

U.S. CHAMBER OF COMMERCE FOUNDATION

ENTERPRISING CITIES

REGULATORY CLIMATE INDEX 2014

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ABSTRACT

Productive, innovative, competitive economies require smart and simple regulations to prosper. The U.S. Chamber of Commerce Foundation's 2014 Regulatory Climate Index compares and ranks the efficiency of local regulations that apply to small businesses in 10 cities across America. The Index measures the procedures, time, and costs that are required to comply with five areas of business regulation in each city. The Index should be seen as a barometer to gauge the costs of doing business in different cities across the country. Every city measured has strengths and weaknesses, and each can learn from the other in order to achieve a more prosperous economy.

FOREWORD

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America is powered by entrepreneurs. Without job growth created by new firms, American employment would quickly shrivel. Without entrepreneurs, erstwhile industrial cities, from Boston to Seattle, would be economic shells. More entrepreneurial cities, as measured by an abundance of smaller or newer establishments, have experienced much more job growth over the past 50 years. Within cities, more entrepreneurial industrial sectors have also grown more quickly.

While the important role of entrepreneurship is widely understood, it is less clear what policy conclusions flow from that fact. Some advocate for the formation of entrepreneurial clusters. Others favor public loan guarantees for new startups. A third approach is to support the technical education that entrepreneurs need.

One can sensibly argue, however, that the first job of government is to do no harm. In the area of entrepreneurship, doing no harm means imposing only those regulations where benefits clearly exceed costs. In an era of fiscal restraint, it makes sense to reassess rules that could restrict new firms before writing another taxpayer-funded check to support an unproven public venture capital program.

America faces a dizzying array of regulations imposed by all levels of government. Both Congress and the executive branch generate federal regulations. Indeed, executive branch regulations are the only American regulations that must face any rigorous cost-benefit analysis. States and localities also impose regulations that impact businesses and ordinary households. It has been difficult, so far, to assess the impact of many of these regulations because they are so diverse and difficult to measure.

The U.S. Chamber of Commerce Foundation has taken a major step forward by creating basic measures of the regulatory environment for 10 cities. The Foundation's approach follows that of the World Bank's Doing Business Report. The idea is to ask local lawyers how many steps and how much money it would take to undertake a simple, standardized task like building a warehouse or starting a new business. The World Bank's comprehensive international data have made an invaluable contribution to the policy discussion. Researchers have been able to show the immense costs that excess regulation places on the national economy, and local policy leaders have been forced to explain why simple tasks are so difficult in their countries.

National regulation data have limited use in the United States. Our country is enormously diverse in government as in many other things. Texas and California, for instance, are very different places in which to do business. If we are ever going to understand the nature and impact of local regulations, we must have city-level measures of regulatory burdens.

The World Bank's measures have not been without controversy, and there is much to argue about here as well. For example, I believe that the report understates the difficulty of construction activity in Boston. The local lawyers were asked about a project that didn't require a special permit. There's not much space in Boston that doesn't require either a variance or special permit.

Yet these measures are a crucial first step. They will surely be refined over time and hopefully expanded to a wider range of cities. America will start to understand local regulations better, which should be a first step toward better regulatory policymaking.

I am delighted to have been a part of this project and am grateful that the U.S. Chamber of Commerce Foundation has supported this research.

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U.S. CHAMBER OF COMMERCE FOUNDATION

KEY FINDINGS OF THE REPORT

The U.S. Chamber of Commerce Foundation's 2014 *Regulatory Climate Index* assesses five areas of business regulation that a typical small business encounters in order to open and operate in 10 major cities across the United States. These five areas of business regulation, based on the World Bank's *Doing Business* project, include Starting a Business, Dealing with Construction Permits, Registering Property, Paying Taxes, and Enforcing Contracts that reflect the business cycle of a business entity.

The *Index* compiles actual data of three factors—number of procedures, time, and costs—in each area of business regulation to evaluate regulatory efficiencies across cities. Data for the report were obtained through a review of city laws, official publications and websites, and commercial service providers. The data were then verified by city officials, professionals, and practitioners. The results act as a barometer for the overall business environment and point to areas where reform is needed.

“CITIES WILL HELP DETERMINE THE FUTURE OF AMERICA’S ECONOMIC GROWTH”

Overall

- There are sizable variations in the design, practice, and costs to fulfill basic regulatory requirements. Geographical and historical influences seem to account for much of this variance. Nevertheless, the basic regulatory steps for opening and operating a business remain relatively similar across the cities measured. In recent years, these places have begun to adopt smarter business regulations and to streamline bureaucracies; however, the scope for improving their business environments remains significant.
- Among the 10 cities in the *Regulatory Climate Index*, the most efficient cities across all 5 areas of business regulation are Dallas and St. Louis. The cities of Raleigh, Boston, Atlanta, and Detroit have moderate levels of regulatory efficiency. Chicago, Los Angeles, San Francisco, and New York City have the least efficient regulatory environments.
- Every city measured has its own clear strengths and weaknesses. For example, Los Angeles and San Francisco have the best practices for opening a business, yet both cities have the highest requirements and costs to obtain construction permits. St. Louis has the best practice for the registration of properties but scores below average in Enforcing Contracts. Chicago ranks highly for Enforcing Contracts while ranking lower for Starting a Business.
- All cities provide small businesses with information and materials to comply with their regulations. Yet the websites and publications are often disorganized, missing information, or unclear to third parties. Few cities provide detailed information on the procedures, expected waiting time, and administrative costs for construction permits. Overall, no city provided comprehensive information for each of the business regulation areas.

Business Regulation Areas

Starting a Business

Across the cities measured, creating a formal business entity to provide professional services is relatively simple and inexpensive. It could take as few as four procedures and \$70 in the best performing city, whereas it would cost around \$150 in other cities. In the best case scenario, a business can be operating in less than a week. Overall, the number of procedures, waiting time, and costs for administrative compliance do not vary significantly across eight of the cities.

Dealing with Construction Permits

The process of obtaining construction permits varies substantially, as it is mostly driven by the differences in zoning approval processes, environmental reviews, and building permit reviews. Regulation costs on average 1% of the construction total and requires 3 months to complete a set of 15 standard procedures. These figures are for pre- and post-construction phases for small commercial buildings.

Registering Property

Real estate transfer taxes and other fees can significantly increase the costs of commercial building transactions and differ greatly across cities. The administrative requirements for registering property in the sale of a commercial building ranges between four and seven standard procedures and from 0.5% to 1.0% of the transaction cost to transfer and record the title. Procedures and time for administrative compliance for registering properties do not vary significantly.

Paying Taxes

Paying taxes across cities varies on the number of payments and tax amounts based on state and local tax rates, including corporate, employment, and sales taxes. Cities also impose local taxes, such as business license taxes, that increase the overall cost of doing business. While Dallas has no corporate income tax, the city of Chicago has a tax rate of 9.5%. Employment taxes also vary across cities, from 1.0% to 2.7% in Atlanta, Dallas, Detroit, and Raleigh to 4.1% to 4.5% in New York City and Chicago.

Enforcing Contracts

There are significant differences in the waiting time for procedural steps in Enforcing Contracts, ranging from 141 days in Chicago to 511 days in New York City. There are not substantial variations in the number of procedures and administrative costs. Although insignificant to litigation costs, time and fees required by courts provide an indicator to gauge the challenges to maintain and protect the business integrity levels in different cities.

The ease of doing business in America's cities will help determine the future of America's economic growth. With this *Index*, cities can learn from what other cities are doing to create a regulatory environment friendly to businesses of all sizes and stages of development.

The success of these places depends on improving existing regulatory processes, simplifying the licensing procedures, and easing the barriers to entry for entrepreneurs—further unleashing the promise of entrepreneurship and free enterprise for American cities.

“REGULATIONS AND
RULES PLACE A
DISPROPORTIONATE
BURDEN ON SMALL
BUSINESSES.”

SECTION I REGULATORY CLIMATE INDEX

The United States has evolved into a predominantly urban society with more than 80% of the population putting their roots down in cities, weaving a diverse and vibrant social fabric where these citizens live, work, create, and connect. The nearly \$16 trillion American economy comprises hundreds of diverse urban economies, from Boston to Dallas and Raleigh to San Francisco, serving as a key fuel for growth and prosperity. Community is a form of currency in the global marketplace, and cities matter more than ever.

The dynamism of the urban America economy rests particularly on the innovation, hard work, and ingenuity of its small businesses and entrepreneurs. Small firms and start-ups are essential in creating new employment opportunities and generating new economic activities. Indeed, nearly all of net job creation in the United States occurs in firms that are less than five years old.¹ Further, small firms accounted for 64% of net new jobs between 1993 and 2010, and employed nearly half of all private-sector employees across the U.S. economy.² New companies and their entrepreneurs constitute the main engine for job creation and economic growth. There are strong linkages between start-ups and cities.

Policymakers at all levels make decisions that have significant implications for business. Regulations and rules place a disproportionate burden on small businesses due to the margins of capital to run a small firm. The U.S. Small Business Administration estimated that small businesses have been burdened with \$1.75 trillion total cost of compliance for federal regulations.³ Many of these costs do not vary by firm size and are incurred on an ongoing (rather than one-time) basis.⁴

Yet few city-level studies have explored the regulations that strengthen businesses as well as those that restrain them. This study is meant to be a needed corrective, adding to the critical bank of knowledge that business and policymakers alike draw on when aiming to enhance economic growth. The *Regulatory Climate Index* is a barometer of business friendliness and a proxy for a city's competitiveness.

Importance of Cities to Economic Growth

With their ample capital and diverse economies, cities are a fertile ground for starting businesses. Indeed, they are ideally suited for attracting the diverse labor skills, materials, and processes that are required to develop entrepreneurial small firms. Cities have served as America's economic driver since at least the mid-20th century.

The growth and vibrancy of America's cities is intrinsically tied to the performance of small businesses and entrepreneurs. This is a central reason for this Index's focus on small businesses. Estimates show a 10% increase in the number of firms per worker at the city level correlated with a 9% increase in employment growth.⁵ Another study found that local competition and urban variety encouraged employment growth across industries in 170 U.S. cities over a more than 30-year period.⁶

Urban economies and entrepreneurship work in unison. Knowledge and ingenuity thrives in dense spaces, spilling over into other areas where, together, they serve as dynamic engines of growth. These local externalities encourage what is known as the spatial agglomeration of firms and employment in a way that favors localized growth. Simply put, firms benefit when they are located near one another.

Evidence overwhelmingly shows that economic growth and job creation are highly correlated to entrepreneurship in start-up companies. The economic diversity of cities, varying institutional factors such as taxes and regulations, and competition for business operational locations have naturally led to assessing urban economies on factors of economic performance, business climate, and overall business friendliness.

Cities thrive on innovation, expansion of small businesses, and entrepreneurship. Growth, new business formation, and free enterprise will do more for a city's economy than any economic development policy can induce on its own. Economic achievement is tied to a fair and transparent legal infrastructure. The successes and failures of cities, small businesses, and entrepreneurs will depend heavily on rules and institutions that enable advancement and future prosperity.

Impacts of Regulations on Businesses

Regulation takes place at all levels of government—federal, state, county, and municipal—through laws and ordinances across industries. The practice is also common through industry organizations that set standards and professional organizations that handle accreditation of their members. Classical economic theory defines regulation as an intervention to correct market failure, limit market options for monopolies, provide public goods, ensure adequate information in the market, and eliminate undesirable externalities.⁷

Despite the United States' prosperity, poorly designed regulations can and have become obstacles to doing business there.⁸ Smart regulations are a necessity for facilitating economic activity and enabling fair business operations. All economies have rules and institutions that govern the behavior of their actors. Regulation should be simple, expedient—both in implementation and execution—and unambiguous, minimizing the uncertainty that firms face when entering the marketplace.⁹

Regulations have an impact on firms, firm behavior, and overall economic growth on the macroeconomic level. Entrepreneurs and small businesses entering the market face the "compliance burden" through complicated, redundant procedures and inconsistent, high costs for entering the marketplace. Artificial entry costs deter entrepreneurship *at the margin*; thus, reform, through the reduction of entry costs, is predicted to affect entrepreneurship and job formation positively.¹⁰ Evidence shows that entrepreneurship is higher when fixed costs (e.g., entering the marketplace) are lower.¹¹ Further, the impact of regulation on business entry signifies that such regulations and costs are associated with reduced job creation and reduced entry of new firms.¹²

U.S. Chamber of Commerce Foundation's Regulatory Climate Index

We know the economic contributions of small businesses and entrepreneurs to the U.S. economy and the importance of cities to economic growth. We have seen studies and indexes measuring the business climate and competitiveness of national, state, and urban economies; however, little research and empirical data measuring entry regulations and costs of doing business for entrepreneurs and small businesses across U.S. cities exist.

A comprehensive survey of current state business climates found the rankings often vary wildly, depending on the focus of the indexes.¹³ For example, indexes focused on productivity do not predict economic growth, whereas indexes emphasizing taxes and costs predict growth of employment, wages, and output. The *Regulatory Climate Index* fills the gap by assessing and comparing the complexity and regulatory burden of 5 areas across 10 U.S. cities.

Analytical Framework

The U.S. Chamber of Commerce Foundation's 2014 *Regulatory Climate Index* adopts the analytical framework that was jointly developed by the World Bank and the International Finance Corporation (hereafter referred to simply as the World Bank) to measure the impact of regulation on a small, local business. The World Bank uses a unique framework to compare the regulatory burden of doing business across 189 countries in its *Doing Business 2014* report and across cities within various countries (in their subnational reports).¹⁴ In its global reports, the World Bank includes 10 areas of regulation to compare across countries. National regulations that are mandatory for all businesses across cities within a country are omitted in its subnational reports. For example, *Doing Business in Italy 2013* compared 5 areas of regulations (Starting a Business, Dealing with Construction Permits, Registering Property, Paying Taxes, and Enforcing Contracts) in 13 cities and 7 ports in Italy. Similarly, *Doing Business in Mexico 2012* compared 4 areas of regulations (Starting a Business, Dealing with Construction Permits, Registering Property, and Enforcing Contracts) across 31 Mexican states and Mexico City.

The *Regulatory Climate Index* assesses 5 areas of regulation across 10 cities in the United States. These five areas of regulation represent the life cycle of a business: Starting a Business, Dealing with Construction Permits, Registering Property, Paying Taxes, and Enforcing Contracts. We also follow the World Bank *Doing Business* framework to define three factors to measure the regulatory burden—the number of procedures, time to comply with the requirement, and the costs and fees paid to the government or service providers that are required by the local laws. The *Regulatory Climate Index*'s scores and ranks are the simple average of ranking of all five areas of business regulation in each city. Each of the five areas of business regulation is again the simple average of the normalized values of procedures, time, and costs. Each component in an area of business regulation is ranked relative to the other nine cities.

The *Regulatory Climate Index* applies U.S. Small Business Administration (SBA) classifications and data published by the U.S. Census Bureau to select criteria, such as annual revenues and number of employees for a representative firm.¹⁵ The *Regulatory Climate Index* also relies on actual values of other measures, such as revenues per employee, construction costs, and property prices that are publicly available to define the benchmark for the representative firm. Table 1 summarizes five areas of business regulation, assumptions, and weights to construct the *Regulatory Climate Index*. A full, detailed discussion of the technical framework and the construction of the *Index* is provided in Section III of this report.

Table 1.
Assumptions to Construct the Regulatory Climate Index

Areas of Regulation	Assumptions	Simple Average of the Component Scores
Starting a Business	The business entity is a limited liability company (LLC) with more than one owner that provides professional services; the LLC has \$4 million annual revenues and employs 20 workers; the LLC is not qualified for any special economic assistance.	33% procedures 33% time 33% required fees
Dealing with Construction Permits	A local construction company, with less than \$33.5 million annual revenues, builds a 3-story, 15,000-square-foot commercial office; the total construction costs are \$3,000,000; the new professional building is not located in a special economic zone and does not need additional special permits, such as historical zone and wetlands; the construction project is assumed to be free from environmental issues.	33% procedures 33% time 33% required fees
Registering Property	Buyers and sellers are local LLCs; the property is a new commercial building of 3 stories, 15,000 square feet; the property sells for \$4,000,000; the deed of the property is 15 pages long; the new professional building is not located in a special economic zone, and the professional building does not require any additional special permits or certifications.	33% procedures 33% time 33% required fees
Paying Taxes	The company provides professional services (e.g., accountant and IT services); the company has \$4 million annual revenues; profits are 15% of \$4 million revenue (\$600,000); the company employs 20 workers (half are singles and half are married); the labor share is 20% of revenues (\$800,000); the company is not qualified for any special economic assistance.	50% number of payments per year 50% the amount of tax paid
Enforcing Contracts	Plaintiffs and defendants are local LLCs doing business and based in the same city; plaintiffs request and obtain attachment of defendants' movable assets; the value of dispute is \$1 million; the lawsuit is brought in the lowest court in the state system with jurisdiction for the claim; professional fees for lawyers and expert witnesses are not included; only interactions mandated between the court, the plaintiff, and the defendant count as a procedure; communication from the court to parties counts as a procedure only if it requires parties to comply.	33% procedures 33% time 33% required fees

This first release of the *Regulatory Climate Index* assesses 10 cities across the United States. These places are selected to represent a wide range of economic and demographic backgrounds of small and large cities across all regions. The focus remains on the city rather than on the disparate metropolitan area. The size of population ranges from 318,069 people in St. Louis to more than 8.2 million people in New York City. Annual income per capita is as high as \$46,777 in San Francisco and as low as \$15,261 in Detroit. The number of businesses varies from 23,637 entities in St. Louis to 944,129 entities in New York City (Table 2).

Table 2.
Ten U.S. Cities in the 2014 Regulatory Climate Index

City, State	Population	Per Capita Income	Number of Firms
Atlanta, GA	432,427	\$35,884	50,970
Boston, MA	625,087	\$33,158	49,667
Chicago, IL	2,707,120	\$27,940	255,502
Dallas, TX	1,223,229	\$27,251	121,288
Detroit, MI	706,585	\$15,261	50,588
Los Angeles, CA	3,819,702	\$28,222	450,108
New York City, NY	8,244,910	\$31,417	944,129
Raleigh, NC	416,468	\$30,377	39,447
San Francisco, CA	812,826	\$46,777	105,030
St. Louis, MO	318,069	\$22,050	23,637

Regulatory Climate Index Ranking

The *Regulatory Climate Index* is compiled from official data on regulatory procedures, time, and costs that applies to small businesses. This desk research uses publicly available information from official sources, including the secretary of state, economic development offices, departments of taxation and finance, departments of labor, municipal codes, and local courts. The *Regulatory Climate Index* is then reviewed by local experts—including attorneys, accountants, trade associations, and chambers of commerce.

The *Regulatory Climate Index* ranks the overall scores of the cities from 1 to 10, where 1 represents the city with the most efficient regulatory environment for small businesses and entrepreneurs. These findings are the average ranking of all five areas of business regulation in each city. Scores in each of the five areas of business regulation are, again, the average of the normalized values of procedures, time, and costs.

