



REVISED & EXPANDED

SMALL BUSINESS & ENTREPRENEURSHIP COUNCIL'S

SMALL BUSINESS SURVIVAL INDEX 2007:

**RANKING THE POLICY ENVIRONMENT FOR ENTREPRENEURSHIP
ACROSS THE NATION**

12th Annual Edition

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Small Business Survival Index 2007: State Rankings*

(Ranked from the Friendliest to the Least Friendly Policy Environments for Entrepreneurship)

Rank	State	SBSI	Rank	State	SBSI
1	South Dakota	25.914	26	Illinois	58.375
2	Nevada	31.574	27	Arkansas	59.197
3	Wyoming	37.986	28	Maryland	59.337
4	Washington	42.832	29	Ohio	59.341
5	Florida	45.485	30	Kansas	59.853
6	Michigan	46.073	31	Louisiana	60.066
7	Texas	47.968	32	Delaware	60.086
8	South Carolina	49.544	33	Wisconsin	60.183
9	Virginia	49.996	34	Oregon	60.891
10	Alabama	50.534	35	Montana	61.552
11	Colorado	51.934	36	Idaho	61.817
12	Georgia	52.734	37	Nebraska	63.145
13	Tennessee	53.121	38	Connecticut	64.879
14	Indiana	53.228	39	North Carolina	65.570
15	Arizona	53.277	40	West Virginia	66.516
16	Mississippi	53.820	41	Iowa	69.161
17	Alaska	54.356	42	Hawaii	70.416
18	Utah	54.435	43	Vermont	71.370
19	Missouri	54.681	44	Massachusetts	72.055
20	North Dakota	54.795	45	Minnesota	72.096
21	Oklahoma	56.295	46	New York	73.189
22	Kentucky	56.458	47	Maine	74.222
23	New Hampshire	56.502	48	Rhode Island	75.604
24	Pennsylvania	57.343	49	California	77.985
25	New Mexico	57.978	50	New Jersey	79.231
			51	Dist. of Columbia	81.905

* (Please note that the District of Columbia was not included in the studies on the states' liability systems, eminent domain legislation and highway cost efficiency, so D.C.'s last place score actually should be even worse.)

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Introduction: The Source of Growth, and the Hows and Whys of the Index

What makes the economy tick? This, of course, is critical to understand, but it's perhaps particularly imperative when questions and uncertainties exist regarding the economy, as is now the case.

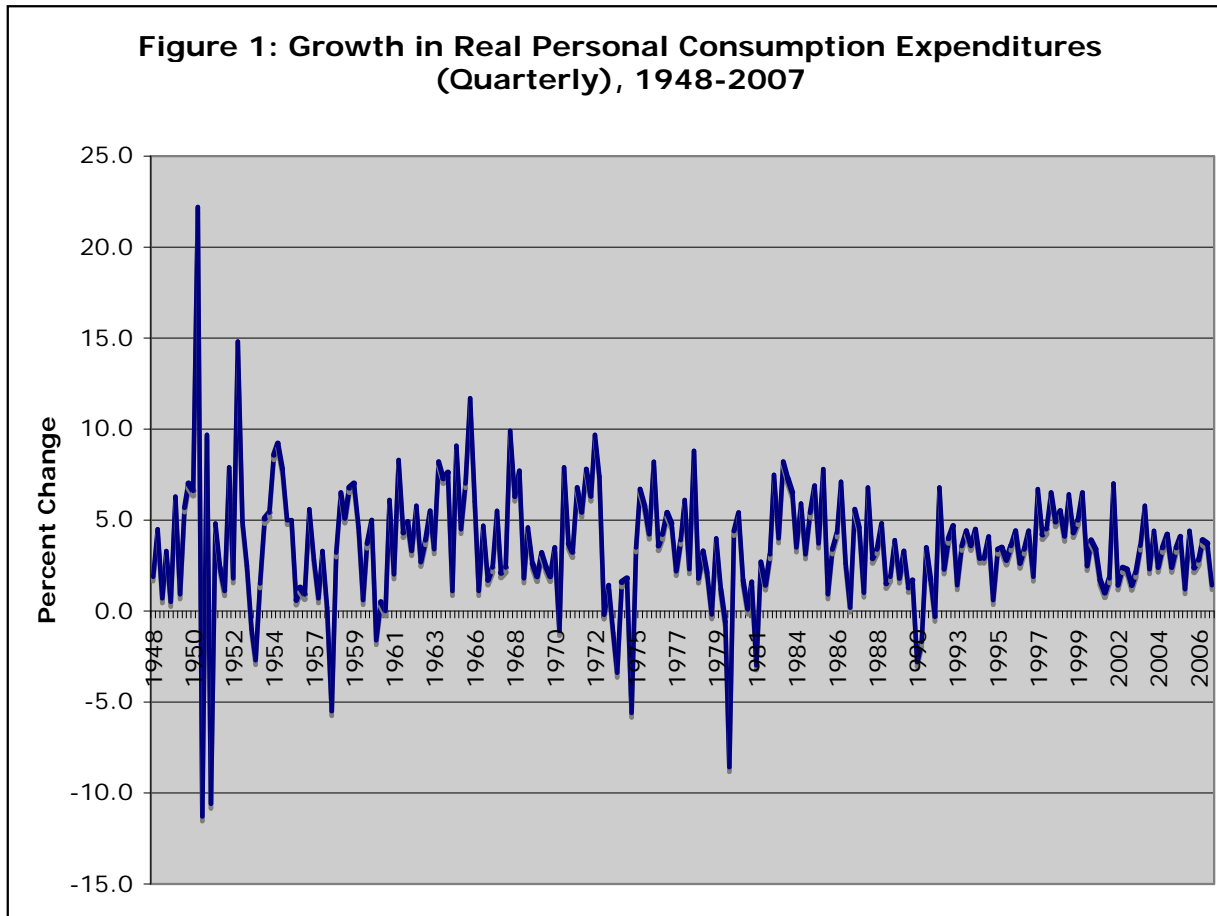
The end point of economic activity is consumption. Therefore, the importance of the consumer should be obvious. The consumer is the final

judge and jury in terms of the goods and services brought to the marketplace. It is perhaps natural then that we hear much emphasis placed on consumer spending when the latest economic growth numbers are published.

But let's take a peek inside the numbers on the economy, and the sources of economic growth. Recently, there has been concern among some about the economy slowing, perhaps even slipping into recession in the near future. What does history tell us? Will the consumer decide if we slip into recession?

Well, quarterly gross domestic product (GDP) numbers from the first quarter of 1948 to the second quarter of 2007 (as shown in Figure 1), reveal some fascinating facts about consumer expenditures and the overall economy:

- Over these 238 quarters, real GDP growth was negative in 33 quarters. But growth in real personal consumption expenditures (PCE) was negative in only 18 quarters.
- The last time real PCE growth turned negative



was in the fourth quarter of 1991. From the start of 1982 through the second quarter of 2007 – covering 102 quarters – real PCE growth was negative in only three of those quarters.

- Over this six-decade time frame, there were nine periods of recession. Out of those nine, the consumer played a key role in leading the economy down only twice – in the 1953-54 recession, and during the 1980-82 economic downturn.
- It is critical to note that every other recession initially and primarily featured a drop in real gross private domestic investment (though the 1957-58 recession also suffered from a big drop in exports).
- In the 1957-58, the mid-1960, the late 1973 to early 1975, and 1990-91 recession periods, consumer spending *followed* the initial economic decline downward.
- And during the 1969-70 and 2000-01 downturns, the consumer was resilient.

Does the consumer matter to the economy? Of course. But over the past 60 years, U.S. consumers have been more than willing to just keep on spending, if they can. It's when private investment drops that we see the economy slip into recession, with consumers then – though not always – reining in their budgets.

This shouldn't be all that surprising if one realizes that the ultimate source of growth is economic risk taking. That is, investing and entrepreneurship. These crucial activities drive innovation, invention, efficiency and productivity in our economy. Sure, consumers will ultimately decide what flies and what does not, but the entrepreneurs, innovators and investors will invest the capital – including sweat equity – and ideas that launch and build businesses, create new jobs, and grow the economy.

What often stands as the largest impediment to entrepreneurship and investment is public policy gone awry. While most politicians rhetorically embrace entrepreneurship and small business, the public policies they support too frequently raise costs and diminish incentives for starting up, investing in and building a business. And it's not just elected officials at the federal level that cause problems. It certainly occurs at the state and local levels as well. That's where the "Small Business Survival Index" comes into play.

This report ranks the 50 states and District of Columbia according to some of the major government-imposed or government-related costs affecting investment, entrepreneurship, and business. The Index ranks the states according to their public policy climates for entrepreneurship.

This twelfth annual "Small Business Survival Index" ties together 31 major government-imposed or government-related costs impacting small businesses and entrepreneurs across a broad spectrum of industries and types of businesses:

• **Personal Income Tax.** State personal income tax rates affect individual economic decision-making in important ways. A high personal income tax rate raises the costs of working, saving, investing, and risk taking. Personal income tax rates vary among states, therefore impacting crucial economic decisions and activities. In fact, the personal income tax influences business far more than generally assumed because roughly 90 percent of businesses file taxes as individuals (e.g., sole proprietorship, partnerships and S-Corps.), and therefore pay personal income taxes rather than corporate income taxes.

Measurement in the Small Business Survival Index: state's top personal income tax rate.¹

• **Individual Capital Gains Tax.** One of the biggest obstacles that start-ups or expanding businesses face is access to capital. State capital gains taxes, therefore, affect the economy by directly impacting the rate of return on investment and entrepreneurship. Indeed, capital gains taxes are direct levies on risk taking, or the sources of growth in the economy. High capital gains taxes restrict access to capital, and help to restrain or redirect risk taking.

Measurement in the Small Business Survival Index: state's top capital gains tax rate on individuals.²

• **Corporate Income Tax.** State corporate income tax rates similarly affect a broad range of business decisions — most clearly decisions relating to investment and location – and obviously make a difference in the bottom line returns of corporations.

Measurement in the Small Business Survival Index: state's top corporate income tax rate.³

• **Corporate Capital Gains Tax.** Again, access to capital is an enormous obstacle for businesses, and state capital gains taxes affect the economy by directly reducing the rate of return on investment and entrepreneurship. High capital gains taxes – including on corporate capital gains – restrict access to capital, and help to restrain or redirect risk taking.

Measurement in the Small Business Survival Index: state's top capital gains tax rate on corporations.⁴

¹ Data Source: CCH Incorporated, *2007 State Tax Handbook*, the Federation of Tax Administrators (www.taxadmin.org), and state specific sources. Note: Personal income tax rates reflect deductibility of federal income taxes in certain states.

² Data Source: CCH Incorporated, *2007 State Tax Handbook*, the Federation of Tax Administrators (www.taxadmin.org), and state specific sources. Note: Capital gains tax rates reflect deductibility of federal income taxes in certain states.

³ Data Source: CCH Incorporated, *2007 State Tax Handbook*, the Federation of Tax Administrators (www.taxadmin.org), and state specific sources. Note: Corporate income tax rates reflect deductibility of federal income taxes in certain states.

⁴ Data Source: CCH Incorporated, *2007 State Tax Handbook*, the Federation of Tax Administrators (www.taxadmin.org), and state specific sources. Note: Capital gains tax rates reflect deductibility of federal income taxes in certain states.

• **Additional Income Tax on S-Corporations.** Subchapter S-Corporations let certain businesses adopt the benefits of a corporation, while allowing income to pass through to be taxed at the individual level. Most states recognize S Corporations, but a few either tax such businesses like other corporations or impose some kind of added tax. Such an additional income tax, again, raises costs, restrains investment, and hurts the state's competitiveness.

Measurement in the Small Business Survival Index: additional income tax imposed on S-Corporations beyond the top personal income tax rate.⁵

• **Individual Alternative Minimum Tax.** The individual alternative minimum tax (AMT) imposes a minimum tax rate that must be paid by individuals, regardless the tax credits or deductions taken. The AMT diminishes the effectiveness of potentially positive, pro-growth tax relief measures, while also raising the costs of tax compliance.

Measurement in the Small Business Survival Index: state individual alternative minimum tax (states imposing an individual AMT receive a score of "1" and states that do not receive a score of "0").⁶

• **Corporate Alternative Minimum Tax.** The corporate alternative minimum tax (AMT) imposes a minimum tax rate that must be paid by corporations, regardless of the available tax credits or deductions taken. Again, the AMT diminishes the effectiveness of potentially positive, pro-growth tax relief measures, and hikes compliance costs, in particular by forcing firms to effectively calculate their taxes under two tax codes.

Measurement in the Small Business Survival Index: state corporate alternative minimum tax (states imposing an individual AMT receive a score of "1" and states that do not receive a score of "0").⁷

• **Indexing Personal Income Tax Rates.** Indexing income tax rates for inflation is a positive tax measure, which ensures that inflation does not push individuals into higher tax brackets. Without such indexation, one can be pushed into a higher tax bracket without any increases in real income.

Measurement in the Small Business Survival Index: state indexing of personal income tax rates (states indexing their personal income tax rates receive a score of "0" and states that do not receive a score of "1").⁸

⁵ Data Source: CCH Incorporated, *2007 State Tax Handbook*, and state specific sources.

