



**REVISED & EXPANDED**

**SMALL BUSINESS SURVIVAL COMMITTEE'S**

**SMALL BUSINESS SURVIVAL INDEX 2003:**

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

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## Small Business Survival Index 2003: State Rankings

(Ranked from the Friendliest to the Least Friendly)

<u>Rank</u>	<u>State</u>	<u>SBSI Score</u>	<u>Rank</u>	<u>State</u>	<u>SBSI Score</u>
1	South Dakota	21.990	26	Utah	44.265
2	Nevada	24.852	27	Oklahoma	44.440
3	Wyoming	29.130	28	Kentucky	44.864
4	New Hampshire	30.646	29	Idaho	44.920
5	Florida	31.662	30	Massachusetts	45.785
6	Texas	31.690	31	Wisconsin	46.445
7	Tennessee	33.044	32	Kansas	46.810
8	Washington	33.210	33	North Dakota	47.665
9	Michigan	35.332	34	Nebraska	47.725
10	Mississippi	36.678	35	Connecticut	48.181
11	Alabama	36.755	36	New Jersey	49.095
12	Colorado	37.650	37	North Carolina	49.175
13	Illinois	38.537	38	Montana	50.338
14	Virginia	39.490	39	Ohio	50.610
15	Indiana	39.613	40	West Virginia	51.414
16	South Carolina	39.828	41	Iowa	52.063
17	Pennsylvania	40.129	42	Oregon	52.090
18	Arizona	41.268	43	New Mexico	52.150
19	Missouri	41.576	44	Vermont	52.950
20	Delaware	41.650	45	New York	53.422
21	Louisiana	42.130	46	California	54.364
22	Alaska	42.180	47	Rhode Island	55.220
23	Georgia	42.407	48	Maine	55.561
24	Maryland	42.575	49	Minnesota	55.670
25	Arkansas	43.002	50	Hawaii	57.603
			51	Dist. of Columbia	61.005*

\* (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 actually is underestimated.)

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## Introduction

Why should elected officials be concerned about small businesses? After all, aren't the big companies where the action is in terms of the economy? Well, no. Small businesses and entrepreneurs truly are the backbone of the U.S. economy, and the primary source of job creation.

Consider the following facts about small business as spelled out recently by the U.S. Small Business Administration's Office of Advocacy in its "Small Business by the Numbers" publication:

- Businesses with fewer than 500 employees account for 99.7 percent of all employers.
- These firms employ more than half of private-sector employees.
- Small businesses create between 60 percent and 80 percent of net new jobs. In fact, "start-ups in the first two years of operation accounted for virtually all of the net new jobs in the economy."
- Small businesses create 13 to 14 times the number of patents per employee compared to large patenting businesses.
- 39 percent of high-tech workers are employed by small businesses.
- Small businesses account for 97 percent of all exporting businesses.

**Given the importance of small business, it makes sense to consider the impact of governmental policies on entrepreneurship. While America certainly can claim a robust spirit of entrepreneurship, misguided public policy no doubt can dampen and often misdirect the entrepreneurial impulse. And not only do federal government policies affect small businesses, but states and localities certainly do as well. The Small Business Survival Index ranks the 50 states and District of Columbia according to some of the major government-imposed or government-related costs impacting investment, entrepreneurship, and business.**

This eighth annual Small Business Survival Index ties together 21 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 impact individual economic decision-making. 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 impacts business far more than generally assumed because roughly 90 percent of businesses file taxes as individuals (e.g., sole proprietorship, partnerships and S-Corps.), and therefore pay personal income taxes rather than corporate income taxes.

- **Capital Gains Tax.** State capital gains taxes are direct levies on investment and entrepreneurship—the sources of growth in the economy. High capital gains taxes restrict access to capital, and help to either dampen or redirect risk taking.
- **Corporate Income Tax.** State corporate income tax rates affect a broad range of business decisions—most clearly decisions relating to investment and location.
- **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.
- **Corporate Alternative Minimum Tax.** The corporate alternative minimum tax (AMT) imposes a minimum tax rate that must be paid by corporations, regardless the available tax credits or deductions taken. Again, the AMT diminishes the effectiveness of potentially positive, pro-growth tax relief measures.
- **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.
- **Property Taxes.** Property taxes impact decisions as to where businesses and entrepreneurs choose to locate, as well as decisions relating to investments in business facilities and homes.
- **Sales, Gross Receipts and Excise Taxes.** State and local sales, gross receipts and excise (including levies on tobacco and alcohol) 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.
- **Death Taxes.** The federal government allows for a credit to be taken for state estate taxes against federal estate taxes. However, this credit is limited and some states levy death taxes that reach beyond the federal credit. That number of states is now increasing as the federal death tax is being phased out. Death taxes amount to nothing more than a government hostile takeover at death. Individuals pay taxes on business earnings over a lifetime, but then are socked with another tax on the total assets of the firm at the time of an owner's death. High state death taxes offer a clear incentive to move 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. In the end, death taxes hurt entrepreneurship, job creation and economic growth.

- **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.
- **Health Care Costs.** Health insurance represents a significant cost for businesses. Taxes, mandates and regulations increase health-care costs, raise the cost of insurance, increase the number of uninsured, and act as another disincentive to starting up or locating a business in a high-cost state.
- **Electricity Costs.** Obviously, 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.
- **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.
- **Total Crime Rate.** Just like taxes, a high crime rate acts as a disincentive to entrepreneurs. 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.
- **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 protections offer a more dynamic, flexible workforce in the state, which translates into an amenable environment for increased productivity and improved efficiency.
- **Number of Bureaucrats.** 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—or bureaucrats. 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. 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.
- **Tax Limitation States.** Requiring supermajority votes, whether for elected officials or voters in general, in order to increase or impose taxes, serves as a solid check 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 supermajority states, and economies expand faster in such states.
- **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.

- **Gas Tax.** Every business is affected by the costs of operating motor vehicles—from trucking firms or the home-based business paying for delivery services. State government impacts these costs through taxes on motor fuels.
- **State Minimum Wage.** In the end, 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. Some states actually impose a state minimum wage that is higher than the federal minimum wage.
- **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 actually is underestimated.)

**These measures are simply added together (for example, as was the case with the old “misery index”) into one index number—the Small Business Survival Index. Obviously, other costs are imposed on entrepreneurs and businesses at the state and local levels. Still, the Small Business Survival Index manages to capture much of the governmental burdens impacting 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 following indicators are added together to arrive at the Small Business Survival Index number:

- state’s top personal income tax rate<sup>1</sup>
- state’s top capital gains tax rate on individuals<sup>2</sup>
- state’s top corporate income tax rate<sup>3</sup>
- 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”)<sup>4</sup>

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<sup>1</sup> Data Source: CCH Incorporated, *2003 State Tax Handbook*, [www.bankrate.com](http://www.bankrate.com), National Conference of State Legislators, and state specific sources. Note: Personal income tax rates reflect deductibility of federal income taxes in certain states.

<sup>2</sup> Data Source: CCH Incorporated, *2003 State Tax Handbook*, [www.bankrate.com](http://www.bankrate.com), National Conference of State Legislators, and state specific sources. Note: Capital gains tax rates reflect deductibility of federal income taxes in certain states.

