



REVISED & EXPANDED

SMALL BUSINESS & ENTREPRENEURSHIP COUNCIL'S

SMALL BUSINESS SURVIVAL INDEX 2008:

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

13th Annual Edition

by Raymond J. Keating
Chief Economist

Small Business & Entrepreneurship Council

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Small Business & Entrepreneurship Council
2994 Hunter Mill Road • Suite 204 • Oakton, VA 22124
Telephone: 703-242-5840 • Fax: 703-242-5841
www.sbecouncil.org

Small Business Survival Index 2008: State Rankings*

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

Rank	State	SBSI	Rank	State	SBSI
1	South Dakota	26.357	26	Wisconsin	57.601
2	Nevada	30.447	27	Louisiana	57.752
3	Wyoming	37.255	28	New Hampshire	57.795
4	Florida	43.824	29	New Mexico	58.054
5	Washington	44.325	30	Arkansas	58.511
6	Texas	45.543	31	Kansas	58.965
7	South Carolina	48.012	32	Oregon	60.420
8	Alabama	48.807	33	Montana	60.625
9	Virginia	49.073	34	Delaware	60.856
10	Colorado	50.170	35	Idaho	61.614
11	Tennessee	51.310	36	Nebraska	62.359
12	Georgia	52.330	37	Connecticut	62.685
13	Arizona	52.535	38	Maryland	63.289
14	Missouri	52.880	39	North Carolina	63.943
15	Utah	53.028	40	West Virginia	65.384
16	Alaska	53.228	41	Hawaii	67.395
17	Mississippi	53.367	42	Iowa	68.354
18	Ohio	53.853	43	Vermont	70.316
19	Michigan	54.180	44	Massachusetts	71.239
20	Indiana	54.325	45	New York	71.835
21	Oklahoma	54.551	46	Minnesota	71.910
22	North Dakota	56.206	47	Rhode Island	72.671
23	Kentucky	56.373	48	Maine	74.553
24	Illinois	56.404	49	California	77.358
25	Pennsylvania	57.108	50	New Jersey	78.130
			51	Dist. of Columbia	83.751

* (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 Economy, the States and Entrepreneurs

The U.S. economy is in a serious downturn, and the outlook for a robust recovery seems remote. That means state and local policymakers face some very difficult decisions. Depending on which direction state lawmakers choose, they can either make the economic situation in their own state better or far worse.

On the overall economy, consider just the following few facts:

- U.S. economic growth has been suffering since late 2007. According to the initial estimate released in late October 2008, real GDP growth in the third quarter of 2008 registered -0.3 percent. That's the second decline over the past year, with real growth at -0.2 percent in the fourth quarter of 2007. Over the past year, real GDP growth averaged a mere 0.8 percent, compared to a post-World War II average of 3.4 percent.
- The key concern on the GDP front is the decline in private sector investment. Real gross private domestic investment has been negative in each of the last four quarters. Of course, with the housing mess, residential investment has led the way down – in fact, residential investment has been negative since the beginning of 2006 – but equipment and software investment has been negative for three straight quarters as well.
- In fact, the news in the third quarter was even worse than what the overall GDP growth number indicated, as government provided a boost. High quality growth comes from the private sector, and the decline in private GDP was considerable (-1.4 percent by the initial GDP estimate).
- The U.S. has been losing jobs throughout 2008. According to payroll survey data, for example, employment dropped by 1.29 million from January 2008 to October 2008. Nonfarm payroll employment dropped 533,000 in November 2008, according to Bureau of Labor Statistics of the U.S. Department of Labor.

Looking ahead on the national level, there is nothing but more uncertainty. The housing mess, credit crunch and Wall Street meltdown have yet to fully play out. Meanwhile, the federal government is making matters worse with unprecedented intrusions into the private sector through an assortment of massive taxpayer bailouts. For good measure, additional policy threats loom, including higher taxes on upper-income earners (including successful entrepreneurs and investors) and energy firms, increased regulatory costs, protectionist leanings on trade, even more government spending, and uncertainty regarding monetary policy and its fallout. And even though so-called economic stimulus measures like tax rebate checks, and more federal spending on unemployment benefits, food stamps, infrastructure and aid to states and localities do nothing to boost the economy – arguably make matters worse – that seems to be the direction the federal government is looking for action on the economy.

But the questions do not stop with federal policymakers, but extend to state and local policymakers. Due to year-after-year of excessive spending, when tough economic times hit, as is now the case, many state and local governments face huge and mounting budget deficits. Some states

have passed or are proposing higher taxes in response. Various state lawmakers are buying into the bankrupt notion that more government is the answer, and are pushing additional government spending on, for example, infrastructure and corporate welfare. Meanwhile, in other states, lawmakers are more serious, as they look for areas to reduce government expenditures.

In the end, government is not the source of economic growth. Quite the contrary, growth comes from the private sector. The more resources that government sucks up – whether through taxes or borrowing – the fewer resources left for more productive uses in the private sector. The ultimate source of growth is economic risk taking in the private sector, that is, investing and entrepreneurship. These crucial activities drive innovation, invention, efficiency and productivity in our economy. While consumers ultimately decide what flies and what does not, the entrepreneurs, innovators and investors will invest the capital – including sweat equity – and offer 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, create uncertainty and diminish incentives for starting up, investing in and building a business. And again 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 thirteenth annual "Small Business Survival Index" ties together 34 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 more than 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

¹ Data Source: CCH Incorporated, *2008 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.

• **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

• **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

² Data Source: CCH Incorporated, *2008 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, *2008 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, *2008 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.

⁵ Data Source: CCH Incorporated, *2008 State Tax Handbook*, and state specific sources.

• **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

• **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

⁶ Data Source: CCH Incorporated, *2008 State Tax Handbook*.

⁷ Data Source: CCH Incorporated, *2008 State Tax Handbook*.

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

⁹ 2005-06 latest state and local numbers available from the U.S. Bureau of the Census, U.S. Department of Commerce.

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 motor fuel taxes, since gas and diesel 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

• **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.

*Measurement in the Small Business Survival Index: states providing a tax deduction for individuals making contributions to HSAs or imposing no personal income tax receive a “0”, while states not providing a deduction receive a score of “1.”*¹³

¹⁰ 2005-06 latest state and local numbers available from the U.S. Bureau of the Census, U.S. Department of Commerce.

¹¹ Data Source: CCH Incorporated, *2008 State Tax Handbook*, and “Estate Tax Study,” Connecticut Department of Revenue Services, February 1, 2008.

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

¹³ Data source: “State That Allow Individuals to Deduct Health Savings Accounts Contributions, 2008,” Henry J. Kaiser Family Foundation at www.statehealthfacts.org.

• **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

• **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

¹⁴ Data source: “Small Group Health Insurance Market Guaranteed Issue, 2007” from the Henry J. Kaiser Family Foundation at www.statehealthfacts.org.

¹⁵ Data source: “Small Group Health Insurance Market Rate Restrictions, 2007” from the Henry J. Kaiser Family Foundation at www.statehealthfacts.org.

¹⁶ Data source: “Health Insurance Mandates in the States 2008,” by Victoria Craig Bunce and JP Wieske, Council for Affordable Health Insurance, 2008.

¹⁷ Data Source: Data for January to July 2008 from the U.S. Energy Information Administration.

• **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

• **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

¹⁸ Data Source: 2005 data from "Workers' Compensation: Benefits, Coverage, and Costs, 2006," National Academy of Social Insurance, August 2008.

¹⁹ Data Source: 2006 data from the U.S. Federal Bureau of Investigation, *Crime in the United States 2006*.

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

²¹ Data Source: 2007 data from the U.S. Bureau of the Census, U.S. Department of Commerce.

- **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.

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

- **Diesel Tax.** Again, every business is affected by the costs of operating motor vehicles, and state government directly impacts these costs through taxes on motor fuels.

Measurement in the Small Business Survival Index: state diesel tax (dollars per gallon).²⁵

- **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.

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.

²⁴ Data Source: “Notes to State Motor Fuel Excise and Other Tax Rates,” October 1, 2008, American Petroleum Institute.

²⁵ Data Source: “Notes to State Motor Fuel Excise and Other Tax Rates,” October 1, 2008, American Petroleum Institute.

*Measurement in the Small Business Survival Index: state minimum wage minus the federal minimum wage.*²⁶

• **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 (each state is scored in the “Lawsuit Climate 2008: Ranking the States” with scores ranking from 71.5 (the best) to 42.4 (the worst). For purposes of the Index, we subtract each score from 100, so that the best state has the lowest score and the worst state has the highest, and then move the decimal points two to the left).*²⁷

• **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).*²⁸

• **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?