⁶ Data Source: CCH Incorporated, *2007 State Tax Handbook*.

⁷ Data Source: CCH Incorporated, *2007 State Tax Handbook*.

⁸ Data Source: The Federation of Tax Administrators website at www.taxadmin.org.

• **Property Taxes.** Property taxes influence decisions as to where businesses, entrepreneurs and employees choose to locate, as well as decisions relating to investments in business facilities and homes.

Measurement in the Small Business Survival Index: state and local property taxes (property taxes as a share of personal income).⁹

• **Sales, Gross Receipts and Excise Taxes.** State and local sales, gross receipts and excise (including tobacco, alcohol and insurance) taxes impact the economic decisions of individuals and families, as well as various businesses. High consumption-based taxes can re-direct consumer purchases, and, especially if combined with other levies like income and property taxes, can serve as real disincentives to productive economic activity. In addition, gross receipts taxes present problems because, unlike other consumption-based levies, they are largely hidden from the view of consumers, and therefore, are easier to increase.

Measurement in the Small Business Survival Index: state and local sales, gross receipts and excise taxes (sales, gross receipts and excise taxes [less revenues from gas taxes, since gas tax rates are singled out in the Index] as a share of personal income).¹⁰

• **Death Taxes.** The federal government is phasing out the federal death tax. Some states are tied to the federal levy, and therefore are following the lead to end the estate tax (under current law, the federal estate tax will be eliminated in 2010, but it then reappears in 2011). However, other states have imposed additional estate, inheritance or gift taxes, or have de-linked from the federal levy. Death taxes have several problems. In terms of fairness, individuals pay a staggering array of taxes, including on business earnings, over a lifetime, but then are socked with another tax on the total assets at death. High state death taxes offer incentives to move investment and business ventures to less taxing climates; foster wasteful expenditures on tax avoidance, estate planning and insurance; and force many businesses to be sold, borrowed against or closed down.

Measurement in the Small Business Survival Index: state death taxes (states levying estate or inheritance taxes receive a score of “1” and states that do not receive a score of “0”).¹¹

• **Unemployment Tax Rates.** The unemployment tax on wages is another burden on entrepreneurs and business. High state unemployment tax rates increase the relative cost of labor versus capital, and provide incentives for labor-intensive businesses to flee from high-tax states to low-tax states.

Measurement in the Small Business Survival Index: unemployment tax rate is adjusted as follows: maximum state tax rate applied to state unemployment tax wage base, with that amount as a share of the state average wage.¹²

⁹ 2004-05 latest state and local numbers available from the U.S. Bureau of the Census, U.S. Department of Commerce.

¹⁰ 2004-05 latest state and local numbers available from the U.S. Bureau of the Census, U.S. Department of Commerce.

¹¹ Data Source: CCH Incorporated, *2007 State Tax Handbook*, “CCH Financial Planning Toolkit” at www.finance.cch.com, and a variety of news stories.

¹² Data Source: U.S. Bureau of Labor Statistics.

- **Health Savings Accounts.** Health Savings Accounts (HSAs) provide much-needed choice, competition and consumer control in the health insurance marketplace. HSAs are tax-free savings accounts owned and controlled by individuals. Funds can be deposited tax free into the account by the employee, employer or both, and earnings accumulate tax free. The funds are used to cover medical expenses. And each HSA is tied to a traditional catastrophic insurance plan to cover large health care expenditures. Most states offer the same tax deductions as at the federal level for HSAs, or are not affected because they do not impose income taxes. However, some states with income taxes do not provide the same tax benefits for HSAs as at the federal level.

Measurement in the Small Business Survival Index: states providing HSA tax benefit or imposing no personal income tax receive a “0”, while states that offer partial benefits receive “0.5” and those not conforming receive a score of “1.”¹³

- **Health Care Regulation: Guaranteed Issue for Self-Employed Group of One.** Health insurance represents a significant cost for businesses. Taxes, mandates and regulations increase health care costs, increase the number of uninsured, and act as another disincentive to starting up or locating a business in a high-cost state. Guaranteed issue means that individuals may not be turned down for health insurance coverage no matter the condition of their health or risk status. So, incentives for people to purchase health insurance before they become ill are removed. A guaranteed issue mandate raises health care costs, in this case for the self-employed.

Measurement in the Small Business Survival Index: state mandate for guaranteed issue in the self-employed group of one market (state imposing guaranteed issue gets a score of “1” and states not imposing gets a score of “0”).¹⁴

- **Health Care Regulation: Community Rating.** Community rating mandates that an insurer charge the same price for everyone in a defined region regardless their varying health care risks. So, no matter what the risks involved, everybody pays the same price for insurance. That translates into higher costs across the board.

Measurement in the Small Business Survival Index: state mandate for community rating in the small group market (state imposing rate bands gets a score of “0.33”; state imposing adjusted community rating gets a score of “0.66”; state imposing pure community rating gets a score of “1”; and a state not imposing community rating gets a score of “0”).¹⁵

¹³ Data source: “State Legislation and Actions on Health Savings Accounts and Consumer-Directed Health Plans, 2004-2007,” National Conference of State Legislatures, updated July 20, 2007, www.ncsl.org.

¹⁴ Data source: “Small Group Health Insurance Market Guaranteed Issue 2006” from the Henry J. Kaiser Family Foundation at www.statehealthfacts.kff.org.

¹⁵ Data source: “Small Group Health Insurance Market Rate Restrictions, 2006” from the Henry J. Kaiser Family Foundation at www.statehealthfacts.kff.org.

• **Health Care Regulation: Number of Mandates.** Beyond regulations like guaranteed issue and community rating, state laws impose a host of mandated benefits on insurers. These mandates, while often sounding reasonable, carry real and sometimes significant costs. Health care mandates are easy to impose, as politicians take credit for expanded benefits while denying the related costs.

Measurement in the Small Business Survival Index: number of mandates imposed (state gets a score of 0.05 for each mandate imposed).¹⁶

• **Electricity Costs.** Every business uses electricity, and for some, electricity costs rank among the highest expenses. High electricity rates due to hefty taxes and heavy-handed, misguided regulations can play a significant part in business decision-making.

Measurement in the Small Business Survival Index: state's electricity cost index (index of state's average revenue per kilowatthour for electricity utilities).¹⁷

• **Workers' Compensation Costs.** High workers' compensation rates impact the economy in much the same way as high unemployment tax rates. The cost of labor relative to capital is increased, and incentives for labor-intensive businesses to flee are clear.

Measurement in the Small Business Survival Index: state workers' compensation benefits per \$100 of covered wages.¹⁸

• **Total Crime Rate.** Just like taxes, a high crime rate acts as a disincentive to entrepreneurs and small businesses. If government is unable to adequately protect life, limb, and property—the basic duties of any government—then entrepreneurs and businesses will flee to safer environments.

Measurement in the Small Business Survival Index: state's crime rate per 100 residents.¹⁹

• **Right to Work.** A right-to-work state means that employees generally are not forced to become labor union members or pay dues to unions. Such worker freedoms offer a more dynamic, flexible workforce, and a more amenable environment for increased productivity and improved efficiency.

Measurement in the Small Business Survival Index: right-to-work status (non-right-to-work states receive a score of "1," while right-to-work states receive a score of "0").²⁰

¹⁶ Data source: "Health Insurance Mandates in the States 2007," prepared by Victoria Craig Bunce, JP Wieske, and Vlasta Prikazsky, Council for Affordable Health Insurance, 2007.

¹⁷ Data Source: Data for January to June 2007 from the U.S. Energy Information Administration.

¹⁸ Data Source: 2004 data from "Workers' Compensation: Benefits, Coverage, and Costs, 2005," National Academy of Social Insurance, August 2007.

¹⁹ Data Source: 2005 data from the U.S. Federal Bureau of Investigation, *Crime in the United States 2005*.

²⁰ Data Source: National Right to Work Legal Defense Foundation.

• **Number of Government Employees.** Governmental costs come in many forms, such as taxes, mandates, fees and regulations. Unfortunately, regulatory costs are difficult to assess in a uniform, comparative measure from state to state. One rough proxy for regulations can be the number of state and local government employees. After all, with regulations, rules, and mandates come regulators, i.e., those dreaming up, writing, passing, monitoring and enforcing such measures. Obviously, regulators and regulations raise the costs of doing business. But the costs of government employment reach beyond the mere number of regulators. A large number of government employees also means that a significant share of individuals are basically performing far less productive work than if they were in the private sector. After all, in the private sector, greater productivity, creativity and efficiency get rewarded, while such incentives are distinctly lacking in the public sector. Instead, the incentives in government all point to adding more personnel.

*Measurement in the Small Business Survival Index: state and local government employees (full-time equivalent employees per 100 residents).*²¹

• **Tax Limitation States.** Requiring supermajority votes from elected officials and/or approval from voters in order to increase or impose taxes, serve as checks on the growth of taxes and government in general. According to Americans for Tax Reform, both taxes and spending do in fact grow more slowly in tax limitation states, and economies expand faster in such states as well.

*Measurement in the Small Business Survival Index: tax limitation status (states without some form of tax limitation check receive a score of “1,” and states with some kind of tax limitation check receive a score of “0”).*²²

• **Internet Taxes.** The Internet serves as a tremendous boost to economic growth and a great expansion of economic opportunity. For small businesses, the Internet allows for greater access to information and markets. Indeed, the Internet gives smaller enterprises access to global markets that they might not have had in the past. Unfortunately, some states have chosen to impose sales taxes on Internet access.

*Measurement in the Small Business Survival Index: Internet access tax (states without such a sales access tax score “0,” and states with such taxes score “1”).*²³

• **Gas Tax.** Every business is affected by the costs of operating motor vehicles -- from trucking firms to the home-based business paying for delivery services. State government directly impacts these costs through taxes on motor fuels.

²¹ Data Source: 2006 data from the U.S. Bureau of the Census, U.S. Department of Commerce.

²² Source: National Conference of State Legislatures at www.ncsl.org.

²³ Steven Maguire and Nonna Noto, “Internet Taxation: Issues and Legislation in the 109th Congress,” CRS Report for Congress, February 2, 2006, and Daniel Castro, “The Case for Tax-Free Internet Access: A Primer on the Internet Tax Freedom Act,” The Information Technology & Innovation Foundation, June 2007.

*Measurement in the Small Business Survival Index: state gas tax (dollars per gallon).*²⁴

- **State Minimum Wage.** The minimum wage raises costs for businesses—being particularly harmful to smaller firms—while also hurting young, low-skilled, low-income workers by too often denying them the work experience necessary to climb the ladder of economic opportunity. Many states impose a state minimum wage that is higher than the federal minimum wage.

*Measurement in the Small Business Survival Index: state minimum wage minus the federal minimum wage.*²⁵

- **State Legal Liability Costs.** The costs of litigation loom heavily over all businesses. Indeed, frivolous and costly lawsuits plague businesses across the nation, hurting investment, job creation and the overall economy. In fact, even the mere threat of possible lawsuits can stop some businesses in their tracks. (Please note that the District of Columbia was not included in the study ranking the states according to their liability systems, so D.C.’s last place score on the “Small Business Survival Index” actually should be worse.)

*Measurement in the Small Business Survival Index: state liability score (mean grades based on survey of corporations to assess the fairness and reasonableness of state liability systems in eight key areas).*²⁶

- **Regulatory Flexibility Status.** The Small Business Administration’s (SBA’s) Office of Advocacy has led a campaign to have states pass their own versions of the federal Regulatory Flexibility Act. The idea is to pass legislation that requires state agencies to assess the economic impact before imposing regulations, to consider less burdensome alternatives, to allow for judicial review of the process, and to periodically review all regulations.

*Measurement in the Small Business Survival Index: regulatory flexibility legislation status (score of “0” for states with full and active regulatory flexibility statutes, a score of “0.5” for states with partial or partially used regulatory flexibility statutes, and a score of “1” for no regulatory flexibility statutes).*²⁷

- **Trend in State and Local Government Spending.** Obviously, taxes paid by entrepreneurs, businesses and the economy are directly tied to government spending. This first spending measure captures the recent trend in spending growth for each state. Basically, it attempts to answer the question: What direction is the state headed in when it comes to spending and taxes?

²⁴ Data Source: “Notes to State Motor Fuel Excise and Other Tax Rates,” August 13, 2007, American Petroleum Institute.

²⁵ Data Source: U.S. Department of Labor, “Minimum Wage Laws in the States ” at www.dol.gov, and the AFL-CIO at www.aflcio.org.

²⁶ Data Source: “2007 U.S. Chamber of Commerce State Liability Systems Ranking Study,” U.S. Chamber Institute for Legal Reform, April 16, 2007. Note: This study did not include the District of Columbia, so D.C.’s score on the Index is underestimated.

²⁷ Source: U.S. Small Business Administration, Office of Advocacy, “State Regulatory Flexibility Model Legislative Initiative,” July 2007.

*Measurement in the Small Business Survival Index: index of the latest five-year growth rate in per capita state and local government expenditures.*²⁸

• **Per Capita State and Local Government Spending.** Again, taxes imposed on entrepreneurs, businesses and consumers are a reflection of the level of government spending. But to complete the overall picture of government’s burdens on the private sector, government spending – whether financed through taxes, fees, or debt – must be considered. The most comprehensive measure that also reflects differences in population would be per capita state and local government expenditures.