<sup>3</sup> Data Source: CCH Incorporated, *2003 State Tax Handbook*, [www.bankrate.com](http://www.bankrate.com), National Conference of State Legislators, and state specific sources. Note: Corporate income tax rates reflect deductibility of federal income taxes in certain states.

<sup>4</sup> Data Source: CCH Incorporated, *2003 State Tax Handbook*.

- 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”)<sup>5</sup>
- 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”)<sup>6</sup>
- state and local property taxes (property taxes as a share of personal income)<sup>7</sup>
- state and local sales, gross receipts and excise taxes (sales, gross receipts and excise taxes [less revenues from gas taxes, since gas tax rates are singled out in the Index] as a share of personal income)<sup>8</sup>
- state death taxes (states levying estate, inheritance and/or gift taxes beyond the federal pick-up tax receive a score of “1” and states that do not receive a score of “0”)<sup>9</sup>
- unemployment tax rate is adjusted as follows: maximum state tax rate applied to state wage base as a share of state average annual pay<sup>10</sup>
- state’s health care cost index (per capita personal health care spending relative to the U.S. average)<sup>11</sup>
- state’s electricity cost index (index of state’s average revenue per kilowatt-hour for electricity utilities)<sup>12</sup>
- state workers’ compensation costs (benefits per \$100 of covered wages)<sup>13</sup>
- state’s crime rate per 100 residents<sup>14</sup>
- right-to-work status (non-right-to-work states receive a score of “1,” while right-to-work states receive a score of “0”)<sup>15</sup>
- state and local government bureaucrats (full-time equivalent employees per 100 residents)<sup>16</sup>
- tax limitation status (states without some form of supermajority tax limitation receive a score of “1,” and states with some supermajority tax limitation receive a score of “0”)<sup>17</sup>
- internet access tax (states without such a sales access tax score “0,” and states with such taxes score “1”)<sup>18</sup>
- state gas tax (dollars per gallon)<sup>19</sup>

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<sup>5</sup> Data Source: CCH Incorporated, *2003 State Tax Handbook*.

<sup>6</sup> Data Source: The Federation of Tax Administrators website at [www.taxadmin.org](http://www.taxadmin.org).

<sup>7</sup> 1999-2000 latest state and local numbers available from the U.S. Bureau of the Census, U.S. Department of Commerce.

<sup>8</sup> 1999-2000 latest state and local numbers available from the U.S. Bureau of the Census, U.S. Department of Commerce.

<sup>9</sup> Data Source: CCH Incorporated, *2003 State Tax Handbook*, the Federation of Tax Administrators website at [www.taxadmin.org](http://www.taxadmin.org), National Conference of State Legislators, and state specific sources.

<sup>10</sup> Data Source: 2002 data from the U.S. Department of Labor.

<sup>11</sup> Data Source: 1998 data from the U.S. Department of Health and Human Services.

<sup>12</sup> Data Source: Data for January to April 2003 from the U.S. Energy Information Administration, *Electric Power Monthly*, July 2003.

<sup>13</sup> Data Source: 2001 data from National Academy of Social Insurance, *Workers’ Compensation: Benefits, Coverage, and Costs, 2001*.

<sup>14</sup> Data Source: 2001 data from the U.S. Federal Bureau of Investigation, *Crime in the United States 2001*.

<sup>15</sup> Data Source: National Right to Work Legal Defense Foundation.

<sup>16</sup> Data Source: 2001 data from the U.S. Bureau of the Census, U.S. Department of Commerce.

<sup>17</sup> Source: Americans for Tax Reform.

<sup>18</sup> Karl Frieden, *Cybertaxation: The Taxation of E-Commerce*, CCH Incorporated, 2000, and “State Taxation of the Internet,” CCH Incorporated.



- state minimum wage minus the federal minimum wage<sup>20</sup>
- state liability score (mean grades based on survey of corporations to assess the fairness and reasonableness of state liability systems in eight key areas)<sup>21</sup>

**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.**

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<sup>19</sup> Data Source: “Nationwide and State-by-State Motor Fuel Taxes, July 2003,” American Petroleum Institute.

<sup>20</sup> Data Source: U.S. Department of Labor.

<sup>21</sup> Data Source: Harris Interactive, “2003 U.S. Chamber of Commerce State Liability Systems Ranking Study,” 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.

## State Rankings and Summary of Findings

Following are the state rankings (from friendliest to least friendly) for the Small Business Survival Index 2003:

### Small Business Survival Index 2003: State Rankings

<u>Rank</u>	<u>State</u>	<u>SBSI Score</u>	<u>Rank</u>	<u>State</u>	<u>SBSI Score</u>
1	South Dakota	21.990	26	Utah	44.265
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8	Washington	33.210	33	North Dakota	47.665
9	Michigan	35.332	34	Nebraska	47.725
10	Mississippi	36.678	35	Connecticut	48.181
11	Alabama	36.755	36	New Jersey	49.095
12	Colorado	37.650	37	North Carolina	49.175
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14	Virginia	39.490	39	Ohio	50.610
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18	Arizona	41.268	43	New Mexico	52.150
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			51	Dist. of Columbia	61.005*

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Starting up, owning and operating a business is a risky venture. But those individuals willing to take such risks, by making investments of resources, time and energy, spur the economy forward. Indeed, entrepreneurship and investment serve as the economy's lifeblood. Of course, most politicians claim to support small business, but their actions speak far louder than any political speeches ever could.

In terms of their policy environments, the most entrepreneur-friendly states under the Small Business Survival Index 2003 are: 1) South Dakota, 2) Nevada, 3) Wyoming, 4) New Hampshire, 5) Florida, 6) Texas, 7) Tennessee, 8) Washington, 9) Michigan, 10) Mississippi, 11) Alabama, 12) Colorado, 13) Illinois, 14) Virginia, and 15) Indiana. In contrast, the most anti-entrepreneur policy environments are offered by the following: 37) North Carolina, 38) Montana, 39) Ohio, 40) West Virginia, 41) Iowa, 42) Oregon, 43) New Mexico, 44) Vermont, 45) New York, 46) California, 47) Rhode Island, 48) Maine, 49) Minnesota, 50) Hawaii, and 51) District of Columbia. (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 actually is underestimated.)

### **Recent Changes and Looking Ahead**

At the federal level, reductions in personal income tax rates and capital gains tax rates this year will boost small business, investment and entrepreneurship. However, various recent changes in the states have been generally negative. The National Conference of State Legislators (NCSL) recently reported that states hiked taxes in 2003 by at least \$6.9 billion.

Note the following anti-growth examples of tax increases:

- New York increased an assortment of taxes, including increases in personal income, capital gains and sales tax rates.
- Connecticut raised personal income and capital gains tax rates.
- Arkansas imposed a state surcharge on personal income taxes (including capital gains).
- Oregon passed a major tax hike, including a tax surcharge on personal income and capital gains taxes.
- In recent years, a variety of states have de-linked their death taxes from the federal code, which means higher taxes at the state level.
- Ohio increased its sales tax rate from 5 percent to 6 percent, according to NCSL.
- Nevada passed a large tax increase, including the imposition of a payroll tax.

- NCSL reported that 15 states increased tobacco excise taxes, and six states hiked motor fuels levies.