All cities provide small businesses with basic information to comply with the five areas of business regulation that this *Index* measures. Yet the websites and publications are often disorganized, missing information, or unclear to an outsider, likely creating significant confusion for a small business owner. Few cities provide detailed information on the procedures, expected waiting time, and administrative costs for construction permits. Overall, no city provided comprehensive information for each of the business regulation areas. The impact on business is particularly felt in the time wasted. Business will likely need to rely on an outside expert to navigate the local rules and regulations—often at great expense. Though these factors are not included in the *Regulatory Climate Index*, as they are unique to each business' circumstance, they are nonetheless all too real.

Among these 10 cities, Dallas and St. Louis impose the lightest regulatory burden on small businesses. Raleigh, Boston, Atlanta, and Detroit have moderate overall scores. New York City, San Francisco, Los Angeles, and Chicago, on the other hand, are marked by high regulatory requirements to open and operate small businesses (Table 3).

Table 3.
Overall Scores and Rankings of 10 Cities

Ranking	City	Overall Score
1	Dallas	89.5
2	St. Louis	85.2
3	Raleigh	73.7
4	Boston	73.3
5	Atlanta	72.7
6	Detroit	64.9
7	Chicago	52.9
8	Los Angeles	47.9
9	San Francisco	41.3
10	New York City	34.7

The basic regulatory steps for opening and operating a business remain relatively similar across the U.S. cities measured. Indeed, many cities have improved procedures and standards over decades while striving for greater efficiency. Nevertheless, there are sizable variations in the design, practice, and costs to fulfill a standard regulatory requirement.

The *Regulatory Climate Index* shows that a city often performs well in one area and has room for improvement in another. For instance, while Dallas outperforms other cities when it comes to Paying Taxes and Registering Property, the process of Enforcing Contracts in Dallas lags behind other cities in the *Index*. The costs to Register Property in New York City are far more expensive than in other cities, yet Dealing with Construction Permits there is less burdensome than many of its peers in this report. San Francisco and Los Angeles, in contrast, have the most efficient process to open a professional service business (Table 4). Geographical and historical influences also play a role in the design of city-level business regulations.

Table 4.
Scores of 5 Areas of Regulation of 10 Cities

	Starting Business	Dealing with Construction Permits	Registering Property	Paying Taxes	Enforcing Contracts	Overall
Dallas	80	92	98	100	77	89.5
St. Louis	98	90	100	56	83	85.2
Raleigh	85	99	76	63	45	73.7
Boston	75	86	74	50	81	73.3
Atlanta	86	65	77	58	78	72.7
Detroit	98	60	51	64	53	64.9
Chicago	11	61	71	38	83	52.9
Los Angeles	99	53	52	0	35	47.9
San Francisco	99	0	51	10	46	41.3
New York City	29	72	0	53	20	34.7

2014 Regulatory Climate Index — Areas of Business Regulation

This section provides overall observations and analysis across the five areas of business regulation measured in this *Index*. More detailed analysis of each city's performance, along with information about programs to support entrepreneurs and small businesses, is provided in Section II.

The overall score for the cities in the *Regulatory Climate Index* are built on five areas of business regulation measured by three factors—the number of procedures, the number of days for completion of the requirements, and total costs required by the law. The score of each area of business regulation is a simple average of these factors.

The cumulative ranking, of course, does not tell the complete story of the local business environment, let alone the entire regulatory apparatus. Rather, it serves as a barometer for what a small business, in particular, can expect when launching and operating in some of America's leading cities.

In the past few years, several cities in this report have worked to make substantial improvements in the way that businesses interact with local regulations. These places have also invested significant time and energy in improving the overall potential of their local economies. These efforts are manifested in local networking events, start-up incubators, programs that enable greater access to capital, and the elimination of certain unnecessary local regulations.

Starting a Business

In general, creating a formal business entity to provide professional services—the hypothetical case considered in the *Index*—is relatively simple and inexpensive. It could take as few as four procedures and \$70 to start a business in Los Angeles, for instance. In most cities, a business can be operating in less than a week. As a reminder, these figures should serve as a hypothetical baseline by which we can compare each city; the regulatory burden will shift or grow based on the circumstances of each business. Nevertheless, the number of procedures, waiting time, and costs for administrative compliance do not vary significantly across eight of the cities here (Table 5).

Table 5.
Starting a Business

	Procedures		Time		Cost		Avg. Score
	Number of Procedures	Score	Number of Days	Score	Cost	Score	
Atlanta	5	67	5	96	\$150	94	85.5
Boston	5	67	5	96	\$525	63	75.4
Chicago	7	0	32	0	\$900	33	10.9
Dallas	5	67	6	93	\$300	81	80.3
Detroit	4	100	4	100	\$150	94	97.8
Los Angeles	4	100	5	96	\$70	100	98.8
New York City	7	0	8	86	\$1,306	0	28.6
Raleigh	5	67	5	96	\$155	93	85.4
San Francisco	4	100	5	96	\$70	100	98.8
St. Louis	4	100	4	100	\$155	93	97.7

Two cities have additional requirements that are unique to them: for example, New York City requires the business owner to publish the intention of opening the business in two local newspapers for six consecutive weeks. The cost to open a professional service LLC in New York City (\$1,306) is more than 18 times higher than in the 2 lowest cities of Los Angeles and San Francisco (\$70). In Chicago, an entrepreneur who wants to open a professional services LLC must wait an additional 25 days for a professional service license through the mail before the business can begin operating the services. The required time to open a professional service LLC in Chicago is more than 6 times longer than that most of other cities—32 days compared with 5 days.

Dealing with Construction Permits

Obtaining construction permits varies substantially across cities in terms of costs, time, and required procedures. Most of these differences stem from the zoning approval process, environmental reviews, and building permit reviews. The regulatory costs run an average of 1% of the construction costs and 3 months of processing in order to complete a set of 15 standard procedures. This process includes both pre- and post-construction phases for small commercial buildings.

Obtaining information and understanding regulatory requirements can be burdensome across cities. Costs of construction permits also vary substantially. Dallas, Raleigh, and St. Louis have the lowest fees for administrative compliance, ranging from 0.3% to 0.7% of the total cost of construction. Atlanta, Boston, Chicago, Detroit, and New York City have moderate costs of permits, ranging from 0.8% to 1.3% of total construction costs. Los Angeles and San Francisco have the highest costs of permits at more than 3.0% of total construction costs—a not unsubstantial sum (Table 6).

Table 6. Dealing with Construction Permit

	Procedures		Time		Cost		Avg. Score
	Number of Procedures	Score	Number of Days	Score	Cost	Score	
Atlanta	17	33	69	79	\$26,658	83	65.2
Boston	13	100	66	81	\$32,885	77	86.0
Chicago	17	33	82	70	\$29,830	80	61.1
Dallas	14	83	49	93	\$9,900	100	92.1
Detroit	17	33	73	77	\$40,218	69	59.7
Los Angeles	14	83	105	54	\$85,841	23	53.5
New York City	15	67	79	72	\$32,060	77	72.2
Raleigh	13	100	39	100	\$12,927	97	99.0
San Francisco	19	0	184	0	\$108,063	0	0.0
St. Louis	13	100	50	92	\$31,764	78	90.0

The costs to obtain construction permits in San Francisco and Los Angeles are about 10 times the permit costs in Dallas and Raleigh. Waiting times are as low as two months in Raleigh, Dallas, and St. Louis, while at least twice that in Chicago, Los Angeles, and San Francisco. These costs are largely driven by additional procedures required by those cities. For example, San Francisco obliges builders to submit a city environmental quality review that would cost an extra \$50,000 in fees (the equivalent of 1.6% of the construction costs) to the city and takes (at least) an extra 66 days to review. Los Angeles has a similar procedure, but with a lower cost.

Atlanta, Dallas, and Raleigh offer expedited and streamlined services for construction firms when applying for permits. They also provide express services for inspection, which improve the pace to grant occupancy. These actions eliminate unnecessary procedures, accelerate the approval of permits, and decrease the waiting time for construction firms and business owners.

Registering Property

Across the 10 cities, the procedures and time for administrative compliance do not vary significantly. Completing the administrative requirements for Registering Property in the sale of a commercial building ranges from four to seven standard procedures and between 0.5% and 1.0% of the transaction cost to transfer and record the title. Again, these are baseline scenarios represented in the *Index*, and they may vary greatly, depending on the particular case. Real estate transfer taxes and other fees increase the costs of commercial building transactions and vary across cities. Our numbers do not factor in closing time or fees in the calculations of the regulatory costs because they are not directly determined by the regulations; instead, they are caused by other factors and private vendors (Table 7).

Table 7. Registering Property

	Procedures		Time		Cost		Avg. Score
	Number of Procedures	Score	Number of Days	Score	Cost	Score	
Atlanta	5	67	8	67	\$10,538	97	76.8
Boston	5	67	8	67	\$31,365	89	74.0
Chicago	5	67	8	67	\$55,888	79	70.0
Dallas	4	100	7	100	\$19,763	93	97.8
Detroit	5	67	10	0	\$40,355	85	50.6
Los Angeles	5	67	10	0	\$28,318	90	52.2
New York City	7	0	10	0	\$249,383	0	0.0
Raleigh	5	67	8	67	\$13,391	96	76.5
San Francisco	5	67	10	0	\$35,888	87	51.2
St. Louis	4	100	7	100	\$3,666	100	100.0

Dallas and St. Louis do not have real estate transfer taxes, while Atlanta and Raleigh have low real estate transfer taxes. Boston, Chicago, Detroit, Los Angeles, New York City, and San Francisco all have higher real estate transfer taxes. New York City has two additional administrative costs—a mortgage recordation fee of 1.925% and real property transfer tax of 2.625% that impose significant costs in commercial real estate transactions.

Paying Taxes

The number of payments and amounts of tax vary across cities, based on state and local tax rates, including corporate, employment, and sales taxes. Cities also impose local taxes, such as business license taxes, that increase the overall cost of doing business. Dallas is the best-performing city because there is no state or local corporate tax. Atlanta, Detroit, and Raleigh are the next crop of cities to provide a tax environment that favors entrepreneurs. Chicago, Los Angeles, and San Francisco rank near the bottom due to a higher tax burden (Table 8).

**Table 8.
Paying Taxes**

	Total Tax Amounts		Time		Avg. Score
	Taxes Paid	Score	Number of Payments	Score	
Atlanta	\$208,880	66	33	50	57.9
Boston	\$225,285	50	33	50	49.9
Chicago	\$248,570	27	33	50	39.4
Dallas	\$208,880	100	28	100	100.0
Detroit	\$174,210	67	32	60	63.6
Los Angeles	\$207,510	0	38	0	0.0
New York City	\$275,766	56	33	50	52.9
Raleigh	\$198,510	76	33	50	63.0
San Francisco	\$255,337	20	38	0	10.1
St. Louis	\$213,656	65	33	50	55.6

Corporate income tax rates vary across city and states. Dallas and the state of Texas have no corporate income tax. Atlanta, Detroit, St. Louis, and Raleigh have moderate corporate tax rates, ranging from 6% to 6.25%. Boston, Chicago, Los Angeles, New York City, and San Francisco have the highest tax rates in the range of 7.1% to 9.5%. Unemployment taxes also vary across cities and states. Atlanta, Dallas, Detroit, and Raleigh have the lowest employment taxes, ranging from 1% to 2.7%. Boston, Los Angeles, San Francisco, and St. Louis have moderate rates, ranging from 2.71% to 3.51%. The highest rates vary from 4.1% in New York City to 4.15% in Chicago.

In addition to corporate and unemployment taxes, small businesses must pay sales taxes on their purchases as well as license and professional fees. The overall sales tax burden across the 10 cities ranges between 6.0% and 9.25% of total operating expenses. Three cities facing high sales tax burdens are Chicago, Los Angeles, and New York City; the three lowest sales tax burdens are found in Detroit, Boston, and Raleigh.

Some cities bear unique tax burdens. While most cities require a business license tax, Los Angeles imposes an onerous 5.07% business license tax on gross receipts for professional services companies. Businesses in Los Angeles and San Francisco also have to pay 1% of state disability insurance (capped at \$1,008.80) per employee per year. Chicago requires businesses to pay \$2 per month per employee for the state employee expense tax.

Enforcing Contracts

Efficiency in the local court system is crucial to ensure that business agreements are protected under the law. Although relatively insignificant in the overall expense of litigation, the time and costs required by courts provide an indicator of what it takes to maintain and protect each city's business environment. Overall, there are not significant variations in the number of procedures and administrative costs; however, there are significant differences in the waiting time for steps within the process (Table 9).

**Table 9.
Enforcing Contracts**

	Procedures		Time		Cost		Avg. Score
	Number of Procedures	Score	Number of Days	Score	Cost	Score	
Atlanta	20	60	167	93	\$333	81	78.0
Boston	18	100	332	48	\$240	95	81.1
Chicago	18	100	141	100	\$543	50	83.3
Dallas	20	60	180	89	\$325	82	77.2
Detroit	22	20	371	38	\$205	100	52.6
Los Angeles	23	0	305	56	\$545	50	35.1
New York City	20	60	511	0	\$880	0	20.0
Raleigh	22	20	313	54	\$470	61	44.8
San Francisco	23	0	205	83	\$500	56	46.3
St. Louis	19	80	258	68	\$205	100	82.8

The number of procedures and administrative costs for enforcing a contractual arrangement in a city are relatively uniform. The major variations come from the total waiting time for steps in the administrative process. Chicago, Dallas, and Atlanta have low waiting times compared with Detroit, Boston, and New York City, where a business could expect to wait more than a year to settle a dispute.

Conclusion

This project analyzes and measures the regulatory environment by evaluating the procedures, time, and costs required for starting and operating a business across 10 U.S. cities. There are no clear-cut winners and losers. Rather, each city performs well in certain areas and needs improvement in others. The ultimate goal of this research is to encourage cities to improve their regulatory environments in support of their local entrepreneurs.

Cities are home to more than 80% of America's population—no wonder they are critical engines of America's economic growth. Entrepreneurs come to cities with business ideas and are willing to take risks to make these ideas a reality. Regulations are necessary, but poorly written rules, costly procedures, and burdensome processes hinder the growth of small- and medium-sized enterprises and hurt competition in domestic and global markets. Improving the quality of institutions that influence entrepreneurs will help determine the economic future for urban economies.

Local officials and policymakers can better understand the business conditions facing entrepreneurs and small firms by simply looking at the local laws, processes, and costs on the books for starting a business and other regulations common over the life cycle of a business. The success of their cities depends on improving existing regulatory processes, simplifying the business licensing procedures, and easing the barriers to entry for entrepreneurs who can further unleash the promise of free enterprise for American cities.

About the Adviser

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Ed Glaeser is the Fred and Eleanor Glimp Professor of Economics at Harvard, where he also serves as director of the Taubman Center for State and Local Government and the Rappaport Institute for Greater Boston. He studies the economics of cities, and has written scores of urban issues, including the growth of cities, segregation, crime, and housing markets. He has been particularly interested in the role that geographic proximity can play in creating knowledge and innovation. He received his Ph.D. from the University of Chicago in 1992 and has been at Harvard since then.

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As the director for emerging issues and research at the U.S. Chamber of Commerce Foundation, Michael Hendrix manages the Emerging Issues division's programming, communications, and publications as well as its scholars, fellows, and researchers. He serves as an associate editor for the Foundation's *Business Horizon Quarterly (BHQ)* journal and oversees the division's blog, with a focus on innovation, economic growth, entrepreneurship, and cities. In addition to these roles, Hendrix is a 2014 National Review Institute Washington Fellow.

Hendrix is a graduate of the University of St. Andrews in Scotland with an M.A. (Hons) in international relations and holds a certificate in strategy and performance management from Georgetown University. He began his undergraduate education at the College of William & Mary as a James Monroe Scholar.

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Nam D. Pham is managing partner of ndp | analytics, a strategic research firm that specializes in economic analysis of public policy and legal issues. Prior to founding ndp | analytics in 2000, Pham was vice president at Scudder Kemper Investments in Boston, where he was responsible for research, asset allocations, and currency hedging for global and international bond funds. Before that he was chief economist of the Asia Region for Standard & Poor's DRI, an economist at the World Bank, and a consultant to both the Department of Commerce and the Federal Trade Commission.

Dr. Pham is an adjunct professor at The George Washington University. Dr. Pham holds a Ph.D. in economics from The George Washington University, an M.A. from Georgetown University; and a B.A. from the University of Maryland. He is a member of the board of advisors to the Dingman Center for Entrepreneurship at the University of Maryland Smith School of Business and a board member of the Food Recovery Network.

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Justin Badlam is principal at ndp | analytics, responsible for research, project management, and public affairs of the firm. Badlam brings more than seven years of research, communications, and advocacy experience on public policy issues for the private sector. Prior to joining ndp | analytics, Badlam was manager of research and communications at the U.S. Chamber of Commerce's Global Intellectual Property Center. In that capacity, Badlam led the completion of more than a dozen major research, multimedia, and advocacy projects that garnered considerable media coverage. Before that, he was a senior research associate in the U.S. Chamber of Commerce's development division. He started his career at the Hertz Corporation in their Association and Federation Relations office.

Badlam was a recipient of a Presidential Management Fellowship and New York State Academic Excellence Scholarship. He holds a master's degree in international commerce and policy and a graduate certificate in regional economic development from George Mason University's School of Public Policy. He received his B.A. in Latin American studies from Plattsburgh College (SUNY).

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“THE GOAL OF THIS REPORT IS TO ANALYZE AND MEASURE THE REGULATORY ENVIRONMENT.”

SECTION II CITY PROFILES

Cities are the engines of economic growth in the United States. Future economic prosperity will be built on the innovations and hard work of entrepreneurs and small businesses operating, predominantly, in our urban economies. Each city has qualities and characteristics that set it apart from its contemporary municipalities. The overall competitiveness of a city rests on a variety of factors, including industrial development and firm dynamism, human capital, and overall quality of life. Combined, these elements help cities sustain and increase economic growth, attract and retain talented individuals and businesses, and create a thriving center of commerce and social activity. The ultimate success of a city economy relies on a foundation of rules and institutions that are simple, transparent, and welcoming to firms entering the marketplace.

Regulations are necessary, but poorly written rules, costly procedures, and burdensome processes hinder the growth of small- and medium-sized enterprises and competition in domestic and global markets. The goal of this report is to analyze and measure the regulatory environment by assessing the procedures, time, and costs required for starting and operating a business across 10 U.S. cities. The results for each city are then benchmarked against the other U.S. cities in this study for comparison. Below is an overview of each city in the report, key initiatives of the city and the business community that are supporting entrepreneurship, and the findings of our research.