*Measurement in the Small Business Survival Index: index of per capita state and local government expenditures.*²⁹

• **Protecting Private Property.** The June 2005 U.S. Supreme Court decision in the *Kelo v. City of New London* case ignited a firestorm of protests across the nation. Homeowners and small businesses came to realize just how vulnerable they were to losing their property. If the government decided it could get what it perceived to be a better deal in terms of economic development and tax revenue by taking homes and businesses through the power of eminent domain, and turning that property over to other private parties, then that was mistakenly deemed constitutional by a narrow Supreme Court majority. That same majority, however, acknowledged that each state was free to restrict such abuses of eminent domain. In fact, the first duty of government is to protect property, not steal it. In addition, the enforcement of private property rights by government is foundational for any economy. In the end, economic development is hampered when government fails to protect private property. (Please note that the District of Columbia was not included in the study on eminent domain legislation, so D.C.’s last place score on the “Small Business Survival Index” actually should be worse.)

*Measurement in the Small Business Survival Index: score based on grades for eminent domain reform legislation (ranging from “0.3” for an A+ to “3.9” for an F.)*³⁰

• **Highway Cost Efficiency.** The condition and performance of roads and highways are of significant importance – one way or another – to most businesses. At the same time, just mindlessly throwing more and more tax dollars at roads does not necessarily enhance quality. Fortunately, an annual study considers both cost and effectiveness. (Please note that the District of Columbia was not included in the study on highway cost efficiency, so D.C.’s last place score on the “Small Business Survival Index” actually should be worse.)

*Measurement in the Small Business Survival Index: score is based on an assigned score of “0.05” for the state’s cost effectiveness ranking – so the best state receives a score of “0.05” and the worst receives “2.50.”*³¹

²⁸ Data Source: 2004-05 versus 1999-00 data from the U.S. Bureau of the Census, U.S. Department of Commerce.

²⁹ Data Source: 2004-05 data from the U.S. Bureau of the Census, U.S. Department of Commerce.

³⁰ Data Source: Institute for Justice, Castle Coalition, “50 State Report Card: Tracking Eminent Domain Reform legislation Since Kelo.” Note: This study did not include the District of Columbia, so D.C.’s score on the Index is underestimated.

As seen above, each of the 31 measures included in this year's "Small Business Survival Index" is supported by sound economic reasoning and fundamentals. That is, the inclusion of each measure meets a basic economic common sense test. For good measure, a wide body of economic analysis/literature further backs up this economic common sense.

Consider various findings that show quite clearly why various measures are included in the "Small Business Survival Index."

On Taxes

- A March 2005 study, commissioned by the SBA's Office of Advocacy, was co-authored by Donald Bruce, Ph.D., an economist from the University of Tennessee, and Tami Gurley, titled "Taxes and Entrepreneurial Activity: An Empirical Investigation Using Longitudinal Tax Return Data." The authors noted: "We find convincing evidence that marginal tax rates have important effects on decisions to enter or remain in entrepreneurial activity." They found the relative tax costs of wage earnings versus earnings from entrepreneurship matter, and concluded, "Taken together, our empirical results suggest that policies aimed at reducing the relative tax rates on entrepreneurs might lead to increases in entrepreneurial activity and better chances of survival. Additionally, our results indicate that equal-rate cuts in tax rates on both wage and entrepreneurship incomes could yield similar results. Conversely, equal-rate increases in tax rates on both sources of incomes would most likely result in reduced rates of entrepreneurship entry and increased rates of entrepreneurial exit." How best to sum this up? Raise the relative cost of entrepreneurship, and you'll get less entrepreneurship. Reduce the relative costs of entrepreneurship, and you get more.

- A June 3, 2003, report ("Taxation and Migration") written by Ohio University Distinguished Professor of Economics Richard Vedder for The Taxpayers Network noted recent trends in net domestic migration among the states (excluding international migration). Vedder split the country in two categories – 25 high tax states and 25 low tax states – based on state and local tax burden as a share of personal income. From 1990 to 1999, low tax states gained 2.05 million people in terms of net domestic migration, while high tax states lost 890,000. This pattern continued in the post-1990s. From 2000 to 2002, as low tax states gained 729,000, and high tax states lost 371,000 in net domestic migration. Vedder also observed that "the in-migration into states without income taxes was impressive – as was the out-migration from high-tax states." He noted that his accompanying econometric analysis "increases our confidence in the basic conclusion that high taxes in general are perceived as lowering the quality of life in a locality, leading to out-migration." In addition, Vedder pointed out that "a vast literature shows that high taxation leads to reduced economic growth."

- Vedder also found in a 1995 report for the Joint Economic Committee of the U.S. Congress that relatively low tax states grew at almost a one-third faster rate than high tax states over the period of 1960 to 1993; an increase in state and local tax burdens equal to 1 percent of personal income

³¹ Data Source: David Hartgen, Ravi Karanam and Adrian Moore, "16th Annual Report on the Performance of State Highway Systems (1984-2005)," The Reason Foundation, June 2007. Note: This study did not include the District of Columbia, so D.C.'s score on the Index is underestimated.

reduced income growth by more than 3.5 percent; and if a state had kept its level of income taxation at the same share of personal income over this period, personal income would have been 30 percent higher in the end.³²

• The Joint Economic Committee in Congress released an analysis on May 6, 2003, entitled “How the Top Individual Income Tax Rate Affects Small Business.” Among the report’s findings were:

| “Taxpayers in the highest income bracket are often entrepreneurs and small business owners, not just highly-paid executives or people living off their investments. Small business owners typically report their profits on their individual income tax returns, so the individual income tax is effectively the small business tax.”

| “Small businesses generally pay their income taxes through the individual income tax systems, not the corporate tax system. Sole proprietorships, partnerships, and S-Corporations are the three main organizational forms chosen by small business owners.”

| “Economists who have studied the effects of taxes on sole proprietorships have found that high marginal tax rates discourage entrepreneurs from investing in new capital equipment and, conversely, that reducing taxes encourages new investment.”

| “At higher marginal tax rates, hiring employees can become a less attractive proposition as a higher fraction of any additional income that a new hire might generate for the business is taxed and diverted to the federal government.”

| “Investment also promotes small business growth, since how much a worker can produce for a company depends on the amount and quality of the equipment that the worker has to work with. That is why when low marginal tax rates spur a business to make new capital investments in software, computers, or machinery, for example, that company’s workers become more productive, causing the company to grow. One study has shown that when the marginal tax rate for small businesses is reduced by 10 percent, those businesses’ gross receipts increase by over 8 percent.”

• An August 2004 analysis released by the Tax Foundation, written by foundation president Scott Hodge and senior economist J. Scott Moody, pointed out that “an extraordinarily high proportion of high-income taxpayers have some form of business income and that as their incomes rise, so too does the likelihood that they have business activity.” It turned out that 74 percent of the top 1 percent of income earners had business activity.

³² As cited by Raymond J. Keating, *New York by the Numbers: State and City in Perpetual Crisis* (Lanham, MD: Madison Books, 1997), p. 15.

This group broke down as 68 percent of those with incomes between \$317,000 and \$499,999 had business activity; 77 percent between \$500,000 and \$999,999; and 83 percent with incomes of \$1 million or more.

Business owners also carry the bulk of the personal income tax burden. The foundation estimated that in 2004, “business owners – specifically those with a positive tax liability – will pay 54.3 percent of all individual income taxes in 2004.” That included 37.4 percent of all income tax revenues coming from business owners making more than \$200,000. The analysis also noted that 69 percent of all income tax collections coming from businesses are paid by those earning more than \$200,000.

Among high-income earners, 37 percent of income came from salaries and wages, and 28 percent from business income. Some have argued that this business income level isn’t all that high, and therefore, that reductions in the highest individual income tax rates do not boost business. The authors of the study refuted this argument, with their main point being that “it is unrealistic to think that business owners would rely solely on profit disbursements from their businesses to pay their families’ bills.” They continued: “Instead, they would pay themselves a healthy salary first, then pocket any residual profits at the end of the year, leaving them with a majority of their income in salaries and wages despite their business ownership.” This obviously is business income, and matters a great deal to the business.

When factoring in all sources, the Tax Foundation study noted that as much as 65 percent to 73 percent of total income for these business owners could be business income. How did the authors summarize matters? They wrote: “The only conclusion from these findings is that lowering the top marginal income tax rates did indeed benefit many highly taxed business owners and the U.S. economy.”

- A July 2004 study (“Do the Rich Flee From High Tax States? Evidence from Federal Estate Tax Returns”) by economists Joel Slemrod and Jon Bakija, as noted in a June 21, 2005, press statement, “suggests that wealthy elderly people change their real (or reported) state of residence to avoid paying high state taxes, particularly those that target estates and inheritance, as well as purchases. High personal income taxes and property taxes levied by states also give upper-bracket taxpayers additional incentives to pack up their bags and head for places with lower, less progressive tax rates.”
- A study for the Federal Reserve Bank of Atlanta, examining data from 1960 to 1992, found that high marginal tax rates and high overall tax levels were negatively related to state economic growth.³³

³³ Zsolt Becsi, “Do State and Local Taxes Affect Relative State Economic Growth?” *Economic Review*, Federal Reserve bank of Atlanta, March-April 1996.

On Regulatory Costs

- As noted earlier, no comparable analysis of overall regulatory costs state by state exists. However, an in-depth analysis of federal regulatory costs does exist, and it can be instructive for considering regulations at the state and local level. On September 19, 2005, the SBA's Office of Advocacy published a study estimating the costs of complying with federal regulations. The study – "The Impact of Regulatory Costs on Small Firms" by W. Mark Crain from Lafayette College – provides details regarding how the burdens of federal regulatory costs fall, such as:

| The per employee costs of federal regulations registered \$5,633 in 2004. However, that burden was not evenly distributed. For firms with less than 20 employees, the cost registered \$7,647, which was 41% higher than the \$5,411 per employee cost for firms with 20-499 employees, and 45% higher than the \$5,282 for firms with 500 or more employees.

| In the areas of environmental and tax compliance regulations, the burdens on small firms were even more daunting. On the environmental front, per employee regulatory costs for firms with less than 20 employees came in at \$3,296, which topped the \$1,040 cost for firms with 20-499 employees by 217% and the \$710 cost for businesses with 500 or more workers by 364%. In terms of tax compliance, the \$1,304 per employee costs for businesses with fewer than 20 employees exceeded the \$948 per employee cost for firms with 20-499 employees by 38% and the \$780 per employee costs for firms with 500 or more workers by 67%.

| Small manufacturers got hit particularly hard. Cain reports: "The compliance cost per employee for small manufacturers is at least double the compliance cost for medium-sized and large firms." Per employee regulatory costs for manufacturers with fewer than 20 employees came in at \$21,919, which was 118% higher than the \$10,042 for manufacturers with 20-499 employees and 151% more than the burden on companies with 500 or more employees. Again, serious cost differentials came in the areas of environmental and tax compliance regulation. Regarding environmental regulation, per employee costs for manufacturers with fewer than 20 employees came in at \$15,747, which topped the \$4,970 for firms with 20-499 employees by 217% and exceeded the \$3,391 for firms with 500 or more workers by 364%. On the tax compliance issue, manufacturers with less than 20 workers faced per employee costs of \$2,582. That was 151% higher than for manufacturers with 20-499 employees (\$1,030 per employee), and 237% higher than for manufacturers with 500 or more employees (\$767 per employee).

Again, these are estimates of regulatory costs at the federal level. It should surprise no one that small businesses carry the heaviest burden. It also is reasonable to assume that regulatory burdens at the state and local levels will be allocated in similar fashion, that is, disproportionately and onerously on small enterprises.

On Health Care Regulations

- The Council for Affordable Health Insurance reported in “Health Insurance Mandates in the States 2006” that “mandated benefits currently increase the cost of basic health coverage from a little less than 20% to more than 50%, depending on the state.”

- An econometric analysis released in 2006, written by William J. Congdon, Amanda Kowalski and Mark H. Showalter, was titled “State Health Insurance Regulations and the Price of High-Deductible Policies.” The report looked at the impact of service and provider mandates, any-willing provider regulations, community rating, and guaranteed issue on family and individual policies with high deductibles in the non-group market in 42 states. The findings included:

- | A strong statistical relationship exists between regulation and insurance prices. Specifically, “the presence of regulations tends to be associated with less generous insurance (higher coinsurance rates, higher deductibles, higher stoploss limits) as well as higher prices.”

- | Each mandate raises “the price of an individual policy by about 0.4 percent; for a family policy, it increases by about 0.5 percent.”

- | Community rating raises “the price of an individual policy by 20.3 percent. It raises the price of a family policy by 27.3 percent.”

- | Guaranteed issue raises “the price of an individual policy by 114.5 percent. For family policies, the price increase is 94.2 percent.”

- The SBA Office of Advocacy’s “Frequently Asked Questions” (August 2007) reported: “According to a National Federation of Independent Business membership survey, the cost and availability of health insurance are a top small business issue. Aspects of insurance that drive small business concern are premium increases and administrative costs. Advocacy research shows that: (1) insurers of small health plans have higher administrative expenses than those that insure larger group plans, and (2) employees at small firms are less likely to have coverage than the employees of larger entities.”