There was a little bit of good news. For example, in New Mexico, early in 2003, newly elected Governor Bill Richardson (D) got a multi-year cut in the state's personal income and capital gains tax rates. By 2007, the top personal income tax rate will have declined from 8.2% to 4.9%, and the top capital gains tax rate from 8.2% to 2.45%. By far, this is the most pro-entrepreneur, pro-investment, pro-growth tax measure passed in 2003 in the states.

The best policy environment for entrepreneurship and small business consists of low taxes, limited government, restrained regulation, and government protecting life, limb and property. States following such a governing philosophy will reap great rewards from America's entrepreneurs, including faster economic growth and increased job creation.

## Small Business Survival Index 2003 Appendix A: Listed Alphabetically

	Top Personal Income Tax <u>Rate</u>	Top Capital Gains Tax <u>Rate</u>	Top Corp. Income Tax <u>Rate</u>	Ind. <u>AMT</u>	Corp. <u>AMT</u>	PIT Rate <u>Indx</u>	Sales, Gross Rec, Property Taxes <u>Taxes</u>	Excise Taxes <u>Taxes</u>	Death Taxes <u>Taxes</u>	Unemp. Tax <u>Tax</u>	Health Care Costs <u>Costs</u>	Elec. Util. Costs <u>Costs</u>	Workers Comp. <u>Comp.</u>	Crime Rate <u>Rate</u>	Right to Work <u>Work</u>	Internet Access Bcrts. <u>TL</u>	Gas Tax <u>Tax</u>	State Min. Wage <u>Wage</u>	State Liab. <u>Liab.</u>	SBSI		
AL	3.25	4.25	4.225	0	0	1	1.27	3.82	0	1.61	0.99	0.8	1.1	4.32	0	6.01	1	0	0.21	0.00	2.9	36.755
AK	0	0	9.4	0	1	0	4.04	1.28	0	3.88	1.01	1.93	1.82	4.24	1	7.8	1	0	0.08	2.00	1.7	42.180
AZ	5.04	5.04	6.968	0	0	1	2.98	4.18	0	1.13	0.82	0.93	0.54	6.01	0	4.74	0	0	0.19	0.00	1.7	41.268
AR	7.21	5.047	6.5	0	0	1	1.64	4.34	0	2.77	0.87	0.77	0.7	4.13	0	5.61	0	0	0.215	0.00	2.2	43.002
CA	9.3	9.3	8.84	1	1	0	2.38	3.33	0	0.91	0.91	1.56	1.58	3.9	1	5.03	0	0	0.324	1.60	2.4	54.364
CO	4.63	4.63	4.63	1	0	1	2.57	3.01	0	1.42	0.9	0.9	0.72	4.22	1	5.3	0	0	0.22	0.00	1.5	37.650
CT	5	5	7.5	1	0	1	3.82	3.19	1	2.14	1.23	1.35	0.86	3.12	1	5.32	1	1	0.301	1.75	1.6	48.181
DE	5.95	5.95	8.7	0	0	1	1.56	0.79	0	1.81	1.1	0.92	0.94	4.05	1	5.75	0	0	0.23	1.00	0.9	41.650
DC	9.3	9.3	9.975	0	0	1	3.03	4.23	1	1.12	2.05	0.91	0.39	7.71	1	7.79	1	0	0.2	1.00	NA	61.005*
FL	0	0	5.5	0	1	0	3.10	4.42	0	1.42	1.05	1.05	1.25	5.57	0	4.9	0	0	0.302	0.00	2.1	31.662
GA	6	6	6	0	0	1	2.56	3.74	0	1.31	0.94	0.87	0.83	4.65	0	5.48	1	0	0.127	0.00	1.9	42.407
HI	8.25	7.25	6.4	0	0	1	1.75	5.84	0	5.06	1.04	2.03	1.58	5.39	1	5.65	1	1	0.363	1.10	1.9	57.603
ID	7.8	3.12	7.6	0	0	1	2.78	2.76	0	5.37	0.74	0.82	1.29	3.13	0	5.76	1	0	0.25	0.00	1.5	44.920
IL	3	3	7.3	0	0	1	3.61	2.94	0	1.57	0.98	0.99	0.94	4.1	1	4.94	1	0	0.267	0.00	1.9	38.537
IN	3.4	3.4	8.5	0	0	1	3.37	2.68	1	1.19	0.96	0.75	0.59	3.83	1	5.31	1	0	0.233	0.00	1.4	39.613
IA	5.837	7.633	9.9	1	1	0	3.34	3.02	1	4.84	0.95	0.83	0.98	3.3	0	6.02	1	0	0.213	0.00	1.2	52.063
KS	6.45	6.45	7.35	0	0	1	2.94	3.42	1	1.96	0.96	0.88	0.89	4.32	0	6.34	1	0	0.25	0.00	1.6	46.810
KY	6	6	8.25	0	0	1	1.75	3.30	1	2.4	0.98	0.59	1.04	2.94	1	5.6	1	0	0.214	0.00	1.8	44.864
LA	3.9	5.1	5.2	0	0	1	1.68	5.48	1	1.49	1.01	0.91	0.95	5.34	0	6.27	0	0	0.2	0.00	2.6	42.130
ME	8.5	8.5	8.93	1	1	0	4.86	3.08	0	2.25	1.06	1.33	1.6	2.69	1	5.8	1	0	0.261	1.10	1.6	55.561
MD	4.75	4.75	7	1	0	1	2.66	2.19	1	1.67	1.02	0.81	0.93	4.87	1	5.19	1	0	0.235	0.00	1.5	42.575
MA	5.3	5.3	9.5	0	0	1	3.16	1.86	1	1.73	1.3	1.36	0.53	3.1	1	5.21	1	0	0.235	1.60	1.6	45.785
MI	4.1	4.1	1.8	0	0	1	3.24	3.02	0	2.06	0.98	0.96	0.92	4.08	1	5	1	0	0.272	0.00	1.8	35.332
MN	7.85	7.85	9.8	1	1	0	2.87	3.33	1	5.21	1.15	0.8	0.97	3.58	1	5.64	1	0	0.22	0.00	1.4	55.670
MS	5	0	5	0	0	1	2.45	4.66	0	1.46	0.86	0.89	1.03	4.19	0	6.75	0	0	0.188	0.00	3.2	36.678
MO	6	6	5.156	0	0	1	2.21	3.33	0	1.42	1.03	0.76	1.39	4.78	1	5.43	0	0	0.17	0.00	1.9	41.576
MT	7.15	9.35	6.75	0	0	0	4.38	0.76	0	4.78	0.86	0.85	1.9	3.69	1	5.89	1	0	0.278	0.00	1.7	50.338
NE	6.68	6.68	7.81	1	0	1	3.25	2.96	1	1.33	0.98	0.73	0.98	4.33	0	6.54	1	0	0.255	0.00	1.2	47.725
NV	0	0	0	0	0	0	2.39	5.42	0	3.41	0.82	1.15	1.13	4.27	0	4.13	0	0	0.332	0.00	1.8	24.852
NH	0	0	8.5	0	0	0	4.91	1.06	0	1.47	1.05	1.5	1.01	2.32	1	5.22	1	0	0.206	0.00	1.4	30.646
NJ	6.37	6.37	9	0	0	1	4.54	2.43	1	2.87	1.07	1.25	0.71	3.23	1	5.41	1	0	0.145	0.00	1.7	49.095
NM	7.7	6.93	7.6	0	0	1	1.56	5.54	0	2.99	0.81	0.97	0.86	5.32	1	6.59	1	0	0.18	0.00	2.1	52.150
NY	7.7	7.7	8.775	1	1	1	3.79	3.30	1	1.55	1.24	1.54	0.77	2.93	1	6.2	1	0	0.327	0.00	1.6	53.422
NC	8.25	8.25	6.9	0	0	1	2.12	2.82	1	2.76	0.95	0.94	0.74	4.94	0	5.66	1	0	0.245	0.00	1.6	49.175