Cities

Atlanta, Georgia
Boston, Massachusetts
Chicago, Illinois
Dallas, Texas
Detroit, Michigan

Los Angeles, California
New York City, New York
Raleigh, North Carolina
San Francisco, California
St. Louis, Missouri

ATLANTA, GEORGIA

Atlanta is the business capital of the southeastern United States. The city's economy is anchored by the headquarters of a number of Fortune 500 companies, which have contributed to the growth of the city and region. A major domestic hub, Atlanta is home to operations and distribution centers of companies and is a major global business center with the world's busiest airport, Hartsfield Jackson Atlanta International. The region produces an estimated gross metro product of \$294.5 billion¹⁶—60% of Georgia's economic activity. The local economy is powered by global business leadership in such industries as food and beverage, transportation and logistics, and professional services.

Greater Atlanta has a population of 5.4 million, more than half of Georgia's total population, and the city itself numbers 443,000 persons.¹⁷ The region is also home to the largest concentration of colleges and universities in the southeastern United States, boasting more than 40 higher educational institutions, including 9 research universities recognized by the National Science Foundation as national leaders in life sciences and engineering research. Atlanta's city government, the business community, and community organizations are working to ensure the city is growing to be a crucial part of America's 21st-century economy.

2014 Regulatory Climate Index

Understanding and improving the regulatory environment in a city begins with an assessment of the burden and complexity that businesses incur when complying with local business regulations. The city-level data are derived from local laws and regulations and then verified by local government officials, professionals, and experts. Each of the five areas of business regulation has three components: the number of procedures, time (measured in business days), and costs required for compliance with local regulations in the city (Table 1).

Table 1.
Regulatory Environment in Atlanta, Georgia

Area of Business Regulation	Number of Procedures	Time (days)	Cost
Starting a Business	5	5	\$150
Dealing with Construction Permits	17	69	\$26,658
Registering Property	5	8	\$10,538
Paying Taxes	33	—	\$208,880
Enforcing Contracts	20	167	\$333

Benchmarking against Others

Among the cities under review, the *2014 Regulatory Climate Index* ranks Atlanta in fifth position, with the first place representing the most efficient regulatory environment. The Technical Appendix provides a detailed description of the construction of the *Index*.

Table 2.
Overall Scores and Ranking of 10 Cities

City	Overall Score	Ranking
Dallas	89.5	1
St. Louis	85.2	2
Raleigh	73.7	3
Boston	73.3	4
Atlanta	72.7	5
Detroit	64.9	6
Chicago	52.9	7
Los Angeles	47.9	8
San Francisco	41.3	9
New York City	34.7	10

The overall score of the *Regulatory Climate Index* is the simple average of the scores of five areas of regulation. Atlanta ranks fifth overall (score of 72.7), fifth in Starting a Business (86), sixth in Dealing with Construction Permits (65), third in Registering Property (77), fourth in Paying Taxes (58), and fourth in Enforcing Contracts (78).

Table 3.
Scores of 5 Areas of Regulation of 10 Cities

	Starting Business	Construction	Registering Property	Paying Taxes	Enforcing Contracts	Overall
Dallas	80	92	98	100	77	89.5
St. Louis	98	90	100	56	83	85.2
Raleigh	85	99	76	63	45	73.7
Boston	75	86	74	50	81	73.3
Atlanta	86	65	77	58	78	72.7
Detroit	98	60	51	64	53	64.9
Chicago	11	61	71	38	83	52.9
Los Angeles	99	53	52	0	35	47.9
San Francisco	99	0	51	10	46	41.3
New York City	29	72	0	53	20	34.7

Highest Score
Lowest Score

Atlanta scores above average across all areas of business regulation. Atlanta’s overall score across the 10 cities covered in the report is very close to those of Boston and Raleigh.

Where Atlanta Is Doing Well

- The *Index* shows that Atlanta has a friendly environment for Starting a Business. Atlanta’s entrepreneurs can expect a low number of procedures, minimal amount of time, and token costs for starting a professional services limited liability company.
- The total costs of construction permits and licenses in Atlanta are less than 1% of total construction costs. The city of Atlanta presents its information to businesses in an accessible and transparent manner.
- In Atlanta, a real estate transaction is subject to a transfer tax that is much lower than those in the other cities covered in this report.
- Atlanta’s tax environment is favorable for entrepreneurs. The total tax burden and number of annual payments for small firms is comparable to those of Detroit, Raleigh, and St. Louis.
- Entrepreneurs and small businesses face a predictable and efficient local legal system in the city of Atlanta for Enforcing Contracts. Atlanta is among the best performing cities in the time and costs of Enforcing Contracts across the cities covered in the report.

Where Atlanta Needs Improvement

- Atlanta’s overall performance across business regulation areas is largely driven by its performance in procedures and time, less so with the cost of regulations and licenses.
- Atlanta ranks sixth in Dealing with Construction Permits, with an overall score of 65 out of 100. Atlanta’s position in the rankings is driven by the number of procedures for Dealing with Construction Permits when benchmarked against other cities. Under normal conditions, it would take 69 days and approximately 1% of construction costs to obtain construction permits in Atlanta. In comparison, it would take between 39 and 49 days, and less than 0.5% of construction costs, to obtain construction permits in Raleigh and Dallas.

- Atlanta has a favorable tax environment for entrepreneurs and small businesses; however, new firms are required to pay a business license tax based on the projected revenue and number of employees of a new business. The city may want to reconsider the value of this tax in respect to encouraging the formation of start-ups and new firms.

City Initiatives

Atlanta is a rapidly growing city and one of America’s leading economies. The business community—together with the Metro Atlanta Chamber—is working with the city and local governments to make Atlanta the destination for entrepreneurs and small businesses in the southeastern United States. The Atlanta Regional Commission has launched an initiative, known as the Atlanta Regional Economic Competitiveness Strategy, that focuses on developing actionable goals for the future of the region. This program aims at fostering cooperative leadership across government, the business community, higher education, and nonprofits to address four key areas of competitiveness: an educated workforce, prosperous businesses, innovative entrepreneurs, and livable communities.

The Atlanta Regional Commission’s competitiveness program names public education as the top public policy priority; it helps coordinate private grant funding for STEM education, and it encourages experiential learning and internships among graduates of higher institutions. The city is working to attract innovative entrepreneurs through programs that nurture new companies, such as Startup Atlanta, the Atlanta Tech Village, and Georgia Tech’s Advanced Technology Development Center. The commission is also focused on developing vibrant neighborhoods and downtown centers that attract small businesses and residents.

The Atlanta Regional Commission and the city of Atlanta have acknowledged the importance of a predictable and transparent regulatory environment for businesses of all sizes. The commission has recommended streamlining local regulations and expediting the permitting process for the issuances of government licenses. As a result, the city has developed a comprehensive information portal for businesses to understand the various requirements and procedures for complying with local regulations. Atlanta’s “Citizen Gateway” is an online portal for citizens, businesses, and visitors to gain access to government services online. The portal allows a business to apply for permits, schedule inspections of licenses, submit planning applications, and reach other government services without visiting city offices. These efforts set a strong precedent for other cities to follow.

Conclusion

Overall, Atlanta has a good performance assessment of local regulations and finishes fifth in the overall rankings. The city’s overall performance would be improved through streamlining procedures and expediting the approval time for construction permits. Atlanta’s performance reflects its continuing efforts to develop programs and initiatives to strengthen the business environment, provide access to capital, and encourage economic growth at the local level.

BOSTON, MASSACHUSETTS

Boston serves as the cultural and economic center of New England as well as the capital and largest city in the state of Massachusetts. The city's prominent role in the American Revolution, significance as a major international trading hub in the late 1700s, growth as a major manufacturing center in the 1800s, and present leadership in the knowledge-based economy are emblematic of U.S. economic history as a whole. Boston's economy and demographics are diverse, strong, and well equipped for global competition in the 21st-century economy.

Greater Boston's strong communities—with the concentration of world-class research, cultural, and educational institutions—have helped create an innovative economy. The city produces an estimated gross metro product of \$336.2 billion,¹⁸ with a population of more than 636,000 in the city and 4.4 million across the metro area.¹⁹ Local high-growth industries including engineering, biotechnology, health care, and education have attracted young adults, skilled workers, and a diverse population to the city. The business community, universities, nonprofit organizations, and neighborhood groups are collaborating to ensure that the city is well equipped for the future.

2014 Regulatory Climate Index

Understanding and improving the regulatory environment in a city begins with an assessment of the burden and complexity that businesses incur when complying with local business regulations. The city-level data are derived from local laws and regulations and then verified by local government officials, professionals, and experts. Each of the five areas of business regulation has three components: the number of procedures, time (measured in business days), and costs required for compliance with local regulations in the city (Table 1).

Table 1.
Regulatory Environment in Boston, Massachusetts

Area of Business Regulation	Number of Procedures	Time (days)	Cost
Starting a Business	5	5	\$525
Dealing with Construction Permits	13	66	\$32,885
Registering Property	5	8	\$31,365
Paying Taxes	33	—	\$225,285
Enforcing Contracts	18	332	\$240

Benchmarking against Others

Among the cities under review, the *2014 Regulatory Climate Index* ranks Boston in fourth position, with the first place representing the most efficient regulatory environment. The Technical Appendix provides a detailed description of the construction of the *Index*.

Table 2.
Overall Scores and Ranking of 10 Cities

City	Overall Score	Ranking
Dallas	89.5	1
St. Louis	85.2	2
Raleigh	73.7	3
Boston	73.3	4
Atlanta	72.7	5
Detroit	64.9	6
Chicago	52.9	7
Los Angeles	47.9	8
San Francisco	41.3	9
New York City	34.7	10

The overall score of the *Regulatory Climate Index* is the simple average of the scores of five areas of regulation. While Boston ranks fourth overall (score of 73.3), it ranks eighth in Starting a Business (75), fourth in Dealing with Construction Permits (86), fifth in Registering Property (74), seventh in Paying Taxes (50), and third in Enforcing Contracts (81).

Table 3.
Scores of 5 Areas of Regulation of 10 Cities

	Starting Business	Construction	Registering Property	Paying Taxes	Enforcing Contracts	Overall
Dallas	80	92	98	100	77	89.5
St. Louis	98	90	100	56	83	85.2
Raleigh	85	99	76	63	45	73.7
Boston	75	86	74	50	81	73.3
Atlanta	86	65	77	58	78	72.7
Detroit	98	60	51	64	53	64.9
Chicago	11	61	71	38	83	52.9
Los Angeles	99	53	52	0	35	47.9
San Francisco	99	0	51	10	46	41.3
New York City	29	72	0	53	20	34.7

Highest Score
Lowest Score

Boston is well above the average across the 10 cities covered in this report—very close to Raleigh and just above Atlanta. The *Index* shows that Boston performs well in permitting of construction projects, transferring and registering property, and litigation involving contract disputes.

Where Boston Is Doing Well

- Boston scores well on Dealing with Construction Permits. The city’s performance is driven by the efficiency of its permitting process and number of procedures required for approval of permits, which equals those of Raleigh and St. Louis and outperforms all other cities.
- Boston performs above average in registering and transfer of property through commercial sale. Again, Boston does well with efficiency on the number of procedures and time required for the transaction.
- Boston’s legal environment is favorable to entrepreneurs and small businesses in respect to potential litigation matters that may arise. Legal administrative costs are low in Boston, compared with the cities covered in this report. Small businesses can also expect a swift process in the enforcement of judgment.

Where Boston Needs Improvement

- Overall, Boston’s strength is the number of procedures and time for approval of local regulations and permits. The city, in some areas of business regulation, has higher costs compared with other cities.
- In the context of the report, Boston performs well in Dealing with Construction Permits. The total costs of permits, inspections, and approval for construction projects is slightly more than 1% of the total costs of construction. Interviews with experts and local professionals in Boston noted that the construction permit process and zoning codes vary significantly, depending on the area of the city where the project is commencing. For example, construction in historical districts and designated redevelopment zones typically follow strict project guidelines, which may slow the permitting process. Therefore, our research may not reflect the reality of Dealing with Construction Permits in the city.

- Boston’s performance is average in the Registering Property regulation area. However, looking closely at the results will show a stark contrast of Boston and the city of Raleigh in fourth place. The total costs of Registering Property in Raleigh and Boston are significant—largely driven by Boston’s real estate transfer tax. Boston is among five cities with a high real estate transfer tax.
- Entrepreneurs face a higher tax burden in Boston and the state of Massachusetts, compared with other cities. The state, county, and city corporate tax rates and employment tax rates are higher than those of other cities measured in the report.
- While Boston has a favorable litigation environment overall, the local judicial system could be improved in the litigation phase to be more efficient when handling matters related to small businesses and disputes under a monetary threshold.

City Initiatives

The Mayor’s Office and Boston Redevelopment Agency, with support from the business community, have embarked on a number of initiatives to attract and support businesses in the city. Launched in 2010, Boston’s *Innovation District* is an effort to convert 1,000 acres of the South Boston waterfront into an urban environment that fosters innovation, cooperation, and entrepreneurship.²⁰ The program boasts more than 200 new companies across industries and has added more than 4,000 new jobs to the city. Another effort, LifeTech Boston, aims to expand an already well-established technology and life sciences sector through five cluster areas across the city.

Boston has implemented programs to aid new firms and businesses with access to capital and funding for business ventures in the city. The Boston Industrial Development Financing Authority and Boston Local Development Corporation offer tax-exempt bonds and loans up to \$250,000 for local companies and not-for-profits. Additionally, the Boston Redevelopment Authority, with the support of the state government, offers tax-related financial incentives to promote development, encourage job growth, and support economic activity.²¹

The city of Boston provides a number of tools to build a business environment that is welcoming and hospitable to businesses. Boston has launched programs to assist start-up companies and businesses with local regulations, permitting, and licensing. The Boston Business Hub allows small businesses to connect with a business development expert in the city government to answer technical questions about local regulations.²² Businesses can use the Mayor’s Citizen Connect program, which features a mobile application and Twitter account to connect constituents with city officials to answer questions and provide assistance with business permits and local regulations.²³

Conclusion

Overall, Boston has an above-average assessment across the five areas of business regulation covered in this report. Boston is fourth in the overall ranking, which reflects the city’s commitment to improving the number of procedures and waiting time for entrepreneurs and small businesses complying with local regulations. Boston has invested in a number of programs and initiatives to strengthen the business environment, provide access to capital, and encourage economic growth at the local level. Bringing the costs of compliance for local regulations in line with the best-performing cities in the report would strengthen its overall business environment.

CHICAGO, ILLINOIS

Chicago has evolved from an industrial and manufacturing powerhouse in the late 1800s into the third-largest economic center in the United States. The Greater Chicago region is home to the headquarters of a number of innovative Fortune 500 U.S. companies and foreign-based companies. Greater Chicago's economy still relies on a strong industrial and manufacturing base along with leading companies in information technology, pharmaceuticals, and other research and development sectors.

Chicago's diverse economy generated \$571 billion in 2012²⁴—greater than the output of Belgium and Norway.²⁵ The city's international airport and shipping port provide businesses with access to locations across the globe. Greater Chicago has a population of 9.5 million, with more than 2.7 million in the city.²⁶ The metro area boasts world-class research universities and higher-education institutions that help attract talented and skilled individuals from all over the world.

2014 Regulatory Climate Index

Understanding and improving the regulatory environment in a city begins with an assessment of the burden and complexity that businesses incur when complying with local business regulations. The city-level data are derived from local laws and regulations; they are then verified by local government officials, professionals, and experts. Each of the five areas of business regulation has three components: the number of procedures, time (measured in business days), and costs required for compliance with local regulations in the city (Table 1).

Table 1.
Regulatory Environment in Chicago, Illinois

Area of Business Regulation	Number of Procedures	Time (days)	Cost
Starting a Business	7	32	\$900
Dealing with Construction Permits	17	82	\$29,830
Registering Property	5	8	\$55,888
Paying Taxes	33	—	\$248,570
Enforcing Contracts	18	141	\$543

Benchmarking against Others

Among the cities under review, the 2014 *Regulatory Climate Index* ranks Chicago in seventh position, with the first place representing the most efficient regulatory environment. The Technical Appendix provides a detailed description of the construction of the *Index*.

Table 2.
Overall Scores and Ranking of 10 Cities

City	Overall Score	Ranking
Dallas	89.5	1
St. Louis	85.2	2
Raleigh	73.7	3
Boston	73.3	4
Atlanta	72.7	5
Detroit	64.9	6
Chicago	52.9	7
Los Angeles	47.9	8
San Francisco	41.3	9
New York City	34.7	10

The overall score of the *Regulatory Climate Index* is the simple average of the scores of five areas of regulation. While Chicago ranks seventh overall (score of 52.9), it ranks 10th in Starting a Business (11), seventh in Dealing with Construction Permits (61), sixth in Registering Property (71), eighth in Paying Taxes (38), and first in Enforcing Contracts (83).

Table 3.
Scores of 5 Areas of Regulation of 10 Cities

	Starting Business	Construction	Registering Property	Paying Taxes	Enforcing Contracts	Overall
Dallas	80	92	98	100	77	89.5
St. Louis	98	90	100	56	83	85.2
Raleigh	85	99	76	63	45	73.7
Boston	75	86	74	50	81	73.3
Atlanta	86	65	77	58	78	72.7
Detroit	98	60	51	64	53	64.9
Chicago	11	61	71	38	83	52.9
Los Angeles	99	53	52	0	35	47.9
San Francisco	99	0	51	10	46	41.3
New York City	29	72	0	53	20	34.7

Highest Score

Lowest Score

Chicago outperforms the other three large cities measured by the *Index*—Los Angeles, San Francisco, and New York City. However, Chicago is below the average performance of the 10 cities covered in the report in 2014.

Where Chicago Is Doing Well

- Chicago ranks first in the area of Enforcing Contracts. Entrepreneurs and small businesses can expect a predictable and efficient legal environment in Chicago, with a low number of procedures and short waiting time compared to those of other cities. The administrative costs of Enforcing Contracts put Chicago in the middle of the cities covered in this report.
- Chicago has competitive elements across specific areas of business regulation. For example, Chicago performs relatively well in the number of procedures and time for the area of Registering Property. Further, the cost of Dealing with Construction Permits in Chicago is about 1% of total construction costs, which is the average across the cities covered in the report.

Where Chicago Needs Improvement

- Chicago performs poorly in the area of Starting a Business due to the number of procedures, waiting time, and costs required for compliance. In Chicago, an entrepreneur starting a limited liability company in the professional services industry must apply for a business license through the mail. The application for a license takes 28 days for approval and must be completed before a business can operate. Most of the cities covered in this report grant online approval in one business day for this process. Chicago's costs are also the highest compared with those of the nine other cities.
- While Chicago has an average performance of procedures and time for Registering Property, the city's costs are burdensome for small companies to initiate the transfer of property. Outside of New York, Chicago has the highest real estate transfer taxes at the state, county, and city levels.
- Chicago has one of the highest tax burdens for entrepreneurs and small businesses, which places the city near the bottom of Paying Taxes. The city has the highest levels of corporate, employment, and operating taxes across the cities covered in the report. Chicago also places additional taxes on entrepreneurs in the form of state employee expense taxes.