On the Minimum Wage

- *The Wall Street Journal* (“Job Slayers,” August 29, 2005), recently reported: “For decades economists have piled up studies concluding that a higher minimum wage destroys jobs for the most vulnerable population: uneducated and unskilled workers. The Journal of Economic Literature has established a rule of thumb that a 10% increase in the minimum wage leads to roughly a 2% hike in teen unemployment.”
- The Employment Policies Institute (EPI) released a May 2006 study by economist Joseph Sabia, University of Georgia, which was titled “The Effect of Minimum Wage Increases on Retail and Small Business Employment.” This was a response to a study by the Fiscal Policy Institute (FPI) claiming that increases in the minimum wage at the state level do not have negative employment effects. The overview of the EPI study explained:

“While the FPI study has been frequently cited by supporters of increases in the minimum wage, the study is based on faulty statistical methods, and its results provide an inaccurate picture of the effect of state-level minimum wage increases. This paper, by Dr. Joseph Sabia of the University of Georgia, presents a more careful and methodologically rigorous analysis of state-level minimum wage increases. His results confirm the consensus economic opinion that increases in the minimum wage decrease employment, particularly for low-skilled and entry-level employees.

“Using government data from January 1979 to December 2004, the effect of minimum wage increases on retail and small business employment is estimated. Specifically, a 10 percent increase in the minimum wage is associated with a 0.9 to 1.1 percent decline in retail employment and a 0.8 to 1.2 percent reduction in small business employment.

“These employment effects grow even larger for the low-skilled employees most affected by minimum wage increases. A 10 percent increase in the minimum wage is associated with a 2.7 to 4.3 percent decline in teen employment in the retail sector, a 5 percent decline in average retail hours worked by all teenagers, and a 2.8 percent decline in retail hours worked by teenagers who remain employed in retail jobs.

“These results increase in magnitude when focusing on the effect on small businesses. A 10 percent increase in the minimum wage is associated with a 4.6 to 9.0 percent decline in teenage employment in small businesses and a 4.8 to 8.8 percent reduction in hours worked by teens in the retail sector.”

On Workers’ Compensation Costs

- In a September 2006 report for the National Center for Policy Analysis titled “Workers’ Compensation: Rx for Policy Reform,” N. Michael Helvacian reported: “Though workplaces became much safer in the 20th century, and job-related injuries declined, the soaring claim costs of state-mandated workers' compensation insurance has offset the decline in injuries. As a result, employers face increasingly higher insurance premiums and self-insurance costs, which reached nearly \$60 billion in 2000. Although the average cost of workers' compensation premiums nationwide is less

than 3 percent of payroll, premiums vary widely by industry. In high-risk industries, workers' compensation costs are often greater than health insurance premiums or Social Security payroll taxes. Workers implicitly pay part of these costs through reduced wages. Costs are increasing because state systems provide incentives for employers, employees and others to behave in ways that cause costs to be higher and workplaces to be less safe than they otherwise could be.”

As for small businesses, Helvacian noted: “Insurance premiums, especially for small employers, are not fully experienced-rated; as a result, firms that improve workplace safety cannot reap the full rewards and others are not penalized for poor safety practices.” In addition, he pointed out: “Workers' compensation premium rates are highly regulated in some states, and insurance markets are not as competitive as they could be; as a result, many small firms pay more than necessary for coverage. (For example, average premiums as a percentage of payroll are 50 percent higher for firms of less than 500 employees than for larger firms.)”

- Inc.com reported the following on September 23, 2004: “According to a recent survey by the National Federation of Independent Business, workers' compensation ranks as the third biggest problem facing small firms today, with about a third of the respondents describing it as a critical problem... The issue tends to be localized, because each state governs workers' compensation premiums differently.” The story noted later on: “The premiums charged are driven by the number of claims and the average claim size, which reflects the cost of medical treatment for job-related injuries, as well as litigation and administrative costs.”

Tallying Up the Index

So, taxes and regulations matter a great deal to entrepreneurs, small businesses and the economy in general. The “Small Business Survival Index” makes clear that government-imposed or government-related costs have a deep impact on the entrepreneurial sector of our economy. As for how the final “Small Business Survival Index” score is tallied, the 31 measures explained above are simply added together into one index number. Obviously, other costs are imposed on entrepreneurs and businesses at the state and local levels, but it often is difficult or impossible to gain a comparable measure of such costs across all of the states. Still, the “Small Business Survival Index” manages to capture much of the governmental burdens affecting critical economic decisions—particularly affecting investment and entrepreneurship—state by state. Under the “Small Business Survival Index,” the lower the index number, the lighter the governmental burdens, and the better the environment for entrepreneurship. The “Small Business Survival Index” provides a measure by which states can be compared according to how the state and local governments treat small business and entrepreneurs. In essence, it is a comparative measure of economic incentives relating to government policies: the lower the “Small Business Survival Index” number, the greater the incentives to invest and take risks in that particular state.

(IMPORTANT: Please note that the 2007 “Small Business Survival Index” cannot be directly compared to editions from previous years as the Index has been revised and expanded each year.)

State Rankings and Summary of Findings

Following are the state rankings (from friendliest to least friendly) for the Small Business Survival Index 2007:

Small Business Survival Index 2007: State Rankings*

Rank	State	SBSI	Rank	State	SBSI
1	South Dakota	25.914	26	Illinois	58.375
2	Nevada	31.574	27	Arkansas	59.197
3	Wyoming	37.986	28	Maryland	59.337
4	Washington	42.832	29	Ohio	59.341
5	Florida	45.485	30	Kansas	59.853
6	Michigan	46.073	31	Louisiana	60.066
7	Texas	47.968	32	Delaware	60.086
8	South Carolina	49.544	33	Wisconsin	60.183
9	Virginia	49.996	34	Oregon	60.891
10	Alabama	50.534	35	Montana	61.552
11	Colorado	51.934	36	Idaho	61.817
12	Georgia	52.734	37	Nebraska	63.145
13	Tennessee	53.121	38	Connecticut	64.879
14	Indiana	53.228	39	North Carolina	65.570
15	Arizona	53.277	40	West Virginia	66.516
16	Mississippi	53.820	41	Iowa	69.161
17	Alaska	54.356	42	Hawaii	70.416
18	Utah	54.435	43	Vermont	71.370
19	Missouri	54.681	44	Massachusetts	72.055
20	North Dakota	54.795	45	Minnesota	72.096
21	Oklahoma	56.295	46	New York	73.189
22	Kentucky	56.458	47	Maine	74.222
23	New Hampshire	56.502	48	Rhode Island	75.604
24	Pennsylvania	57.343	49	California	77.985
25	New Mexico	57.978	50	New Jersey	79.231
			51	Dist. of Columbia	81.905

* (Please note that the District of Columbia was not included in the studies on the states' liability systems, eminent domain legislation and highway cost efficiency, so D.C.'s last place score actually should be even worse.)

Starting up, running and/or investing in a business are risky ventures. But as noted earlier, those ventures spur the economy forward. Putting aside the political rhetoric, just how friendly or unfriendly are the policies that elected officials actually implement toward entrepreneurship and small business?

In terms of their policy environments, the most entrepreneur-friendly states under the “Small Business Survival Index 2007” are: 1) South Dakota, 2) Nevada, 3) Wyoming, 4) Washington, 5) Florida, 6) Michigan, 7) Texas, 8) South Carolina, 9) Virginia, 10) Alabama, 11) Colorado, 12) Georgia, 13) Tennessee, 14) Indiana, and 15) Arizona. In contrast, the most anti-entrepreneur policy environments are offered by the following: 37) Nebraska, 38) Connecticut, 39) North Carolina, 40) West Virginia, 41) Iowa, 42) Hawaii, 43) Vermont, 44) Massachusetts, 45) Minnesota, 46) New York, 47) Maine, 48) Rhode Island, 49) California, 50) New Jersey and 51) District of Columbia. (Please note that the District of Columbia was not included in the studies’ liability systems, eminent domain legislation and highway cost efficiency, so D.C.’s last place score actually should be even worse.)

People Follow Opportunity

It must be noted that countless issues play into human decision-making. But the impact of public policy often is very important. The relative governmental costs among the states will impact where people live and work, that is, where they seek opportunity. That most certainly is illustrated by where people are moving to and from among the states.

In terms of population growth, from 2000 to 2006, total U.S. population grew by 6.1%. As for the top 25 states in the 2007 Index, population growth over this period registered 8.2%, while among the bottom 26 (including the District of Columbia), population growth registered 4.1%. Therefore, the population in the top 25 states on the Index grew at double the rate of the bottom 26 on the Index over the period of 2000 to 2006. In terms of raw numbers, the top 25 added 11.1 million in population, while the bottom 26 added 7.3 million.

Net domestic or internal migration is movement of people between the states, that is, excluding births, deaths and international migration. It clearly captures people voting with their feet. From 2000 to 2006, the top 25 states on the “Small Business Survival Index” netted a 3.41 million increase in population at the expense of the bottom 25 states plus the District. While eight states of the top 25 experienced negative net internal migration over this period, 16 in the bottom 26 did so.

It should not be surprising that job growth has come in much faster in the states in the top half versus those in the bottom half on the “Small Business Survival Index 2007.” From August 2003 to August 2007, for example, job growth registered 8.0% in the top 25 states in the Index, compared to 4.7% in the bottom 25 and the District of Columbia. That means that the rate of job creation during that period was 70% faster in the top 25 states versus the lower bottom 26.

Some elected officials, policymakers and special interests believe that taxes, regulations and other governmental costs can be increased with impunity. Economic reality tells a different story. Ever-mounting burdens placed on entrepreneurs and small businesses by government negatively affect economic opportunity.

The “Small Business Survival Index” tries to make clear the relative governmental burdens placed on entrepreneurship among the states, so that business owners and their employees, elected officials and citizens in general can better grasp the competitive position of their respective states.