	Top Personal Income Tax Rate	Top Capital Gains Tax Rate	Top Corp. Income Tax Rate	Ind. AMT	Corp. AMT	PIT Rate Indx	Property Taxes	Sales, Gross Rec, Excise Taxes	Death Taxes	Unemp. Tax	Health Care Costs	Elec. Util. Costs	Workers Comp.	Crime Rate	Right to Work	Bcrts.	TL	Internet Access Tax	Gas Tax	State Min. Wage	State Liab.	SBSI
ND	5.54	5.54	6.825	0	0	1	3.29	3.77	0	6.83	1.12	0.75	1.05	2.42	0	6.02	1	1	0.21	0.00	1.3	47.665
OH	7.5	7.5	8.5	0	0	1	2.99	2.80	1	1.76	1.02	0.91	1.27	4.18	1	5.34	1	1	0.24	0.00	1.6	50.610
OK	7	7	6	0	0	1	1.57	3.41	1	2.02	0.88	0.83	1.28	4.61	0	5.77	0	0	0.17	0.00	1.9	44.440
OR	9.81	9.81	6.6	0	0	0	2.92	0.45	1	4.07	0.88	0.88	0.88	5.04	1	5.16	0	0	0.24	1.75	1.6	52.090
PA	2.8	2.8	9.99	0	0	1	2.75	2.75	1	2.07	1.14	1.11	1.29	2.96	1	4.4	1	0	0.269	0.00	1.8	40.129
RI	9.9	5	9	1	0	1	4.42	2.84	1	3.49	1.19	1.32	0.79	3.68	1	5.38	1	0	0.31	1.00	1.9	55.220
SC	7	3.92	5	0	0	0	2.75	3.19	0	1.29	0.91	0.83	1.08	4.75	0	5.84	1	0	0.168	0.00	2.1	39.828
SD	0	0	0	0	0	0	3.24	3.84	0	1.91	1.03	0.88	0.84	2.33	0	5.38	0	1	0.24	0.00	1.3	21.990
TN	0	0	6.5	0	0	0	1.93	4.35	1	2.22	1.07	0.81	0.88	5.15	0	5.32	1	1	0.214	0.00	1.6	33.044
TX	0	0	4.5	0	0	0	3.38	4.07	0	1.57	0.91	1.00	0.74	5.15	0	5.67	1	1	0.2	0.00	2.5	31.690
UT	5.775	6.475	5	0	0	0	2.48	4.00	0	5.93	0.74	0.73	0.69	4.24	0	5.56	1	0	0.245	0.00	1.4	44.265
VT	9.5	5.7	9.75	0	0	1	4.67	2.53	1	1.43	0.93	1.54	1.2	2.77	1	6.03	1	0	0.2	1.10	1.6	52.950
VA	5.75	5.75	6	0	0	1	2.70	2.32	1	1.35	0.88	0.86	0.58	3.18	0	5.53	1	0	0.19	0.00	1.4	39.490
WA	0	0	0	0	0	0	2.94	5.73	1	4.11	0.91	0.82	1.68	5.15	1	5.13	1	0	0.28	1.86	1.6	33.210
WV	6.5	6.5	9	1	0	1	2.17	4.05	0	2.43	1.05	0.72	3.92	2.56	1	5.36	1	0	0.254	0.00	2.9	51.414
WI	6.75	2.7	7.9	1	0	1	3.73	2.89	1	2.96	1.02	0.9	1.12	3.32	1	5.34	1	1	0.315	0.00	1.5	46.445
WY	0	0	0	0	0	0	3.71	3.64	0	4.25	0.78	0.66	1.55	3.52	0	8.18	1	0	0.14	0.00	1.7	29.130

\* (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 actually is underestimated.)