*Measurement in the Small Business Survival Index: index of the latest six-year growth rate in per capita state and local government expenditures.*²⁹

• **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

²⁶ Data Source: U.S. Department of Labor, “Minimum Wage Laws in the States ” at www.dol.gov.

²⁷ Data Source: “Lawsuit Climate 2008: Ranking the States,” U.S. Chamber Institute for Legal Reform. Note: This study did not include the District of Columbia, so D.C.’s score on the Index is underestimated.

²⁸ Source: U.S. Small Business Administration, Office of Advocacy, “State Regulatory Flexibility Model Legislative Initiative,” July 2008.

²⁹ Data Source: 2005-06 versus 1999-00 data from the U.S. Bureau of the Census, U.S. Department of Commerce.

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.³⁰

• **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.³¹

• **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.”³²

• **Video Choice.** Entrepreneurs and small businesses have benefited tremendously from the vast improvements made in telecommunications services in recent times. In terms of expanding video/broadband services to consumers – including entrepreneurs – having to go municipality-by-municipality

³⁰ Data Source: 2005-06 data from the U.S. Bureau of the Census, U.S. Department of Commerce.

³¹ 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.

³² Data Source: David Hartgen, Ravi Karanam and Adrian Moore, “17th Annual Report on the Performance of State Highway Systems (1984-2006),” The Reason Foundation, July 2008. Note: This study did not include the District of Columbia, so D.C.’s score on the Index is underestimated.

for approval presents significant regulatory costs, in terms of both dollars and time. Many states, however, have shifted the approval process from each locality to one approval from the state, which is a far less costly task.

*Measurement in the Small Business Survival Index: score is based on an assigned score of “0” for states with state approval process and “1” for states with local approval processes.*³³

• **Paid Family Leave.** Government mandating that businesses provide leaves of absence to employees under various circumstances comes with real costs. For example, flexibility between employer and employee, and in terms of managing a firm’s entire workforce is lost. Holding positions open, and shifting responsibilities or using temporary workers, raise costs. However, those costs are pushed much higher when mandated leave must also come with pay. In addition, the opportunities and costs of abuse expand. No matter how the compensation package or insurance is set up, mandated paid leave ultimately means higher labor costs.

*Measurement in the Small Business Survival Index: score is based on an assigned score of “0” for states not mandating paid leave and “1” for states mandating paid family leave.*³⁴

As seen above, each of the 34 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

³³ Data Source: TV4us at www.wewantchoice.com.

³⁴ Data sources: Sources included www.njcitizenaction.org, www.paidfamilyleave.org, the AFL-CIO blog at blog.aflcio.org, and various media stories.

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 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.³⁵

- 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.”

³⁵ As cited by Raymond J. Keating, *New York by the Numbers: State and City in Perpetual Crisis* (Lanham, MD: Madison Books, 1997), p. 15.

| “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. 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.³⁶

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%.

³⁶ Zsolt Becsi, “Do State and Local Taxes Affect Relative State Economic Growth?” *Economic Review*, Federal Reserve bank of Atlanta, March-April 1996.

| 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 2008” 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” (September 2008) reported: “Aspects of insurance that drive small business concerns 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 experience-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 34 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 2008 “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 2008:

Small Business Survival Index 2008: State Rankings*

Rank	State	SBSI	Rank	State	SBSI
1	South Dakota	26.357	26	Wisconsin	57.601
2	Nevada	30.447	27	Louisiana	57.752
3	Wyoming	37.255	28	New Hampshire	57.795
4	Florida	43.824	29	New Mexico	58.054
5	Washington	44.325	30	Arkansas	58.511
6	Texas	45.543	31	Kansas	58.965
7	South Carolina	48.012	32	Oregon	60.420
8	Alabama	48.807	33	Montana	60.625
9	Virginia	49.073	34	Delaware	60.856
10	Colorado	50.170	35	Idaho	61.614
11	Tennessee	51.310	36	Nebraska	62.359
12	Georgia	52.330	37	Connecticut	62.685
13	Arizona	52.535	38	Maryland	63.289
14	Missouri	52.880	39	North Carolina	63.943
15	Utah	53.028	40	West Virginia	65.384
16	Alaska	53.228	41	Hawaii	67.395
17	Mississippi	53.367	42	Iowa	68.354
18	Ohio	53.853	43	Vermont	70.316
19	Michigan	54.180	44	Massachusetts	71.239
20	Indiana	54.325	45	New York	71.835
21	Oklahoma	54.551	46	Minnesota	71.910
22	North Dakota	56.206	47	Rhode Island	72.671
23	Kentucky	56.373	48	Maine	74.553
24	Illinois	56.404	49	California	77.358
25	Pennsylvania	57.108	50	New Jersey	78.130
			51	Dist. of Columbia	83.751

* (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 businesses 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 2008” are: 1) South Dakota, 2) Nevada, 3) Wyoming, 4) Florida, 5) Washington, 6) Texas, 7) South Carolina, 8) Alabama, 9) Virginia, 10) Colorado, 11) Tennessee, 12) Georgia, 13) Arizona, 14) Missouri, and 15) Utah. In contrast, the most anti-entrepreneur policy environments are offered by the following: 37) Connecticut, 38) Maryland, 39) North Carolina, 40) West Virginia, 41) Hawaii, 42) Iowa, 43) Vermont, 44) Massachusetts, 45) New York, 46) Minnesota, 47) Rhode Island, 48) Maine, 49) California, 50) New Jersey and 51) District of Columbia. (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.)

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 2007, total U.S. population grew by 6.9%. As for the top 25 states in the 2008 Index, population growth over this period registered 8.4%, while among the bottom 26 (including the District of Columbia), population growth registered 5.0%. Therefore, the population in the top 25 states on the Index grew at a 68 percent faster pace than the bottom 26 on the Index over the period of 2000 to 2007. In terms of raw numbers, the top 25 added 13.2 million in population, while the bottom 26 added 6.3 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 2007, the top 25 states on the “Small Business Survival Index” netted a 3.15 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.

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 affects economic opportunity. And people go where economic opportunity is, in turn, bringing more opportunity with them. 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 2008