Small Business Survival Index 2007

Appendix A: Alphabetical Listing of States

State	Top PIT Rate	Top Ind Tax Rate	Top CIT Rate	Top CG Tax Rate	S Corp Tax	Ind. AMT	Corp. AMT	PIT Rate Indx	Prop. Taxes	SGRE Taxes	Death Taxes	UT	HSA's	Health GISE	Health CR	Health Mand	Util. Costs	Work Comp.	Crime Rate	RTW	Berts.	TL	Int. Tax	Gas Tax	State Min. Wage	State Liab.	Reg. Flex	Spend Trend	Per Capita	EmD	Hgwy Cost Eff	SBSI
AL	3.25	4.25	4.225	4.225	3.25	0	0	1	1.33	3.80	0	1.44	1	0	0.33	0.9	0.83	1.02	4.32	0	5.93	1	0	0.202	0.00	2	1	0.98	0.91	1.2	2.15	50.534
AK	0	0	9.4	4.5	0	0	1	0	3.78	1.53	0	3.71	0	0	0.33	1.4	1.35	1.7	4.24	1	7.85	1	0	0.08	1.30	1.7	0.5	0.34	1.89	3.3	2.45	54.356
AZ	4.54	4.54	6.968	6.968	0	0	0	1	2.87	4.50	0	1.04	0	1	0.33	1.45	0.93	0.58	5.35	0	4.62	0	0	0.19	0.90	1.3	0	0.83	0.82	1.2	1.35	53.277
AR	7	4.9	6.5	6.5	0	0	0	0	1.58	5.24	0	3.23	0	0	0.33	2	0.71	0.62	4.59	0	5.76	0	0	0.218	0.40	1.8	0.5	1.24	0.78	3.9	1.40	59.197
CA	10.3	10.3	8.84	8.84	1.5	1	1	0	2.55	3.42	0	0.86	1	0	0.33	2.45	1.43	1.59	3.85	1	4.99	0	0	0.444	1.65	1.9	0.5	1.25	1.19	3.6	2.20	77.985
CO	4.63	4.63	4.63	4.63	0	1	0	0	2.82	2.92	0	1.3	0	1	0.33	2.3	0.86	1.03	4.44	1	7.28	0	0	0.22	0.00	1.3	0	0.82	0.94	2.4	1.45	51.934
CT	5	5	7.5	7.5	0	1	0	1	4.31	2.80	1	1.76	0	1	0.66	2.5	1.71	0.83	2.83	1	5.37	1	0	0.439	1.80	1.2	0	0.74	1.07	3.9	1.95	64.879
DE	5.95	5.95	8.7	8.7	0	0	0	1	1.56	0.93	0	1.67	0	1	0.33	1.2	1.21	0.92	3.74	1	5.80	0	0	0.23	0.80	0.9	0.5	1.28	1.12	3.6	2.00	60.086
DC	8.5	8.5	9.975	9.975	9.975	0	0	1	3.69	4.06	1	0.97	0	0	0	0.85	1.29	0.31	6.21	1	8.02	1	0	0.2	1.15	1	1.28	1.95			81.905	
FL	0	0	5.5	5.5	0	0	1	0	3.37	4.47	0	1.06	0	1	0.33	2.3	1.08	1.09	4.72	0	4.79	1	0	0.326	0.82	1.7	0.5	1.35	0.92	0.6	2.05	45.485
GA	6	6	6	6	0	0	0	1	2.91	3.26	0	1.24	0	0	0.33	1.95	0.88	0.83	4.62	0	5.40	1	0	0.265	0.00	1.5	0.5	0.74	0.81	1.2	0.30	52.734
HI	8.25	7.25	6.4	4	0	0	0	1	1.86	6.23	0	4.93	0	1	0	1.1	2.20	1.24	5.05	1	5.41	1	1	0.326	1.40	1.8	0	0.74	1.03	3.9	2.30	70.416
ID	7.8	7.8	7.6	7.6	0	0	0	0	2.83	3.20	0	4.68	0	0	0.33	0.7	0.54	1.33	2.95	0	5.42	1	0	0.25	0.00	1.6	1	0.90	0.78	3	0.50	61.817
IL	3	3	7.3	7.3	1.5	0	0	0	4.04	3.26	1	2.08	0	0	0.33	1.95	0.94	0.98	3.63	1	4.95	1	0	0.406	1.65	2	0.5	0.96	0.96	3	1.65	58.375
IN	3.4	3.4	8.5	8.5	0	0	0	0	3.91	3.31	1	1.11	0	0	0.33	1.7	0.69	0.61	3.78	1	5.27	1	0	0.316	0.00	1.3	0	1.06	0.84	1.5	0.70	53.228
IA	5.837	7.633	9.9	9.9	0	1	1	0	3.52	2.89	1	5.29	0	0	0.33	1.15	0.76	1.01	3.13	0	6.23	1	0	0.217	0.35	1.2	0.5	0.84	0.92	1.8	1.75	69.161
KS	6.45	6.45	7.35	7.35	0	0	0	1	3.42	3.36	1	1.69	0	0	0.33	1.85	0.80	0.9	4.17	0	6.69	1	0	0.25	0.00	1.3	1	0.98	0.86	1.5	0.15	59.853
KY	6	6	6	6	0.75	0	0	1	1.90	3.52	1	2.27	0	0	0.33	1.65	0.67	1.22	2.8	1	5.80	1	0	0.185	0.00	1.7	0.5	0.75	0.81	3	0.60	56.458
LA	3.9	5.1	5.2	5.2	5.2	0	0	1	2.19	6.36	1	1.32	0	0	0.33	2.15	0.89	1.11	4.28	0	6.43	0	0	0.2	0.00	2.3	1	1.01	0.90	1.5	1.50	60.066
ME	8.5	8.5	8.93	8.93	0	1	1	0	5.30	2.79	1	1.84	0	1	0.66	2.3	1.36	1.44	2.53	1	5.87	1	0	0.291	1.15	1.2	0.5	1.01	0.97	3	1.15	74.222
MD	4.75	4.75	7	7	0	1	0	1	2.38	2.13	1	1.45	0	0	0.66	3	1.30	0.76	4.25	1	5.18	1	0	0.235	0.30	1.6	0.5	0.96	0.92	3.3	1.90	59.337
MA	5.3	5.3	9.5	9.5	4.5	0	0	0	3.70	1.87	1	3.24	0	1	0.66	2.15	1.60	0.58	2.82	1	5.16	1	0	0.235	1.65	1.4	0.5	1.09	1.15	3.9	2.25	72.055
MI	4.35	4.35	1.9	1.9	1.9	0	0	0	3.90	3.23	0	2.25	0	0	0.33	1.3	0.94	0.87	3.64	1	4.82	1	0	0.362	1.30	1.5	0.5	0.78	0.95	0.9	2.10	46.073
MN	7.85	7.85	9.8	9.8	0	1	1	0	2.75	3.23	1	5.6	0	0	0.33	3.15	0.86	0.89	3.38	1	5.27	1	0	0.2	0.30	1.2	0.5	0.62	1.06	1.8	0.65	72.096
MS	5	5	5	5	0	0	0	1	2.70	4.32	0	1.24	0	1	0.33	1.45	0.86	1.04	3.54	0	6.49	0	0	0.188	0.00	2.2	0.5	0.95	0.86	3.9	1.25	53.820
MO	6	6	5.156	5.156	0	0	0	1	2.59	3.47	0	1.85	0	0	0.33	1.95	0.81	1.18	4.45	1	5.48	0	0	0.176	0.65	1.5	0	0.98	0.80	3.3	0.85	54.681
MT	6.9	6.9	6.75	6.75	0	0	0	0	3.68	0.99	0	4.72	0	0	0.33	1.95	0.80	2.11	3.42	1	5.74	1	0	0.278	0.30	1.7	1	0.83	0.86	3.3	0.25	61.552
NE	6.84	6.84	7.81	7.81	0	1	0	0	3.63	3.47	1	1.42	0	0	0.33	1.55	0.71	1.06	3.71	0	6.64	1	0	0.279	0.00	1.1	1	0.98	1.01	3	0.95	63.145
NV	0	0	0	0	0	0	0	0	2.69	5.66	0	3.69	0	0	0.33	2.45	1.06	0.86	4.85	0	4.14	0	0	0.325	0.48	1.5	0	0.98	0.90	1.2	0.45	31.574
NH	0	0	8.5	8.5	8.5	0	0	0	5.37	1.16	0	1.32	0	1	0.33	1.9	1.43	0.88	1.93	1	5.31	1	1	0.196	0.65	1.2	0.5	1.10	0.83	1.2	1.70	56.502
NJ	8.97	8.97	9.36	9.36	0	0	1	1	5.03	2.55	1	3.16	1	0	0.66	2.05	1.57	0.85	2.69	1	5.87	1	0	0.145	1.30	1.4	0.5	1.29	1.11	3.9	2.50	79.231
NM	5.3	2.65	7.6	7.6	0	0	0	1	1.61	4.90	0	2.96	0	0	0.33	2.25	0.80	1.01	4.85	1	6.55	1	1	0.18	0.00	1.7	0.5	1.09	1.01	0.9	0.20	57.978
NY	6.85	6.85	8.775	8.775	0	1	1	1	4.42	3.55	1	1.58	0	0	1	2.45	1.70	0.68	2.55	1	6.17	1	0	0.409	1.30	1.3	0	1.05	1.48	3.9	2.40	73.189
NC	8	8	6.9	6.9	0	0	0	1	2.40	3.00	1	2.86	0	1	0.33	2.3	0.81	1.06	4.54	0	5.77	1	0	0.3	0.30	1.2	1	0.77	0.88	2.7	1.55	65.570
ND	5.54	5.54	7	7	0	0	0	0	3.12	3.37	0	5.31	0	0	0.33	1.65	0.69	0.88	2.08	0	6.48	1	1	0.23	0.00	1.3	0	0.70	0.94	0.6	0.05	54.795
OH	6.555	6.555	5.1	5.1	0	0	0	1	3.28	3.03	1	2.17	0	0	0.33	1.3	0.86	1.26	4.01	1	5.37	1	1	0.28	1.00	1.4	0.5	1.14	1.00	3.3	0.80	59.341
OK	5.65	5.65	6	6	0	0	0	1	1.62	3.28	1	2.35	0	0	0.33	1.8	0.80	1.34	4.55	0	5.99	0	0	0.17	0.00	1.7	0	1.19	0.78	3.9	1.20	56.295
OR	9	9	6.6	6.6	0	0	0	0	3.03	0.50	1	4.06	0	0	0.66	1.6	0.73	0.94	4.69	1	4.91	0	0	0.25	1.95	1.3	0	0.47	1.00	1.2	0.40	60.891
PA	3.07	3.07	9.99	9.99	0	0	0	0	3.09	2.71	1	1.96	0.5	0	0	1.9	0.99	1.25	2.84	1	4.57	1	0	0.323	0.40	1.5	0.5	1.09	1.01	1.8	1.80	57.343
RI	9.9	5	9	9	0	1	0	1	4.80	3.31	1	3.38	0	1	0.33	2.15	1.40	0.8	2.97	1	4.80	1	0	0.31	1.55	1.6	0.5	1.47	1.09	3.9	2.35	75.604

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Appendix A: Alphabetical Listing of States
(continued)

State	Top PIT Rate	Top Ind Tax Rate	Top CIT Rate	Top CG Tax Rate	S Corp Tax	Ind. AMT	Corp. AMT	PIT Rate Indx	Prop. Taxes	SGRE Taxes	Death Taxes	UT	HSA's	Health GISE	Health CR	Health Mand	Elec. Util. Costs	Work Comp.	Crime Rate	RTW	Berts.	TL	Int Tax	Gas Tax	State Min. Wage	State Liab.	Reg Flex	Spend Trend	Per Capita	EmD	Hgwy Cost Eff	SBSI
SC	7	3.92	5	5	0	0	0	0	3.11	3.12	0	1.28	0	0	0.33	1.4	0.76	1.37	5.1	0	5.76	1	0	0.168	0.00	1.8	0	1.15	0.97	1.2	0.10	49.544
SD	0	0	0	0	0	0	0	0	2.90	3.96	0	1.95	0	0	0.33	1.5	0.74	0.83	1.95	0	5.78	0	1	0.24	0.00	1.3	0.5	0.98	0.80	0.6	0.55	25.914
TN	0	0	6.5	6.5	6.5	0	0	0	2.11	4.63	1	2.04	0	0	0.33	2	0.76	0.98	5.03	0	5.36	1	0	0.214	0.00	1.2	0.5	0.97	0.90	3.6	1.00	53.121
TX	0	0	4.5	4.5	4.5	0	0	0	4.07	3.79	0	1.89	0	0	0.33	2.6	1.11	0.55	4.86	0	5.59	1	1	0.2	0.00	1.8	0.5	0.90	0.83	2.7	0.75	47.968
UT	5.76	6.46	5	5	0	0	0	0	2.63	3.92	0	6.65	0	0	0.33	1.1	0.74	0.68	4.1	0	5.05	1	0	0.245	0.00	1.2	0.5	0.65	0.87	1.5	1.05	54.435
VT	9.5	5.7	8.5	8.5	0	0	0	0	5.19	3.44	1	1.43	0	1	1	1.3	1.27	1.23	2.4	1	6.43	1	0	0.2	1.68	1.4	0.5	1.20	1.04	3.6	1.85	71.370
VA	5.75	5.75	6	6	0	0	0	1	2.96	2.37	0	1.2	0	0	0	2.75	0.77	0.62	2.92	0	5.63	1	0	0.196	0.00	1.2	0	0.93	0.85	1.2	0.90	49.996
WA	0	0	0	0	0	0	0	0	2.97	5.78	1	4.48	0	0	0.66	2.45	0.66	1.72	5.24	1	5.21	0	1	0.36	2.08	1.4	0.5	0.90	1.12	2.7	1.60	42.832
WV	6.5	6.5	8.75	8.75	0	1	0	1	2.10	3.95	0	1.91	0	0	0.33	1.8	0.54	3.39	2.9	1	5.36	1	0	0.315	0.70	2.6	0.5	0.77	0.85	2.7	1.30	66.516
WI	6.75	2.7	7.9	7.9	0	1	0	0	4.24	2.80	1	2.54	1	0	0.33	1.55	0.93	1.27	2.9	1	5.18	1	1	0.329	0.65	1.3	0	0.73	0.98	2.1	1.10	60.183
WY	0	0	0	0	0	0	0	0	4.69	3.96	0	4.73	0	0	0.33	1.6	0.56	1.44	3.39	0	8.89	1	0	0.14	0.00	1.4	1	1.61	1.39	1.5	0.35	37.986

* (Please note that the District of Columbia was not included in the studies on the states' liability systems, eminent domain legislation and highway cost efficiency, so D.C.'s last place score actually should be even worse.)