## Small Business Survival Index 2003

### Appendix B: Ranked According to Index Score

Rank	State	Top Personal	Top Capital	Top Corp.	Ind. AMT	Corp. AMT	PIT Rate	Sales, Gross Rec,			Unemp. Tax	Health Care Costs	Elec. Util. Costs	Workers Comp.	Crime Rate	Right to Work	Internet Access		Gas Tax	State Min. Wage	State Liab.	SBSI	
		Income Tax	Gains Tax	Income Tax				Property Taxes	Excise Taxes	Death Taxes							Bcrts.	TL					Tax
1	SD	0	0	0	0	0	0	3.24	3.84	0	1.91	1.03	0.88	0.84	2.33	0	5.38	0	1	0.24	0.00	1.3	21.990
2	NV	0	0	0	0	0	0	2.39	5.42	0	3.41	0.82	1.15	1.13	4.27	0	4.13	0	0	0.332	0.00	1.8	24.852
3	WY	0	0	0	0	0	0	3.71	3.64	0	4.25	0.78	0.66	1.55	3.52	0	8.18	1	0	0.14	0.00	1.7	29.130
4	NH	0	0	8.5	0	0	0	4.91	1.06	0	1.47	1.05	1.5	1.01	2.32	1	5.22	1	0	0.206	0.00	1.4	30.646
5	FL	0	0	5.5	0	1	0	3.10	4.42	0	1.42	1.05	1.05	1.25	5.57	0	4.9	0	0	0.302	0.00	2.1	31.662
6	TX	0	0	4.5	0	0	0	3.38	4.07	0	1.57	0.91	1.00	0.74	5.15	0	5.67	1	1	0.2	0.00	2.5	31.690
7	TN	0	0	6.5	0	0	0	1.93	4.35	1	2.22	1.07	0.81	0.88	5.15	0	5.32	1	1	0.214	0.00	1.6	33.044
8	WA	0	0	0	0	0	0	2.94	5.73	1	4.11	0.91	0.82	1.68	5.15	1	5.13	1	0	0.28	1.86	1.6	33.210
9	MI	4.1	4.1	1.8	0	0	1	3.24	3.02	0	2.06	0.98	0.96	0.92	4.08	1	5	1	0	0.272	0.00	1.8	35.332
10	MS	5	0	5	0	0	1	2.45	4.66	0	1.46	0.86	0.89	1.03	4.19	0	6.75	0	0	0.188	0.00	3.2	36.678
11	AL	3.25	4.25	4.225	0	0	1	1.27	3.82	0	1.61	0.99	0.8	1.1	4.32	0	6.01	1	0	0.21	0.00	2.9	36.755
12	CO	4.63	4.63	4.63	1	0	1	2.57	3.01	0	1.42	0.9	0.9	0.72	4.22	1	5.3	0	0	0.22	0.00	1.5	37.650
13	IL	3	3	7.3	0	0	1	3.61	2.94	0	1.57	0.98	0.99	0.94	4.10	1	4.94	1	0	0.267	0.00	1.9	38.537
14	VA	5.75	5.75	6	0	0	1	2.70	2.32	1	1.35	0.88	0.86	0.58	3.18	0	5.53	1	0	0.19	0.00	1.4	39.490
15	IN	3.4	3.4	8.5	0	0	1	3.37	2.68	1	1.19	0.96	0.75	0.59	3.83	1	5.31	1	0	0.233	0.00	1.4	39.613
16	SC	7	3.92	5	0	0	0	2.75	3.19	0	1.29	0.91	0.83	1.08	4.75	0	5.84	1	0	0.168	0.00	2.1	39.828
17	PA	2.8	2.8	9.99	0	0	1	2.75	2.75	1	2.07	1.14	1.11	1.29	2.96	1	4.4	1	0	0.269	0.00	1.8	40.129
18	AZ	5.04	5.04	6.968	0	0	1	2.98	4.18	0	1.13	0.82	0.93	0.54	6.01	0	4.74	0	0	0.19	0.00	1.7	41.268
19	MO	6	6	5.156	0	0	1	2.21	3.33	0	1.42	1.03	0.76	1.39	4.78	1	5.43	0	0	0.17	0.00	1.9	41.576
20	DE	5.95	5.95	8.7	0	0	1	1.56	0.79	0	1.81	1.1	0.92	0.94	4.05	1	5.75	0	0	0.23	1.00	0.9	41.650
21	LA	3.9	5.1	5.2	0	0	1	1.68	5.48	1	1.49	1.01	0.91	0.95	5.34	0	6.27	0	0	0.2	0.00	2.6	42.130
22	AK	0	0	9.4	0	1	0	4.04	1.28	0	3.88	1.01	1.93	1.82	4.24	1	7.8	1	0	0.08	2.00	1.7	42.180
23	GA	6	6	6	0	0	1	2.56	3.74	0	1.31	0.94	0.87	0.83	4.65	0	5.48	1	0	0.127	0.00	1.9	42.407
24	MD	4.75	4.75	7	1	0	1	2.66	2.19	1	1.67	1.02	0.81	0.93	4.87	1	5.19	1	0	0.235	0.00	1.5	42.575
25	AR	7.21	5.047	6.5	0	0	1	1.64	4.34	0	2.77	0.87	0.77	0.7	4.13	0	5.61	0	0	0.215	0.00	2.2	43.002
26	UT	5.775	6.475	5	0	0	0	2.48	4.00	0	5.93	0.74	0.73	0.69	4.24	0	5.56	1	0	0.245	0.00	1.4	44.265
27	OK	7	7	6	0	0	1	1.57	3.41	1	2.02	0.88	0.83	1.28	4.61	0	5.77	0	0	0.17	0.00	1.9	44.440
28	KY	6	6	8.25	0	0	1	1.75	3.30	1	2.4	0.98	0.59	1.04	2.94	1	5.6	1	0	0.214	0.00	1.8	44.864
29	ID	7.8	3.12	7.6	0	0	1	2.78	2.76	0	5.37	0.74	0.82	1.29	3.13	0	5.76	1	0	0.25	0.00	1.5	44.920
30	MA	5.3	5.3	9.5	0	0	1	3.16	1.86	1	1.73	1.3	1.36	0.53	3.1	1	5.21	1	0	0.235	1.60	1.6	45.785
31	WI	6.75	2.7	7.9	1	0	1	3.73	2.89	1	2.96	1.02	0.9	1.12	3.32	1	5.34	1	1	0.315	0.00	1.5	46.445
32	KS	6.45	6.45	7.35	0	0	1	2.94	3.42	1	1.96	0.96	0.88	0.89	4.32	0	6.34	1	0	0.25	0.00	1.6	46.810
33	ND	5.54	5.54	6.825	0	0	1	3.29	3.77	0	6.83	1.12	0.75	1.05	2.42	0	6.02	1	1	0.21	0.00	1.3	47.665
34	NE	6.68	6.68	7.81	1	0	1	3.25	2.96	1	1.33	0.98	0.73	0.98	4.33	0	6.54	1	0	0.255	0.00	1.2	47.725
35	CT	5	5	7.5	1	0	1	3.82	3.19	1	2.14	1.23	1.35	0.86	3.12	1	5.32	1	1	0.301	1.75	1.6	48.181

Rank	State	Top Personal Income Tax Rate	Top Capital Gains Tax Rate	Top Corp. Income Tax Rate	Ind. AMT	Corp. AMT	PIT Rate	Property Taxes	Sales, Excise Taxes	Gross Rec, Death Taxes	Unemp. Tax	Health Care Costs	Elec. Util. Costs	Workers Comp.	Crime Rate	Right to Work	Bcrts.	TL	Internet Access Tax	Gas Tax	State Min. Wage	State Liab.	SBSI
36	NJ	6.37	6.37	9	0	0	1	4.54	2.43	1	2.87	1.07	1.25	0.71	3.23	1	5.41	1	0	0.145	0.00	1.7	49.095
37	NC	8.25	8.25	6.9	0	0	1	2.12	2.82	1	2.76	0.95	0.94	0.74	4.94	0	5.66	1	0	0.245	0.00	1.6	49.175
38	MT	7.15	9.35	6.75	0	0	0	4.38	0.76	0	4.78	0.86	0.85	1.9	3.69	1	5.89	1	0	0.278	0.00	1.7	50.338
39	OH	7.5	7.5	8.5	0	0	1	2.99	2.80	1	1.76	1.02	0.91	1.27	4.18	1	5.34	1	1	0.24	0.00	1.6	50.610
40	WV	6.5	6.5	9	1	0	1	2.17	4.05	0	2.43	1.05	0.72	3.92	2.56	1	5.36	1	0	0.254	0.00	2.9	51.414
41	IA	5.837	7.633	9.9	1	1	0	3.34	3.02	1	4.84	0.95	0.83	0.98	3.3	0	6.02	1	0	0.213	0.00	1.2	52.063
42	OR	9.81	9.81	6.6	0	0	0	2.92	0.45	1	4.07	0.88	0.88	0.88	5.04	1	5.16	0	0	0.24	1.75	1.6	52.090
43	NM	7.7	6.93	7.6	0	0	1	1.56	5.54	0	2.99	0.81	0.97	0.86	5.32	1	6.59	1	0	0.18	0.00	2.1	52.150
44	VT	9.5	5.7	9.75	0	0	1	4.67	2.53	1	1.43	0.93	1.54	1.2	2.77	1	6.03	1	0	0.2	1.10	1.6	52.950
45	NY	7.7	7.7	8.775	1	1	1	3.79	3.30	1	1.55	1.24	1.54	0.77	2.93	1	6.2	1	0	0.327	0.00	1.6	53.422
46	CA	9.3	9.3	8.84	1	1	0	2.38	3.33	0	0.91	0.91	1.56	1.58	3.9	1	5.03	0	0	0.324	1.60	2.4	54.364
47	RI	9.9	5	9	1	0	1	4.42	2.84	1	3.49	1.19	1.32	0.79	3.68	1	5.38	1	0	0.31	1.00	1.9	55.220
48	ME	8.5	8.5	8.93	1	1	0	4.86	3.08	0	2.25	1.06	1.33	1.6	2.69	1	5.8	1	0	0.261	1.10	1.6	55.561
49	MN	7.85	7.85	9.8	1	1	0	2.87	3.33	1	5.21	1.15	0.8	0.97	3.58	1	5.64	1	0	0.22	0.00	1.4	55.670
50	HI	8.25	7.25	6.4	0	0	1	1.75	5.84	0	5.06	1.04	2.03	1.58	5.39	1	5.65	1	1	0.363	1.10	1.9	57.603
51	DC	9.3	9.3	9.975	0	0	1	3.03	4.23	1	1.12	2.05	0.91	0.39	7.71	1	7.79	1	0	0.2	1.00	NA	61.005*

\* (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 actually is underestimated.)