Appendix A: Alphabetical Listing of States

State	Top	Top	Top	S	PIT				Elec.										State					Spend			Hwy								
	PIT	CG Tax	Top CIT	CG Tax	Corp	Ind.	Corp.	Rate	Prop	SGRE	Hlth	Hlth	Hlth	Util.	Work	Crime	Gov	Int	Gas	Diesel	Min.	State	Reg	Spend	Per	Cost	VC	PFL	SBSI						
AL	3.250	4.250	4.225	4.225	3.250	0	0	1	1.36	3.88	0	1.26	1	0	0.33	0.95	0.84	0.96	4.36	0	6.15	1	0	0.209	0.219	0.00	0.525	1.0	0.99	0.92	1.2	1.45	0	0	48.807
AK	0.000	0.000	9.400	4.500	0.000	0	1	0	3.74	1.52	0	3.75	0	0	0.33	1.40	1.50	1.54	4.29	1	7.62	1	0	0.000	0.000	0.60	0.374	0.5	0.49	1.92	3.3	2.45	1	0	53.228
AZ	4.540	4.540	6.968	6.968	0.000	0	0	1	2.77	4.30	0	0.89	0	1	0.33	1.45	0.94	0.60	5.13	0	4.74	0	0	0.190	0.280	0.35	0.347	0.0	0.87	0.83	1.2	1.30	1	0	52.535
AR	7.000	4.900	6.500	6.500	0.000	0	0	0	1.65	5.24	0	2.89	0	0	0.33	2.05	0.79	0.62	4.52	0	5.87	0	0	0.218	0.228	0.00	0.420	0.5	1.25	0.79	3.9	1.35	1	0	58.511
CA	10.300	10.300	8.840	8.840	1.500	1	1	0	2.58	3.36	0	0.72	1	0	0.33	2.50	1.32	1.38	3.70	1	5.01	0	0	0.487	0.520	1.45	0.482	0.5	1.24	1.20	3.6	2.20	0	1	77.358
CO	4.630	4.630	4.630	4.630	0.000	1	0	0	2.80	2.99	0	1.13	0	1	0.33	2.45	0.88	0.93	3.84	1	5.39	0	0	0.220	0.205	0.47	0.325	0.0	0.81	0.93	2.4	1.55	1	0	50.170
CT	5.000	5.000	7.500	7.500	0.000	1	0	1	4.21	2.52	1	1.24	0	1	0.66	2.55	1.73	0.79	2.78	1	5.32	1	0	0.472	0.434	1.10	0.368	0.0	0.79	1.07	3.9	1.75	0	0	62.685
DE	5.950	5.950	8.700	8.700	0.000	0	0	1	1.60	0.97	0	1.68	0	1	0.33	1.25	1.26	1.07	4.10	1	5.93	0	0	0.230	0.220	0.60	0.285	0.5	1.37	1.16	3.6	1.40	1	0	60.856
DC	8.500	8.500	9.975	9.975	9.975	0	0	1	3.58	3.64	1	0.77	1	0	0.00	0.95	1.39	0.30	6.16	1	8.08	1	0	0.200	0.200	1.00	NA	1.0	1.49	2.07	NA	NA	1	0	83.751
FL	0.000	0.000	5.500	5.500	0.000	0	1	0	3.45	4.39	0	0.94	0	1	0.33	2.40	1.09	0.89	4.70	0	4.88	1	0	0.332	0.290	0.24	0.451	0.5	1.36	0.93	0.6	2.05	0	0	43.824
GA	6.000	6.000	6.000	6.000	0.000	0	0	1	2.97	3.70	0	1.04	0	0	0.33	2.05	0.91	0.79	4.36	0	5.44	1	0	0.281	0.311	0.00	0.386	0.5	0.76	0.80	1.2	0.50	0	0	52.330
HI	8.250	7.250	6.400	4.000	0.000	0	0	1	2.08	6.35	0	1.75	0	1	0.00	1.15	2.92	1.13	4.51	1	5.57	1	1	0.326	0.512	0.70	0.485	0.0	0.74	1.02	3.9	2.35	1	0	67.395
ID	7.800	7.800	7.600	7.600	0.000	0	0	0	2.79	2.72	0	5.27	0	0	0.33	0.75	0.58	1.18	2.67	0	5.36	1	0	0.250	0.250	0.00	0.385	1.0	0.82	0.76	3.0	0.70	1	0	61.614
IL	3.000	3.000	7.300	7.300	1.500	0	0	0	3.99	3.31	1	1.55	0	0	0.33	2.00	0.92	0.96	3.56	1	5.01	1	0	0.460	0.502	1.20	0.487	0.5	0.88	0.94	3.0	1.70	0	0	56.404
IN	3.400	3.400	8.500	8.500	0.000	0	0	0	4.17	3.38	1	1.00	1	0	0.33	1.85	0.71	0.60	3.82	1	5.33	1	0	0.410	0.515	0.00	0.309	0.0	1.02	0.83	1.5	0.75	0	0	54.325
IA	5.837	7.633	9.900	9.900	0.000	1	1	0	3.49	2.99	1	4.94	0	0	0.33	1.25	0.71	0.99	3.09	0	6.10	1	0	0.220	0.235	0.70	0.320	0.5	0.89	0.93	1.8	1.60	0	0	68.354
KS	6.450	6.450	7.350	7.350	0.000	0	0	1	3.44	3.55	1	1.54	0	0	0.33	1.85	0.79	0.87	4.18	0	6.77	1	0	0.250	0.270	0.00	0.333	0.5	1.06	0.88	1.5	0.25	0	0	58.965
KY	6.000	6.000	6.000	6.000	0.750	0	0	1	1.95	3.67	1	2.10	0	0	0.33	1.65	0.63	1.17	2.81	1	5.80	1	0	0.225	0.195	0.00	0.387	0.5	0.92	0.84	3.0	0.45	1	0	56.373
LA	3.900	5.100	5.200	5.200	5.200	0	0	1	1.77	5.82	1	1.09	0	0	0.33	2.15	0.95	0.90	4.69	0	6.15	0	0	0.200	0.200	0.00	0.571	0.5	1.35	0.98	1.5	2.00	0	0	57.752
ME	8.500	8.500	8.930	8.930	0.000	1	1	0	5.21	3.40	1	1.78	0	1	0.66	2.65	1.44	1.46	2.63	1	5.78	1	0	0.299	0.311	0.70	0.307	0.0	1.00	0.97	3.0	1.10	1	0	74.553
MD	5.500	5.500	8.250	8.250	0.000	1	0	1	2.42	2.21	1	1.27	0	0	0.66	3.15	1.32	0.76	4.16	1	5.34	1	0	0.235	0.243	0.00	0.394	0.5	1.04	0.94	3.3	1.85	1	0	63.289
MA	5.300	5.300	9.500	9.500	4.500	0	0	0	3.63	1.82	1	2.58	0	1	0.66	2.15	1.66	0.57	2.84	1	5.16	1	0	0.235	0.235	1.45	0.365	0.5	1.08	1.15	3.9	2.15	1	0	71.239
MI	4.350	4.350	4.950	4.950	4.950	0	0	0	4.06	3.25	0	2.08	0	0	0.33	1.30	0.94	0.85	3.78	1	4.87	1	0	0.410	0.429	0.85	0.403	0.5	0.67	0.91	0.9	2.10	0	0	54.180
MN	7.850	7.850	9.800	9.800	0.000	1	1	0	2.67	3.39	1	4.92	0	0	0.33	3.20	0.80	0.83	3.39	1	5.40	1	0	0.256	0.256	0.00	0.335	0.5	0.59	1.04	1.8	0.90	1	0	71.910
MS	5.000	5.000	5.000	5.000	0.000	0	0	1	2.65	4.52	0	1.15	0	1	0.33	1.45	0.90	1.07	3.51	0	6.48	0	0	0.188	0.188	0.00	0.563	0.5	1.16	0.91	3.9	1.90	0	0	53.367
MO	6.000	6.000	5.156	5.156	0.000	0	0	1	2.63	3.33	0	1.80	0	0	0.33	1.95	0.70	1.26	4.37	1	5.57	0	0	0.176	0.176	0.10	0.399	0.0	1.02	0.81	3.3	0.65	0	0	52.880
MT	6.900	6.900	6.750	6.750	0.000	0	0	0	3.61	1.06	0	4.48	0	0	0.33	2.00	0.83	2.02	2.94	1	5.84	1	0	0.278	0.278	0.00	0.427	1.0	0.95	0.88	3.3	0.10	1	0	60.625
NE	6.840	6.840	7.810	7.810	0.000	1	0	1	3.73	3.15	0	1.36	0	0	0.33	1.60	0.66	0.89	3.62	0	6.40	1	0	0.269	0.269	0.00	0.287	1.0	1.06	1.03	3.0	0.40	1	0	62.359
NV	0.000	0.000	0.000	0.000	0.000	0	0	0	2.60	5.52	0	3.14	0	0	0.33	2.60	1.05	0.79	4.83	0	4.30	0	0	0.326	0.246	0.20	0.431	0.0	0.98	0.90	1.2	1.00	0	0	30.447
NH	0.000	0.000	8.500	8.500	8.500	0	0	0	5.34	1.11	0	1.16	0	1	0.66	1.95	1.49	0.82	2.01	1	5.45	1	1	0.196	0.196	0.70	0.353	0.5	1.04	0.82	1.2	2.30	1	0	57.795
NJ	8.970	8.970	9.360	9.360	0.000	0	1	1	5.08	2.49	1	2.54	1	0	0.66	2.10	1.53	0.84	2.64	1	5.88	1	0	0.142	0.175	0.60	0.420	0.5	1.33	1.14	3.9	2.50	0	1	78.130
NM	4.900	2.450	7.600	7.600	0.000	0	0	1	1.68	5.21	0	2.88	0	0	0.33	2.55	0.85	0.95	4.58	1	6.77	1	1	0.180	0.190	0.00	0.425	0.5	1.29	1.07	0.9	0.15	1	0	58.054
NY	6.850	6.850	8.307	8.307	0.000	1	1	1	4.30	3.67	1	0.99	0	0	1.00	2.75	1.71	0.72	2.49	1	6.34	1	0	0.425	0.425	0.60	0.384	0.0	1.08	1.49	3.9	2.25	1	0	71.835
NC	7.750	7.750	6.900	6.900	0.000	0	0	1	2.45	3.09	1	2.59	0	1	0.33	2.35	0.82	0.96	4.60	0	5.98	1	0	0.302	0.302	0.00	0.374	1.0	0.77	0.87	2.7	1.15	0	0	63.943
ND	5.540	5.540	7.000	7.000	0.000	0	0	0	3.09	3.42	0	6.43	0	0	0.33	1.70	0.68	0.81	2.13	0	6.50	1	1	0.230	0.230	0.00	0.344	0.0	0.66	0.92	0.6	0.05	1	0	56.206
OH	6.240	6.240	3.400	3.400	0.000	0	0	1	3.33	2.96	1	2.00	0	0	0.33	1.30	0.86	1.19	4.03	1	5.33	1	1	0.280	0.280	0.45	0.400	0.5	1.17	1.01	3.3	0.85	0	0	53.853
OK	5.550	5.550	6.000	6.000	0.000	0	0	1	1.54	3.29	1	2.03	0	0	0.33	1.80	0.81	1.29	4.10	0	5.96	0	0	0.170	0.140	0.00	0.358	0.0	1.28	0.80	3.9	1.65	0	0	54.551
OR	9.000	9.000	6.600	6.600	0.000	0	0	0	2.98	0.52	1	4.04	0	0	0.66	1.80	0.76	0.97	3.95	1	5.07	0	0	0.250	0.243	1.40	0.346	0.0	0.49	0.99	1.2	0.55	1	0	60.420
PA	3.070	3.070	9.990	9.990	0.000	0	0	0	3.12	2.67	1	1.63	0	0	0.00	1.90	0.97	1.19	2.88	1	4.76	1	0	0.323	0.392	0.60	0.422	0.5	1.03	1.00	1.8	1.80	1	0	57.108
RI	7.000	7.000	9.000	9.000	0.000	1	0	0	4.73	3.19	1	3.10	0	1	0.33	2.35	1.64	0.83	2.81	1	5.05	1	0	0.310	0.310										

