

# THE WALL STREET JOURNAL OPINION

A Bipartisan Plan for Job Creation

The Startup Act will help remove bureaucratic and tax barriers facing the small businesses that create most jobs.

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In his State of the Union Address, President Obama called on Congress to pass an agenda that helps start-ups and small businesses succeed. We have already introduced a plan that shares his goals. It's called the Startup Act.

Research conducted by the Kauffman Foundation and others has consistently shown that companies less than five years old accounted for nearly all net job creation in our economy over the past three decades. One of the greatest challenges facing new start-up companies is gaining access to enough capital to get off the ground in the first few years. So our plan provides incentives to help new businesses get financing so they can grow more quickly.

In 2010, Congress temporarily exempted capital gains taxes on the sale of certain small-business stock held for at least five years. The Startup Act will make this exemption permanent, giving investors an incentive to partner with entrepreneurs and provide financial stability at a critical juncture of firm growth.

To further encourage business development, our plan also reduces the corporate income tax on certain new businesses during the first three taxable years of profit. To fuel access to capital, the Startup Act will examine whether or not Sarbanes-Oxley compliance could be eased for small issuers, potentially allowing the market to weigh the costs and benefits.

Another significant obstacle facing new businesses is the expense and time required to comply with government regulations. According to the Small Business Administration, firms with fewer than 20 employees spend 36% more per employee than larger firms to comply with federal regulations. Our bill requires all government agencies to conduct a cost-benefit analysis of all proposed new regulations with an economic impact of \$100 million or more. This analysis will determine the efficacy of the rule and its potential effects on the formation and growth of new businesses.

For years, business leaders have known that current U.S. immigration policies have hurt our efforts to compete in the global contest for entrepreneurial talent. We simply do not provide enough opportunities for foreign-born talent, trained here, to remain in this country to create innovative new companies.

Researchers at Duke and at the University of California at Berkeley have found that more than a quarter of technology and engineering companies created in the U.S. between 1995 and 2005 had at least one key founder who was foreign-born. In 2005 alone, researchers found, these companies produced \$52 billion in sales and employed 450,000 workers.

The Startup Act will help keep entrepreneurial talent and highly skilled workers in the U.S. by establishing a new category of visas for immigrant entrepreneurs. It also creates a pathway for foreign students who graduate from an American university with a master's or Ph.D. in science, technology, engineering or mathematics to receive a green card along with their diplomas so they can stay in this country, launch businesses, and create jobs.

Our plan also seeks to accelerate the commercialization of taxpayer-funded research at American universities, moving it from the laboratory to the marketplace where it can propel economic growth more quickly. American universities historically have been responsible for groundbreaking discoveries—spawning new industries and creating countless jobs.

But not every institution is equipped to mentor entrepreneurial researchers as they create new companies or partner with industry to find innovative uses for the fruits of university-based research. The Startup Act will use existing federal R&D funding to support university initiatives designed to bring cutting-edge research to the marketplace more quickly.

Finally, the Startup Act will direct the Department of Commerce to assess state and local policies that aid in the development of new businesses. Through the publication of reports on new business formation and the entrepreneurial environment, lawmakers will be better equipped to encourage entrepreneurship with the most successful policies.

These are bipartisan ideas that deserve serious consideration in Congress. In fact, many of these ideas have the support of President Obama's Council on Jobs and Competitiveness. We look forward to working with the president to encourage American entrepreneurs to do what they do best—dream big and pursue those dreams.

Mr. Moran, a Republican, is a senator from Kansas. Mr. Warner, a Democrat, is a senator from Virginia.