**Small Business Survival Index 2003**  
**Appendix C: State Rankings of Top Personal Income Tax Rates**

<u>Rank</u>	<u>State</u>	<u>Tax Rate (%)</u>	<u>Rank</u>	<u>State</u>	<u>Tax Rate (%)</u>
1	Alaska	0	26	Delaware	5.95
1	Florida	0	27	Georgia	6
1	Nevada	0	27	Kentucky	6
1	New Hampshire	0	27	Missouri	6
1	South Dakota	0	30	New Jersey	6.37
1	Tennessee	0	31	Kansas	6.45
1	Texas	0	32	West Virginia	6.5
1	Washington	0	33	Nebraska	6.68
1	Wyoming	0	34	Wisconsin	6.75
10	Pennsylvania	2.8	35	Oklahoma	7
11	Illinois	3	35	South Carolina	7
12	Alabama	3.25	37	Montana	7.15
13	Indiana	3.4	38	Arkansas	7.21
14	Louisiana	3.9	39	Ohio	7.5
15	Michigan	4.1	40	New Mexico	7.7
16	Colorado	4.63	40	New York	7.7
17	Maryland	4.75	42	Idaho	7.8
18	Connecticut	5	43	Minnesota	7.85
18	Mississippi	5	44	Hawaii	8.25
20	Arizona	5.04	44	North Carolina	8.25
21	Massachusetts	5.3	46	Maine	8.5
22	North Dakota	5.54	47	California	9.3
23	Virginia	5.75	47	Dist. of Columbia	9.3
24	Utah	5.775	48	Vermont	9.5
25	Iowa	5.837	50	Oregon	9.81
			51	Rhode Island	9.9

**Small Business Survival Index 2003**  
**Appendix D: State Rankings of Top Capital Gains Tax Rates**

<u>Rank</u>	<u>State</u>	<u>Tax Rate (%)</u>	<u>Rank</u>	<u>State</u>	<u>Tax Rate (%)</u>
1	Alaska	0	26	Massachusetts	5.3
1	Florida	0	27	North Dakota	5.54
1	Mississippi	0	28	Vermont	5.7
1	Nevada	0	29	Virginia	5.75
1	New Hampshire	0	30	Delaware	5.95
1	South Dakota	0	31	Georgia	6
1	Tennessee	0	31	Kentucky	6
1	Texas	0	31	Missouri	6
1	Washington	0	34	New Jersey	6.37
1	Wyoming	0	35	Kansas	6.45
11	Wisconsin	2.7	36	Utah	6.475
12	Pennsylvania	2.8	37	West Virginia	6.5
13	Illinois	3	38	Nebraska	6.68
14	Idaho	3.12	39	New Mexico	6.93
15	Indiana	3.4	40	Oklahoma	7
16	South Carolina	3.92	41	Hawaii	7.25
17	Michigan	4.1	42	Ohio	7.5
18	Alabama	4.25	43	Iowa	7.633
19	Colorado	4.63	44	New York	7.7
20	Maryland	4.75	45	Minnesota	7.85
21	Connecticut	5	46	North Carolina	8.25
22	Rhode Island	5	47	Maine	8.5
23	Arizona	5.04	48	California	9.3
24	Arkansas	5.047	48	Dist. of Columbia	9.3
25	Louisiana	5.1	50	Montana	9.35
			51	Oregon	9.81

**Small Business Survival Index 2003**  
**Appendix E: State Rankings of Top Corporate Income Tax Rates**

<u>Rank</u>	<u>State</u>	<u>Tax Rate (%)</u>	<u>Rank</u>	<u>State</u>	<u>Tax Rate (%)</u>
1	Nevada	0	26	Maryland	7
1	South Dakota	0	27	Illinois	7.3
1	Washington	0	28	Kansas	7.35
1	Wyoming	0	29	Connecticut	7.5
5	Michigan	1.8	30	Idaho	7.6
6	Alabama	4.225	30	New Mexico	7.6
7	Texas	4.5	32	Nebraska	7.81
8	Colorado	4.63	33	Wisconsin	7.9
9	Mississippi	5	34	Kentucky	8.25
9	South Carolina	5	35	Indiana	8.5
9	Utah	5	35	New Hampshire	8.5
12	Missouri	5.156	35	Ohio	8.5
13	Louisiana	5.2	38	Delaware	8.7
14	Florida	5.5	39	New York	8.775
15	Georgia	6	40	California	8.84
15	Oklahoma	6	41	Maine	8.93
15	Virginia	6	42	New Jersey	9
18	Hawaii	6.4	42	Rhode Island	9
19	Arkansas	6.5	42	West Virginia	9
19	Tennessee	6.5	45	Alaska	9.4
21	Oregon	6.6	46	Massachusetts	9.5
22	Montana	6.75	47	Vermont	9.75
23	North Dakota	6.825	48	Minnesota	9.8
24	North Carolina	6.9	49	Iowa	9.9
25	Arizona	6.968	50	Dist. of Columbia	9.975
			51	Pennsylvania	9.99

**Small Business Survival Index 2003**  
**Appendix F: State Rankings of State and Local Property Taxes**  
(Property Taxes as a Share of Personal Income)

<u>Rank</u>	<u>State</u>	<u>Property Tax</u>	<u>Rank</u>	<u>State</u>	<u>Property Tax</u>
1	Alabama	1.27	26	Kansas	2.94
2	Delaware	1.56	26	Washington	2.94
2	New Mexico	1.56	28	Arizona	2.98
4	Oklahoma	1.57	29	Ohio	2.99
5	Arkansas	1.64	30	Dist. of Columbia	3.03
6	Louisiana	1.68	31	Florida	3.10
7	Hawaii	1.75	32	Massachusetts	3.16
7	Kentucky	1.75	33	Michigan	3.24
9	Tennessee	1.93	33	South Dakota	3.24
10	North Carolina	2.12	35	Nebraska	3.25
11	West Virginia	2.17	36	North Dakota	3.29
12	Missouri	2.21	37	Iowa	3.34
13	California	2.38	38	Indiana	3.37
14	Nevada	2.39	39	Texas	3.38
15	Mississippi	2.45	40	Illinois	3.61
16	Utah	2.48	41	Wyoming	3.71
17	Georgia	2.56	42	Wisconsin	3.73
18	Colorado	2.57	43	New York	3.79
19	Maryland	2.66	44	Connecticut	3.82
20	Virginia	2.70	45	Alaska	4.04
21	Pennsylvania	2.75	46	Montana	4.38
21	South Carolina	2.75	47	Rhode Island	4.42
23	Idaho	2.78	48	New Jersey	4.54
24	Minnesota	2.87	49	Vermont	4.67
25	Oregon	2.92	50	Maine	4.86
			51	New Hampshire	4.91

