

117TH CONGRESS
1ST SESSION

S. 329

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

FEBRUARY 12, 2021

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

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”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) Recent research has demonstrated that—

1 (A) new businesses (commonly referred to
2 as “startups”)—

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

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

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

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

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

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

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

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

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

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

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

14 (F) record levels of student debt; and

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

18 **SEC. 3. DEFINITIONS.**

19 In this Act:

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

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

1 (B) the Committee on Energy and Com-
2 merce of the House of Representatives.

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

7 (3) SECRETARY.—The term “Secretary” means
8 the Secretary of Commerce.

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

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

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

19 **SEC. 4. ASSESSMENT AND ANALYSIS.**

20 (a) ASSESSMENT AND ANALYSIS REQUIRED.—Not
21 later than 2 years after the date of enactment of this Act,
22 the Secretary, in consultation with the Director of the Bu-
23 reau of the Census and the Director of the Bureau of Eco-
24 nomic Analysis of the Department of Commerce, shall con-
25 duct an assessment and analysis regarding the reasons for

1 the state of the formation of new United States businesses
2 during a period—

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

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

8 (b) CONSIDERATIONS AND CONSULTATION.—

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

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

15 (i) the Bureau of the Census;

16 (ii) the Bureau of Economic Analysis;

17 (iii) the Bureau of Labor Statistics;

18 (iv) the Small Business Administra-

19 tion;

20 (v) the Department of the Treasury;

21 (vi) the Board of Governors of the

22 Federal Reserve System; and

23 (vii) any other Federal or State agen-

24 cy, or public or private sector organization,

25 that the Secretary determines appropriate;

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

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

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

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

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

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

21 (vi) record levels of student debt;

22 (vii) inefficiencies or other difficulties
23 relating to the commercialization of feder-
24 ally funded research and innovation;

1 (viii) the use of federally funded re-
2 search and innovation in the commercial
3 market;

4 (ix) regulatory burden, overlap, com-
5 plexity, and uncertainty at the Federal and
6 State levels;

7 (x) aspects of the Internal Revenue
8 Code of 1986 that penalize, obstruct, or
9 otherwise disadvantage new businesses, or
10 investors in new businesses, relative to in-
11 cumbent businesses, or investors in incum-
12 bent businesses, respectively;

13 (xi) foreign-born entrepreneurs and
14 the impact of those entrepreneurs on job
15 creation; and

16 (xii) any other factor that the Sec-
17 retary determines appropriate; and

18 (C) consult with—

19 (i) the heads of any agencies and of-
20 fices of the Federal Government that the
21 Secretary determines appropriate, includ-
22 ing—

23 (I) the Secretary of the Treasury;

24 (II) the Secretary of Labor;

1 (III) the Administrator of the
2 Small Business Administration;

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

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

8 (ii) entrepreneurs, including entre-
9 preneurs who are women or members of
10 minority groups, especially entrepreneurs
11 who founded United States businesses that
12 experienced rapid growth; and

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

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

23 (c) REPORT.—The Secretary shall submit to the ap-
24 propriate committees of Congress a report regarding the

- 1 findings of the Secretary with respect to the assessment
- 2 and analysis conducted under subsection (a).

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