



IMMIGRANT ENTREPRENEURS:

Starting American Companies and Creating American Jobs

IMMIGRANT ENTREPRENEURSHIP IS VITAL TO THE AMERICAN ECONOMY

New businesses are the single best creators of new jobs, and – even with current visa impediments – immigrants are among the leading drivers in creating new businesses:

- In 2010, immigrants were more than twice as likely to start businesses each month as natives.
- From 1995 to 2005, immigrants helped found 25 percent of all high-tech companies, creating 450,000 jobs.
- Forty-percent of Fortune 500 companies were founded by immigrants or their children.

NO VISA FOR ENTREPRENEURS

Immigrants create new companies, and new companies create new jobs. Despite this, for an immigrant entrepreneur with a viable business plan and willing American investors, there is no visa that allows them to come to the U.S. to start a new company. Some foreign-born entrepreneurs come through other routes – sponsored either by a family member or working for years for an American employer – before getting permanent residency and starting their companies. But these avenues are unwieldy at best and not available to many foreign entrepreneurs.

HOW A ENTREPRENEUR VISA WOULD WORK

The idea is simple: a foreign entrepreneur with backing from qualified American investors would get a temporary visa to start a company in America. If after two years the immigrant successfully establishes a business yielding new American jobs, the entrepreneur would be allowed to continue to run his or her business and earn a green card.

ELEMENTS OF A SUCCESSFUL ENTREPRENEUR VISA

Legislation creating a visa for immigrant entrepreneurs should follow three general principles:

- *Reasonable Capital Requirements:* In the era of web sales and “apps” for smartphones, a programmer can launch a company from a dorm room, and the average new business starts with only \$31,000. The new visa’s investment requirements should match the needs and opportunities of the new startup economy.
- *More Than One Way to Qualify:* Just as there is more than one way to start a company, there should be more than one way for immigrant entrepreneurs to qualify for a visa. Incentives should be given to encourage foreign-born who already have started successful companies overseas or immigrants who have an established track record in America as students or as employees.
- *Measures to Guard Against Fraud:* Any visa process needs to ensure against fraud. At the front end, the bill should limit investments to those by established American investors who bring professional expertise to vetting business plans and have an incentive to screen out fraudulent businesses. At the back end, inspections should ensure that actual companies are established and jobs (for non-relatives) are created.

GAP IN EXISTING U.S. VISAS

While other visas play a role in America's economic development by attracting foreign capital and augmenting American businesses with foreign-born talent, they do not offer the key ingredients in the international competition for foreign entrepreneurs: a chance for talented individuals from any country in the world to work with American investors to start a company and earn a route to permanent residency.

VISA

HOW IT WORKS?

WHY IT DOESN'T WORK FOR ENTREPRENEURS

EB-5

Immigrant invest \$ 1 million (in some cases \$500,000) in an American business venture. If the visa creates 10 jobs over two years, the immigrant receives a green-card.

Visa is good for attracting capital investment, but not for seeding new entrepreneurial ventures. Investments generally go to already planned projects with minimal management required by the foreign investor.

Individual must invest \$500,000 of their own money, far more than most entrepreneurs have.

E-2

Immigrants from designated "treaty countries" make an investment large enough to start and operate their own business that will contribute to the U.S. economy (no set criteria for size of investment).

Investment in business must be immigrant's own money, not that of interested investors.

Citizens of key source countries for entrepreneurs - India and China - are not eligible.

Visa has no route to permanent residency - a major disincentive when deciding where to invest capital in starting a company.

H-1B

Temporary workers sponsored by employers to fill jobs in "specialty occupations" requiring a B.A. or higher.

The H-1B visa is designed to match foreign workers to the needs of American companies. Until now, this visa has not been available to sponsor the self-employed, including founders and owners of companies.