**Small Business Survival Index 2003**  
**Appendix G: State Rankings of State and Local Sales, Gross Receipts and Excise Taxes**  
(Sales, Gross Receipts and Excise Taxes as a Share of Personal Income)

<u>Rank</u>	<u>State</u>	<u>Sales, Gross Receipts and Excise Tax</u>	<u>Rank</u>	<u>State</u>	<u>Sales, Gross Receipts and Excise Tax</u>
1	Oregon	0.45	26	Kentucky	3.30
2	Montana	0.76	26	New York	3.30
3	Delaware	0.79	28	California	3.33
4	New Hampshire	1.06	28	Minnesota	3.33
5	Alaska	1.28	28	Missouri	3.33
6	Massachusetts	1.86	31	Oklahoma	3.41
7	Maryland	2.19	32	Kansas	3.42
8	Virginia	2.32	33	Wyoming	3.64
9	New Jersey	2.43	34	Georgia	3.74
10	Vermont	2.53	35	North Dakota	3.77
11	Indiana	2.68	36	Alabama	3.82
12	Pennsylvania	2.75	37	South Dakota	3.84
13	Idaho	2.76	38	Utah	4.00
14	Ohio	2.80	39	West Virginia	4.05
15	North Carolina	2.82	40	Texas	4.07
16	Rhode Island	2.84	41	Arizona	4.18
17	Wisconsin	2.89	42	Dist. of Columbia	4.23
18	Illinois	2.94	43	Arkansas	4.34
19	Nebraska	2.96	44	Tennessee	4.35
20	Colorado	3.01	45	Florida	4.42
21	Iowa	3.02	46	Mississippi	4.66
21	Michigan	3.02	47	Nevada	5.42
23	Maine	3.08	48	Louisiana	5.48
24	Connecticut	3.19	49	New Mexico	5.54
24	South Carolina	3.19	50	Washington	5.73
			51	Hawaii	5.84

## Small Business Survival Index 2003

### Appendix H: State Rankings of Adjusted Unemployment Tax Rate

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

<u>Rank</u>	<u>State</u>	<u>Unemployment Tax</u>	<u>Rank</u>	<u>State</u>	<u>Unemployment Tax</u>
1	California	0.91	26	Oklahoma	2.02
2	Dist. of Columbia	1.12	27	Michigan	2.06
3	Arizona	1.13	28	Pennsylvania	2.07
4	Indiana	1.19	29	Connecticut	2.14
5	South Carolina	1.29	30	Tennessee	2.22
6	Georgia	1.31	31	Maine	2.25
7	Nebraska	1.33	32	Kentucky	2.40
8	Virginia	1.35	33	West Virginia	2.43
9	Colorado	1.42	34	North Carolina	2.76
9	Florida	1.42	35	Arkansas	2.77
9	Missouri	1.42	36	New Jersey	2.87
12	Vermont	1.43	37	Wisconsin	2.96
13	Mississippi	1.46	38	New Mexico	2.99
14	New Hampshire	1.47	39	Nevada	3.41
15	Louisiana	1.49	40	Rhode Island	3.49
16	New York	1.55	41	Alaska	3.88
17	Illinois	1.57	42	Oregon	4.07
17	Texas	1.57	43	Washington	4.11
19	Alabama	1.61	44	Wyoming	4.25
20	Maryland	1.67	45	Montana	4.78
21	Massachusetts	1.73	46	Iowa	4.84
22	Ohio	1.76	47	Hawaii	5.06
23	Delaware	1.81	48	Minnesota	5.21
24	South Dakota	1.91	49	Idaho	5.37
25	Kansas	1.96	50	Utah	5.93
			51	North Dakota	6.83

## Small Business Survival Index 2003

### Appendix I: State Rankings of Health Care Costs

(Index of Per Capita Personal Health Care Spending Relative to the U.S. Average)

<u>Rank</u>	<u>State</u>	<u>Health Care Costs</u>	<u>Rank</u>	<u>State</u>	<u>Health Care Costs</u>
1	Idaho	0.74	28	Alabama	0.99
1	Utah	0.74	29	Alaska	1.01
3	Wyoming	0.78	29	Louisiana	1.01
4	New Mexico	0.81	31	Maryland	1.02
5	Arizona	0.82	31	Ohio	1.02
5	Nevada	0.82	31	Wisconsin	1.02
7	Mississippi	0.86	34	Missouri	1.03
7	Montana	0.86	34	South Dakota	1.03
9	Arkansas	0.87	36	Hawaii	1.04
10	Oklahoma	0.88	37	Florida	1.05
10	Oregon	0.88	37	New Hampshire	1.05
10	Virginia	0.88	37	West Virginia	1.05
13	Colorado	0.90	40	Maine	1.06
14	California	0.91	41	New Jersey	1.07
14	South Carolina	0.91	41	Tennessee	1.07
14	Texas	0.91	43	Delaware	1.10
14	Washington	0.91	44	North Dakota	1.12
18	Vermont	0.93	45	Pennsylvania	1.14
19	Georgia	0.94	46	Minnesota	1.15
20	Iowa	0.95	47	Rhode Island	1.19
20	North Carolina	0.95	48	Connecticut	1.23
22	Indiana	0.96	49	New York	1.24
22	Kansas	0.96	50	Massachusetts	1.30
24	Illinois	0.98	51	Dist. of Columbia	2.05
24	Kentucky	0.98			
24	Michigan	0.98			
24	Nebraska	0.98			

## Small Business Survival Index 2003

### Appendix J: State Rankings of Electric Utility Costs

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

<u>Rank</u>	<u>State</u>	<u>Electric Utility Costs</u>	<u>Rank</u>	<u>State</u>	<u>Electric Utility Costs</u>
1	Kentucky	0.59	26	Colorado	0.90
2	Wyoming	0.66	26	Wisconsin	0.90
3	West Virginia	0.72	28	Dist. of Columbia	0.91
4	Nebraska	0.73	28	Louisiana	0.91
4	Utah	0.73	28	Ohio	0.91
6	Indiana	0.75	31	Delaware	0.92
6	North Dakota	0.75	32	Arizona	0.93
8	Missouri	0.76	33	North Carolina	0.94
9	Arkansas	0.77	34	Michigan	0.96
10	Alabama	0.80	35	New Mexico	0.97
10	Minnesota	0.80	36	Illinois	0.99
12	Maryland	0.81	37	Texas	1.00
12	Tennessee	0.81	38	Florida	1.05
14	Idaho	0.82	39	Pennsylvania	1.11
14	Washington	0.82	40	Nevada	1.15
16	Iowa	0.83	41	New Jersey	1.25
16	Oklahoma	0.83	42	Rhode Island	1.32
16	South Carolina	0.83	43	Maine	1.33
19	Montana	0.85	44	Connecticut	1.35
20	Virginia	0.86	45	Massachusetts	1.36
21	Georgia	0.87	46	New Hampshire	1.50
22	Kansas	0.88	47	New York	1.54
22	Oregon	0.88	47	Vermont	1.54
22	South Dakota	0.88	49	California	1.56
25	Mississippi	0.89	50	Alaska	1.93
			51	Hawaii	2.03