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Appendix A: Alphabetical Listing of States (Continued)

State	Top PIT Rate	Top Ind CG Tax	Top CIT Rate	Top Corp Tax Rate	S Corp Tax	Ind. AMT	PIT Corp. AMT	Rate Indx	Prop Tax	SGRE Tax	DT	UT	HSA	Elec.				State					Spend			Hwy Cost									
														Hlth	Hlth	Hlth	Util.	Work	Crime	Gov	Int	Gas	Diesel	Min.	State	Reg	Trend	Cap	EmD	Eff	VC	PFL	SBSI		
SC	7.000	3.920	5.000	5.000	0.000	0	0	0	3.05	3.06	0	1.05	0	0	0.33	1.45	0.80	1.33	5.01	0	5.75	1	0	0.168	0.168	0.00	0.455	0.0	1.02	0.95	1.2	0.30	0	0	48.012
SD	0.000	0.000	0.000	0.000	0.000	0	0	0	2.11	4.74	1	1.77	0	0	0.33	2.00	0.79	0.83	4.89	0	5.26	1	0	0.214	0.184	0.00	0.377	0.0	0.88	0.88	3.6	0.95	0	0	51.310
TX	0.000	0.000	4.500	4.500	4.500	0	0	0	3.95	3.79	0	1.17	0	0	0.33	2.70	1.14	0.44	4.60	0	5.62	1	1	0.200	0.200	0.00	0.432	0.5	0.86	0.82	2.7	0.60	0	0	45.543
UT	5.000	5.000	5.000	5.000	0.000	0	0	1	2.48	3.91	0	6.51	0	0	0.33	1.15	0.67	0.63	3.74	0	4.98	1	0	0.245	0.245	0.00	0.314	0.5	0.70	0.87	1.5	1.25	1	0	53.028
VT	9.500	5.700	8.500	8.500	0.000	0	0	0	5.26	3.32	1	1.61	0	1	0.66	1.35	1.28	1.19	2.44	1	6.38	1	0	0.200	0.200	1.13	0.324	0.5	1.14	1.03	3.6	1.50	1	0	70.316
VA	5.750	5.750	6.000	6.000	0.000	0	0	1	3.01	2.33	0	1.04	0	0	0.00	2.75	0.78	0.57	2.76	0	5.71	1	0	0.200	0.202	0.00	0.316	0.0	1.03	0.87	1.2	0.80	0	0	49.073
WA	0.000	0.000	0.000	0.000	0.000	0	0	0	2.81	5.85	1	4.38	0	1	0.66	2.65	0.69	1.63	4.83	1	5.25	0	1	0.375	0.375	1.52	0.385	0.5	0.71	1.06	2.7	1.95	1	1	44.325
WV	6.500	6.500	8.750	8.750	0.000	1	0	1	2.10	3.82	0	1.70	0	0	0.33	1.90	0.57	3.20	2.90	1	5.56	1	0	0.322	0.321	0.70	0.576	0.5	0.67	0.81	2.7	1.20	1	0	65.384
WI	6.750	2.700	7.900	7.900	0.000	1	0	0	4.18	2.76	0	2.36	1	0	0.33	1.70	0.92	1.06	3.10	1	5.02	1	1	0.329	0.329	0.00	0.382	0.0	0.76	0.97	2.1	1.05	0	0	57.601
WY	0.000	0.000	0.000	0.000	0.000	0	0	0	4.43	3.95	0	4.48	0	0	0.33	1.60	0.59	1.25	3.22	0	9.15	1	0	0.140	0.140	0.00	0.379	1.0	1.52	1.38	1.5	0.20	1	0	37.255

* (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: Listing of States by Index Score