City Initiatives

Chicago has made government effectiveness in regulation a top priority. In 2011, the city was awarded \$6 million in grants from Bloomberg Philanthropies to deliver efficiency to city government and better services to taxpayers through an Innovation Delivery Team. Portions of this grant were dedicated to improving the city's business environment. The mayor's office opened the City Hall Small Business Center and appointed a Chief Small Business Officer to provide a one-stop-shop for permits and licenses for small business owners and entrepreneurs. Chicago's efforts to simplify and streamline the business licensing system have resulted in a 60% reduction in the number of licenses required, which have saved businesses more than \$2 million. These efforts are an important part of improving the way small businesses and entrepreneurs interact with city-level business regulations.

Chicago has made transformative changes on local policy issues—such as infrastructure, small business and job creation, and government effectiveness—in the past few years. The city has worked with outside experts to develop the Chicago Infrastructure Trust, an expansive public-private partnership to fund infrastructure projects of the future. The program uses private capital to invest in projects based on merit and evidence rather than on political clout. Project funds are committed to Chicago's core economic strengths, such as advanced manufacturing, exports, and innovation, to tackle such pressing issues as poverty and access to technology.

The mayor's office has launched Chicago's first Neighborhood Small Business Growth Strategy to make resources and services available through the city's 73 neighborhood chambers of commerce and to strengthen ties between entrepreneurs and communities. Chicago has also associated with Goldman Sachs' 10,000 Small Businesses initiative for a \$25 million program to provide the city's small businesses with education, business support services, and access to capital. The city has also started a \$1 million nonprofit lending program—Chicago Microlending Institute—to provide loans to small businesses. In 2013, the program delivered \$650,000 in microloans to more than 80 small businesses across the city.

Conclusion

Chicago can improve its antiquated process of starting a business and granting approval of professional services LLCs through the mail as well as cut down on the waiting time required for business operations. This would result in a significant improvement in the rankings. Other areas, such as the overall tax burden facing entrepreneurs, could prove to be a long-term challenge.

Overall, Chicago's regulatory environment does not compare favorably to those of the other cities covered in the report. Nevertheless, relative to the largest cities—Los Angeles and New York City—Chicago's overall regulatory environment performs well. There are also encouraging signs that the city is taking its regulatory burden seriously, particularly for small businesses.

DALLAS, TEXAS

Dallas's history marks it as perhaps one of the more resourceful cities in the United States. Dallas grew due to its proximity to and development of major transportation networks. First, railroad lines in the late 1800s shipped oil and cotton across the country from Dallas. Then the city's economy expanded further with the creation of the national interstate system. The city and region worked to create a major inland port at the Dallas/Fort Worth International Airport—now one of the busiest airports in the world.

Dallas's diverse economy is a mix of financial services, computer technology, energy, research and development-intensive industries, and transportation sectors, among others. In 2012, Dallas's economy produced \$420 billion in gross metropolitan product.²⁷ Dallas's metro area is home to 6.7 million people, with 1.2 million within the city limits.²⁸ The region has a dozen four-year universities and a half-dozen community college districts. The city is home to 18 Fortune 500 companies and 12 of Forbes top private companies. The city has 148 companies ranked in the Inc. 5000 fastest-growing private companies. Dallas's vibrant business and cultural communities make it one of the most rapidly growing cities in the country.

2014 Regulatory Climate Index

Understanding and improving the regulatory environment in a city begins with an assessment of the burden and complexity that businesses incur when complying with local business regulations. The city-level data are derived from local laws and regulations; they are then verified by local government officials, professionals, and experts. Each of the five areas of business regulation has three components: the number of procedures, time (measured in business days), and costs required for compliance with local regulations in the city (Table 1).

Table 1.
Regulatory Environment in Dallas, Texas

Area of Business Regulation	Number of Procedures	Time (days)	Cost
Starting a Business	5	6	\$300
Dealing with Construction Permits	14	49	\$9,900
Registering Property	4	7	\$19,763
Paying Taxes	28	—	\$174,210
Enforcing Contracts	20	180	\$325

Benchmarking against Others

Among the cities under review, the 2014 *Regulatory Climate Index* ranks Dallas in first position, representing the most efficient regulatory environment. The Technical Appendix provides a detailed description of the construction of the *Index*.

Table 2.
Overall Scores and Ranking of 10 Cities

City	Overall Score	Ranking
Dallas	89.5	1
St. Louis	85.2	2
Raleigh	73.7	3
Boston	73.3	4
Atlanta	72.7	5
Detroit	64.9	6
Chicago	52.9	7
Los Angeles	47.9	8
San Francisco	41.3	9
New York City	34.7	10

The overall score of the *Regulatory Climate Index* is the simple average of the scores of five areas of regulation. While Dallas ranks first overall (score of 89.5), it ranks seventh in Starting a Business (80), second in Dealing with Construction Permits (92), second in Registering Property (98), first in Paying Taxes (100), and fifth in Enforcing Contracts (77).

Table 3.
Scores of 5 Areas of Regulation of 10 Cities

	Starting Business	Construction	Registering Property	Paying Taxes	Enforcing Contracts	Overall
Dallas	80	92	98	100	77	89.5
St. Louis	98	90	100	56	83	85.2
Raleigh	85	99	76	63	45	73.7
Boston	75	86	74	50	81	73.3
Atlanta	86	65	77	58	78	72.7
Detroit	98	60	51	64	53	64.9
Chicago	11	61	71	38	83	52.9
Los Angeles	99	53	52	0	35	47.9
San Francisco	99	0	51	10	46	41.3
New York City	29	72	0	53	20	34.7

Highest Score
Lowest Score

Dallas ranks at the top across all areas of business regulation of the cities covered in this report. The city performs evenly across all five areas of business regulation and the measures of procedures, time, and cost.

Where Dallas Is Doing Well

- Dallas is the best-ranked city for business in Paying Taxes. Dallas is one of two cities with a total tax burden under \$200,000 annually, based on the assumptions used in our analysis. Dallas and other cities in Texas have no corporate income tax and low employment tax, a factor that significantly reduces the tax burden on entrepreneurs and small businesses.
- Dallas performs near the top for Dealing with Construction Permits. The city achieves the best performance for costs of permits and high marks for procedures and time. These data reflect a streamlined permitting and licensing process that is expedited as businesses apply and attain construction permits.
- Dallas is also a top performer in the area of Registering Property. There are no real estate transfer taxes at the state and local levels, which significantly lowers the transactional costs for small businesses.

Where Dallas Needs Improvement

- Dallas, despite its ranking as the top city in business regulation, does not fare well in Starting a Business when benchmarked against the other cities in this report. Dallas's performance is outside the top-performing city in terms of waiting time and costs of licenses for starting a professional service LLC.
- Dallas is strong across all areas of business regulation covered in the report. The city's lowest performance is fifth in Enforcing Contracts. Dallas is given a value of 77 out of 100 to enforce contracts. While this number may look satisfactory in absolute value, it falls short in the context of and comparison with other cities. Four cities—St. Louis, Chicago, Boston, and Atlanta—achieved higher scores. Dallas's position in the ranking is largely driven by the number of procedures for Enforcing Contracts in comparison with the other cities.

City Initiatives

The city of Dallas and its business community, institutions of higher education, and community organizations are collaborating to make the city one of the most dynamic 21st-century economies in the world. Dallas has a big advantage over other cities due to its lack of state and local income taxes. Using this advantage, the Dallas Regional Chamber has developed an innovation initiative to increase technology jobs and capital investment in the city.

The Dallas Regional Chamber and the business community are working with local universities to create regional research alliances, supporting start-up incubators and accelerators, and hosting networking events for entrepreneurs. The Dallas Regional Chamber has helped launch the Dallas Entrepreneur Center to aid high-growth start-up companies. Other programs include the Texas Research Alliance, which works with local universities to connect research institutions with industry in the energy, life sciences, technology, and telecom sectors.

Dallas has also seen a wave of venture capital and new sources of start-up funding emerge in recent years—a promising sign for the future. The city's venture capital network is led by the established firms of Trailblazer Capital and Silver Creek Ventures. The business community has helped launch VentureSpur—a seed accelerator that will provide funding options for launching technology start-ups. Other newly launched firms include tech-focused Dallas Venture Partners; Reditex Ventures, which invests in life sciences; and ORIX Technology and Infrastructure Fund, which focuses on tech companies and infrastructure projects in Texas and surrounding states. This growth in financing and access to capital is yet another reason why Dallas is committed to being a top place to do business and is well equipped for the 21st-century economy.

Conclusion

Dallas is the best-ranked city on the *Regulatory Climate Index* thanks to its efficient local regulations. Entrepreneurs and small businesses can expect a welcoming business environment across all five areas of local regulation. Dallas scores above average across each meaningful measure of an interaction that a business has with a local government agency through procedure, time, and cost. These rankings reflect the city's continuing efforts to develop programs and initiatives to strengthen the business environment, provide access to capital, and encourage economic growth at the local level.

DETROIT, MICHIGAN

The manufacturing renaissance, as a result of the assembly line, created a thriving automotive industry that made Detroit one of America's most prosperous urban areas. Greater Detroit's economy is powered by the automobile, energy, health care, manufacturing, and professional services industries. In 2012, Detroit generated \$208.3 billion on gross metropolitan product.²⁹ The city serves as the gateway to Canadian markets in Greater Toronto and cities in Ontario and Quebec. More than 25% of North America's merchandise trade between the United States and Canada passes over Detroit's Ambassador Bridge. Greater Detroit's population totals 4.2 million, with more than 700,000 living in the city.³⁰

Detroit has fallen on hard times in the past few decades: the city's population has decreased rapidly since the turn of this century, and economic downturns have hampered the local economy. A pivotal point was Detroit's filing of Chapter 9 bankruptcy in 2013. Despite the city's financial woes, there is a reason for optimism. While no other major American city has experienced recent decline like Detroit has, a community of entrepreneurs and start-ups are reenergizing and revitalizing the city and its future prosperity.

2014 Regulatory Climate Index

Understanding and improving the regulatory environment in a city begins with an assessment of the burden and complexity that businesses incur when complying with local business regulations. The city-level data are derived from local laws and regulations; they are then verified by local government officials, professionals, and experts. Each of the five areas of business regulation has three components: the number of procedures, time (measured in business days), and costs required for compliance with local regulations in the city (Table 1).

Table 1.
Regulatory Environment in Detroit, Michigan

Area of Business Regulation	Number of Procedures	Time (days)	Cost
Starting a Business	4	4	\$150
Dealing with Construction Permits	17	73	\$40,218
Registering Property	5	10	\$40,355
Paying Taxes	32	—	\$207,510
Enforcing Contracts	22	371	\$205

Benchmarking against Others

Among the cities under review, the 2014 *Regulatory Climate Index* ranks Detroit in sixth position, with the first place representing the most efficient regulatory environment. The Technical Appendix provides a detailed description of the construction of the *Index*.

Table 2.
Overall Scores and Ranking of 10 Cities

City	Overall Score	Ranking
Dallas	89.5	1
St. Louis	85.2	2
Raleigh	73.7	3
Boston	73.3	4
Atlanta	72.7	5
Detroit	64.9	6
Chicago	52.9	7
Los Angeles	47.9	8
San Francisco	41.3	9
New York City	34.7	10

The overall score of the *Regulatory Climate Index* is the simple average of the scores of five areas of regulation. While Detroit ranks sixth overall (score of 64.9), the city ranks third in Starting a Business (98), eighth in Dealing with Construction Permits (60), ninth in Registering Property (51), second in Paying Taxes (64), and sixth in Enforcing Contracts (53).

Table 3.
Scores of 5 Areas of Regulation of 10 Cities

	Starting Business	Construction	Registering Property	Paying Taxes	Enforcing Contracts	Overall
Dallas	80	92	98	100	77	89.5
St. Louis	98	90	100	56	83	85.2
Raleigh	85	99	76	63	45	73.7
Boston	75	86	74	50	81	73.3
Atlanta	86	65	77	58	78	72.7
Detroit	98	60	51	64	53	64.9
Chicago	11	61	71	38	83	52.9
Los Angeles	99	53	52	0	35	47.9
San Francisco	99	0	51	10	46	41.3
New York City	29	72	0	53	20	34.7

Highest Score
Lowest Score

Detroit is the sixth-ranked city in the report, with an average cumulative performance of the 10 cities covered in the report. The city performs near the top in Starting a Business and Paying Taxes.

Where Detroit Is Doing Well

- Detroit requires the lowest number of procedures and waiting time in the area of Starting a Business. The city requires an administrative fee that ranks as one of the lowest of the 10 cities assessed in the report. As a result, Detroit ranks just behind Los Angeles and San Francisco for Starting a Business.
- Detroit ranks second in the area of Paying Taxes, which translates to a low tax burden for entrepreneurs and small businesses. Detroit and other cities in Michigan have a moderate corporate tax rate and a low unemployment tax rate in comparison with other cities. Further, the city has the lowest sales tax rate across the 10 cities covered in the report.

Where Detroit Needs Improvement

- Detroit ranks near the bottom in Dealing with Construction Permits, a position driven by its high number of procedures, waiting time for permits, and overall cost. The total cost of construction permits is 1.3% of total construction costs, which is on the higher end of the cities covered in this report.
- Detroit ranks poorly in the area of Registering Property, which is a result of longer waiting times and higher costs for businesses. Local professionals noted that accessing property records at the Register of Deeds in Detroit is often unpredictable, with inaccurate and out-of-date records. As a result, many title companies must purchase commercial databases. Additionally, the city has a high real estate transfer tax compared to those of the other cities covered in the report. Both of these factors contribute to Detroit’s performance in this area.
- While Detroit has the lowest administrative costs for Enforcing Contracts, the city has some of the highest numbers of procedures and waiting time for the business area. Entrepreneurs and small businesses can expect to wait an entire calendar year before the final enforcement of judgment on a contractual dispute in Detroit.

City Initiatives

Many viewed Detroit’s bankruptcy as the final straw that broke the back of America’s most famous single-industry town. Pessimism is easy when a city is \$18 billion in debt and cannot pay its bills. Detroit’s bankruptcy and acceptance of its longstanding fiscal woes is an important signal to investors and entrepreneurs that the problems are being addressed. And while these issues won’t be solved overnight, these actions may allow for the local economy to have a fresh start.

The Detroit Regional Chamber of Commerce along with Detroit Economic Growth Corporation, Invest Detroit, and the Downtown Detroit Partnership are advocating for the transformation of downtown area into a vibrant and economically prosperous community. The New Economy Initiative for Southeast Michigan is investing \$100 million to transform regional Detroit into an entrepreneurial hot spot. Entrepreneur and venture capitalist Dan Gilbert is another key player in the effort to transform Detroit. Gilbert, with his diverse portfolio of companies, has invested more than \$1 billion to help return Detroit to prosperity. Start-up accelerator Bizdom and venture capital firm Detroit Venture Partners are helping Detroit regain its entrepreneurial edge.

The renewed focus in revitalizing downtown Detroit has seen dozens of companies relocating from the suburbs into downtown offices.³¹ There is an energy and excitement from Detroit’s start-up community coalescing around revitalizing its downtown core. The city would benefit from an increased effort to streamline and increase efficiency for local regulations to make Detroit a vibrant, diverse business environment.

Conclusion

Detroit is in the middle of the pack among the cities covered in this report. Detroit’s regulatory environment is on two different sides of the spectrum. On the one side, it is easy to start a business and pay taxes in the city. On the other side, it is difficult and costly to apply for construction permits and register property from the sale of a commercial building. Moreover, while the city has low administrative costs for commencing the enforcement of contracts, it is a burdensome and long task to see to completion. As noted, Detroit is at a crossroads, given the city government’s fiscal situation. This represents an opportune moment for Detroit to enact reforms that would improve its regulatory environment for start-ups and small businesses.

LOS ANGELES, CALIFORNIA

Los Angeles is often synonymous with Hollywood, but its economy consists of much more than the entertainment industry. In addition to hosting world-class entertainment and media, Greater Los Angeles is a diverse and export-oriented economy powered by aerospace, technology, petroleum, and manufacturing. The port of Los Angeles and Long Beach comprises one of the world's busiest ports and a key link to the Pacific Rim. Overall, the Los Angeles metro area generated \$765.7 billion in gross metro product in 2012³²—the second-highest in the U.S. and greater than those of Switzerland and Saudi Arabia. Los Angeles's output would make it the 19th-largest economy in the world.³³

Greater Los Angeles is home to 13 million people, with 3.8 million living in the city. The city has a rich arts and cultural community along with prominent universities. The United States' second-largest economic center attracts highly skilled and talented individuals due to the employment opportunities, beaches, and cultural attractions of the city. Los Angeles has a burgeoning start-up scene, but, like any large city, faces challenges to maintain its competitiveness.

2014 Regulatory Climate Index

Understanding and improving the regulatory environment in a city begins with an assessment of the burden and complexity that businesses incur when complying with local business regulations. The city-level data are derived from local laws and regulations; they are then verified by local government officials, professionals, and experts. Each of the five areas of business regulation has three components: the number of procedures, time (measured in business days), and costs required for compliance with local regulations in the city (Table 1).

Table 1.
Regulatory Environment in Los Angeles, California

Area of Business Regulation	Number of Procedures	Time (days)	Cost
Starting a Business	4	5	\$150
Dealing with Construction Permits	14	105	\$85,841
Registering Property	5	10	\$28,318
Paying Taxes	38	—	\$275,766
Enforcing Contracts	23	305	\$545

Benchmarking against Others

Among the cities under review, the 2014 *Regulatory Climate Index* ranks Los Angeles in eighth position, with the first place representing the most efficient regulatory environment. The Technical Appendix provides a detailed description of the construction of the *Index*.

Table 2.
Overall Scores and Ranking of 10 Cities

City	Overall Score	Ranking
Dallas	89.5	1
St. Louis	85.2	2
Raleigh	73.7	3
Boston	73.3	4
Atlanta	72.7	5
Detroit	64.9	6
Chicago	52.9	7
Los Angeles	47.9	8
San Francisco	41.3	9
New York City	34.7	10

The overall score of the *Regulatory Climate Index* is the simple average of the scores of five areas of regulation. While Los Angeles ranks eighth overall (score of 47.9), it ranks as tied for first in Starting a Business (99), ninth in Dealing with Construction Permits (53), seventh in Registering Property (52), 10th in Paying Taxes (0), and ninth in Enforcing Contracts (35).

Table 3.
Scores of 5 Areas of Regulation of 10 Cities

	Starting Business	Construction	Registering Property	Paying Taxes	Enforcing Contracts	Overall
Dallas	80	92	98	100	77	89.5
St. Louis	98	90	100	56	83	85.2
Raleigh	85	99	76	63	45	73.7
Boston	75	86	74	50	81	73.3
Atlanta	86	65	77	58	78	72.7
Detroit	98	60	51	64	53	64.9
Chicago	11	61	71	38	83	52.9
Los Angeles	99	53	52	0	35	47.9
San Francisco	99	0	51	10	46	41.3
New York City	29	72	0	53	20	34.7

Highest Score
Lowest Score

Los Angeles is below the average performance of the 10 cities covered in the report in 2014, ahead of only San Francisco and New York City.

