

The 50-State Small Business Regulation Index

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July 24, 2015 Wayne Winegarden

Pacific Research Institute Ranks Small Business Regulation in the 50 States

Indiana Ranks Best for Small Businesses; California Ranks Worst

San Francisco, July 24, 2015 – The Pacific Research Institute (PRI) a non-partisan, non-profit think tank based in San Francisco, today released the “The 50-State Index of Small Business Regulation,” a comparison of the regulatory burdens of small businesses across the 50 states. The Index was developed by PRI senior fellow Wayne Winegarden, Ph.D. Indiana ranked the best state for small businesses, while California ranked the worst. The top 10 and bottom states are:

Top States

1. Indiana
2. North Dakota
3. Texas
4. Kansas
5. Georgia
6. Virginia
7. Mississippi/South Dakota
9. Florida
10. Missouri

Bottom States

41. New York
42. Washington
43. Hawaii
44. Oregon
45. Maine
46. Vermont
47. Connecticut
48. Rhode Island
49. New Jersey
50. California

“The purpose of the small business index is to create a benchmark that allows the comparison of regulatory burdens and to provide insights on how each state can enact pro-growth reforms,” said Dr. Winegarden. The Index measures 14 regulatory components that are either positively or negatively associated with small business economic burdens and relates these burdens to the growth performance of small businesses across the states.

All ten of the lowest ranked states scored poorly across most of the 14 regulatory components measured in the Index. A significant improvement to their regulatory environments would require broad-based reforms including: right-to-work; reduced family leave mandates; the elimination of energy policies such as those that subsidize politically favored energy resources and increase the costs of electricity and other forms of energy; lessening the costs (and time) to develop and license real estate; and reigning in excessive workers compensation and unemployment insurance mandates.

During the last decade, small business’ share of the nation’s GDP has been decreasing while employment in small businesses has been lagging larger businesses. Due to their role as innovators and job creators, it’s vital to re-invigorate America’s small businesses,” said Dr. Winegarden.

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