Rank/	Top PIT	Top Ind	Top CG	Top CIT	Top Corp	S	PIT				Elec.				State					Spend			Hwy												
State	Rate	Rate	Rate	Rate	Tax	AMT	AMT	Indx	Tax	Tax	DT	UT	HSA	GISE	CR	Mand	Costs	Comp.	Rate	RW	Emp	TL	Tax	Gas	Diesel	Min.	State	Reg	Trend	Cap	EmD	Eff	VC	PFL	SBSI
1) SD	0.000	0.000	0.000	0.000	0.000	0	0	0	3.02	4.29	0	2.33	0	0	0.33	1.55	0.72	0.82	1.79	0	5.46	0	1	0.240	0.240	0.00	0.343	0.5	0.97	0.80	0.6	0.35	1	0	26.357
2) NV	0.000	0.000	0.000	0.000	0.000	0	0	0	2.60	5.52	0	3.14	0	0	0.33	2.60	1.05	0.79	4.83	0	4.30	0	0	0.326	0.246	0.20	0.431	0.0	0.98	0.90	1.2	1.00	0	0	30.447
3) WY	0.000	0.000	0.000	0.000	0.000	0	0	0	4.43	3.95	0	4.48	0	0	0.33	1.60	0.59	1.25	3.22	0	9.15	1	0	0.140	0.140	0.00	0.379	1.0	1.52	1.38	1.5	0.20	1	0	37.255
4) FL	0.000	0.000	5.500	5.500	0.000	0	1	0	3.45	4.39	0	0.94	0	1	0.33	2.40	1.09	0.89	4.70	0	4.88	1	0	0.332	0.290	0.24	0.451	0.5	1.36	0.93	0.6	2.05	0	0	43.824
5) WA	0.000	0.000	0.000	0.000	0.000	0	0	0	2.81	5.85	1	4.38	0	1	0.66	2.65	0.69	1.63	4.83	1	5.25	0	1	0.375	0.375	1.52	0.385	0.5	0.71	1.06	2.7	1.95	1	1	44.325
6) TX	0.000	0.000	4.500	4.500	4.500	0	0	0	3.95	3.79	0	1.17	0	0	0.33	2.70	1.14	0.44	4.60	0	5.62	1	1	0.200	0.200	0.00	0.432	0.5	0.86	0.82	2.7	0.60	0	0	45.543
7) SC	7.000	3.920	5.000	5.000	0.000	0	0	0	3.05	3.06	0	1.05	0	0	0.33	1.45	0.80	1.33	5.01	0	5.75	1	0	0.168	0.168	0.00	0.455	0.0	1.02	0.95	1.2	0.30	0	0	48.012
8) AL	3.250	4.250	4.225	4.225	3.250	0	0	1	1.36	3.88	0	1.26	1	0	0.33	0.95	0.84	0.96	4.36	0	6.15	1	0	0.209	0.219	0.00	0.525	1.0	0.99	0.92	1.2	1.45	0	0	48.807
9) VA	5.750	5.750	6.000	6.000	0.000	0	0	1	3.01	2.33	0	1.04	0	0	0.00	2.75	0.78	0.57	2.76	0	5.71	1	0	0.200	0.202	0.00	0.316	0.0	1.03	0.87	1.2	0.80	0	0	49.073
10) CO	4.630	4.630	4.630	4.630	0.000	1	0	0	2.80	2.99	0	1.13	0	1	0.33	2.45	0.88	0.93	3.84	1	5.39	0	0	0.220	0.205	0.47	0.325	0.0	0.81	0.93	2.4	1.55	1	0	50.170
11) TN	0.000	0.000	6.500	6.500	6.500	0	0	0	2.11	4.74	1	1.77	0	0	0.33	2.00	0.79	0.83	4.89	0	5.26	1	0	0.214	0.184	0.00	0.377	0.0	0.88	0.88	3.6	0.95	0	0	51.310
12) GA	6.000	6.000	6.000	6.000	0.000	0	0	1	2.97	3.70	0	1.04	0	0	0.33	2.05	0.91	0.79	4.36	0	5.44	1	0	0.281	0.311	0.00	0.386	0.5	0.76	0.80	1.2	0.50	0	0	52.330
13) AZ	4.540	4.540	6.968	6.968	0.000	0	0	1	2.77	4.30	0	0.89	0	1	0.33	1.45	0.94	0.60	5.13	0	4.74	0	0	0.190	0.280	0.35	0.347	0.0	0.87	0.83	1.2	1.30	1	0	52.535
14) MO	6.000	6.000	5.156	5.156	0.000	0	0	1	2.63	3.33	0	1.80	0	0	0.33	1.95	0.70	1.26	4.37	1	5.57	0	0	0.176	0.176	0.10	0.399	0.0	1.02	0.81	3.3	0.65	0	0	52.880
15) UT	5.000	5.000	5.000	5.000	0.000	0	0	1	2.48	3.91	0	6.51	0	0	0.33	1.15	0.67	0.63	3.74	0	4.98	1	0	0.245	0.245	0.00	0.314	0.5	0.70	0.87	1.5	1.25	1	0	53.028
16) AK	0.000	0.000	9.400	4.500	0.000	0	1	0	3.74	1.52	0	3.75	0	0	0.33	1.40	1.50	1.54	4.29	1	7.62	1	0	0.000	0.000	0.60	0.374	0.5	0.49	1.92	3.3	2.45	1	0	53.228
17) MS	5.000	5.000	5.000	5.000	0.000	0	0	1	2.65	4.52	0	1.15	0	1	0.33	1.45	0.90	1.07	3.51	0	6.48	0	0	0.188	0.188	0.00	0.563	0.5	1.16	0.91	3.9	1.90	0	0	53.367
18) OH	6.240	6.240	3.400	3.400	0.000	0	0	1	3.33	2.96	1	2.00	0	0	0.33	1.30	0.86	1.19	4.03	1	5.33	1	1	0.280	0.280	0.45	0.400	0.5	1.17	1.01	3.3	0.85	0	0	53.853
19) MI	4.350	4.350	4.950	4.950	4.950	0	0	0	4.06	3.25	0	2.08	0	0	0.33	1.30	0.94	0.85	3.78	1	4.87	1	0	0.410	0.429	0.85	0.403	0.5	0.67	0.91	0.9	2.10	0	0	54.180
20) IN	3.400	3.400	8.500	8.500	0.000	0	0	0	4.17	3.38	1	1.00	1	0	0.33	1.85	0.71	0.60	3.82	1	5.33	1	0	0.410	0.515	0.00	0.309	0.0	1.02	0.83	1.5	0.75	0	0	54.325
21) OK	5.550	5.550	6.000	6.000	0.000	0	0	1	1.54	3.29	1	2.03	0	0	0.33	1.80	0.81	1.29	4.10	0	5.96	0	0	0.170	0.140	0.00	0.358	0.0	1.28	0.80	3.9	1.65	0	0	54.551
22) ND	5.540	5.540	7.000	7.000	0.000	0	0	0	3.09	3.42	0	6.43	0	0	0.33	1.70	0.68	0.81	2.13	0	6.50	1	1	0.230	0.230	0.00	0.344	0.0	0.66	0.92	0.6	0.05	1	0	56.206
23) KY	6.000	6.000	6.000	6.000	0.750	0	0	1	1.95	3.67	1	2.10	0	0	0.33	1.65	0.63	1.17	2.81	1	5.80	1	0	0.225	0.195	0.00	0.387	0.5	0.92	0.84	3.0	0.45	1	0	56.373
24) IL	3.000	3.000	7.300	7.300	1.500	0	0	0	3.99	3.31	1	1.55	0	0	0.33	2.00	0.92	0.96	3.56	1	5.01	1	0	0.460	0.502	1.20	0.487	0.5	0.88	0.94	3.0	1.70	0	0	56.404
25) PA	3.070	3.070	9.990	9.990	0.000	0	0	0	3.12	2.67	1	1.63	0	0	0.00	1.90	0.97	1.19	2.88	1	4.76	1	0	0.323	0.392	0.60	0.422	0.5	1.03	1.00	1.8	1.80	1	0	57.108
26) WI	6.750	2.700	7.900	7.900	0.000	1	0	0	4.18	2.76	0	2.36	1	0	0.33	1.70	0.92	1.06	3.10	1	5.02	1	1	0.329	0.329	0.00	0.382	0.0	0.76	0.97	2.1	1.05	0	0	57.601
27) LA	3.900	5.100	5.200	5.200	5.200	0	0	1	1.77	5.82	1	1.09	0	0	0.33	2.15	0.95	0.90	4.69	0	6.15	0	0	0.200	0.200	0.00	0.571	0.5	1.35	0.98	1.5	2.00	0	0	57.752
28) NH	0.000	0.000	8.500	8.500	8.500	0	0	0	5.34	1.11	0	1.16	0	1	0.66	1.95	1.49	0.82	2.01	1	5.45	1	1	0.196	0.196	0.70	0.353	0.5	1.04	0.82	1.2	2.30	1	0	57.795
29) NM	4.900	2.450	7.600	7.600	0.000	0	0	1	1.68	5.21	0	2.88	0	0	0.33	2.55	0.85	0.95	4.58	1	6.77	1	1	0.180	0.190	0.00	0.425	0.5	1.29	1.07	0.9	0.15	1	0	58.054
30) AR	7.000	4.900	6.500	6.500	0.000	0	0	0	1.65	5.24	0	2.89	0	0	0.33	2.05	0.79	0.62	4.52	0	5.87	0	0	0.218	0.228	0.00	0.420	0.5	1.25	0.79	3.9	1.35	1	0	58.511
31) KS	6.450	6.450	7.350	7.350	0.000	0	0	1	3.44	3.55	1	1.54	0	0	0.33	1.85	0.79	0.87	4.18	0	6.77	1	0	0.250	0.270	0.00	0.333	0.5	1.06	0.88	1.5	0.25	0	0	58.965
32) OR	9.000	9.000	6.600	6.600	0.000	0	0	0	2.98	0.52	1	4.04	0	0	0.66	1.80	0.76	0.97	3.95	1	5.07	0	0	0.250	0.243	1.40	0.346	0.0	0.49	0.99	1.2	0.55	1	0	60.420
33) MT	6.900	6.900	6.750	6.750	0.000	0	0	0	3.61	1.06	0	4.48	0	0	0.33	2.00	0.83	2.02	2.94	1	5.84	1	0	0.278	0.278	0.00	0.427	1.0	0.95	0.88	3.3	0.10	1	0	60.625
34) DE	5.950	5.950	8.700	8.700	0.000	0	0	1	1.60	0.97	0	1.68	0	1	0.33	1.25	1.26	1.07	4.10	1	5.93	0	0	0.230	0.220	0.60	0.285	0.5	1.37	1.16	3.6	1.40	1	0	60.856
35) ID	7.800	7.800	7.600	7.600	0.000	0	0	0	2.79	2.72	0	5.27	0	0	0.33	0.75	0.58	1.18	2.67	0	5.36	1	0	0.250	0.250	0.00	0.385	1.0	0.82	0.76	3.0	0.70	1	0	61.614
36) NE	6.840	6.840	7.810	7.810	0.000	1	0	1	3.73	3.15	0	1.36	0	0	0.33	1.60	0.66	0.89	3.62	0	6.40	1	0	0.269	0.269	0.00	0.287	1.0	1.06	1.03	3.0	0.40	1	0	62.359
37) CT	5.000	5.000	7.500	7.500	0.000	1	0	1	4.21	2.52	1	1.24	0	1	0.66	2.55	1.73	0.79	2.78	1	5.32	1	0	0.472	0.434	1.10	0.368	0.0	0.79	1.07	3.9	1.75	0	0	62.685
38) MD	5.500	5.500	8.250	8.250	0.000	1	0	1	2.42	2.21	1	1.27	0	0	0.66	3.15	1.32	0.76	4.16	1	5.34	1	0	0.235	0.243	0.00	0.394	0.5	1.04	0.94	3.3	1.85	1	0	63.289
39) NC	7.750	7.750	6.900	6.900	0.000	0	0	1	2.45	3.09	1	2.59	0	1	0.33	2.35	0.82	0.96	4.60	0	5.98	1	0	0.302	0.302	0.00	0.374	1.0	0.77	0.87	2.7	1.15	0	0	63.943
40) WV	6.500	6.500</																																	

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Appendix B: Listing of States by Index Score (Continued)