Where Los Angeles Is Doing Well

- Los Angeles and San Francisco are tied for the top spot for Starting a Business. Starting a new business in Los Angeles takes the lowest number of procedures, a minimal amount of time, and the lowest administrative costs.
- Los Angeles has a low number of procedures for compliance in Dealing with Construction Permits and Registering Property, which shows the city has made an effort to streamline regulatory procedures.
- Los Angeles has placed a temporary exemption of the business license tax on new firms opening from 2010 to 2015 for the first three years of operation.

Where Los Angeles Needs Improvement

- Los Angeles ranks poorly in Dealing with Construction Permits. The city has a long waiting time and a costly process for attaining a commercial construction permit. The waiting time is largely attributed to the zoning and environmental review. Los Angeles’s high cost for permits—nearly 3% of total cost of construction—is driven by the city’s fees for building permit plan and approval. New commercial office buildings over \$500,000 are required to pay an arts development fee of \$1.57 per square foot. This translates to \$23,550 for the type of project covered in this report.
- Los Angeles ranks near the bottom in Registering Property due to higher waiting times and administrative costs for transferring commercial real estate. The city has a high real estate transfer tax that places additional burdens on small businesses when transferring commercial property through a sale.
- Entrepreneurs and small businesses face the most burdensome tax system of the cities covered in this report. In Los Angeles, small companies face high corporate tax rates and additional regulations, such as franchise taxes. Los Angeles professional service companies are required to pay business license taxes based on gross receipts from previous years. While there is currently a tax exemption for new businesses for the first three years of operation, because this is not a permanent alleviation of the tax, it is included in the analysis.

- Los Angeles ranks near the bottom in Enforcing Contracts. This position is a result of a high number of procedures and a waiting time of nearly a calendar year through the litigation phase.

City Initiatives

Los Angeles’s business community, local governments, universities, and nonprofits have developed a strategy to enhance the city’s competitiveness and build the local economy. The Los Angeles Area Chamber of Commerce has specifically led an effort to strengthen the start-up and entrepreneurial environment in the city. Together with the U.S. Small Business Administration, the local chamber launched its Bixel Exchange program. The Bixel Exchange is a small-business development center that focuses on technology start-ups and provides entrepreneurs with access to legal advice, angel investors, mentors, and networking programs. The LA Chamber’s initiative complements an impressive roster of incubators in Los Angeles, including LA Cleantech, Amplify.LA, and Start Engine. The business community is also working with programs at local universities—USCViterbi and Startup UCLA—to foster a vibrant entrepreneurial community.

Access to capital is a critical part of a successful start-up environment. The business community and city have worked together to bolster those resources for entrepreneurs and small businesses. The Los Angeles Development Fund (LADF) and Los Angeles BusinessSource provide start-up capital and financing for the expansion of small businesses. The LADF gives entrepreneurs access to capital so that they establish or expand businesses, and it generates private investment in businesses.³⁴ Further, Los Angeles is a prominent city for venture capital, with more than \$1.6 billion, or 6.2% of the U.S. total, to aid in the development of high-growth companies.³⁵ These factors are positive attributes for the future of the Greater Los Angeles economy.

Along with developing a vibrant start-up environment, Greater Los Angeles has a campaign to prepare an educated workforce, enhance the quality of life, and build an infrastructure fit for economic growth. Importantly, this campaign includes creating a business-friendly environment that will allow the companies that emerge from programs like the Bixel Exchange and LA Cleantech to become high-growth companies.

Conclusion

Los Angeles has room for significant improvements across four areas of business regulation. For example, the city has streamlined a number of procedures for Dealing with Construction Permits, but the process lacks efficiency and high costs for administrative compliance. Further, the city should make the tax exemption for business licenses for new firms permanent. Los Angeles is endowed with a diverse economy, venture capital, and conditions to foster a vibrant start-up community. Improving the local regulatory environment for entrepreneurs and start-ups will be necessary for a vibrant economy to flourish.

NEW YORK CITY, NEW YORK

New York City has been the symbol of opportunity and freedom since the 1800s. It has endured two recessions, the global financial crisis, and the tragedy of 9/11 to remain the global center of cultural and economic activity. The city is diverse, with more than 800 languages spoken across a metro-area population of 19.8 million people and more than 8.3 million living within the city.³⁶

New York City is the largest metropolitan area in the United States. The city is the commercial center of the country and the magnet of entertainment, fashion, finance, media, and culture, with dozens of the world's top publicly traded companies headquartered in New York. The region's economy generated \$1.35 trillion in gross metropolitan product in 2012³⁷—larger than that of Spain. The economy is growing annually at a rate of 3%, which outpaces the growth rate of the U.S. economy and other developed countries. New York City and its economic and cultural communities recognize the challenges that the city faces.

2014 Regulatory Climate Index

Understanding and improving the regulatory environment in a city begins with an assessment of the burden and complexity that businesses incur when complying with local business regulations. The city-level data are derived from local laws and regulations; they are then verified by local government officials, professionals, and experts. Each of the five areas of business regulation has three components: the number of procedures, time (measured in business days), and costs required for compliance with local regulations in the city (Table 1).

Table 1.
Regulatory Environment in New York City, New York

Area of Business Regulation	Number of Procedures	Time (days)	Cost
Starting a Business	7	8	\$1,306
Dealing with Construction Permits	15	79	\$32,060
Registering Property	7	10	\$249,383
Paying Taxes	33	—	\$219,024
Enforcing Contracts	20	511	\$880

Benchmarking against Others

Among the cities under review, the 2014 *Regulatory Climate Index* ranks New York City in 10th position, with the first place representing the most efficient regulatory environment. The Technical Appendix provides a detailed description of the construction of the *Index*.

Table 2.
Overall Scores and Ranking of 10 Cities

City	Overall Score	Ranking
Dallas	89.5	1
St. Louis	85.2	2
Raleigh	73.7	3
Boston	73.3	4
Atlanta	72.7	5
Detroit	64.9	6
Chicago	52.9	7
Los Angeles	47.9	8
San Francisco	41.3	9
New York City	34.7	10

The overall score of the *Regulatory Climate Index* is the simple average of the scores of five areas of regulation. While New York City ranks 10th overall (score of 34.7), it ranks ninth in Starting a Business (29), fifth in Dealing with Construction Permits (72), 10th in Registering Property (0), sixth in Paying Taxes (53), and 10th in Enforcing Contracts (20).

Table 3.
Scores of 5 Areas of Regulation of 10 Cities

	Starting Business	Construction	Registering Property	Paying Taxes	Enforcing Contracts	Overall
Dallas	80	92	98	100	77	89.5
St. Louis	98	90	100	56	83	85.2
Raleigh	85	99	76	63	45	73.7
Boston	75	86	74	50	81	73.3
Atlanta	86	65	77	58	78	72.7
Detroit	98	60	51	64	53	64.9
Chicago	11	61	71	38	83	52.9
Los Angeles	99	53	52	0	35	47.9
San Francisco	99	0	51	10	46	41.3
New York City	29	72	0	53	20	34.7

Highest Score
Lowest Score

New York City is below the average performance of the 10 cities covered in the report in 2014. The largest city in the United States is also the most burdensome for small businesses and entrepreneurs across areas of business regulation.

Where New York City Is Doing Well

- New York City has a fair environment for businesses when they have to deal with construction permits. The city has invested in improving the efficiency of its zoning regulation and construction permitting process. Permit costs are slightly more than 1% of total construction costs. In addition, New York City has developed a comprehensive statistics portal to access detailed information on construction permits in the city.

Where New York City Needs Improvement

- Starting a Business in New York City is a straightforward process; however, city law requires that the company post two advertisements in local newspapers regarding the new business. This is an antiquated law and unique to New York City among the 10 cities covered in this report.
- New York City receives the lowest marks for Registering Property, which is driven by a high number of procedures, time, and cost. Transferring the sale of a commercial property in New York City is a very costly process and nearly \$200,000 more expensive than the closest city on the *Index*. The cost is a result of high rates for real estate transfer and real property tax. Furthermore, New York City is the only city in this report that requires a mortgage recordation tax.
- Entrepreneurs and small businesses face a moderate tax burden in a city where the cost of doing business is already high. Small businesses in New York City are subject to high corporate and employment taxes.
- New York City ranks last in Enforcing Contracts. Business owners are saddled with a high number of procedures, wait times that can exceed a year and a half, and high administrative costs compared with the other cities in the report.

City Initiatives

New York City is an economic and cultural powerhouse. New York City has emerged as a hot spot for start-up technology companies—an East Coast counterbalance with the financial wherewithal to match Silicon Valley. Applied Sciences NYC, Cornell Tech NYC Campus, Columbia Institute for Data Science and Engineering, and New York University’s Center for Urban Science and Progress have all developed programs to spawn the next class of urban-focused über-technologists. These efforts show the commitment of the city, business community, academia, and other parties to making innovation a critical driver of economic growth.

Despite New York City’s prominence as the largest urban economy, it is encumbered by increasingly high costs of living and doing business. These costs are 1.5 times the national average.³⁸ These challenges are reflected in data from the Partnership for New York City on the scaling of small companies in the city. Research shows that between 2003 and 2010, New York City saw no net growth in the number of firms with 50 or more employees. Moreover, of the 220,000+ businesses in the city, 88% have fewer than 20 employees.³⁹ The Partnership also found significant challenges for business with local employment regulations.

The city government, business community, nonprofit organizations, and professional organizations have banded together to work through the challenges. New York City has become a global leader in reaching its citizens through digital channels and engaging with constituents on city issues. The city has passed legislation to eliminate unnecessary regulatory burdens on small businesses and has created a direct channel to communicate with the city’s Commissioner of Small Business Services. Moreover, businesses cite the tax and regulatory burden as excessive in the city. Job creation and economic growth depend on a strong partnership between government, the private sector, professional organizations, and educational institutions; New York City is on that path.

Conclusion

Overall, New York City has a poor performance in the assessment across 5 areas of business regulation benchmarked against the 10 cities in the report. Entrepreneurs and small businesses face a number of procedures for compliance and high administrative costs to comply with regulations in the city. These regulations are already on top of expensive costs of doing business. New York City is 10th in the overall ranking and should intensify its efforts to make local regulations more welcoming for small businesses and entrepreneurs.

RALEIGH, NORTH CAROLINA

Raleigh, the capital of North Carolina, is a diverse economy without a single dominant industry. The Greater Raleigh economy is built on three universities, a strong downtown core, and the Research Triangle Park, which is home to 170 companies across many industries, including life sciences, information technology, and manufacturing. Greater Raleigh's economy produced \$61.3 billion in gross metro product in 2012.⁴⁰ Raleigh has a population of 423,000, with more than 1.1 million in the metro area.⁴¹

Raleigh is a growing midsize city where the costs of doing business are low, office rents are affordable, and human capital is rich. Nearly half of Raleigh's population has attained a bachelor's degree or higher. Raleigh routinely shows up on top-10 lists for attracting highly skilled workers, families, and careers. The city is transforming itself into a vibrant and diverse economy focused on building a strong downtown core, with a particular emphasis on public transit. Raleigh also strongly emphasizes building businesses from the ground up and encouraging entrepreneurship.

2014 Regulatory Climate Index

Understanding and improving the regulatory environment in a city begins with an assessment of the burden and complexity that businesses incur when complying with local business regulations. The city-level data are derived from local laws and regulations; they are then verified by local government officials, professionals, and experts. Each of the five areas of business regulation has three components: the number of procedures, time (measured in business days), and costs required for compliance with local regulations in the city (Table 1).

Table 1.
Regulatory Environment in Raleigh, North Carolina

Area of Business Regulation	Number of Procedures	Time (days)	Cost
Starting a Business	5	5	\$155
Dealing with Construction Permits	13	39	\$12,927
Registering Property	5	8	\$13,391
Paying Taxes	33	—	\$198,510
Enforcing Contracts	22	313	\$470

Benchmarking against Others

Among the cities under review, the 2014 *Regulatory Climate Index* ranks Raleigh in third position, with the first place representing the most efficient regulatory environment. The Technical Appendix provides a detailed description of the construction of the *Index*.

Table 2.
Overall Scores and Ranking of 10 Cities

City	Overall Score	Ranking
Dallas	89.5	1
St. Louis	85.2	2
Raleigh	73.7	3
Boston	73.3	4
Atlanta	72.7	5
Detroit	64.9	6
Chicago	52.9	7
Los Angeles	47.9	8
San Francisco	41.3	9
New York City	34.7	10

The overall score of the *Regulatory Climate Index* is the simple average of the scores of five areas of regulation. While Raleigh ranks third overall (score of 73.7), it ranks sixth in Starting a Business (85), first in Dealing with Construction Permits (99), fourth in Registering Property (76), third in Paying Taxes (63), and eighth in Enforcing Contracts (45).

Table 3.
Scores of 5 Areas of Regulation of 10 Cities

	Starting Business	Construction	Registering Property	Paying Taxes	Enforcing Contracts	Overall
Dallas	80	92	98	100	77	89.5
St. Louis	98	90	100	56	83	85.2
Raleigh	85	99	76	63	45	73.7
Boston	75	86	74	50	81	73.3
Atlanta	86	65	77	58	78	72.7
Detroit	98	60	51	64	53	64.9
Chicago	11	61	71	38	83	52.9
Los Angeles	99	53	52	0	35	47.9
San Francisco	99	0	51	10	46	41.3
New York City	29	72	0	53	20	34.7

Highest Score
Lowest Score

Raleigh ranks third in the 10 cities covered in the report, with an above-average performance of regulations facing small businesses.

Where Raleigh Is Doing Well

- Raleigh is the top city for Dealing with Construction Permits. It has an expedited process for applying and receiving construction permits. As a result, Raleigh has efficient procedures, minimal waiting time, and low administrative costs for compliance with necessary regulations.
- Raleigh ranks above average in Registering Property. Small businesses can expect higher procedural efficiency, low waiting times, and low costs for administrative compliance when transferring property in a commercial sale.
- Entrepreneurs and small businesses can expect a friendly tax code for operating in the city of Raleigh. Next to Dallas, Raleigh has the best tax system of the 10 cities covered in this report. Based on our factors, Raleigh is one of two cities with an overall tax burden under \$200,000 annually, based on the assumptions used in our analysis.

Where Raleigh Needs Improvement

- Raleigh ranked near the bottom in Enforcing Contracts. This number falls short in the context of and comparison with other cities. Raleigh’s position in the ranking is largely driven by the number of procedures for Enforcing Contracts—specifically the litigation phase—relative to the other cities measured. Furthermore, Raleigh has a high waiting time for enforcement of judgment compared to those of other cities.

City Initiatives

Greater Raleigh has a number of initiatives and programs to encourage entrepreneurship and small business creation. The Greater Raleigh Chamber of Commerce, the city government, and local economic development agencies have devoted significant resources to build a vibrant start-up community. Programs including Raleigh SCORE, the Council for Entrepreneurial Development, and Raleigh’s Small Business and Technology Development Center are helping the city and region’s small businesses grow and create new jobs.

Statewide initiatives such as SuccessNC work with the 58 community colleges across the state to improve the pathways to careers for students and to fill the skills gaps. Another initiative—HQRaleigh—provides Raleigh entrepreneurs with resources, downtown coworking space, and business mentorship. Greater Raleigh’s Research Triangle Park—one of the world’s largest research parks—is being reimaged as a vibrant urban-oriented facility through partnerships with local universities and new venture capital.⁴² The city and the business community are building a strong future for the region.

The city of Raleigh and Greater Raleigh Chamber of Commerce provide assistance to businesses by educating them with local regulations and licensing information. Relatedly, the city of Raleigh and the region were ranked at the top of the Kauffman Foundation’s Small Business Friendliness index for training and networking programs.⁴³ Such organizations as Raleigh SCORE and HQRaleigh host seminars on compliance with local regulations and licenses for specific issues facing start-ups. The wealth of information concerning compliance with local regulations facing entrepreneurs and small firms shows the city’s commitment to a strong business environment.

Conclusion

Overall, Raleigh’s local regulations place an easy burden on business. The city is third in the overall ranking, reflecting its continuing efforts to develop programs and initiatives to strengthen the business environment, provide access to capital, and encourage economic growth at the local level. Raleigh is poised to be a leader among smaller U.S. cities, and its business community will grow on the strength of its entrepreneurs and small businesses.

SAN FRANCISCO, CALIFORNIA

San Francisco's economic prospects were shaped by the California Gold Rush, which turned the city into the financial and cultural center of Northern California. Presently, San Francisco's economy includes companies in finance, Internet, life sciences, and technology, generating \$360.3 billion in gross metropolitan product in 2012.⁴⁴ San Francisco is a major international center for trade and serves as an important location for the international economies across a wide range of research and development and high-tech industries.

San Francisco's proximity to San Jose, Silicon Valley, and cities in the East Bay region, such as Berkeley and Oakland, attract highly skilled workers, start-up companies, and entrepreneurs. San Francisco boasts an A-list of tech companies, including Dropbox, Square, Trulia, Twitter, and Yelp. The region's world-class universities help attract talented and skilled human capital to the city. The city is home to more than 825,000 people, with 4.4 million in the metro area.⁴⁵ Similar to other major cities, but to an even greater degree, San Francisco faces the challenge of high costs of living and doing business.

2014 Regulatory Climate Index

Understanding and improving the regulatory environment in a city begins with an assessment of the burden and complexity that businesses incur when complying with local business regulations. The city-level data are derived from local laws and regulations; they are then verified by local government officials, professionals, and experts. Each of the five areas of business regulation has three components: the number of procedures, time (measured in business days), and costs required for compliance with local regulations in the city (Table 1).

Table 1.
Regulatory Environment in San Francisco, California

Area of Business Regulation	Number of Procedures	Time (days)	Cost
Starting a Business	4	5	\$70
Dealing with Construction Permits	19	184	\$108,063
Registering Property	5	10	\$35,888
Paying Taxes	38	—	\$255,337
Enforcing Contracts	23	205	\$500

Benchmarking against Others

Among the cities under review, the 2014 *Regulatory Climate Index* ranks San Francisco in ninth position, with the first place representing the most efficient regulatory environment. The Technical Appendix provides a detailed description of the construction of the *Index*.

Table 2.
Overall Scores and Ranking of 10 Cities

City	Overall Score	Ranking
Dallas	89.5	1
St. Louis	85.2	2
Raleigh	73.7	3
Boston	73.3	4
Atlanta	72.7	5
Detroit	64.9	6
Chicago	52.9	7
Los Angeles	47.9	8
San Francisco	41.3	9
New York City	34.7	10

The overall score of the *Regulatory Climate Index* is the simple average of the scores of five areas of regulation. While San Francisco ranks ninth overall (score of 41.3), it ranks as tied for first in Starting a Business (99), 10th in Dealing with Construction Permits (0), eighth in Registering Property (51), ninth in Paying Taxes (10), and seventh in Enforcing Contracts (46).