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Appendix B: Ranked According to Index Score

Rank	State	Top PIT Rate	Top CG Tax Rate	Top CIT Rate	Top CG Tax Rate	S Corp Tax	Ind. AMT	Corp. AMT	PIT Rate Indx	Prop. Taxes	SGRE Taxes	Death Taxes	UT	HSA's	Health GISE	Health CR	Health Mand	Util. Costs	Work Comp.	Crime Rate	RTW	Berts.	TL	Int. Tax	Gas Tax	State Min. Wage	State Liab.	Reg. Flex	Trend	Spend Per Capita	EmD	Hgwy Cost Eff	SBSI
1)	SD	0	0	0	0	0	0	0	0	2.90	3.96	0	1.95	0	0	0.33	1.5	0.74	0.83	1.95	0	5.78	0	1	0.24	0.00	1.3	0.5	0.98	0.80	0.6	0.55	25.914
2)	NV	0	0	0	0	0	0	0	0	2.69	5.66	0	3.69	0	0	0.33	2.45	1.06	0.86	4.85	0	4.14	0	0	0.325	0.48	1.5	0	0.98	0.90	1.2	0.45	31.574
3)	WY	0	0	0	0	0	0	0	0	4.69	3.96	0	4.73	0	0	0.33	1.6	0.56	1.44	3.39	0	8.89	1	0	0.14	0.00	1.4	1	1.61	1.39	1.5	0.35	37.986
4)	WA	0	0	0	0	0	0	0	0	2.97	5.78	1	4.48	0	0	0.66	2.45	0.66	1.72	5.24	1	5.21	0	1	0.36	2.08	1.4	0.5	0.90	1.12	2.7	1.60	42.832
5)	FL	0	0	5.5	5.5	0	0	1	0	3.97	4.47	0	1.06	0	1	0.33	2.3	1.08	1.09	4.72	0	4.79	1	0	0.326	0.82	1.7	0.5	1.35	0.92	0.6	2.05	45.485
6)	MI	4.35	4.35	1.9	1.9	1.9	0	0	0	3.90	3.23	0	2.25	0	0	0.33	1.3	0.94	0.87	3.64	1	4.82	1	0	0.362	1.30	1.5	0.5	0.78	0.95	0.9	2.10	46.073
7)	TX	0	0	4.5	4.5	4.5	0	0	0	4.07	3.79	0	1.89	0	0	0.33	2.6	1.11	0.55	4.86	0	5.59	1	1	0.2	0.00	1.8	0.5	0.90	0.83	2.7	0.75	47.968
8)	SC	7	3.92	5	5	0	0	0	0	3.11	3.12	0	1.28	0	0	0.33	1.4	0.76	1.37	5.1	0	5.76	1	0	0.168	0.00	1.8	0	1.15	0.97	1.2	0.10	49.544
9)	VA	5.75	5.75	6	6	0	0	0	1	2.96	2.37	0	1.2	0	0	0	2.75	0.77	0.62	2.92	0	5.63	1	0	0.196	0.00	1.2	0	0.93	0.85	1.2	0.90	49.996
10)	AL	3.25	4.25	4.225	4.225	3.25	0	0	1	1.33	3.80	0	1.44	1	0	0.33	0.9	0.83	1.02	4.32	0	5.93	1	0	0.202	0.00	2	1	0.98	0.91	1.2	2.15	50.534
11)	CO	4.63	4.63	4.63	4.63	0	1	0	0	2.82	2.92	0	1.3	0	1	0.33	2.3	0.86	1.03	4.44	1	7.28	0	0	0.22	0.00	1.3	0	0.82	0.94	2.4	1.45	51.934
12)	GA	6	6	6	6	0	0	0	1	2.91	3.26	0	1.24	0	0	0.33	1.95	0.88	0.83	4.62	0	5.40	1	0	0.265	0.00	1.5	0.5	0.74	0.81	1.2	0.30	52.734
13)	TN	0	0	6.5	6.5	6.5	0	0	0	2.11	4.63	1	2.04	0	0	0.33	2	0.76	0.98	5.03	0	5.36	1	0	0.214	0.00	1.2	0.5	0.97	0.90	3.6	1.00	53.121
14)	IN	3.4	3.4	8.5	8.5	0	0	0	0	3.91	3.31	1	1.11	0	0	0.33	1.7	0.69	0.61	3.78	1	5.27	1	0	0.316	0.00	1.3	0	1.06	0.84	1.5	0.70	53.228
15)	AZ	4.54	4.54	6.968	6.968	0	0	0	1	2.87	4.50	0	1.04	0	1	0.33	1.45	0.93	0.58	5.35	0	4.62	0	0	0.19	0.90	1.3	0	0.83	0.82	1.2	1.35	53.277
16)	MS	5	5	5	5	0	0	0	1	2.70	4.32	0	1.24	0	1	0.33	1.45	0.86	1.04	3.54	0	6.49	0	0	0.188	0.00	2.2	0.5	0.95	0.86	3.9	1.25	53.820
17)	AK	0	0	9.4	4.5	0	0	1	0	3.78	1.53	0	3.71	0	0	0.33	1.4	1.35	1.7	4.24	1	7.85	1	0	0.08	1.30	1.7	0.5	0.34	1.89	3.3	2.45	54.356
18)	UT	5.76	6.46	5	5	0	0	0	0	2.63	3.92	0	6.65	0	0	0.33	1.1	0.74	0.68	4.1	0	5.05	1	0	0.245	0.00	1.2	0.5	0.65	0.87	1.5	1.05	54.435
19)	MO	6	6	5.156	5.156	0	0	0	1	2.59	3.47	0	1.85	0	0	0.33	1.95	0.81	1.18	4.45	1	5.48	0	0	0.176	0.65	1.5	0	0.98	0.80	3.3	0.85	54.681
20)	ND	5.54	5.54	7	7	0	0	0	0	3.12	3.37	0	5.31	0	0	0.33	1.65	0.69	0.88	2.08	0	6.48	1	1	0.23	0.00	1.3	0	0.70	0.94	0.6	0.05	54.795
21)	OK	5.65	5.65	6	6	0	0	0	1	1.62	3.28	1	2.35	0	0	0.33	1.8	0.80	1.34	4.55	0	5.99	0	0	0.17	0.00	1.7	0	1.19	0.78	3.9	1.20	56.295
22)	KY	6	6	6	6	0.75	0	0	1	1.90	3.52	1	2.27	0	0	0.33	1.65	0.67	1.22	2.8	1	5.80	1	0	0.185	0.00	1.7	0.5	0.75	0.81	3	0.60	56.458
23)	NH	0	0	8.5	8.5	8.5	0	0	0	5.37	1.16	0	1.32	0	1	0.33	1.9	1.43	0.88	1.93	1	5.31	1	1	0.196	0.65	1.2	0.5	1.10	0.83	1.2	1.70	56.502
24)	PA	3.07	3.07	9.99	9.99	0	0	0	0	3.09	2.71	1	1.96	0.5	0	0	1.9	0.99	1.25	2.84	1	4.57	1	0	0.323	0.40	1.5	0.5	1.09	1.01	1.8	1.80	57.343
25)	NM	5.3	2.65	7.6	7.6	0	0	0	1	1.61	4.90	0	2.96	0	0	0.33	2.25	0.80	1.01	4.85	1	6.55	1	1	0.18	0.00	1.7	0.5	1.09	1.01	0.9	0.20	57.978
26)	IL	3	3	7.3	7.3	1.5	0	0	0	4.04	3.26	1	2.08	0	0	0.33	1.95	0.94	0.98	3.63	1	4.95	1	0	0.406	1.65	2	0.5	0.96	0.96	3	1.65	58.375
27)	AR	7	4.9	6.5	6.5	0	0	0	0	1.58	5.24	0	3.23	0	0	0.33	2	0.71	0.62	4.59	0	5.76	0	0	0.218	0.40	1.8	0.5	1.24	0.78	3.9	1.40	59.197
28)	MD	4.75	4.75	7	7	0	1	0	1	2.38	2.13	1	1.45	0	0	0.66	3	1.30	0.76	4.25	1	5.18	1	0	0.235	0.30	1.6	0.5	0.96	0.92	3.3	1.90	59.337
29)	OH	6.555	6.555	5.1	5.1	0	0	0	1	3.28	3.03	1	2.17	0	0	0.33	1.3	0.86	1.26	4.01	1	5.37	1	1	0.28	1.00	1.4	0.5	1.14	1.00	3.3	0.80	59.341
30)	KS	6.45	6.45	7.35	7.35	0	0	0	1	3.42	3.36	1	1.69	0	0	0.33	1.85	0.80	0.9	4.17	0	6.69	1	0	0.25	0.00	1.3	1	0.98	0.86	1.5	0.15	59.853
31)	LA	3.9	5.1	5.2	5.2	5.2	0	0	1	2.19	6.36	1	1.32	0	0	0.33	2.15	0.89	1.11	4.28	0	6.43	0	0	0.2	0.00	2.3	1	1.01	0.90	1.5	1.50	60.066
32)	DE	5.95	5.95	8.7	8.7	0	0	0	1	1.56	0.93	0	1.67	0	1	0.33	1.2	1.21	0.92	3.74	1	5.80	0	0	0.23	0.80	0.9	0.5	1.28	1.12	3.6	2.00	60.086
33)	WI	6.75	2.7	7.9	7.9	0	1	0	0	4.24	2.80	1	2.54	1	0	0.33	1.55	0.93	1.27	2.9	1	5.18	1	1	0.329	0.65	1.3	0	0.73	0.98	2.1	1.10	60.183
34)	OR	9	9	6.6	6.6	0	0	0	0	3.03	0.50	1	4.06	0	0	0.66	1.6	0.73	0.94	4.69	1	4.91	0	0	0.25	1.95	1.3	0	0.47	1.00	1.2	0.40	60.891
35)	MT	6.9	6.9	6.75	6.75	0	0	0	0	3.68	0.99	0	4.72	0	0	0.33	1.95	0.80	2.11	3.42	1	5.74	1	0	0.278	0.30	1.7	1	0.83	0.86	3.3	0.25	61.552
36)	ID	7.8	7.8	7.6	7.6	0	0	0	0	2.83	3.20	0	4.68	0	0	0.33	0.7	0.54	1.33	2.95	0	5.42	1	0	0.25	0.00	1.6	1	0.90	0.78	3	0.50	61.817
37)	NE	6.84	6.84	7.81	7.81	0	1	0	0	3.63	3.47	1	1.42	0	0	0.33	1.55	0.71	1.06	3.71	0	6.64	1	0	0.279	0.00	1.1	1	0.98	1.01	3	0.95	63.145
38)	CT	5	5	7.5	7.5	0	1	0	1	4.31	2.80	1	1.76	0	1	0.66	2.5	1.71	0.83	2.83	1	5.37	1	0	0.439	1.80	1.2	0	0.74	1.07	3.9	1.95	64.879
39)	NC	8	8	6.9	6.9	0	0	0	1	2.40	3.00	1	2.86	0	1	0.33	2.3	0.81	1.06	4.54	0	5.77	1	0	0.3	0.30	1.2	1	0.77	0.88	2.7	1.55	65.570
40)	WV	6.5	6.5	8.75	8.75	0	1	0	1	2.10	3.95	0	1.91	0	0	0.33	1.8	0.54	3.39	2.9	1	5.36	1	0	0.315	0.70	2.6	0.5	0.77	0.85	2.7	1.30	66.516

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Appendix B: Ranked According to Index Score
(continued)

Rank & State	Top PIT Rate	Top Ind Tax	Top CIT Rate	Top CG Tax Rate	Top Corp Tax	S Corp Tax	Ind. AMT	Corp. AMT	PIT Rate Indx	Prop. Taxes	SGRE Taxes	Death Taxes	UT	HSA's	Health GISE	Health CR	Health Mand	Elec. Util. Costs	Work Comp.	Crime Rate	RTW	Berts.	TL	Int. Tax	Gas Tax	State Min. Wage	State Liab.	Reg. Flex	Spend Trend	Per Capita	EmD	Hgwy Cost Eff	SBSI
41) IA	5.837	7.633	9.9	9.9	0	0	1	1	0	3.52	2.89	1	5.29	0	0	0.33	1.15	0.76	1.01	3.13	0	6.23	1	0	0.217	0.35	1.2	0.5	0.84	0.92	1.8	1.75	69.161
42) HI	8.25	7.25	6.4	4	0	0	0	0	1	1.86	6.23	0	4.93	0	1	0	1.1	2.20	1.24	5.05	1	5.41	1	1	0.326	1.40	1.8	0	0.74	1.03	3.9	2.30	70.416
43) VT	9.5	5.7	8.5	8.5	0	0	0	0	0	5.19	3.44	1	1.43	0	1	1	1.3	1.27	1.23	2.4	1	6.43	1	0	0.2	1.68	1.4	0.5	1.20	1.04	3.6	1.85	71.370
44) MA	5.3	5.3	9.5	9.5	4.5	0	0	0	0	3.70	1.87	1	3.24	0	1	0.66	2.15	1.60	0.58	2.82	1	5.16	1	0	0.235	1.65	1.4	0.5	1.09	1.15	3.9	2.25	72.055
45) MN	7.85	7.85	9.8	9.8	0	1	1	0	1	2.75	3.23	1	5.6	0	0	0.33	3.15	0.86	0.89	3.38	1	5.27	1	0	0.2	0.30	1.2	0.5	0.62	1.06	1.8	0.65	72.096
46) NY	6.85	6.85	8.775	8.775	0	1	1	1	1	4.42	3.55	1	1.58	0	0	1	2.45	1.70	0.68	2.55	1	6.17	1	0	0.409	1.30	1.3	0	1.05	1.48	3.9	2.40	73.189
47) ME	8.5	8.5	8.93	8.93	0	1	1	0	0	5.30	2.79	1	1.84	0	1	0.66	2.3	1.36	1.44	2.53	1	5.87	1	0	0.291	1.15	1.2	0.5	1.01	0.97	3	1.15	74.222
48) RI	9.9	5	9	9	0	1	0	1	0	4.80	3.31	1	3.38	0	1	0.33	2.15	1.40	0.8	2.97	1	4.80	1	0	0.31	1.55	1.6	0.5	1.47	1.09	3.9	2.35	75.604
49) CA	10.3	10.3	8.84	8.84	1.5	1	1	0	0	2.55	3.42	0	0.86	1	0	0.33	2.45	1.43	1.59	3.85	1	4.99	0	0	0.444	1.65	1.9	0.5	1.25	1.19	3.6	2.20	77.985
50) NJ	8.97	8.97	9.36	9.36	0	0	1	1	1	5.03	2.55	1	3.16	1	0	0.66	2.05	1.57	0.85	2.69	1	5.87	1	0	0.145	1.30	1.4	0.5	1.29	1.11	3.9	2.50	79.231
51) DC	8.5	8.5	9.975	9.975	9.975	0	0	1	1	3.69	4.06	1	0.97	0	0	0	0.85	1.29	0.31	6.21	1	8.02	1	0	0.2	1.15	1	1.28	1.95				81.905

* (Please note that the District of Columbia was not included in the studies on the states' liability systems, eminent domain legislation and highway cost efficiency, so D.C.'s last place score actually should be even worse.)

