

**Introduced by Senators Huff, Anderson, Berryhill, Cannella,  
Emmerson, Fuller, Gaines, Knight, Nielsen, Walters, and Wyland**

March 21, 2013

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Senate Joint Resolution No. 9—Relative to the Startup Act 3.0.

LEGISLATIVE COUNSEL’S DIGEST

SJR 9, as introduced, Huff. Startup Act 3.0.

This measure would call on the United States Congress to pass and the President to sign the Startup Act 3.0, introduced as S. 310 in the 113th Congress of the United States that would, among other things, create an Entrepreneur’s Visa for legal immigrants, eliminate per-country caps for employment-based immigrant visas, and create a limited research tax credit in order to ensure the United States has the chance to build an innovation-based economy.

Fiscal committee: no.

- 1 WHEREAS, The United States is a nation of immigrants, with
- 2 a long history of welcoming indigents from other nations and
- 3 giving them a chance at achieving the American Dream; and
- 4 WHEREAS, Immigrants have formed the backbone of the
- 5 nation’s economy; and
- 6 WHEREAS, Open economies grow faster than closed ones, and
- 7 as a beacon of hope, America has historically had an unbeatable
- 8 advantage over societies that shut immigrants out, or stifled their
- 9 creative and innovative spirit; and
- 10 WHEREAS, The United States economy has been enriched by
- 11 the innovative and entrepreneurial spirit of immigrants from around
- 12 the world; and

1 WHEREAS, According to the Kauffman Foundation on  
2 Entrepreneurship, of the current Fortune 500 companies, including  
3 Apple, Google, and eBay, more than 40 percent were founded by  
4 first- or second-generation Americans, and these companies employ  
5 more than 10 million people; and  
6 WHEREAS, Foreign nationals residing in the United States  
7 were named as inventors or coinventors in one-quarter of all patent  
8 applications filed in 2006; and  
9 WHEREAS, Fifty-two percent of Silicon Valley startups  
10 between 1995 and 2005 were founded or cofounded by immigrants,  
11 generating \$52 billion in revenues and employing 450,000 workers;  
12 and  
13 WHEREAS, In the past seven years, the national rate of startups  
14 by immigrants has dropped to 42 percent according to scholars at  
15 Harvard and Duke Universities; and  
16 WHEREAS, The number of foreign nationals with advanced  
17 degrees awaiting permanent-resident status in the United States  
18 has grown to over one million in the past several years; and  
19 WHEREAS, Under current law, only around 120,000 visas are  
20 available annually for skilled workers in key employment  
21 categories and only 7 percent of these visas can be allocated to  
22 immigrants from any one country. So immigrants from countries  
23 with large populations, like India and China, which are the source  
24 of the vast majority of startups in the United States, have access  
25 to only 8,400 visas per year; and  
26 WHEREAS, The result of this policy is that many of these highly  
27 skilled immigrants must wait more than a decade for visas; and  
28 WHEREAS, Many of these highly skilled innovators are  
29 deciding instead to return home, or immigrate to other countries  
30 that welcome them with open arms, such as Singapore, Canada,  
31 Dubai, Australia, the United Kingdom, and Chile. As a result, these  
32 innovators are founding companies in these other countries and  
33 competing with American companies for market share; and  
34 WHEREAS, The issue of illegal immigration has taken on  
35 national prominence in recent years and the resolution of the  
36 broader issue should be the result of bipartisan efforts; and  
37 WHEREAS, The resolution of the broader issue should not get  
38 in the way of resolving legal immigration issues as they relate to  
39 highly skilled workers who are critical to the continued success  
40 of the nation; and

1 WHEREAS, United States Senators Jerry Moran (R-Kansas),  
2 Mark Warner (D-Virginia), Chris Coons (D-Delaware), and Roy  
3 Blunt (R-Missouri) have introduced S. 310 in the 113th Congress  
4 of the United States, known as the Startup Act 3.0, to ensure that  
5 the United States has the chance to look forward and build the kind  
6 of innovation-based economy that will help future generations  
7 compete in the global marketplace; and

8 WHEREAS, The Startup Act 3.0 includes, among others, the  
9 following important provisions to stem the reverse brain drain:

10 (1) Creates an Entrepreneur’s Visa for legal immigrants, so  
11 they can remain in the United States and launch businesses to  
12 create jobs.

13 (2) Provides authorization to adjust the status of not more than  
14 50,000 aliens who have earned a master’s degree or a doctorate  
15 degree at an institution of higher education in a STEM field  
16 (science, technology, engineering, or mathematics) to that of aliens  
17 conditionally admitted for permanent residence to remain in this  
18 country where their talents and ideas can fuel growth and create  
19 jobs.

20 (3) Eliminates the per-country caps for employment-based  
21 immigrant visas, which hinder United States employers from  
22 recruiting top-tier talent.

23 (4) Makes permanent the exemption of capital gains taxes on  
24 the sale of startup stock held for at least five years, so investors  
25 can provide financial stability at a critical juncture of firm growth.

26 (5) Creates a limited research tax credit for young startups less  
27 than five years old and with less than \$5 million in annual receipts  
28 to allow these small companies to offset employee taxes and free  
29 up resources to create jobs; now, therefore, be it

30 *Resolved by the Senate and the Assembly of the State of*  
31 *California, jointly*, That the Legislature memorialize the United  
32 States Congress to pass and the President to sign the Startup Act  
33 3.0 into law; and be it further

34 *Resolved*, That the Secretary of the Senate transmit copies of  
35 this resolution to the President and Vice President of the United  
36 States, to the Speaker of the House of Representatives, to the  
37 Majority Leader of the Senate, and to each Senator and

- 1 Representative from California in the Congress of the United
- 2 States.

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