Table 3.
Scores of 5 Areas of Regulation of 10 Cities

	Starting Business	Construction	Registering Property	Paying Taxes	Enforcing Contracts	Overall
Dallas	80	92	98	100	77	89.5
St. Louis	98	90	100	56	83	85.2
Raleigh	85	99	76	63	45	73.7
Boston	75	86	74	50	81	73.3
Atlanta	86	65	77	58	78	72.7
Detroit	98	60	51	64	53	64.9
Chicago	11	61	71	38	83	52.9
Los Angeles	99	53	52	0	35	47.9
San Francisco	99	0	51	10	46	41.3
New York City	29	72	0	53	20	34.7

Highest Score
Lowest Score

San Francisco ranks below the average performance of the 10 cities covered in the report in 2014, ahead of only New York City.

Where San Francisco Is Doing Well

- San Francisco is tied with Los Angeles for the top rank for Starting a Business. The city has streamlined the number of procedures, minimized the waiting time, and lowered the administrative costs for Starting a Business.
- San Francisco has streamlined procedures on such areas of business regulation as Registering Property and has minimized waiting time on Enforcing Contracts.

Where San Francisco Needs Improvement

- San Francisco ranks near the bottom across the areas of Dealing with Construction Permits, Registering Property, Paying Taxes, and Enforcing Contracts.
- San Francisco ranks poorly in Dealing with Construction Permits, which is a result of strict zoning regulations and environmental review for new construction projects. In total, approval for the pre-construction requirements takes 175 days of waiting and more than \$100,000 in administrative fees before a permit is issued and building can begin. Some of the city’s processes can be attributed to its geographic location and prevalence of earthquakes. Therefore, building standards are strictly enforced, which is important to note in the context of this ranking.
- Small businesses transferring and Registering Property from a commercial transaction can expect a small number of procedures and significant administrative costs—specifically a real estate transfer tax. These costs are not as high as those in other cities but are still significant.
- While entrepreneurs do not face a complicated process for Starting a Business in San Francisco, they are subject to significant tax burdens. Small firms are saddled with high corporate taxes, a moderate employment tax rate, and a state franchise tax.
- San Francisco also ranks on the low end in performance of Enforcing Contracts, which can be attributed to a high number of procedures and moderate costs. These factors are compounded in the litigation phase.

City Initiatives

The San Francisco Chamber of Commerce is leading an effort to spur economic development, ensure good governance, improve the business climate, and invest in the future of the city.⁴⁶ The San Francisco Chamber is working with city government and other stakeholders to invest in infrastructure projects, to encourage the city to complete its three-year economic development plan, and to support local business development in the downtown community benefits district. Further, the San Francisco Chamber is joining city and statewide efforts to reform the California Environmental Quality Act to ensure that important projects that spur economic development and access to public goods do not fall by the wayside.

The San Francisco business community recognizes the city’s challenges, especially on the business and regulatory environment, to ensuring that businesses grow and prosper. Local businesses are championing tax reform, specifically a gross-receipts tax passed by voters that would replace the city’s payroll tax with an equitable alternative. The business community also supports regulatory reform that would allow for a reinterpretation of laws that have been affected by new technologies. The city’s License 123 has significantly streamlined local regulations and made a wealth of information on legal requirements for entrepreneurs available online.

The business community, city government, professional organizations, and other stakeholders must work together to make San Francisco a competitive place to do business in the future. Entrepreneurs and small businesses face high costs of living and of operating a start-up company in the city. In the United States, Greater San Francisco has the highest amounts of patents per capita and attracts more than a third of the nation’s venture capital.⁴⁷ The future prosperity of the city and its residents relies on a symbiotic relationship among the business community, city government, and other key stakeholders.

Conclusion

San Francisco ranks near the bottom in its assessment of local regulations across four out of five areas of business regulation. The city performs at the top for Starting a Business but on the low end for every other category. In Dealing with Construction Permits, San Francisco could improve its process to streamline procedures, minimize waiting time, and lower costs. The city would improve its business climate by making the tax code friendlier for entrepreneurs. Overall, San Francisco is an important center for technology start-ups and other research and development-intensive companies. San Francisco should work to improve regulations for small businesses and entrepreneurs.

ST. LOUIS, MISSOURI

St. Louis, founded in 1764, played an important role in the development of the United States after the Louisiana Purchase. Endowed with a port located on the Mississippi River, St. Louis transformed into one of the largest economic centers in the country in the late 1800s. Although it is not the economic powerhouse it once was, the city is an important economy for the Midwest and home to a number of Fortune 500 companies.

The economy produced \$136.6 billion in gross metro product in 2012, relying on biotechnology, financial services, health care, manufacturing, professional services, and transportation sectors.⁴⁸ Greater St. Louis has a total population of 2.7 million people, with 318,000 residing within the city.⁴⁹ St. Louis is home to major universities and a growing start-up community. The city is aiming to catalyze its position as a low-cost city with a business-friendly environment to create more opportunities for entrepreneurs.

2014 Regulatory Climate Index

Understanding and improving the regulatory environment in a city begins with an assessment of the burden and complexity that businesses incur when complying with local business regulations. The city-level data are derived from local laws and regulations; they are then verified by local government officials, professionals, and experts. Each of the five areas of business regulation has three components: the number of procedures, time (measured in business days), and costs required for compliance with local regulations in the city (Table 1).

Table 1.
Regulatory Environment in St. Louis, Missouri

Area of Business Regulation	Number of Procedures	Time (days)	Cost
Starting a Business	4	4	\$155
Dealing with Construction Permits	13	50	\$31,764
Registering Property	4	7	\$3,666
Paying Taxes	33	—	\$213,656
Enforcing Contracts	19	258	\$205

Benchmarking against Others

Among the cities under review, the 2014 *Regulatory Climate Index* ranks St. Louis in second position, with the first place representing the most efficient regulatory environment. The Technical Appendix provides a detailed description of the construction of the *Index*.

Table 2.
Overall Scores and Ranking of 10 Cities

City	Overall Score	Ranking
Dallas	89.5	1
St. Louis	85.2	2
Raleigh	73.7	3
Boston	73.3	4
Atlanta	72.7	5
Detroit	64.9	6
Chicago	52.9	7
Los Angeles	47.9	8
San Francisco	41.3	9
New York City	34.7	10

The overall score of the *Regulatory Climate Index* is the simple average of the scores of five areas of regulation. While St. Louis ranks second overall (score of 85.2), it ranks fourth in Starting a Business (98), third in Dealing with Construction Permits (90), first in Registering Property (100), fifth in Paying Taxes (59), and second in Enforcing Contracts (83).

Table 3.
Scores of 5 Areas of Regulation of 10 Cities

	Starting Business	Construction	Registering Property	Paying Taxes	Enforcing Contracts	Overall
Dallas	80	92	98	100	77	89.5
St. Louis	98	90	100	56	83	85.2
Raleigh	85	99	76	63	45	73.7
Boston	75	86	74	50	81	73.3
Atlanta	86	65	77	58	78	72.7
Detroit	98	60	51	64	53	64.9
Chicago	11	61	71	38	83	52.9
Los Angeles	99	53	52	0	35	47.9
San Francisco	99	0	51	10	46	41.3
New York City	29	72	0	53	20	34.7

Highest Score
Lowest Score

St. Louis is the second-best performing city across the 10 cities covered in the report in 2014, behind only Dallas.

Where St. Louis Is Doing Well

- St. Louis ranks among the top-performing cities for Starting a Business. The city’s success is due to a minimal number of procedures and number of days, along with a low administrative cost for opening a new LLC.
- In St. Louis, businesses can expect an efficient process for Dealing with Construction Permits. The city is among the best performers for number of procedures and waiting time across the 10 cities covered in this report. Total costs for construction permits are approximately 1% the cost of construction.
- St. Louis earns top marks for Registering Property due to the minimal number of procedures, low waiting time, and low administrative costs for the transfer of a commercial property. The city is one of two cities in the report that does not have a real estate transfer tax. The city eliminated property transfer tax several years ago.
- St. Louis is a top-performing city when it comes to Enforcing Contracts. Entrepreneurs can expect efficiency in the number of procedures, moderate level of waiting time, and low administrative costs when entering a contractual dispute in a court of law.

Where St. Louis Needs Improvement

- St. Louis achieves an average ranking for Paying Taxes. This position is not completely satisfactory in absolute value, and it falls short in the context of and comparison with other cities. Four cities—Dallas, Raleigh, Atlanta, and Detroit—achieved a higher score. St. Louis’s position in the ranking is attributed to the total number of tax payments in comparison with the other cities.
- While St. Louis is the highest-ranking city for Enforcing Contracts, the city could improve the process and waiting time in the litigation phase and the enforcement of judgment for this regulation area.

City Initiatives

St. Louis is one of the fastest-growing cities in the country in the technology sector. Recognizing this growth, the business community and the city have worked together to create dozens of incubators and accelerator groups that provide mentoring, networking opportunities, and coworking spaces for start-up companies. The St. Louis Regional Chamber of Commerce has played an important role in building the infrastructure and ecosystem for the city’s start-up community.

The St. Louis Regional Chamber was a key player in the growth of SixThirty—an accelerator that has received national media attention for its success and innovative business model. SixThirty gives emerging tech start-ups an investment of \$100,000, connection to top financial services companies, and a rigorous four-month accelerator program to help the company grow.⁵⁰ Another incubator—T-REx—has grown to 70 companies and hopes to expand to more than 150 with the acquisition of a historic building in downtown St. Louis.⁵¹ And it is not just the technology sector that’s driving entrepreneurs in the city. The St. Louis Biogenerator provides mentoring, access to capital, and lab space to early-stage life sciences companies.

Greater St. Louis is driving for the development of start-up companies and a network for entrepreneurs to thrive in the city. A study on the region’s business environment estimates that St. Louis needs an additional \$500 million in investment over the next five years to continue building a strong ecosystem for entrepreneurs and small businesses.⁵² Further, increases in Missouri’s Technology Corporation to support early-stage businesses would provide greater resources to entrepreneurs.

Conclusion

St. Louis performs well in four out of the five areas of local regulations that this report reviews. The city is second in the overall ranking, reflecting its continuing efforts to develop programs and initiatives to strengthen the business environment, provide access to capital, and encourage economic growth at the local level. The city has invested time and effort in minimizing the number of procedures, waiting times, and administrative costs for small firms. Entrepreneurs and small businesses can expect an efficient regulatory environment in St. Louis.

“THE 2014
REGULATORY CLIMATE
INDEX MEASURES
THE REGULATORY COSTS
OF DOING BUSINESS”

SECTION III

TECHNICAL SUMMARY & DETAILED CITY DATA

Section III outlines the technical methodologies and desk research used to construct the Regulatory Climate Index. The following pages highlight the Technical Appendix, which describes the Index construction in detail, the rankings for all five areas of business regulation, and detailed city data for each procedure in all five areas of business regulation. This section of the report has the following agenda:

TECHNICAL APPENDIX
**2014 Regulatory Climate
Index Rankings**

Starting a Business
 Dealing with Construction Permits
 Registering Property
 Paying Taxes
 Enforcing Contracts

Detailed City Data

Atlanta, Georgia
 Boston, Massachusetts
 Chicago, Illinois
 Dallas, Texas
 Detroit, Michigan

Los Angeles, California
 New York City, New York
 Raleigh, North Carolina
 San Francisco, California
 St. Louis, Missouri

Technical Appendix

The *2014 Regulatory Climate Index* (the *Index*) measures the regulatory costs of doing business imposed on small- and medium-sized enterprises in 10 cities across the United States. These cities were selected to be geographically distributed and represent a wide range of economic and demographic factors.

The overall index ranking is based on five areas of regulation for starting and operating a business across U.S. cities: Starting a Business, Dealing with Construction Permits, Registering Properties, Paying Taxes, and Enforcing Contracts. The regulatory burden of each area is measured by a combination of the required procedures, time, and costs for a small- and medium-sized enterprise to comply with the local government requirements. The *Index* ranks these 10 cities from 1 to 10, where 1 represents the city with lowest regulatory burden.

Analytical Framework

The *Index* adopts the analytical framework that is jointly developed by the World Bank and the International Finance Corporation (IFC) to measure and to rank the regulatory areas in the life cycle of a local small-to-medium-sized business. The World Bank and the IFC use the framework to compare the regulatory burden of doing business across 189 countries in its *Doing Business 2014* (global report) and across cities within a country (subnational report).⁵³ In its global reports, the World Bank and the IFC include 10 areas of regulation to compare the differences across countries. Federal regulations that are mandatory for all businesses across cities within a country are omitted in subnational reports. For example, *Doing Business in Italy 2013* compared 5 areas of regulations (Starting a Business, Dealing with Construction Permits, Registering Property, Paying Taxes, and Enforcing Contracts) in 13 cities and 7 ports in Italy. Similarly, *Doing Business in Mexico 2012* compared 4 areas of regulations (Starting a Business, Dealing with Construction Permits, Registering Property, and Enforcing Contracts) across 31 Mexican states and Mexico City.

Definitions and Assumptions of Areas of Regulation

The *2014 Regulatory Climate Index* assesses 5 areas of regulation across 10 cities in the United States. The assumptions of a typical company's size and financials are based on the U.S. Small Business Administration (SBA) classifications and actual data published by the U.S. Census Bureau and industry publications.

- **Starting a Business:** Required procedures, time, and costs for entrepreneurs to obtain all necessary licenses and permits from the city offices to start and to formally operate a domestically owned professional services firm. The business entity is a limited liability company (LLC) with more than one owner that provides professional services, such as information technology (IT) services. By the first year of operation, the LLC generates \$4 million annual revenues and has 20 employees. The LLC is not qualified for any special economic assistance.
- **Dealing with Construction Permits:** Required procedures, time, and costs for a construction company to obtain all necessary permits from relevant city offices to build a small commercial building. The building project is a new 3-story, 15,000-square-foot commercial office and construction costs are \$3 million. The commercial building is not located in any special economic zone; does not need additional special permits, such as historical zone and wetlands; and is free from environmental issues.
- **Registering Property:** Required procedures, time, and costs for all necessary documents for a business entity to buy a commercial building and to transfer the property title to the buyer's name. The office building has a value of \$4 million. The office building is not located in a special economic zone, and the building does not have any special regulatory requirements.

- **Paying Taxes:** Required dollar amounts and number of tax payments per year for mandatory business and employment taxes paid to local governments. The business entity is a professional services firm that has \$4 million annual revenues and 20 employees (half are singles and half are married). Profits are 15% and the labor share is 20%.
- **Enforcing Contracts:** Required procedures, time, and costs to comply with the court rules to resolve a commercial dispute between two business entities. The value of the dispute is \$1 million and the two business entities are located in the same city of the dispute. Professional fees for lawyers, experts, and other non-mandatory procedures by the court are excluded.
- A *procedure* is defined as any interaction between business owners and a government agency office to complete a mandatory requirement. Interactions within the business are not counted as procedures. Interactions within government agencies are also not counted as procedures. Interactions between the business and a third party on the behalf of the business are not counted as procedures. Any interaction by the third party on the behalf of the business is counted as a single procedure. Industry-specific procedures are excluded.
- **Time** is the number of days, including waiting time, that are required to complete a mandatory procedure, counted in business days. Each procedure is counted at least as one business day. Time to process each procedure, including waiting time, is counted as additional business days. A procedure is completed once the company has received the final document or notification. Where there is an option to expedite, the assumption is the company will choose the fastest option.
- **Costs**, measured in U.S. dollars, include administrative fees paid to the governmental offices. Only fees for legal and professional services that are required by law are included in the calculations. Any costs and fees associated with optional third parties are not included.
- **Taxes (Paying Taxes only)** represent the tax amounts and the number of tax payments per year that are required by local governments. Taxes paid to the government include corporate income tax, employment tax, operating tax, and license tax.

Index Construction

The *Benchmark Ranking* is the simple average of ranking of all five areas of business regulation in each city. Each of the five areas of business regulation is, again, the simple average of the normalized values of procedures, time, and costs. Each component in an area of business regulation is ranked relative to the other nine cities. The *Index* adopts the World Bank's methodology of *Business Distance to Frontier* in its *Doing Business* report.

The calculation of the *Benchmark Ranking* involves four steps:

Step 1. Normalize each component in each of the five areas of business regulation against the city with the lowest burden to fulfill the regulatory requirement for that particular component. The formula to normalize each component is as follows.

$$100 \times \frac{(\text{Maximum} - \text{Individual Performance})}{(\text{Maximum} - \text{Minimum})}$$

Maximum is the highest value of the component, Minimum is the lowest value of the component, and Individual Performance is the value of the individual city. For example, it takes 5 days (Individual Performance) in Boston to start a business, 4 days in St. Louis (Minimum), and 32 days in Chicago (Maximum). The normalized value of “time” component of “Starting a Business” in Boston is 96.4 $[100 \times (32 - 5) / (32 - 4)]$.

Step 2. Calculate the score of each of the five areas of business regulation for each city. The value of an area of business regulation is the simple average of the normalized values of procedures, time, and costs of business regulation in each city. For example, the normalized value of Starting a Business in Boston is 75.4 $[(96.4 + 66.7 + 63.5) / 3]$. The calculation is the simple average of three normalized values of procedures (66.7), time (96.4), and costs (63.2) in Starting a Business in Boston.

Step 3. Calculate the score of business regulation in each city. The value of business regulation in each city is the simple average of five areas of business regulation of the city. For example, the business regulation value for Boston is 73.3. The calculation is the simple average of five normalized values of Starting a Business (75.4), Dealing with Construction Permits (86.0), Registering Property (74.0), Paying Taxes (49.9), and Enforcing Contracts in Boston (81.1).

Step 4. Rank the scores of business regulation of 10 cities. Boston is ranked third among 10 cities. The lower the number, the less of a regulatory burden in that city.

Data Sources

The *Regulatory Climate Index* is based on local laws and regulations in each city. Information and values of procedures, time, and costs are collected mainly from official publications on local government websites that are available to the public. Our desk research results are then verified with phone calls and interviews with local city officials and experts for the common practice in each city. Local experts are referred by the trade associations and local chambers of commerce.

Index Rankings

The ranking is the simple average of all five areas of business regulation in each city. Below is the summary table that gives each city an average score, followed by a ranking from 1 to 10. Following this summary, each of the five areas of business regulation is, again, the simple average of the normalized values of procedures, time, and costs. The cities are ranked relative to each other. Summary findings can be seen below, including the total average scores and the average scores by area of business regulation.