Rank/	Top Ind	Top CG	Top CIT	Top Tax	Top Corp	S	PIT			Elec.				State						Spend			Hwy												
State	Rate	Rate	Rate	Rate	Tax	AMT	AMT	Indx	Tax	Tax	DT	UT	HSA	GISE	CR	Mand	Costs	Comp.	Rate	RW	Emp	TL	Tax	Tax	Tax	Wage	Liab.	Flex	Trend	Cap	EmD	Eff	VC	PFL	SBSI
41)HI	8.250	7.250	6.400	4.000	0.000	0	0	1	2.08	6.35	0	1.75	0	1	0.00	1.15	2.92	1.13	4.51	1	5.57	1	1	0.326	0.512	0.70	0.485	0.0	0.74	1.02	3.9	2.35	1	0	67.395
42)IA	5.837	7.633	9.900	9.900	0.000	1	1	0	3.49	2.99	1	4.94	0	1	0.33	1.25	0.71	0.99	3.09	0	6.10	1	0	0.220	0.235	0.70	0.320	0.5	0.89	0.93	1.8	1.60	0	0	68.354
43)VT	9.500	5.700	8.500	8.500	0.000	0	0	0	5.26	3.32	1	1.61	0	1	0.66	1.35	1.28	1.19	2.44	1	6.38	1	0	0.200	0.200	1.13	0.324	0.5	1.14	1.03	3.6	1.50	1	0	70.316
44)MA	5.300	5.300	9.500	9.500	4.500	0	0	0	3.63	1.82	1	2.58	0	1	0.66	2.15	1.66	0.57	2.84	1	5.16	1	0	0.235	0.235	1.45	0.365	0.5	1.08	1.15	3.9	2.15	1	0	71.239
45)NY	6.850	6.850	8.307	8.307	0.000	1	1	1	4.30	3.67	1	0.99	0	0	1.00	2.75	1.71	0.72	2.49	1	6.34	1	0	0.425	0.425	0.60	0.384	0.0	1.08	1.49	3.9	2.25	1	0	71.835
46)MN	7.850	7.850	9.800	9.800	0.000	1	1	0	2.67	3.39	1	4.92	0	0	0.33	3.20	0.80	0.83	3.39	1	5.40	1	0	0.256	0.256	0.00	0.335	0.5	0.59	1.04	1.8	0.90	1	0	71.910
47)RI	7.000	7.000	9.000	9.000	0.000	1	0	0	4.73	3.19	1	3.10	0	1	0.33	2.35	1.64	0.83	2.81	1	5.05	1	0	0.310	0.310	0.85	0.429	0.0	1.36	1.08	3.9	2.40	1	0	72.671
48)ME	8.500	8.500	8.930	8.930	0.000	1	1	0	5.21	3.40	1	1.78	0	1	0.66	2.65	1.44	1.46	2.63	1	5.78	1	0	0.299	0.311	0.70	0.307	0.0	1.00	0.97	3.0	1.10	1	0	74.553
49)CA	10.300	10.300	8.840	8.840	1.500	1	1	0	2.58	3.36	0	0.72	1	0	0.33	2.50	1.32	1.38	3.70	1	5.01	0	0	0.487	0.520	1.45	0.482	0.5	1.24	1.20	3.6	2.20	0	1	77.358
50)NJ	8.970	8.970	9.360	9.360	0.000	0	1	1	5.08	2.49	1	2.54	1	0	0.66	2.10	1.53	0.84	2.64	1	5.88	1	0	0.142	0.175	0.60	0.420	0.5	1.33	1.14	3.9	2.50	0	1	78.130
51)DC	8.500	8.500	9.975	9.975	9.975	0	0	1	3.58	3.64	1	0.77	1	0	0.00	0.95	1.39	0.30	6.16	1	8.08	1	0	0.200	0.200	1.00	NA	1.0	1.49	2.07	NA	NA	1	0	83.751

* (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 2008
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	Virginia	5.750
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	Kentucky	6.000
1	Tennessee	0.000	29	Missouri	6.000
1	Texas	0.000	32	Ohio	6.240
1	Washington	0.000	33	Kansas	6.450
1	Wyoming	0.000	34	West Virginia	6.500
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	Arkansas	7.000
15	Michigan	4.350	39	Rhode Island	7.000
16	Arizona	4.540	39	South Carolina	7.000
17	Colorado	4.630	42	North Carolina	7.750
18	New Mexico	4.900	43	Idaho	7.800
19	Connecticut	5.000	44	Minnesota	7.850
19	Mississippi	5.000	45	Hawaii	8.250
19	Utah	5.000	46	Dist. of Columbia	8.500
22	Massachusetts	5.300	46	Maine	8.500
23	Maryland	5.500	48	New Jersey	8.970
24	North Dakota	5.540	49	Oregon	9.000
25	Oklahoma	5.550	50	Vermont	9.500
			51	California	10.300

Small Business Survival Index 2008
Appendix D: State Rankings of Top Individual Capital Gains Tax Rates

Rank	State	CG Rate	Rank	State	CG Rate
1	Alaska	0.000	26	Maryland	5.500
1	Florida	0.000	27	North Dakota	5.540
1	Nevada	0.000	28	Oklahoma	5.550
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	2.450	35	Ohio	6.240
11	Wisconsin	2.700	36	Kansas	6.450
12	Illinois	3.000	37	West Virginia	6.500
13	Pennsylvania	3.070	38	Nebraska	6.840
14	Indiana	3.400	39	New York	6.850
15	South Carolina	3.920	40	Montana	6.900
16	Alabama	4.250	41	Rhode Island	7.000
17	Michigan	4.350	42	Hawaii	7.250
18	Arizona	4.540	43	Iowa	7.633
19	Colorado	4.630	44	North Carolina	7.750
20	Arkansas	4.900	45	Idaho	7.800
21	Connecticut	5.000	46	Minnesota	7.850
21	Mississippi	5.000	47	Dist. of Columbia	8.500
21	Utah	5.000	47	Maine	8.500
24	Louisiana	5.100	49	New Jersey	8.970
25	Massachusetts	5.300	50	Oregon	9.000
			51	California	10.300

Small Business Survival Index 2008
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	North Dakota	7.000
1	Washington	0.000	28	Illinois	7.300
1	Wyoming	0.000	29	Kansas	7.350
5	Ohio	3.400	30	Connecticut	7.500
6	Alabama	4.225	31	Idaho	7.600
7	Texas	4.500	31	New Mexico	7.600
8	Colorado	4.630	33	Nebraska	7.810
9	Michigan	4.950	34	Wisconsin	7.900
10	Mississippi	5.000	35	Maryland	8.250
10	South Carolina	5.000	36	New York	8.307
10	Utah	5.000	37	Indiana	8.500
13	Missouri	5.156	37	New Hampshire	8.500
14	Louisiana	5.200	37	Vermont	8.500
15	Florida	5.500	40	Delaware	8.700
16	Georgia	6.000	41	West Virginia	8.750
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

Small Business Survival Index 2008
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	North Dakota	7.000
1	Wyoming	0.000	29	Illinois	7.300
5	Ohio	3.400	30	Kansas	7.350
6	Hawaii	4.000	31	Connecticut	7.500
7	Alabama	4.225	32	Idaho	7.600
8	Alaska	4.500	32	New Mexico	7.600
8	Texas	4.500	34	Nebraska	7.810
10	Colorado	4.630	35	Wisconsin	7.900
11	Michigan	4.950	36	Maryland	8.250
12	Mississippi	5.000	37	New York	8.307
12	South Carolina	5.000	38	Indiana	8.500
12	Utah	5.000	38	New Hampshire	8.500
15	Missouri	5.156	38	Vermont	8.500
16	Louisiana	5.200	41	Delaware	8.700
17	Florida	5.500	42	West Virginia	8.750
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

Small Business Survival Index 2008
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	1.36	26	South Dakota	3.02
2	Oklahoma	1.54	27	South Carolina	3.05
3	Delaware	1.60	28	North Dakota	3.09
4	Arkansas	1.65	29	Pennsylvania	3.12
5	New Mexico	1.68	30	Ohio	3.33
6	Louisiana	1.77	31	Kansas	3.44
7	Kentucky	1.95	32	Florida	3.45
8	Hawaii	2.08	33	Iowa	3.49
9	West Virginia	2.10	34	Dist. of Columbia	3.58
10	Tennessee	2.11	35	Montana	3.61
11	Maryland	2.42	36	Massachusetts	3.63
12	North Carolina	2.45	37	Nebraska	3.73
13	Utah	2.48	38	Alaska	3.74
14	California	2.58	39	Texas	3.95
15	Nevada	2.60	40	Illinois	3.99
16	Missouri	2.63	41	Michigan	4.06
17	Mississippi	2.65	42	Indiana	4.17
18	Minnesota	2.67	43	Wisconsin	4.18
19	Arizona	2.77	44	Connecticut	4.21
20	Idaho	2.79	45	New York	4.30
21	Colorado	2.80	46	Wyoming	4.43
22	Washington	2.81	47	Rhode Island	4.73
23	Georgia	2.97	48	New Jersey	5.08
24	Oregon	2.98	49	Maine	5.21
25	Virginia	3.01	50	Vermont	5.26
			51	New Hampshire	5.34