Small Business Survival Index 2007
Appendix C: State Rankings of Top Personal Income Tax Rates

Rank	State	Top PIT Rate	Rank	State	Top PIT Rate
1	Alaska	0.000	26	Utah	5.760
1	Florida	0.000	27	Iowa	5.837
1	Nevada	0.000	28	Delaware	5.950
1	New Hampshire	0.000	29	Georgia	6.000
1	South Dakota	0.000	29	Missouri	6.000
1	Tennessee	0.000	29	Kentucky	6.000
1	Texas	0.000	32	Kansas	6.450
1	Washington	0.000	33	West Virginia	6.500
1	Wyoming	0.000	34	Ohio	6.555
10	Illinois	3.000	35	Wisconsin	6.750
11	Pennsylvania	3.070	36	Nebraska	6.840
12	Alabama	3.250	37	New York	6.850
13	Indiana	3.400	38	Montana	6.900
14	Louisiana	3.900	39	South Carolina	7.000
15	Michigan	4.350	39	Arkansas	7.000
16	Arizona	4.540	41	Idaho	7.800
17	Colorado	4.630	42	Minnesota	7.850
18	Maryland	4.750	43	North Carolina	8.000
19	Mississippi	5.000	44	Hawaii	8.250
19	Connecticut	5.000	45	Maine	8.500
21	New Mexico	5.300	45	Dist. of Columbia	8.500
21	Massachusetts	5.300	47	New Jersey	8.970
23	North Dakota	5.540	48	Oregon	9.000
24	Oklahoma	5.650	49	Vermont	9.500
25	Virginia	5.750	50	Rhode Island	9.900
			51	California	10.300

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Appendix D: State Rankings of Top Capital Gains Tax Rates

Rank	State	CG Rate	Rank	State	CG Rate
1	Alaska	0.000	26	Massachusetts	5.300
1	Florida	0.000	27	North Dakota	5.540
1	Nevada	0.000	28	Oklahoma	5.650
1	New Hampshire	0.000	29	Vermont	5.700
1	South Dakota	0.000	30	Virginia	5.750
1	Tennessee	0.000	31	Delaware	5.950
1	Texas	0.000	32	Georgia	6.000
1	Washington	0.000	32	Kentucky	6.000
1	Wyoming	0.000	32	Missouri	6.000
10	New Mexico	2.650	35	Kansas	6.450
11	Wisconsin	2.700	36	Utah	6.460
12	Illinois	3.000	37	West Virginia	6.500
13	Pennsylvania	3.070	38	Ohio	6.555
14	Indiana	3.400	39	Nebraska	6.840
15	South Carolina	3.920	40	New York	6.850
16	Alabama	4.250	41	Montana	6.900
17	Michigan	4.350	42	Hawaii	7.250
18	Arizona	4.540	43	Iowa	7.633
19	Colorado	4.630	44	Idaho	7.800
20	Maryland	4.750	45	Minnesota	7.850
21	Arkansas	4.900	46	North Carolina	8.000
22	Connecticut	5.000	47	Dist. of Columbia	8.500
22	Mississippi	5.000	47	Maine	8.500
22	Rhode Island	5.000	49	New Jersey	8.970
25	Louisiana	5.100	50	Oregon	9.000
			51	California	10.300

Small Business Survival Index 2007
Appendix E: State Rankings of Top Corporate Income Tax Rates

Rank	State	Top CIT Rate	Rank	State	Top CIT Rate
1	Nevada	0.000	26	Arizona	6.968
1	South Dakota	0.000	27	Maryland	7.000
1	Washington	0.000	27	North Dakota	7.000
1	Wyoming	0.000	29	Illinois	7.300
5	Michigan	1.900	30	Kansas	7.350
6	Alabama	4.225	31	Connecticut	7.500
7	Texas	4.500	32	Idaho	7.600
8	Colorado	4.630	32	New Mexico	7.600
9	Mississippi	5.000	34	Nebraska	7.810
9	South Carolina	5.000	35	Wisconsin	7.900
9	Utah	5.000	36	Indiana	8.500
12	Ohio	5.100	36	New Hampshire	8.500
13	Missouri	5.156	36	Vermont	8.500
14	Louisiana	5.200	39	Delaware	8.700
15	Florida	5.500	40	West Virginia	8.750
16	Georgia	6.000	41	New York	8.775
16	Kentucky	6.000	42	California	8.840
16	Oklahoma	6.000	43	Maine	8.930
16	Virginia	6.000	44	Rhode Island	9.000
20	Hawaii	6.400	45	New Jersey	9.360
21	Arkansas	6.500	46	Alaska	9.400
21	Tennessee	6.500	47	Massachusetts	9.500
23	Oregon	6.600	48	Minnesota	9.800
24	Montana	6.750	49	Iowa	9.900
25	North Carolina	6.900	50	Dist. of Columbia	9.975
			51	Pennsylvania	9.990

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Appendix F: State Rankings of Top Corporate Capital Gains Tax Rates

Rank	State	Corp CG Rate	Rank	State	Corp CG Rate
1	Nevada	0.000	26	North Carolina	6.900
1	South Dakota	0.000	27	Arizona	6.968
1	Washington	0.000	28	Maryland	7.000
1	Wyoming	0.000	28	North Dakota	7.000
5	Michigan	1.900	30	Illinois	7.300
6	Hawaii	4.000	31	Kansas	7.350
7	Alabama	4.225	32	Connecticut	7.500
8	Alaska	4.500	33	Idaho	7.600
8	Texas	4.500	33	New Mexico	7.600
10	Colorado	4.630	35	Nebraska	7.810
11	Mississippi	5.000	36	Wisconsin	7.900
11	South Carolina	5.000	37	Indiana	8.500
11	Utah	5.000	37	New Hampshire	8.500
14	Ohio	5.100	37	Vermont	8.500
15	Missouri	5.156	40	Delaware	8.700
16	Louisiana	5.200	41	West Virginia	8.750
17	Florida	5.500	42	New York	8.775
18	Georgia	6.000	43	California	8.840
18	Kentucky	6.000	44	Maine	8.930
18	Oklahoma	6.000	45	Rhode Island	9.000
18	Virginia	6.000	46	New Jersey	9.360
22	Arkansas	6.500	47	Massachusetts	9.500
22	Tennessee	6.500	48	Minnesota	9.800
24	Oregon	6.600	49	Iowa	9.900
25	Montana	6.750	50	Dist. of Columbia	9.975
			51	Pennsylvania	9.990

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Appendix G: State Rankings of State and Local Property Taxes
(Property Taxes as a Share of Personal Income)

Rank	State	Prop. Taxes	Rank	State	Prop. Taxes
1	Alabama	1.33	26	Oregon	3.03
2	Delaware	1.56	27	Pennsylvania	3.09
3	Arkansas	1.58	28	South Carolina	3.11
4	New Mexico	1.61	29	North Dakota	3.12
5	Oklahoma	1.62	30	Ohio	3.28
6	Hawaii	1.86	31	Florida	3.37
7	Kentucky	1.90	32	Kansas	3.42
8	West Virginia	2.10	33	Iowa	3.52
9	Tennessee	2.11	34	Nebraska	3.63
10	Louisiana	2.19	35	Montana	3.68
11	Maryland	2.38	36	Dist. of Columbia	3.69
12	North Carolina	2.40	37	Massachusetts	3.70
13	California	2.55	38	Alaska	3.78
14	Missouri	2.59	39	Michigan	3.90
15	Utah	2.63	40	Indiana	3.91
16	Nevada	2.69	41	Illinois	4.04
17	Mississippi	2.70	42	Texas	4.07
18	Minnesota	2.75	43	Wisconsin	4.24
19	Colorado	2.82	44	Connecticut	4.31
20	Idaho	2.83	45	New York	4.42
21	Arizona	2.87	46	Wyoming	4.69
22	South Dakota	2.90	47	Rhode Island	4.80
23	Georgia	2.91	48	New Jersey	5.03
24	Virginia	2.96	49	Vermont	5.19
25	Washington	2.97	50	Maine	5.30
			51	New Hampshire	5.37

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Appendix H: State Rankings of State and Local Sales, Gross Receipts and Excise Taxes (Sales, Gross Receipts and Excise Taxes as a Share of Personal Income)

Rank	State	SGRE Taxes	Rank	State	SGRE Taxes
1	Oregon	0.50	25	Indiana	3.31
2	Delaware	0.93	27	Kansas	3.36
3	Montana	0.99	28	North Dakota	3.37
4	New Hampshire	1.16	29	California	3.42
5	Alaska	1.53	30	Vermont	3.44
6	Massachusetts	1.87	31	Missouri	3.47
7	Maryland	2.13	31	Nebraska	3.47
8	Virginia	2.37	33	Kentucky	3.52
9	New Jersey	2.55	34	New York	3.55
10	Pennsylvania	2.71	35	Texas	3.79
11	Maine	2.79	36	Alabama	3.80
12	Wisconsin	2.80	37	Utah	3.92
12	Connecticut	2.80	38	West Virginia	3.95
14	Iowa	2.89	39	Wyoming	3.96
15	Colorado	2.92	39	South Dakota	3.96
16	North Carolina	3.00	41	Dist. of Columbia	4.06
17	Ohio	3.03	42	Mississippi	4.32
18	South Carolina	3.12	43	Florida	4.47
19	Idaho	3.20	44	Arizona	4.50
20	Michigan	3.23	45	Tennessee	4.63
20	Minnesota	3.23	46	New Mexico	4.90
22	Illinois	3.26	47	Arkansas	5.24
22	Georgia	3.26	48	Nevada	5.66
24	Oklahoma	3.28	49	Washington	5.78
25	Rhode Island	3.31	50	Hawaii	6.23
			51	Louisiana	6.36

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Appendix I: State Rankings of Adjusted Unemployment Taxes

(Maximum State Tax Rate Applied to State Wage Base and Then Taken as a Share of State Average Pay)

Rank	State	Unemp. Tax	Rank	State	Unemp. Tax
1	California	0.86	26	Pennsylvania	1.96
2	Dist. of Columbia	0.97	27	Tennessee	2.04
3	Arizona	1.04	28	Illinois	2.08
4	Florida	1.06	29	Ohio	2.17
5	Indiana	1.11	30	Michigan	2.25
6	Virginia	1.20	31	Kentucky	2.27
7	Georgia	1.24	32	Oklahoma	2.35
7	Mississippi	1.24	33	Wisconsin	2.54
9	South Carolina	1.28	34	North Carolina	2.86
10	Colorado	1.30	35	New Mexico	2.96
11	Louisiana	1.32	36	New Jersey	3.16
11	New Hampshire	1.32	37	Arkansas	3.23
13	Nebraska	1.42	38	Massachusetts	3.24
14	Vermont	1.43	39	Rhode Island	3.38
15	Alabama	1.44	40	Nevada	3.69
16	Maryland	1.45	41	Alaska	3.71
17	New York	1.58	41	Oregon	4.06
18	Delaware	1.67	43	Washington	4.48
19	Kansas	1.69	44	Idaho	4.68
20	Connecticut	1.76	45	Montana	4.72
21	Maine	1.84	46	Wyoming	4.73
22	Missouri	1.85	47	Hawaii	4.93
23	Texas	1.89	48	Iowa	5.29
24	West Virginia	1.91	49	North Dakota	5.31
25	South Dakota	1.95	50	Minnesota	5.60
			51	Utah	6.65

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Appendix J: State Rankings of Number of Health Insurance Mandates
(0.05 for each mandate imposed tallied up to total score)

Rank	State	Hlth Mand	Rank	State	Hlth Mand
1	Idaho	0.70	26	New Hampshire	1.90
2	Dist. of Columbia	0.85	26	Pennsylvania	1.90
3	Alabama	0.90	28	Georgia	1.95
4	Hawaii	1.10	28	Illinois	1.95
4	Utah	1.10	28	Missouri	1.95
6	Iowa	1.15	28	Montana	1.95
7	Delaware	1.20	32	Arkansas	2.00
8	Michigan	1.30	32	Tennessee	2.00
8	Ohio	1.30	34	New Jersey	2.05
8	Vermont	1.30	35	Louisiana	2.15
11	Alaska	1.40	35	Massachusetts	2.15
11	South Carolina	1.40	35	Rhode Island	2.15
13	Arizona	1.45	38	New Mexico	2.25
13	Mississippi	1.45	39	Colorado	2.30
15	South Dakota	1.50	39	Florida	2.30
16	Nebraska	1.55	39	Maine	2.30
16	Wisconsin	1.55	39	North Carolina	2.30
18	Oregon	1.60	43	California	2.45
18	Wyoming	1.60	43	Nevada	2.45
20	Kentucky	1.65	43	New York	2.45
20	North Dakota	1.65	43	Washington	2.45
22	Indiana	1.70	47	Connecticut	2.50
23	Oklahoma	1.80	48	Texas	2.60
23	West Virginia	1.80	49	Virginia	2.75
25	Kansas	1.85	50	Maryland	3.00
			51	Minnesota	3.15