Benchmarking Index

City	Avg. Score	Ranking
Dallas	89.5	1
St. Louis	85.2	2
Raleigh	73.7	3
Boston	73.3	4
Atlanta	72.7	5
Detroit	64.9	6
Chicago	52.9	7
Los Angeles	47.9	8
San Francisco	41.3	9
New York City	34.7	10

Benchmarking Index

	Avg. Score					Overall
	Starting Business	Construction	Registering Property	Paying Taxes	Enforcing Contracts	
Dallas	80	92	98	100	77	89.5
St. Louis	98	90	100	56	83	85.2
Raleigh	85	99	76	63	45	73.7
Boston	75	86	74	50	81	73.3
Atlanta	86	65	77	58	78	72.7
Detroit	98	60	51	64	53	64.9
Chicago	11	61	71	38	83	52.9
Los Angeles	99	53	52	0	35	47.9
San Francisco	99	0	51	10	46	41.3
New York City	29	72	0	53	20	34.7

Area 1. Starting a Business

	Starting a Business						Avg. Score
	Procedures		Time		Cost		
	Number of Procedures	Score	Number of Days	Score	Cost	Score	
Atlanta	5	67	5	96	\$150	94	85.5
Boston	5	67	5	96	\$525	63	75.4
Chicago	7	0	32	0	\$900	33	10.9
Dallas	5	67	6	93	\$300	81	80.3
Detroit	4	100	4	100	\$150	94	97.8
Los Angeles	4	100	5	96	\$70	100	98.8
New York City	7	0	8	86	\$1,306	0	28.6
Raleigh	5	67	5	96	\$155	93	85.4
San Francisco	4	100	5	96	\$70	100	98.8
St. Louis	4	100	4	100	\$155	93	97.7
Max	7		32		\$1,306		
Min	4		4		\$70		

**Area 2.
Dealing with Construction Permits**

	Procedures		Time		Cost		Avg. Score
	Number of Procedures	Score	Number of Days	Score	Cost	Score	
Atlanta	17	33	69	79	\$26,658	83	65.2
Boston	13	100	66	81	\$32,885	77	86.0
Chicago	17	33	82	70	\$29,830	80	61.1
Dallas	14	83	49	93	\$9,900	100	92.1
Detroit	17	33	73	77	\$40,218	69	59.7
Los Angeles	14	83	105	54	\$85,841	23	53.5
New York City	15	67	79	72	\$32,060	77	72.2
Raleigh	13	100	39	100	\$12,927	97	99.0
San Francisco	19	0	184	0	\$108,063	0	0.0
St. Louis	13	100	50	92	\$31,764	78	90.0
Max	19		184		\$108,063		
Min	13		39		\$9,900		

**Area 4.
Paying Taxes**

	Paying Taxes					Avg. Score
	Procedures		Time		Score	
	Taxes Paid	Score	Number of Payments	Score		
Atlanta	\$208,880	66	33	50	57.9	
Boston	\$225,285	50	33	50	49.9	
Chicago	\$248,570	27	33	50	38.4	
Dallas	\$174,210	100	28	100	100.0	
Detroit	\$207,510	67	32	60	63.6	
Los Angeles	\$275,766	0	38	0	0.0	
New York City	\$219,024	56	33	50	52.9	
Raleigh	\$198,510	76	33	50	63.0	
San Francisco	\$255,337	20	38	0	10.1	
St. Louis	\$213,656	61	33	50	55.6	
Max	\$275,766		38			
Min	\$174,210		28			

**Area 3.
Registering Property**

	Procedures		Time		Cost		Avg. Score
	Number of Procedures	Score	Number of Days	Score	Cost	Score	
Atlanta	5	67	8	67	\$10,538	97	85.5
Boston	5	67	8	67	\$31,365	89	75.4
Chicago	5	67	8	67	\$55,888	79	10.9
Dallas	4	100	7	100	\$19,763	93	80.3
Detroit	5	67	10	0	\$40,355	85	97.8
Los Angeles	5	67	10	0	\$28,318	90	98.8
New York City	7	0	10	0	\$249,383	0	28.6
Raleigh	5	67	8	67	\$13,391	96	85.4
San Francisco	5	67	10	0	\$35,888	87	98.8
St. Louis	4	100	7	100	\$3,666	100	97.7
Max	7		10		\$249,383		
Min	4		7		\$3,666		

**Area 5.
Enforcing Contracts**

	Procedures		Time		Cost		Avg. Score
	Number of Procedures	Score	Number of Days	Score	Cost	Score	
Atlanta	20	60	167	93	\$333	94	78.0
Boston	18	100	332	48	\$240	63	81.1
Chicago	18	100	141	100	\$543	33	83.3
Dallas	20	60	180	89	\$325	81	77.2
Detroit	22	20	371	38	\$205	94	52.6
Los Angeles	23	0	305	56	\$545	100	35.1
New York City	20	60	511	0	\$880	0	20.0
Raleigh	22	20	313	54	\$470	93	44.8
San Francisco	23	0	205	83	\$500	100	46.3
St. Louis	19	80	258	68	\$205	93	82.8
Max	23		511		\$880		
Min	18		141		\$250		

METROPOLITAN AREA

ATLANTA, GA SANDY SPRINGS, GA MARIETTA, GA

POPULATION

2012

5,457,831

POPULATION GROWTH

2011-2012

1.55%

GDP

2012

\$294,589,000

GDP GROWTH

2013

4.28%

REAL GDP PER CAPITA

2012

\$46,970

CIVILIAN UNEMPLOYMENT RATE

OCTOBER 2013

7.7%

PERCENTAGE OF RESIDENTS WITH A BACHELOR'S DEGREE OR HIGHER

2013

34%

FORTUNE 500 HEADQUARTERS

2012

13

ENTREPRENEURS PER 100,000 PEOPLE

2012

310

SMALL ENTERPRISES

LESS THAN 20 EMPLOYEES

75,498

MEDIUM ENTERPRISES

20-499 EMPLOYEES

15,754

NEW ESTABLISHMENTS

2013

13,221

ESTABLISHMENTS THAT SHUT DOWN

2013

15,548

DETAILED CITY DATA

ATLANTA, GEORGIA

The rankings are based on five areas of business regulation for starting and operating a business in the United States. These areas are Starting a Business, Dealing with Construction Permits, Registering Properties, Paying Taxes, and Enforcing Contracts. In order to measure the regulations necessary to start and operate the business, we examine the combination of required procedures, time, and costs. Atlanta's detailed findings can be seen below.

Area of Business Regulation	Number of Procedures	Time (days)	Cost
Starting a Business	5	5	\$150
Dealing with Construction Permits	17	69	\$26,658
Registering Property	5	8	\$10,538
Paying Taxes	33	—	\$208,880
Enforcing Contracts	20	167	\$333

Area 1. Starting a Business

Phase	Name of Procedure	Procedures	Time	Cost
1.1	Reserve the company's business name, file the company's articles of organization, and adopt the company's operating agreement	1	1	\$100
1.1.1	Check availability of entity name with the Secretary of State	—	—	—
1.1.2	Incorporate LLC with Secretary of State	1	1	\$100
1.2	Apply for EIN for tax and employer purposes	2	2	\$0
1.2.1	Federal procedure (uniform)	1	1	\$0
1.2.2	State tax procedure	1	1	\$0
1.3	Register as an employer with the unemployment insurance division of the state's department of labor	1	1	\$0
1.3.1	Register with Department of Labor	1	1	\$0
1.4	Comply with any local regulations, including registrations, licenses, and publication requirements	1	1	\$50
1.4.1	Obtain necessary business and/or professional license and comply with specific requirements	—	—	—
	TOTALS	5	5	\$150

**Area 2.
Dealing with Construction Permits**

Phase	Name of Procedure	Procedures	Time	Cost
2.1	Pre-Construction	10	62	\$25,158
2.1.1	City Planning department	3	32	\$1,805
2.1.1.1	Submit the Zoning Diagram	1	1	\$1,175
2.1.1.2	Submit City Environmental Quality Review Form to Department of Environmental Protection	2	31	\$630
2.1.2	Department of Buildings	7	30	\$23,353
2.1.2.1	Submit compliance forms of Building Code to Department of Buildings (DoB)	—	—	—
2.1.2.2	Request & obtain approval and permit from DoB	5	28	\$22,785
2.1.2.2.1	Request & obtain plan approval from DoB	1	10	\$225
2.1.2.2.2	Request & obtain work permit from DoB	4	18	\$22,560
2.1.2.2.2.1	Building permit	1	15	\$21,050
2.1.2.2.2.2	Electrical permit	1	1	\$240
2.1.2.2.2.3	Plumbing permit	1	1	\$740
2.1.2.2.2.4	Mechanical permit	1	1	\$530
2.1.2.3	Grading permits or other procedures	2	2	\$568
2.1.3	Department of Transportation	—	—	—
2.1.3.1	Request & obtain permit from Dept. of Transportation (DoT)	—	—	—
2.2	Post-Construction	7	7	\$1,500
2.2.1	Department of Planning	2	2	\$900
2.2.1.1	Receive on-site inspection by zoning	1	1	\$0
2.2.1.2	Request & obtain on-site inspection approval by Department of Environmental Protection	1	1	\$900
2.2.2	Department of Buildings	5	5	\$600
2.2.2.1	Request & obtain on-site inspection approval by DoB	1	1	\$0
2.2.2.2	Receive on-site electric inspection and obtain approval	1	1	\$0
2.2.2.3	Receive on-site mechanical inspection and obtain approval	1	1	\$0
2.2.2.4	Receive on-site plumbing inspection and obtain approval	1	1	\$0
2.2.2.5	Receive on-site inspection regarding grading permit or others	—	—	—
2.2.2.6	Request & obtain Occupancy Certificate from the DoB	1	1	\$600
2.2.3	Department of Transportation	—	—	—
2.2.3.1	Request & obtain on-site inspection by DoT	—	—	—
	TOTALS	17	69	\$26,658

**Area 3.
Registering Property**

Phase	Name of Procedure	Procedures	Time	Cost
3.1	Obtain a Title Report	3	6	\$6,500
3.1.1	Request and obtain title report	2	3	\$400
3.1.2	Purchase title insurance policies	1	3	\$6,100
3.2	Title Transferring	1	1	\$4,000
3.2.1	Real estate transfer tax	1	1	\$4,000
3.3	Title Recording	1	1	\$38
3.3.1	Public recordation	1	1	\$38
3.3.2	Mortgage recording tax	—	—	—
3.4	Additional Procedures	—	—	—
3.4.1	Real property transfer tax	—	—	—
	TOTALS	5	8	\$10,538

**Area 4.
Paying Taxes**

Phase	Name of Procedure	Payments per Year	Statutory Tax
4.1	Corporate Tax	4	\$36,000
4.1.1	Corporate income tax – state, county, city	4	\$36,000
4.2	Employment Tax	24	\$153,930
4.2.1	Employer paid – hospital insurance contributions	12	\$132,330
4.2.2	Employer paid – state unemployment tax (new hire)	12	\$21,600
4.2.3	Employer paid – commuter transportation mobility tax	—	—
4.3	Operating Tax	4	\$12,800
4.3.1	Sales tax – state, county, city	4	\$12,800
4.4	Additional Local Regulations & Procedures	1	\$6,150
4.4.1	License tax (selective and max)	1	\$6,150
4.4.2	State disability insurance or employee	—	—
4.4.3	State employee expense tax	—	—
4.4.4	State franchise tax	—	—
	TOTALS	33	\$208,880

**Area 5.
Enforcing Contracts**

Phase	Name of Procedure	Procedures	Time	Cost
5.1	Commencing Litigation Phase	4	10	\$268
5.2	Attachment Request Phase	4	15	\$25
5.3	Litigation Phase	7	45	\$0
5.4	Enforcement of Judgment	5	97	\$40
	TOTALS	20	167	\$333

METROPOLITAN AREA

BOSTON, MA CAMBRIDGE, MA QUINCY, NH

POPULATION

2012

5,457,831

POPULATION GROWTH

2011-2012

0.81%

GDP

2012

\$336,232,000

GDP GROWTH

2013

3.99%

REAL GDP PER CAPITA

2012

\$63,745

CIVILIAN UNEMPLOYMENT RATE

OCTOBER 2013

6.3%

PERCENTAGE OF RESIDENTS WITH A BACHELOR'S DEGREE OR HIGHER

2013

43%

FORTUNE 500 HEADQUARTERS

2012

10

ENTREPRENEURS PER 100,000 PEOPLE

2012

220

SMALL ENTERPRISES

LESS THAN 20 EMPLOYEES

75,021

MEDIUM ENTERPRISES

20-499 EMPLOYEES

17,413

NEW ESTABLISHMENTS

2013

9,934

ESTABLISHMENTS THAT SHUT DOWN

2013

10,622

DETAILED CITY DATA

BOSTON, MASSACHUSETTS

The rankings are based on five areas of business regulation for starting and operating a business in the United States. These areas are Starting a Business, Dealing with Construction Permits, Registering Properties, Paying Taxes, and Enforcing Contracts. In order to measure the regulations necessary to start and operate the business, we examine the combination of required procedures, time, and costs. Boston's detailed findings can be seen below.

Area of Business Regulation	Number of Procedures	Time (days)	Cost
Starting a Business	5	5	\$150
Dealing with Construction Permits	13	66	\$32,885
Registering Property	5	8	\$31,365
Paying Taxes	33	—	\$225,285
Enforcing Contracts	18	332	\$240

Area 1. Starting a Business

Phase	Name of Procedure	Procedures	Time	Cost
1.1	Reserve the company's business name, file the company's articles of organization, and adopt the company's operating agreement	2	2	\$525
1.1.1	Check availability of entity name with the Secretary of State	1	1	\$0
1.1.2	Incorporate LLC with Secretary of State	1	1	\$525
1.2	Apply for EIN for tax and employer purposes	2	2	\$0
1.2.1	Federal procedure (uniform)	1	1	\$0
1.2.2	State tax procedure	1	1	\$0
1.3	Register as an employer with the unemployment insurance division of the state's department of labor	1	1	\$0
1.3.1	Register with Department of Labor	1	1	\$0
1.4	Comply with any local regulations, including registrations, licenses, and publication requirements	—	—	—
1.4.1	Obtain necessary business and/or professional license and comply with specific requirements	—	—	—
	TOTALS	5	5	\$525

**Area 2.
Dealing with Construction Permits**

Phase	Name of Procedure	Procedures	Time	Cost
2.1	Pre-Construction	8	45	\$32,665
2.1.1	City Planning department	1	1	\$0
2.1.1.1	Submit the Zoning Diagram	1	1	\$0
2.1.1.2	Submit City Environmental Quality Review Form to Department of Environmental Protection	—	—	—
2.1.2	Department of Buildings	7	44	\$32,665
2.1.2.1	Submit compliance forms of Building Code to Department of Buildings (DoB)	1	10	\$2,000
2.1.2.2	Request & obtain approval and permit from DoB	5	33	\$30,050
2.1.2.2.1	Request & obtain plan approval from DoB	1	0	\$0
2.1.2.2.2	Request & obtain work permit from DoB	4	33	\$30,050
2.1.2.2.2.1	Building permit	1	30	\$30,050
2.1.2.2.2.2	Electrical permit	1	1	\$0
2.1.2.2.2.3	Plumbing permit	1	1	\$0
2.1.2.2.2.4	Mechanical permit	1	1	\$0
2.1.2.3	Grading permits or other procedures	1	1	\$615
2.1.3	Department of Transportation	—	—	—
2.1.3.1	Request & obtain permit from Dept. of Transportation (DoT)	—	—	—
2.2	Post-Construction	5	21	\$220
2.2.1	Department of Planning	—	—	—
2.2.1.1	Receive on-site inspection by zoning	—	—	—
2.2.1.2	Request & obtain on-site inspection approval by Department of Environmental Protection	—	—	—
2.2.2	Department of Buildings	5	21	\$220
2.2.2.1	Request & obtain on-site inspection approval by DoB	1	4	\$0
2.2.2.2	Receive on-site electric inspection and obtain approval	1	4	\$0
2.2.2.3	Receive on-site mechanical inspection and obtain approval	1	4	\$0
2.2.2.4	Receive on-site plumbing inspection and obtain approval	1	4	\$0
2.2.2.5	Receive on-site inspection regarding grading permit or others	—	—	—
2.2.2.6	Request & obtain Occupancy Certificate from the DoB	1	5	\$220
2.2.3	Department of Transportation	—	—	—
2.2.3.1	Request & obtain on-site inspection by DoT	—	—	—
	TOTALS	13	66	\$32,885

**Area 3.
Registering Property**

Phase	Name of Procedure	Procedures	Time	Cost
3.1	Obtain a Title Report	3	6	\$13,000
3.1.1	Request and obtain title report	2	3	\$750
3.1.2	Purchase title insurance policies	1	3	\$12,250
3.2	Title Transferring	1	1	\$18,240
3.2.1	Real estate transfer tax	1	1	\$18,240
3.3	Title Recording	1	1	\$125
3.3.1	Public recordation	1	1	\$125
3.3.2	Mortgage recording tax	—	—	—
3.4	Additional Procedures	—	—	—
3.4.1	Real property transfer tax	—	—	—
	TOTALS	5	8	\$31,365

**Area 4.
Paying Taxes**

Phase	Name of Procedure	Payments per Year	Statutory Tax
4.1	Corporate Tax	4	\$48,000
4.1.1	Corporate income tax – state, county, city	4	\$48,000
4.2	Employment Tax	24	\$167,220
4.2.1	Employer paid – hospital insurance contributions	12	\$144,580
4.2.2	Employer paid – state unemployment tax (new hire)	12	\$22,640
4.2.3	Employer paid – commuter transportation mobility tax	—	—
4.3	Operating Tax	4	\$10,000
4.3.1	Sales tax – state, county, city	4	\$10,000
4.4	Additional Local Regulations & Procedures	1	\$65
4.4.1	License tax (selective and max)	1	\$65
4.4.2	State disability insurance or employee	—	—
4.4.3	State employee expense tax	—	—
4.4.4	State franchise tax	—	—
	TOTALS	33	\$225,285

**Area 5.
Enforcing Contracts**

Phase	Name of Procedure	Procedures	Time	Cost
5.1	Commencing Litigation Phase	5	90	\$240
5.2	Attachment Request Phase	1	30	\$0
5.3	Litigation Phase	9	180	\$0
5.4	Enforcement of Judgment	3	32	\$0
	TOTALS	18	332	\$240

METROPOLITAN AREA

CHICAGO, IL JOLIET, IN NAPERVILLE, WI

POPULATION

2012

9,522,434

POPULATION GROWTH

2011-2012

0.28%

GDP

2012

\$571,008,000

GDP GROWTH

2013

4.11%

REAL GDP PER CAPITA

2012

\$51,350

CIVILIAN UNEMPLOYMENT RATE

OCTOBER 2013

8.3%

PERCENTAGE OF RESIDENTS WITH A BACHELOR'S DEGREE OR HIGHER

2013

34%

FORTUNE 500 HEADQUARTERS

2012

29

ENTREPRENEURS PER 100,000 PEOPLE

2012

230

SMALL ENTERPRISES

LESS THAN 20 EMPLOYEES

142,451

MEDIUM ENTERPRISES

20-499 EMPLOYEES

17,413

NEW ESTABLISHMENTS

2013

14,159

ESTABLISHMENTS THAT SHUT DOWN

2013

23,377

DETAILED CITY DATA

CHICAGO, ILLINOIS

The rankings are based on five areas of business regulation for starting and operating a business in the United States. These areas are Starting a Business, Dealing with Construction Permits, Registering Properties, Paying Taxes, and Enforcing Contracts. In order to measure the regulations necessary to start and operate the business, we examine the combination of required procedures, time, and costs. Chicago's detailed findings can be seen below.

