franklin". The signature is written in a cursive, slightly slanted style.

Bobby Franklin
President and CEO

¹² “2020 Yearbook,” NVCA, available at: <https://nvca.org/research/nvca-yearbook/>

¹³ Government of Canada, “Start-up Visa Program, available at: <https://www.canada.ca/en/immigration-refugees-citizenship/services/immigrate-canada/start-visa.html>.

¹⁴ “Immigrant entrepreneurs can drive economic growth in the pandemic recovery,” NVCA, available at: https://nvca.org/wp-content/uploads/2021/03/NVCA_Visa_Reforms_book_FINAL.pdf.