

October 21, 2025

President Donald J. Trump
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

The Honorable Marco A. Rubio
Secretary
U.S. Department of State
2201 C Street, NW
Washington, DC 20451

The Honorable Howard W. Lutnick
Secretary
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Dear President Trump, Secretary Rubio, and Secretary Lutnick,

On behalf of millions of American entrepreneurs who work every day to launch and build the new and small businesses that drive economic growth, job creation, and expanding opportunity, we write today to express our concern regarding the [proclamation](#) issued on September 19, 2025 imposing a \$100,000 fee on all new H-1B visas.

The nation's youngest and smallest businesses will be disproportionately impacted by the change, given that new and small businesses are extremely fragile and have very limited financial resources in their early years of operation. The outsized impact of the new fee on new and small businesses is of enormous concern because research has repeatedly demonstrated that these businesses play a unique and critically important role in our economy – specifically, they are disproportionately responsible for the innovations that drive [productivity growth](#) and economic growth, and account for virtually all net new [job creation](#).

With these realities in mind, we respectfully urge you to consider exempting new and small businesses younger than ten years of age and with gross assets of \$75 million or less from the fee requirement. The proposed exemption ceiling of \$75 million in gross assets is consistent with the category of small businesses whose non-corporate investors are eligible to exclude from federal taxes a portion of capital gains on their stock holdings (qualified small business stock or “QSBS”), as defined in the One Big Beautiful Bill Act (OBBBA), which was signed into law on July 4, 2025.

Background

The H-1B visa program was created by the Immigration Act of 1990, and established a pathway for foreign workers to enter the United States to work in “specialty occupations” that typically require at least a four-year degree. The Department of Homeland Security (DHS) issues 85,000 H-1B visas each year, 20,000 of which are reserved for applicants with at least a master's degree. Workers in the United States on H-1B visas hold high-skill positions in a wide range of specialized fields, including high technology, engineering, medicine, finance, architecture, and higher education.

H-1B visas are conferred by way of a meticulous multi-step process. First, employers seeking visas for identified foreign workers file petitions to the Department of Labor (DOL) on behalf of the workers. Upon receipt, DOL certifies the details of submitted petitions and then passes the petition on to DHS, which filters submitted petitions for eligible applicants. Once eligible applicants are identified, DHS confers visas by way of a random lottery to qualifying applicants. Because visa applications greatly exceed available visas in most years, most eligible applicants are not selected in the lottery and do not receive visas.

Under the new rule established by the September 19th proclamation, foreign workers whose H-1B petition win the lottery now face a \$100,000 fee. Review and approval of these petitions is contingent upon receipt of the fee by DHS. Though not explicitly stated in the text of the proclamation, DHS has clarified that the fee would not apply to H-1B renewals, which must be requested by employers after three years of an H-1B worker's employment. The proclamation also would not prevent current visa holders from traveling to and from the United States.

Securing H-1B visas for identified foreign talent is already extremely difficult for new and small businesses, because of the annual cap of only 85,000 visas. Large companies, particularly in the technology and consulting sectors, are the primary users of H-1B visas, sponsoring thousands of positions annually. New and small businesses are at an inherent disadvantage in securing H-1B visas because filing applications costs time and money – scarce resources for startups and small businesses.

Fewer Successful Startups Means Fewer New Jobs for Americans

The stated purpose of the new H-1B fee is to protect American jobs. But given the importance of new and small businesses to net new [job creation](#), the new fee could actually lead to fewer American jobs.

A new \$100,000 fee attached to awarded H-1B visas would disproportionately hurt young and small businesses who lack the resources of large incumbent companies to absorb the fee, yet often have difficulty finding specialized talent locally and, therefore, rely on foreign-born talent to survive and grow. And, as Robert D. Atkinson, president of the Washington, D.C.-based Information Technology and Innovation Foundation, recently [pointed out](#) to CNBC, just a few talented foreign-born employees can mean the difference between success and failure for many promising businesses. Foreign talent can also help new and small businesses establish stronger overseas networks and customer bases, he added.

Indeed, a [2020 survey](#) found that startups that successfully hire workers through the H-1B process are much more likely to make innovative breakthroughs, obtain external funding like venture capital, go public, or be acquired. Similarly, a 2024 [study](#) found that regions that win more H-1B visas experience a jump in entrepreneurship. And a 2015 [study](#) concluded that when businesses in a given city win more H-1B applications, those firms become more productive and wages rise for native-born workers in that city. By blocking most startups and other small businesses from the talent and capital they need to succeed, the new fee on H-1B visas will cause many promising businesses to fail unnecessarily, depriving U.S. labor markets of the new jobs those innovative companies would likely have created.

Thriving Startups and Small Businesses Are Critical to Winning the Innovation Future

The impact of the new H-1B fee on the nation's new and small businesses must also be considered in the context of the strategic imperative to preserve America's innovation leadership in the face of heightened global competition, particularly from China. For decades, China has worked relentlessly to wrest the mantle of global innovation leadership from the United States. The [Belt and Road](#) global infrastructure initiative, the [Made in China 2025](#) plan to dominate global manufacturing, and the [China Standards 2035](#) blueprint are critical aspects of China's ambition to be the 21st century's unrivaled economic superpower – all supported by research and development spending growing at double-digit rates year after year.

In March of 2021, China [released](#) its 14th Five-Year Plan, which accelerated development of advanced technologies in seven strategic areas – artificial intelligence, quantum computing, integrated circuits, genetic and biotechnology research, neuroscience, and aerospace. China also increased R&D spending by more than 7 percent annually through the end of 2025, began work on a network of national laboratories, increased bank lending and extended tax incentives to encourage more research and development – and revised regulations to facilitate the flow of venture capital into Chinese startups.

If there were any lingering doubt about China's ambitions, President Xi Jinping was crystal clear at China's 20th Communist Party Congress in October of 2022. In a two-hour speech to open the Congress, Xi [declared](#) that China will “accelerate efforts to achieve greater self-reliance and strength in science and technology...will be guided by national strategic needs...and resolutely win the battle of key and core technologies.”

China intends to win the technological and innovation future. To meet that competitive threat, America must redouble its commitment to pro-innovation, pro-entrepreneurship policies.

Thriving entrepreneurship is central to our nation's economic strength and vitality, and America's ability to win the future in a world in which power is defined in terms of technology and innovation. With this critical reality in mind, we respectfully urge you to consider exempting businesses younger than ten years of age and with gross assets of \$75 million or less from the new \$100,000 fee on H-1B visas.

Thank you for your consideration of this important matter.

Sincerely,

Center for American Entrepreneurship
Engine
Mass Technology Leadership Council
National Venture Capital Association
Small Business & Entrepreneurship Council
Technology Councils of North America