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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	0.52	26	California	3.36
2	Delaware	0.97	27	Indiana	3.38
3	Montana	1.06	28	Minnesota	3.39
4	New Hampshire	1.11	29	Maine	3.40
5	Alaska	1.52	30	North Dakota	3.42
6	Massachusetts	1.82	31	Kansas	3.55
7	Maryland	2.21	32	Dist. of Columbia	3.64
8	Virginia	2.33	33	Kentucky	3.67
9	New Jersey	2.49	33	New York	3.67
10	Connecticut	2.52	35	Georgia	3.70
11	Pennsylvania	2.67	36	Texas	3.79
12	Idaho	2.72	37	West Virginia	3.82
12	Wisconsin	2.76	38	Alabama	3.88
14	Ohio	2.96	39	Utah	3.91
15	Colorado	2.99	40	Wyoming	3.95
15	Iowa	2.99	41	South Dakota	4.29
17	South Carolina	3.06	42	Arizona	4.30
18	North Carolina	3.09	43	Florida	4.39
19	Nebraska	3.15	44	Mississippi	4.52
20	Rhode Island	3.19	45	Tennessee	4.74
21	Michigan	3.25	46	New Mexico	5.21
22	Oklahoma	3.29	47	Arkansas	5.24
23	Illinois	3.31	48	Nevada	5.52
24	Vermont	3.32	49	Louisiana	5.82
25	Missouri	3.33	50	Washington	5.85
			51	Hawaii	6.35

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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	0.72	26	Tennessee	1.77
2	Dist. of Columbia	0.77	27	Maine	1.78
3	Arizona	0.89	28	Missouri	1.80
4	Florida	0.94	29	Ohio	2.00
5	New York	0.99	30	Oklahoma	2.03
6	Indiana	1.00	31	Michigan	2.08
7	Georgia	1.04	32	Kentucky	2.10
7	Virginia	1.04	33	South Dakota	2.33
9	South Carolina	1.05	34	Wisconsin	2.36
10	Louisiana	1.09	35	New Jersey	2.54
11	Colorado	1.13	36	Massachusetts	2.58
12	Mississippi	1.15	37	North Carolina	2.59
13	New Hampshire	1.16	38	New Mexico	2.88
14	Texas	1.17	39	Arkansas	2.89
15	Connecticut	1.24	40	Rhode Island	3.10
16	Alabama	1.26	41	Nevada	3.14
17	Maryland	1.27	42	Alaska	3.75
18	Nebraska	1.36	43	Oregon	4.04
19	Kansas	1.54	44	Washington	4.38
20	Illinois	1.55	45	Montana	4.48
21	Vermont	1.61	45	Wyoming	4.48
22	Pennsylvania	1.63	47	Minnesota	4.92
23	Delaware	1.68	48	Iowa	4.94
24	West Virginia	1.70	49	Idaho	5.27
25	Hawaii	1.75	50	North Dakota	6.43
			51	Utah	6.51

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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	0.75	25	West Virginia	1.90
2	Alabama	0.95	27	Missouri	1.95
2	Dist. of Columbia	0.95	27	New Hampshire	1.95
4	Hawaii	1.15	29	Illinois	2.00
4	Utah	1.15	29	Montana	2.00
6	Delaware	1.25	29	Tennessee	2.00
6	Iowa	1.25	32	Arkansas	2.05
8	Michigan	1.30	32	Georgia	2.05
8	Ohio	1.30	34	New Jersey	2.10
10	Vermont	1.35	35	Louisiana	2.15
11	Alaska	1.40	35	Massachusetts	2.15
12	Arizona	1.45	37	North Carolina	2.35
12	Mississippi	1.45	37	Rhode Island	2.35
12	South Carolina	1.45	39	Florida	2.40
15	South Dakota	1.55	40	Colorado	2.45
16	Nebraska	1.60	41	California	2.50
16	Wyoming	1.60	42	Connecticut	2.55
18	Kentucky	1.65	42	New Mexico	2.55
19	North Dakota	1.70	44	Nevada	2.60
20	Wisconsin	1.70	45	Maine	2.65
21	Oklahoma	1.80	45	Washington	2.65
21	Oregon	1.80	47	Texas	2.70
23	Indiana	1.85	48	New York	2.75
23	Kansas	1.85	48	Virginia	2.75
25	Pennsylvania	1.90	50	Maryland	3.15
			51	Minnesota	3.20

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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	0.57	26	Colorado	0.88
2	Idaho	0.58	27	Mississippi	0.90
3	Wyoming	0.59	28	Georgia	0.91
4	Kentucky	0.63	29	Wisconsin	0.92
5	Nebraska	0.66	29	Illinois	0.92
6	Utah	0.67	31	Michigan	0.94
7	North Dakota	0.68	31	Arizona	0.94
8	Washington	0.69	33	Louisiana	0.95
9	Missouri	0.70	34	Pennsylvania	0.97
10	Iowa	0.71	35	Nevada	1.05
10	Indiana	0.71	36	Florida	1.09
12	South Dakota	0.72	37	Texas	1.14
13	Oregon	0.76	38	Delaware	1.26
14	Virginia	0.78	39	Vermont	1.28
15	Arkansas	0.79	40	Maryland	1.32
15	Kansas	0.79	40	California	1.32
15	Tennessee	0.79	42	Dist. of Columbia	1.39
18	South Carolina	0.80	43	Maine	1.44
18	Minnesota	0.80	44	New Hampshire	1.49
20	Oklahoma	0.81	45	Alaska	1.50
21	North Carolina	0.82	46	New Jersey	1.53
22	Montana	0.83	47	Rhode Island	1.64
23	Alabama	0.84	48	Massachusetts	1.66
24	New Mexico	0.85	49	New York	1.71
25	Ohio	0.86	50	Connecticut	1.73
			51	Hawaii	2.92

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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	0.30	26	Colorado	0.93
2	Texas	0.44	27	New Mexico	0.95
3	Massachusetts	0.57	28	Alabama	0.96
3	Virginia	0.57	28	Illinois	0.96
5	Arizona	0.60	28	North Carolina	0.96
5	Indiana	0.60	31	Oregon	0.97
7	Arkansas	0.62	32	Iowa	0.99
8	Utah	0.63	33	Wisconsin	1.06
9	New York	0.72	34	Delaware	1.07
10	Maryland	0.76	34	Mississippi	1.07
11	Connecticut	0.79	36	Hawaii	1.13
11	Georgia	0.79	37	Kentucky	1.17
11	Nevada	0.79	38	Idaho	1.18
14	North Dakota	0.81	39	Ohio	1.19
15	New Hampshire	0.82	39	Pennsylvania	1.19
15	South Dakota	0.82	39	Vermont	1.19
17	Minnesota	0.83	42	Wyoming	1.25
17	Rhode Island	0.83	43	Missouri	1.26
17	Tennessee	0.83	44	Oklahoma	1.29
20	New Jersey	0.84	45	South Carolina	1.33
21	Michigan	0.85	46	California	1.38
22	Kansas	0.87	47	Maine	1.46
23	Florida	0.89	48	Alaska	1.54
23	Nebraska	0.89	49	Washington	1.63
25	Louisiana	0.90	50	Montana	2.02
			51	West Virginia	3.20

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Appendix M: State Rankings of Crime Rate