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Appendix K: State Rankings of Electric Utility Costs

(Index of State Average Revenue Per Kilowatthour for Electricity Utilities Relative to the U.S. Average)

Rank	State	Elec. Costs	Rank	State	Elec. Costs
1	West Virginia	0.54	24	Minnesota	0.86
1	Idaho	0.54	24	Mississippi	0.86
3	Wyoming	0.56	28	Georgia	0.88
4	Washington	0.66	29	Louisiana	0.89
5	Kentucky	0.67	30	Arizona	0.93
6	Indiana	0.69	30	Wisconsin	0.93
6	North Dakota	0.69	32	Illinois	0.94
8	Arkansas	0.71	32	Michigan	0.94
8	Nebraska	0.71	34	Pennsylvania	0.99
10	Oregon	0.73	35	Nevada	1.06
11	Utah	0.74	36	Florida	1.08
11	South Dakota	0.74	37	Texas	1.11
13	Tennessee	0.76	38	Delaware	1.21
13	Iowa	0.76	39	Vermont	1.27
13	South Carolina	0.76	40	Dist. of Columbia	1.29
16	Virginia	0.77	41	Maryland	1.30
17	New Mexico	0.80	42	Alaska	1.35
17	Oklahoma	0.80	43	Maine	1.36
17	Kansas	0.80	44	Rhode Island	1.40
17	Montana	0.80	45	New Hampshire	1.43
21	North Carolina	0.81	45	California	1.43
21	Missouri	0.81	47	New Jersey	1.57
23	Alabama	0.83	48	Massachusetts	1.60
24	Ohio	0.86	49	New York	1.70
24	Colorado	0.86	50	Connecticut	1.71
			51	Hawaii	2.20

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Appendix L: State Rankings of Workers' Compensation Benefits Per \$100 of Covered Wages

Rank	State	Work Comp	Rank	State	Work Comp
1	Dist. of Columbia	0.31	26	Iowa	1.01
2	Texas	0.55	26	New Mexico	1.01
3	Arizona	0.58	28	Alabama	1.02
3	Massachusetts	0.58	29	Colorado	1.03
5	Indiana	0.61	30	Mississippi	1.04
6	Arkansas	0.62	31	Nebraska	1.06
6	Virginia	0.62	31	North Carolina	1.06
8	New York	0.68	33	Florida	1.09
8	Utah	0.68	34	Louisiana	1.11
10	Maryland	0.76	35	Missouri	1.18
11	Rhode Island	0.80	36	Kentucky	1.22
12	Connecticut	0.83	37	Vermont	1.23
12	Georgia	0.83	38	Hawaii	1.24
12	South Dakota	0.83	39	Pennsylvania	1.25
15	New Jersey	0.85	40	Ohio	1.26
16	Nevada	0.86	41	Wisconsin	1.27
17	Michigan	0.87	42	Idaho	1.33
18	New Hampshire	0.88	43	Oklahoma	1.34
18	North Dakota	0.88	44	South Carolina	1.37
20	Minnesota	0.89	45	Maine	1.44
21	Kansas	0.90	45	Wyoming	1.44
22	Delaware	0.92	47	California	1.59
23	Oregon	0.94	48	Alaska	1.70
24	Illinois	0.98	49	Washington	1.72
24	Tennessee	0.98	50	Montana	2.11
			51	West Virginia	3.39

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Appendix M: State Rankings of Crime Rate

Rank	State	Crime Rate	Rank	State	Crime Rate
1	New Hampshire	1.93	26	Indiana	3.78
2	South Dakota	1.95	27	California	3.85
3	North Dakota	2.08	28	Ohio	4.01
4	Vermont	2.40	29	Utah	4.10
5	Maine	2.53	30	Kansas	4.17
6	New York	2.55	31	Alaska	4.24
7	New Jersey	2.69	32	Maryland	4.25
8	Kentucky	2.80	33	Louisiana	4.28
9	Massachusetts	2.82	34	Alabama	4.32
10	Connecticut	2.83	35	Colorado	4.44
11	Pennsylvania	2.84	36	Missouri	4.45
12	West Virginia	2.90	37	North Carolina	4.54
12	Wisconsin	2.90	38	Oklahoma	4.55
14	Virginia	2.92	39	Arkansas	4.59
15	Idaho	2.95	40	Georgia	4.62
16	Rhode Island	2.97	41	Oregon	4.69
17	Iowa	3.13	42	Florida	4.72
18	Minnesota	3.38	43	Nevada	4.85
19	Wyoming	3.39	43	New Mexico	4.85
20	Montana	3.42	45	Texas	4.86
21	Mississippi	3.54	46	Tennessee	5.03
22	Illinois	3.63	47	Hawaii	5.05
23	Michigan	3.64	48	South Carolina	5.10
24	Nebraska	3.71	49	Washington	5.24
25	Delaware	3.74	50	Arizona	5.35
			51	Dist. of Columbia	6.21

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Appendix N: State Rankings of the Number of Government Employees

(Full-Time-Equivalent State and Local Government Employees Per 100 Residents)

Rank	State	Govt Employ	Rank	State	Govt Employ
1	Nevada	4.14	26	Texas	5.59
2	Pennsylvania	4.57	27	Virginia	5.63
3	Arizona	4.62	28	Montana	5.74
4	Florida	4.79	29	Arkansas	5.76
5	Rhode Island	4.80	29	South Carolina	5.76
6	Michigan	4.82	31	North Carolina	5.77
7	Oregon	4.91	32	South Dakota	5.78
8	Illinois	4.95	33	Kentucky	5.80
9	California	4.99	33	Delaware	5.80
10	Utah	5.05	35	New Jersey	5.87
11	Massachusetts	5.16	35	Maine	5.87
12	Maryland	5.18	37	Alabama	5.93
12	Wisconsin	5.18	38	Oklahoma	5.99
14	Washington	5.21	39	New York	6.17
15	Minnesota	5.27	40	Iowa	6.23
15	Indiana	5.27	41	Louisiana	6.43
17	New Hampshire	5.31	41	Vermont	6.43
18	West Virginia	5.36	43	North Dakota	6.48
18	Tennessee	5.36	44	Mississippi	6.49
20	Connecticut	5.37	45	New Mexico	6.55
20	Ohio	5.37	46	Nebraska	6.64
22	Georgia	5.40	47	Kansas	6.69
23	Hawaii	5.41	48	Colorado	7.28
24	Idaho	5.42	49	Alaska	7.85
25	Missouri	5.48	50	Dist. of Columbia	8.02
			51	Wyoming	8.89

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Appendix O: State Rankings of State Gas Taxes
(Dollars Per Gallon of Gasoline)

Rank	State	Gas Tax	Rank	State	Gas Tax
1	Alaska	0.080	25	Massachusetts	0.235
2	Wyoming	0.140	27	South Dakota	0.240
3	New Jersey	0.145	28	Utah	0.245
4	South Carolina	0.168	29	Idaho	0.250
5	Oklahoma	0.170	29	Kansas	0.250
6	Missouri	0.176	29	Oregon	0.250
7	New Mexico	0.180	32	Georgia	0.265
8	Kentucky	0.185	33	Montana	0.278
9	Mississippi	0.188	34	Nebraska	0.279
10	Arizona	0.190	35	Ohio	0.280
11	New Hampshire	0.196	36	Maine	0.291
11	Virginia	0.196	37	North Carolina	0.300
13	Dist. of Columbia	0.200	38	Rhode Island	0.310
13	Louisiana	0.200	39	West Virginia	0.315
13	Minnesota	0.200	40	Indiana	0.316
13	Texas	0.200	41	Pennsylvania	0.323
13	Vermont	0.200	42	Nevada	0.325
18	Alabama	0.202	43	Florida	0.326
19	Tennessee	0.214	43	Hawaii	0.326
20	Iowa	0.217	45	Wisconsin	0.329
21	Arkansas	0.218	46	Washington	0.360
22	Colorado	0.220	47	Michigan	0.362
23	Delaware	0.230	48	Illinois	0.406
23	North Dakota	0.230	49	New York	0.409
25	Maryland	0.235	50	Connecticut	0.439
			51	California	0.444

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Appendix P: State Rankings of State and Local Government Five-Year Spending Trends, 1999-00 to 2004-05 (Index of Percentage Increases vs. U.S. State and Local Trend)

Rank	State	Spend Trend	Rank	State	Spend Trend
1	Alaska	0.34	26	Alabama	0.98
2	Oregon	0.47	26	Kansas	0.98
3	Minnesota	0.62	26	Missouri	0.98
4	Utah	0.65	26	Nebraska	0.98
5	North Dakota	0.70	26	Nevada	0.98
6	Wisconsin	0.73	26	South Dakota	0.98
7	Connecticut	0.74	32	Louisiana	1.01
7	Georgia	0.74	32	Maine	1.01
7	Hawaii	0.74	34	New York	1.05
10	Kentucky	0.75	35	Indiana	1.06
11	North Carolina	0.77	36	Massachusetts	1.09
11	West Virginia	0.77	36	New Mexico	1.09
13	Michigan	0.78	36	Pennsylvania	1.09
14	Colorado	0.82	39	New Hampshire	1.10
15	Arizona	0.83	40	Ohio	1.14
15	Montana	0.83	41	South Carolina	1.15
17	Iowa	0.84	42	Oklahoma	1.19
18	Idaho	0.90	43	Vermont	1.20
18	Texas	0.90	44	Arkansas	1.24
18	Washington	0.90	45	California	1.25
21	Virginia	0.93	46	Delaware	1.28
22	Mississippi	0.95	46	Dist. of Columbia	1.28
23	Illinois	0.96	48	New Jersey	1.29
23	Maryland	0.96	49	Florida	1.35
25	Tennessee	0.97	50	Rhode Island	1.47
			51	Wyoming	1.61

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Appendix Q: State Rankings of Per Capita State and Local Government Expenditures, 2004-05

(Index of Per Capita Amounts vs. U.S. State and Local Per Capita Amount)

Rank	State	Spend vs Avg	Rank	State	Spend vs Avg
1	Arkansas	0.78	26	Colorado	0.94
1	Idaho	0.78	26	North Dakota	0.94
1	Oklahoma	0.78	28	Michigan	0.95
4	Missouri	0.80	29	Illinois	0.96
4	South Dakota	0.80	30	Maine	0.97
6	Georgia	0.81	30	South Carolina	0.97
6	Kentucky	0.81	32	Wisconsin	0.98
8	Arizona	0.82	33	Ohio	1.00
9	New Hampshire	0.83	33	Oregon	1.00
9	Texas	0.83	35	Nebraska	1.01
11	Indiana	0.84	35	New Mexico	1.01
12	Virginia	0.85	35	Pennsylvania	1.01
12	West Virginia	0.85	38	Hawaii	1.03
14	Kansas	0.86	39	Vermont	1.04
14	Mississippi	0.86	40	Minnesota	1.06
14	Montana	0.86	41	Connecticut	1.07
17	Utah	0.87	42	Rhode Island	1.09
18	North Carolina	0.88	43	New Jersey	1.11
19	Louisiana	0.90	44	Delaware	1.12
19	Nevada	0.90	44	Washington	1.12
19	Tennessee	0.90	46	Massachusetts	1.15
22	Alabama	0.91	47	California	1.19
23	Florida	0.92	48	Wyoming	1.39
23	Iowa	0.92	49	New York	1.48
23	Maryland	0.92	50	Alaska	1.89
			51	Dist. of Columbia	1.95

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Appendix R: State Rankings of Highway Cost Effectiveness, 2005

Rank	State	Hgwy Cost Eff	Rank	State	Hgwy Cost Eff
1	North Dakota	0.05	26	West Virginia	1.30
2	South Carolina	0.10	27	Arizona	1.35
3	Kansas	0.15	28	Arkansas	1.40
4	New Mexico	0.20	29	Colorado	1.45
5	Montana	0.25	30	Louisiana	1.50
6	Georgia	0.30	31	North Carolina	1.55
7	Wyoming	0.35	32	Washington	1.60
8	Oregon	0.40	33	Illinois	1.65
9	Nevada	0.45	34	New Hampshire	1.70
10	Idaho	0.50	35	Iowa	1.75
11	South Dakota	0.55	36	Pennsylvania	1.80
12	Kentucky	0.60	37	Vermont	1.85
13	Minnesota	0.65	38	Maryland	1.90
14	Indiana	0.70	39	Connecticut	1.95
15	Texas	0.75	40	Delaware	2.00
16	Ohio	0.80	41	Florida	2.05
17	Missouri	0.85	42	Michigan	2.10
18	Virginia	0.90	43	Alabama	2.15
19	Nebraska	0.95	44	California	2.20
20	Tennessee	1.00	45	Massachusetts	2.25
21	Utah	1.05	46	Hawaii	2.30
22	Wisconsin	1.10	47	Rhode Island	2.35
23	Maine	1.15	48	New York	2.40
24	Oklahoma	1.20	49	Alaska	2.45
25	Mississippi	1.25	50	New Jersey	2.50