**Small Business Survival Index 2003**  
**Appendix K: State Rankings of Workers' Compensation Costs**  
 (Workers' Compensation Benefits Per \$100 of Covered Wages)

<u>Rank</u>	<u>State</u>	<u>Workers' Compensation Costs</u>	<u>Rank</u>	<u>State</u>	<u>Workers' Compensation Costs</u>
1	Dist. of Columbia	0.39	26	Minnesota	0.97
2	Massachusetts	0.53	27	Iowa	0.98
3	Arizona	0.54	27	Nebraska	0.98
4	Virginia	0.58	29	New Hampshire	1.01
5	Indiana	0.59	30	Mississippi	1.03
6	Utah	0.69	31	Kentucky	1.04
7	Arkansas	0.70	32	North Dakota	1.05
8	New Jersey	0.71	33	South Carolina	1.08
9	Colorado	0.72	34	Alabama	1.10
10	North Carolina	0.74	35	Wisconsin	1.12
10	Texas	0.74	36	Nevada	1.13
12	New York	0.77	37	Vermont	1.20
13	Rhode Island	0.79	38	Florida	1.25
14	Georgia	0.83	39	Ohio	1.27
15	South Dakota	0.84	40	Oklahoma	1.28
16	Connecticut	0.86	41	Idaho	1.29
16	New Mexico	0.86	41	Pennsylvania	1.29
18	Oregon	0.88	43	Missouri	1.39
18	Tennessee	0.88	44	Wyoming	1.55
20	Kansas	0.89	45	California	1.58
21	Michigan	0.92	45	Hawaii	1.58
22	Maryland	0.93	47	Maine	1.60
23	Delaware	0.94	48	Washington	1.68
23	Illinois	0.94	49	Alaska	1.82
25	Louisiana	0.95	50	Montana	1.90
			51	West Virginia	3.92

**Small Business Survival Index 2003**  
**Appendix L: State Rankings of Crime Rate**

<u>Rank</u>	<u>State</u>	<u>Crime Rate</u>	<u>Rank</u>	<u>State</u>	<u>Crime Rate</u>
1	New Hampshire	2.32	26	Arkansas	4.13
2	South Dakota	2.33	27	Ohio	4.18
3	North Dakota	2.42	28	Mississippi	4.19
4	West Virginia	2.56	29	Colorado	4.22
5	Maine	2.69	30	Alaska	4.24
6	Vermont	2.77	30	Utah	4.24
7	New York	2.93	32	Nevada	4.27
8	Kentucky	2.94	33	Alabama	4.32
9	Pennsylvania	2.96	33	Kansas	4.32
10	Massachusetts	3.10	35	Nebraska	4.33
11	Connecticut	3.12	36	Oklahoma	4.61
12	Idaho	3.13	37	Georgia	4.65
13	Virginia	3.18	38	South Carolina	4.75
14	New Jersey	3.23	39	Missouri	4.78
15	Iowa	3.30	40	Maryland	4.87
16	Wisconsin	3.32	41	North Carolina	4.94
17	Wyoming	3.52	42	Oregon	5.04
18	Minnesota	3.58	43	Tennessee	5.15
19	Rhode Island	3.68	43	Texas	5.15
20	Montana	3.69	43	Washington	5.15
21	Indiana	3.83	46	New Mexico	5.32
22	California	3.90	47	Louisiana	5.34
23	Delaware	4.05	48	Hawaii	5.39
24	Michigan	4.08	49	Florida	5.57
25	Illinois	4.10	50	Arizona	6.01
			51	Dist. of Columbia	7.71

**Small Business Survival Index 2003**  
**Appendix M: State Rankings of the Number of Bureaucrats**  
(Full-Time-Equivalent State and Local Government Employees Per 100 Residents)

<u>Rank</u>	<u>State</u>	<u>Bureaucrats</u>	<u>Rank</u>	<u>State</u>	<u>Bureaucrats</u>
1	Nevada	4.13	26	Utah	5.56
2	Pennsylvania	4.40	27	Kentucky	5.60
3	Arizona	4.74	28	Arkansas	5.61
4	Florida	4.90	29	Minnesota	5.64
5	Illinois	4.94	30	Hawaii	5.65
6	Michigan	5.00	31	North Carolina	5.66
7	California	5.03	32	Texas	5.67
8	Washington	5.13	33	Delaware	5.75
9	Oregon	5.16	34	Idaho	5.76
10	Maryland	5.19	35	Oklahoma	5.77
11	Massachusetts	5.21	36	Maine	5.80
12	New Hampshire	5.22	37	South Carolina	5.84
13	Colorado	5.30	38	Montana	5.89
14	Indiana	5.31	39	Alabama	6.01
15	Connecticut	5.32	40	Iowa	6.02
15	Tennessee	5.32	40	North Dakota	6.02
17	Ohio	5.34	42	Vermont	6.03
17	Wisconsin	5.34	43	New York	6.20
19	West Virginia	5.36	44	Louisiana	6.27
20	Rhode Island	5.38	45	Kansas	6.34
20	South Dakota	5.38	46	Nebraska	6.54
22	New Jersey	5.41	47	New Mexico	6.59
23	Missouri	5.43	48	Mississippi	6.75
24	Georgia	5.48	49	Dist. of Columbia	7.79
25	Virginia	5.53	50	Alaska	7.80
			51	Wyoming	8.18

**Small Business Survival Index 2003**  
**Appendix N: State Rankings of State Gas Taxes**  
(Dollars Per Gallon of Gasoline)

<u>Rank</u>	<u>State</u>	<u>Gas Tax</u>	<u>Rank</u>	<u>State</u>	<u>Gas Tax</u>
1	Alaska	0.08	26	Indiana	0.233
2	Georgia	0.127	27	Maryland	0.235
3	Wyoming	0.14	27	Massachusetts	0.235
4	New Jersey	0.145	29	Ohio	0.24
5	South Carolina	0.168	29	Oregon	0.24
6	Missouri	0.17	29	South Dakota	0.24
6	Oklahoma	0.17	32	North Carolina	0.245
8	New Mexico	0.18	32	Utah	0.245
9	Mississippi	0.188	34	Idaho	0.25
10	Arizona	0.19	34	Kansas	0.25
10	Virginia	0.19	36	West Virginia	0.254
12	Dist. of Columbia	0.20	37	Nebraska	0.255
12	Louisiana	0.20	38	Maine	0.261
12	Texas	0.20	39	Illinois	0.267
12	Vermont	0.20	40	Pennsylvania	0.269
16	New Hampshire	0.206	41	Michigan	0.272
17	Alabama	0.21	42	Montana	0.278
17	North Dakota	0.21	43	Washington	0.28
19	Iowa	0.213	44	Connecticut	0.301
20	Kentucky	0.214	45	Florida	0.302
20	Tennessee	0.214	46	Rhode Island	0.31
22	Arkansas	0.215	47	Wisconsin	0.315
23	Colorado	0.22	48	California	0.324
23	Minnesota	0.22	49	New York	0.327
25	Delaware	0.23	50	Nevada	0.332
			51	Hawaii	0.363