Rank	State	Crime Rate	Rank	State	Crime Rate
1	South Dakota	1.79	26	Michigan	3.78
2	New Hampshire	2.01	27	Indiana	3.82
3	North Dakota	2.13	28	Colorado	3.84
4	Vermont	2.44	29	Oregon	3.95
5	New York	2.49	30	Ohio	4.03
6	Maine	2.63	31	Delaware	4.10
7	New Jersey	2.64	31	Oklahoma	4.10
8	Idaho	2.67	33	Maryland	4.16
9	Virginia	2.76	34	Kansas	4.18
10	Connecticut	2.78	35	Alaska	4.29
11	Kentucky	2.81	36	Alabama	4.36
11	Rhode Island	2.81	36	Georgia	4.36
13	Massachusetts	2.84	38	Missouri	4.37
14	Pennsylvania	2.88	39	Hawaii	4.51
15	West Virginia	2.90	40	Arkansas	4.52
16	Montana	2.94	41	New Mexico	4.58
17	Iowa	3.09	42	North Carolina	4.60
18	Wisconsin	3.10	42	Texas	4.60
19	Wyoming	3.22	44	Louisiana	4.69
20	Minnesota	3.39	45	Florida	4.70
21	Mississippi	3.51	46	Nevada	4.83
22	Illinois	3.56	46	Washington	4.83
23	Nebraska	3.62	48	Tennessee	4.89
24	California	3.70	49	South Carolina	5.01
25	Utah	3.74	50	Arizona	5.13
			51	Dist. of Columbia	6.16

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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	4.30	26	Hawaii	5.57
2	Arizona	4.74	26	Missouri	5.57
3	Pennsylvania	4.76	28	Texas	5.62
4	Michigan	4.87	29	Virginia	5.71
5	Florida	4.88	30	South Carolina	5.75
6	Utah	4.98	31	Maine	5.78
7	California	5.01	32	Kentucky	5.80
7	Illinois	5.01	33	Montana	5.84
9	Wisconsin	5.02	34	Arkansas	5.87
10	Rhode Island	5.05	35	New Jersey	5.88
11	Oregon	5.07	36	Delaware	5.93
12	Massachusetts	5.16	37	Oklahoma	5.96
13	Washington	5.25	38	North Carolina	5.98
14	Tennessee	5.26	39	Iowa	6.10
15	Connecticut	5.32	40	Alabama	6.15
16	Indiana	5.33	40	Louisiana	6.15
16	Ohio	5.33	42	New York	6.34
18	Maryland	5.34	43	Vermont	6.38
19	Idaho	5.36	44	Nebraska	6.40
20	Colorado	5.39	45	Mississippi	6.48
21	Minnesota	5.40	46	North Dakota	6.50
22	Georgia	5.44	47	Kansas	6.77
23	New Hampshire	5.45	47	New Mexico	6.77
24	South Dakota	5.46	49	Alaska	7.62
25	West Virginia	5.56	50	Dist. of Columbia	8.08
			51	Wyoming	9.15

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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	0.000	26	South Dakota	0.240
2	Wyoming	0.140	27	Utah	0.245
3	New Jersey	0.142	28	Idaho	0.250
4	South Carolina	0.168	28	Kansas	0.250
5	Oklahoma	0.170	28	Oregon	0.250
6	Missouri	0.176	31	Minnesota	0.256
7	New Mexico	0.180	32	Nebraska	0.269
8	Mississippi	0.188	33	Montana	0.278
9	Arizona	0.190	34	Ohio	0.280
10	New Hampshire	0.196	35	Georgia	0.281
11	Dist. of Columbia	0.200	36	Maine	0.299
11	Louisiana	0.200	37	North Carolina	0.302
11	Texas	0.200	38	Rhode Island	0.310
11	Vermont	0.200	39	West Virginia	0.322
11	Virginia	0.200	40	Pennsylvania	0.323
16	Alabama	0.209	41	Hawaii	0.326
17	Tennessee	0.214	41	Nevada	0.326
18	Arkansas	0.218	43	Wisconsin	0.329
19	Colorado	0.220	44	Florida	0.332
19	Iowa	0.220	45	Washington	0.375
21	Kentucky	0.225	46	Indiana	0.410
22	Delaware	0.230	46	Michigan	0.410
22	North Dakota	0.230	48	New York	0.425
24	Maryland	0.235	49	Illinois	0.460
24	Massachusetts	0.235	50	Connecticut	0.472
			51	California	0.487

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Appendix P: State Rankings of State Diesel Taxes
(Dollars Per Gallon of Gasoline)

Rank	State	Diesel Tax	Rank	State	Diesel Tax
1	Alaska	0.000	25	Oregon	0.243
2	Oklahoma	0.140	27	Utah	0.245
2	Wyoming	0.140	28	Nevada	0.246
4	South Carolina	0.168	29	Idaho	0.250
5	New Jersey	0.175	30	Minnesota	0.256
6	Missouri	0.176	31	Nebraska	0.269
7	Tennessee	0.184	32	Kansas	0.270
8	Mississippi	0.188	33	Montana	0.278
9	New Mexico	0.190	34	Arizona	0.280
10	Kentucky	0.195	34	Ohio	0.280
11	New Hampshire	0.196	36	Florida	0.290
12	Dist. of Columbia	0.200	37	North Carolina	0.302
12	Louisiana	0.200	38	Rhode Island	0.310
12	Texas	0.200	39	Georgia	0.311
12	Vermont	0.200	39	Maine	0.311
16	Virginia	0.202	41	West Virginia	0.321
17	Colorado	0.205	42	Wisconsin	0.329
18	Alabama	0.219	43	Washington	0.375
19	Delaware	0.220	44	Pennsylvania	0.392
20	Arkansas	0.228	45	New York	0.425
21	North Dakota	0.230	46	Michigan	0.429
22	Iowa	0.235	47	Connecticut	0.434
22	Massachusetts	0.235	48	Illinois	0.502
24	South Dakota	0.240	49	Hawaii	0.512
25	Maryland	0.243	50	Indiana	0.515
			51	California	0.520

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Appendix Q: State Rankings of State and Local Government Six-Year Spending Trends, 1999-00 to 2005-06

(Index of Percentage Increases vs. U.S. State and Local Trend)

Rank	State	Spend Trend	Rank	State	Spend Trend
1	Alaska	0.49	26	Maine	1.00
1	Oregon	0.49	27	Indiana	1.02
3	Minnesota	0.59	27	Missouri	1.02
4	North Dakota	0.66	27	South Carolina	1.02
5	Michigan	0.67	30	Pennsylvania	1.03
5	West Virginia	0.67	30	Virginia	1.03
7	Utah	0.70	32	Maryland	1.04
8	Washington	0.71	32	New Hampshire	1.04
9	Hawaii	0.74	34	Kansas	1.06
10	Georgia	0.76	34	Nebraska	1.06
10	Wisconsin	0.76	36	Massachusetts	1.08
12	North Carolina	0.77	36	New York	1.08
13	Connecticut	0.79	38	Vermont	1.14
14	Colorado	0.81	39	Mississippi	1.16
15	Idaho	0.82	40	Ohio	1.17
16	Texas	0.86	41	California	1.24
17	Arizona	0.87	42	Arkansas	1.25
18	Illinois	0.88	43	Oklahoma	1.28
18	Tennessee	0.88	44	New Mexico	1.29
20	Iowa	0.89	45	New Jersey	1.33
21	Kentucky	0.92	46	Louisiana	1.35
22	Montana	0.95	47	Florida	1.36
23	South Dakota	0.97	47	Rhode Island	1.36
24	Nevada	0.98	49	Delaware	1.37
25	Alabama	0.99	50	Dist. of Columbia	1.49
			51	Wyoming	1.52

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Appendix R: State Rankings of Per Capita State and Local Government Expenditures, 2005-06

(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	Idaho	0.76	24	Iowa	0.93
2	Arkansas	0.79	27	Illinois	0.94
3	Georgia	0.80	27	Maryland	0.94
3	Oklahoma	0.80	29	South Carolina	0.95
3	South Dakota	0.80	30	Maine	0.97
6	Missouri	0.81	30	Wisconsin	0.97
6	West Virginia	0.81	32	Louisiana	0.98
8	New Hampshire	0.82	33	Oregon	0.99
8	Texas	0.82	34	Pennsylvania	1.00
10	Arizona	0.83	35	Ohio	1.01
10	Indiana	0.83	36	Hawaii	1.02
12	Kentucky	0.84	37	Nebraska	1.03
13	North Carolina	0.87	37	Vermont	1.03
13	Utah	0.87	39	Minnesota	1.04
13	Virginia	0.87	40	Washington	1.06
16	Kansas	0.88	41	Connecticut	1.07
16	Montana	0.88	41	New Mexico	1.07
16	Tennessee	0.88	43	Rhode Island	1.08
19	Nevada	0.90	44	New Jersey	1.14
20	Michigan	0.91	45	Massachusetts	1.15
20	Mississippi	0.91	46	Delaware	1.16
22	Alabama	0.92	47	California	1.20
22	North Dakota	0.92	48	Wyoming	1.38
24	Colorado	0.93	49	New York	1.49
24	Florida	0.93	50	Alaska	1.92
			51	Dist. of Columbia	2.07

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Appendix S: State Rankings of Highway Cost Effectiveness, 2006

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