Area of Business Regulation	Number of Procedures	Time (days)	Cost
Starting a Business	7	32	\$900
Dealing with Construction Permits	17	82	\$29,830
Registering Property	5	8	\$55,888
Paying Taxes	33	—	\$248,570
Enforcing Contracts	18	141	\$543

Area 1. Starting a Business

Phase	Name of Procedure	Procedures	Time	Cost
1.1	Reserve the company's business name, file the company's articles of organization, and adopt the company's operating agreement	2	3	\$600
1.1.1	Check availability of entity name with the Secretary of State	1	1	\$0
1.1.2	Incorporate LLC with Secretary of State	1	2	\$600
1.2	Apply for EIN for tax and employer purposes	2	2	\$0
1.2.1	Federal procedure (uniform)	1	1	\$0
1.2.2	State tax procedure	1	1	\$0
1.3	Register as an employer with the unemployment insurance division of the state's department of labor	1	1	\$0
1.3.1	Register with Department of Labor	1	1	\$0
1.4	Comply with any local regulations, including registrations, licenses, and publication requirements	2	26	\$300
1.4.1	Obtain necessary business and/or professional license and comply with specific requirements	1	25	\$50
	TOTALS	7	32	\$900

**Area 2.
Dealing with Construction Permits**

Phase	Name of Procedure	Procedures	Time	Cost
2.1	Pre-Construction	8	64	\$29,710
2.1.1	City Planning department	1	30	\$3,000
2.1.1.1	Submit the Zoning Diagram	1	30	\$3,000
2.1.1.2	Submit City Environmental Quality Review Form to Department of Environmental Protection	—	—	—
2.1.2	Department of Buildings	6	33	\$26,700
2.1.2.1	Submit compliance forms of Building Code to Department of Buildings (DoB)	2	2	\$0
2.1.2.2	Request & obtain approval and permit from DoB	4	31	\$25,200
2.1.2.2.1	Request & obtain plan approval from DoB	2	30	\$0
2.1.2.2.2	Request & obtain work permit from DoB	2	1	\$25,200
2.1.2.2.2.1	Building permit	2	1	\$25,200
2.1.2.2.2.2	Electrical permit	—	—	—
2.1.2.2.2.3	Plumbing permit	—	—	—
2.1.2.2.2.4	Mechanical permit	—	—	—
2.1.2.3	Grading permits or other procedures	0	0	\$1,500
2.1.3	Department of Transportation	1	1	\$10
2.1.3.1	Request & obtain permit from Dept. of Transportation (DoT)	1	1	\$10
2.2	Post-Construction	9	18	\$120
2.2.1	Department of Planning	1	10	\$120
2.2.1.1	Receive on-site inspection by zoning	1	10	\$120
2.2.1.2	Request & obtain on-site inspection approval by Department of Environmental Protection	—	—	—
2.2.2	Department of Buildings	8	8	\$0
2.2.2.1	Request & obtain on-site inspection approval by DoB	4	4	\$0
2.2.2.2	Receive on-site electric inspection and obtain approval	1	0	\$0
2.2.2.3	Receive on-site mechanical inspection and obtain approval	1	0	\$0
2.2.2.4	Receive on-site plumbing inspection and obtain approval	1	0	\$0
2.2.2.5	Receive on-site inspection regarding grading permit or others	—	—	—
2.2.2.6	Request & obtain Occupancy Certificate from the DoB	1	4	\$0
2.2.3	Department of Transportation	—	—	—
2.2.3.1	Request & obtain on-site inspection by DoT	—	—	—
	TOTALS	17	82	\$29,830

**Area 3.
Registering Property**

Phase	Name of Procedure	Procedures	Time	Cost
3.1	Obtain a Title Report	3	6	\$7,800
3.1.1	Request and obtain title report	2	3	\$350
3.1.2	Purchase title insurance policies	1	3	\$7,450
3.2	Title Transferring	1	1	\$48,000
3.2.1	Real estate transfer tax	1	1	\$48,000
3.3	Title Recording	1	1	\$88
3.3.1	Public recordation	1	1	\$88
3.3.2	Mortgage recording tax	—	—	—
3.4	Additional Procedures	—	—	—
3.4.1	Real property transfer tax	—	—	—
	TOTALS	5	8	\$55,888

**Area 4.
Paying Taxes**

Phase	Name of Procedure	Payments per Year	Statutory Tax
4.1	Corporate Tax	4	\$57,000
4.1.1	Corporate income tax – state, county, city	4	\$57,000
4.2	Employment Tax	24	\$176,290
4.2.1	Employer paid – hospital insurance contributions	12	\$143,090
4.2.2	Employer paid – state unemployment tax (new hire)	12	\$33,200
4.2.3	Employer paid – commuter transportation mobility tax	—	—
4.3	Operating Tax	4	\$14,800
4.3.1	Sales tax – state, county, city	4	\$14,800
4.4	Additional Local Regulations & Procedures	2	\$480
4.4.1	License tax (selective and max)	1	\$0
4.4.2	State disability insurance or employee	—	—
4.4.3	State employee expense tax	1	\$480
4.4.4	State franchise tax	—	—
	TOTALS	33	\$248,570

**Area 5.
Enforcing Contracts**

Phase	Name of Procedure	Procedures	Time	Cost
5.1	Commencing Litigation Phase	5	0	\$543
5.2	Attachment Request Phase	2	60	\$0
5.3	Litigation Phase	8	81	\$0
5.4	Enforcement of Judgment	3	0	\$0
	TOTALS	18	141	\$543

METROPOLITAN AREA

DALLAS, TX FORT WORTH, TX ARLINGTON, TX

POPULATION

2012

6,700,991

POPULATION GROWTH

2011-2012

2.01%

GDP

2012

\$420,340,000

GDP GROWTH

2013

5.44%

REAL GDP PER CAPITA

2012

\$55,612

CIVILIAN UNEMPLOYMENT RATE

OCTOBER 2013

5.9%

PERCENTAGE OF RESIDENTS WITH A BACHELOR'S DEGREE OR HIGHER

2013

31%

FORTUNE 500 HEADQUARTERS

2012

18

ENTREPRENEURS PER 100,000 PEOPLE

2012

240

SMALL ENTERPRISES

LESS THAN 20 EMPLOYEES

78,760

MEDIUM ENTERPRISES

20-499 EMPLOYEES

19,750

NEW ESTABLISHMENTS

2013

14,159

ESTABLISHMENTS THAT SHUT DOWN

2013

14,393

DETAILED CITY DATA

DALLAS, TEXAS

The rankings are based on five areas of business regulation for starting and operating a business in the United States. These areas are Starting a Business, Dealing with Construction Permits, Registering Properties, Paying Taxes, and Enforcing Contracts. In order to measure the regulations necessary to start and operate the business, we examine the combination of required procedures, time, and costs. Dallas's detailed findings can be seen below.

Area of Business Regulation	Number of Procedures	Time (days)	Cost
Starting a Business	5	6	\$300
Dealing with Construction Permits	14	49	\$9,900
Registering Property	4	7	\$19,763
Paying Taxes	28	—	\$174,210
Enforcing Contracts	20	180	\$325

Area 1. Starting a Business

Phase	Name of Procedure	Procedures	Time	Cost
1.1	Reserve the company's business name, file the company's articles of organization, and adopt the company's operating agreement	2	3	\$300
1.1.1	Check availability of entity name with the Secretary of State	1	1	\$0
1.1.2	Incorporate LLC with Secretary of State	1	2	\$300
1.2	Apply for EIN for tax and employer purposes	2	2	\$0
1.2.1	Federal procedure (uniform)	1	1	\$0
1.2.2	State tax procedure	1	1	\$0
1.3	Register as an employer with the unemployment insurance division of the state's department of labor	1	1	\$0
1.3.1	Register with Department of Labor	1	1	\$0
1.4	Comply with any local regulations, including registrations, licenses, and publication requirements	—	—	—
1.4.1	Obtain necessary business and/or professional license and comply with specific requirements	—	—	—
	TOTALS	5	6	\$300

**Area 2.
Dealing with Construction Permits**

Phase	Name of Procedure	Procedures	Time	Cost
2.1	Pre-Construction	7	45	\$8,870
2.1.1	City Planning department	2	2	\$0
2.1.1.1	Submit the Zoning Diagram	1	1	\$0
2.1.1.2	Submit City Environmental Quality Review Form to Department of Environmental Protection	1	1	\$0
2.1.2	Department of Buildings	5	43	\$8,870
2.1.2.1	Submit compliance forms of Building Code to Department of Buildings (DoB)	2	1	\$60
2.1.2.2	Request & obtain approval and permit from DoB	3	42	\$8,810
2.1.2.2.1	Request & obtain plan approval from DoB	1	28	\$180
2.1.2.2.2	Request & obtain work permit from DoB	2	14	\$8,630
2.1.2.2.2.1	Building permit	2	14	\$8,630
2.1.2.2.2.2	Electrical permit	—	—	—
2.1.2.2.2.3	Plumbing permit	—	—	—
2.1.2.2.2.4	Mechanical permit	—	—	—
2.1.2.3	Grading permits or other procedures	—	—	—
2.1.3	Department of Transportation	—	—	—
2.1.3.1	Request & obtain permit from Dept. of Transportation (DoT)	—	—	—
2.2	Post-Construction	7	4	\$1,030
2.2.1	Department of Planning	2	2	\$0
2.2.1.1	Receive on-site inspection by zoning	1	1	\$0
2.2.1.2	Request & obtain on-site inspection approval by Department of Environmental Protection	1	1	\$0
2.2.2	Department of Buildings	5	2	\$1,030
2.2.2.1	Request & obtain on-site inspection approval by DoB	1	1	\$0
2.2.2.2	Receive on-site electric inspection and obtain approval	1	0	\$250
2.2.2.3	Receive on-site mechanical inspection and obtain approval	1	0	\$250
2.2.2.4	Receive on-site plumbing inspection and obtain approval	1	0	\$250
2.2.2.5	Receive on-site inspection regarding grading permit or others	—	—	—
2.2.2.6	Request & obtain Occupancy Certificate from the DoB	1	1	\$280
2.2.3	Department of Transportation	—	—	—
2.2.3.1	Request & obtain on-site inspection by DoT	—	—	—
	TOTALS	14	49	\$9,900

**Area 3.
Registering Property**

Phase	Name of Procedure	Procedures	Time	Cost
3.1	Obtain a Title Report	3	6	\$19,691
3.1.1	Request and obtain title report	2	3	\$150
3.1.2	Purchase title insurance policies	1	3	\$19,547
3.2	Title Transferring	—	—	—
3.2.1	Real estate transfer tax	—	—	—
3.3	Title Recording	1	1	\$72
3.3.1	Public recordation	1	1	\$72
3.3.2	Mortgage recording tax	—	—	—
3.4	Additional Procedures	—	—	—
3.4.1	Real property transfer tax	—	—	—
	TOTALS	4	7	\$19,763

**Area 4.
Paying Taxes**

Phase	Name of Procedure	Payments per Year	Statutory Tax
4.1	Corporate Tax	—	—
4.1.1	Corporate income tax – state, county, city	—	—
4.2	Employment Tax	24	\$161,010
4.2.1	Employer paid – hospital insurance contributions	12	\$139,410
4.2.2	Employer paid – state unemployment tax (new hire)	12	\$21,600
4.2.3	Employer paid – commuter transportation mobility tax	—	—
4.3	Operating Tax	4	\$13,200
4.3.1	Sales tax – state, county, city	4	\$13,200
4.4	Additional Local Regulations & Procedures	—	—
4.4.1	License tax (selective and max)	—	—
4.4.2	State disability insurance or employee	—	—
4.4.3	State employee expense tax	—	—
4.4.4	State franchise tax	—	—
	TOTALS	28	\$174,210

**Area 5.
Enforcing Contracts**

Phase	Name of Procedure	Procedures	Time	Cost
5.1	Commencing Litigation Phase	3	20	\$325
5.2	Attachment Request Phase	3	15	\$0
5.3	Litigation Phase	11	135	\$0
5.4	Enforcement of Judgment	3	10	\$0
	TOTALS	20	180	\$325

METROPOLITAN AREA

DETROIT, MI WARREN, MI LIVONIA, MI

POPULATION

2012

4,292,060

POPULATION GROWTH

2011-2012

0.10%

GDP

2012

\$208,379,000

GDP GROWTH

2013

4.39%

REAL GDP PER CAPITA

2012

\$42,655

CIVILIAN UNEMPLOYMENT RATE

OCTOBER 2013

9.0%

PERCENTAGE OF RESIDENTS WITH A BACHELOR'S DEGREE OR HIGHER

2013

27%

FORTUNE 500 HEADQUARTERS

2012

14

ENTREPRENEURS PER 100,000 PEOPLE

2012

100

SMALL ENTERPRISES

LESS THAN 20 EMPLOYEES

58,804

MEDIUM ENTERPRISES

20-499 EMPLOYEES

13,799

NEW ESTABLISHMENTS

2013

8,000

ESTABLISHMENTS THAT SHUT DOWN

2013

10,087

DETAILED CITY DATA

DETROIT, MICHIGAN

The rankings are based on five areas of business regulation for starting and operating a business in the United States. These areas are Starting a Business, Dealing with Construction Permits, Registering Properties, Paying Taxes, and Enforcing Contracts. In order to measure the regulations necessary to start and operate the business, we examine the combination of required procedures, time, and costs. Detroit's detailed findings can be seen below.

Area of Business Regulation	Number of Procedures	Time (days)	Cost
Starting a Business	4	4	\$150
Dealing with Construction Permits	17	73	\$40,218
Registering Property	5	10	\$40,355
Paying Taxes	32	—	\$207,510
Enforcing Contracts	22	371	\$250

Area 1. Starting a Business

Phase	Name of Procedure	Procedures	Time	Cost
1.1	Reserve the company's business name, file the company's articles of organization, and adopt the company's operating agreement	2	2	\$150
1.1.1	Check availability of entity name with the Secretary of State	1	1	\$0
1.1.2	Incorporate LLC with Secretary of State	1	1	\$150
1.2	Apply for EIN for tax and employer purposes	2	2	\$0
1.2.1	Federal procedure (uniform)	1	1	\$0
1.2.2	State tax procedure	1	1	\$0
1.3	Register as an employer with the unemployment insurance division of the state's department of labor	—	—	—
1.3.1	Register with Department of Labor	—	—	—
1.4	Comply with any local regulations, including registrations, licenses, and publication requirements	—	—	—
1.4.1	Obtain necessary business and/or professional license and comply with specific requirements	—	—	—
	TOTALS	4	4	\$150

**Area 2.
Dealing with Construction Permits**

Phase	Name of Procedure	Procedures	Time	Cost
2.1	Pre-Construction	10	61	\$39,685
2.1.1	City Planning department	2	2	\$0
2.1.1.1	Submit the Zoning Diagram	1	1	\$0
2.1.1.2	Submit City Environmental Quality Review Form to Department of Environmental Protection	1	1	\$0
2.1.2	Department of Buildings	8	59	\$39,682
2.1.2.1	Submit compliance forms of Building Code to Department of Buildings (DoB)	1	10	\$160
2.1.2.2	Request & obtain approval and permit from DoB	6	48	\$39,510
2.1.2.2.1	Request & obtain plan approval from DoB	2	35	\$1,000
2.1.2.2.2	Request & obtain work permit from DoB	4	13	\$38,510
2.1.2.2.2.1	Building permit	1	10	\$36,110
2.1.2.2.2.2	Electrical permit	1	1	\$800
2.1.2.2.2.3	Plumbing permit	1	1	\$800
2.1.2.2.2.4	Mechanical permit	1	1	\$800
2.1.2.3	Grading permits or other procedures	1	1	\$12
2.1.3	Department of Transportation	—	—	—
2.1.3.1	Request & obtain permit from Dept. of Transportation (DoT)	—	—	—
2.2	Post-Construction	7	12	\$536
2.2.1	Department of Planning	2	2	\$0
2.2.1.1	Receive on-site inspection by zoning	1	1	\$0
2.2.1.2	Request & obtain on-site inspection approval by Department of Environmental Protection	1	1	\$0
2.2.2	Department of Buildings	5	10	\$536
2.2.2.1	Request & obtain on-site inspection approval by DoB	1	2	\$134
2.2.2.2	Receive on-site electric inspection and obtain approval	1	2	\$134
2.2.2.3	Receive on-site mechanical inspection and obtain approval	1	3	\$134
2.2.2.4	Receive on-site plumbing inspection and obtain approval	1	2	\$134
2.2.2.5	Receive on-site inspection regarding grading permit or others	—	—	—
2.2.2.6	Request & obtain Occupancy Certificate from the DoB	1	1	\$0
2.2.3	Department of Transportation	—	—	—
2.2.3.1	Request & obtain on-site inspection by DoT	—	—	—
	TOTALS	17	73	\$40,218

**Area 3.
Registering Property**

Phase	Name of Procedure	Procedures	Time	Cost
3.1	Obtain a Title Report	3	8	\$5,898
3.1.1	Request and obtain title report	2	5	\$350
3.1.2	Purchase title insurance policies	1	3	\$5,548
3.2	Title Transferring	1	1	\$34,400
3.2.1	Real estate transfer tax	1	1	\$34,400
3.3	Title Recording	1	1	\$57
3.3.1	Public recordation	1	1	\$57
3.3.2	Mortgage recording tax	—	—	—
3.4	Additional Procedures	—	—	—
3.4.1	Real property transfer tax	—	—	—
	TOTALS	5	10	\$40,355

**Area 4.
Paying Taxes**

Phase	Name of Procedure	Payments per Year	Statutory Tax
4.1	Corporate Tax	4	\$36,000
4.1.1	Corporate income tax – state, county, city	4	\$36,000
4.2	Employment Tax	24	\$161,910
4.2.1	Employer paid – hospital insurance contributions	12	\$140,310
4.2.2	Employer paid – state unemployment tax (new hire)	12	\$21,600
4.2.3	Employer paid – commuter transportation mobility tax	—	—
4.3	Operating Tax	4	\$9,600
4.3.1	Sales tax – state, county, city	4	\$9,600
4.4	Additional Local Regulations & Procedures	—	—
4.4.1	License tax (selective and max)	—	—
4.4.2	State disability insurance or employee	—	—
4.4.3	State employee expense tax	—	—
4.4.4	State franchise tax	—	—
	TOTALS	32	\$207,510

**Area 5.
Enforcing Contracts**

Phase	Name of Procedure	Procedures	Time	Cost
5.1	Commencing Litigation Phase	6	30	\$150
5.2	Attachment Request Phase	2	0	\$15
5.3	Litigation Phase	12	231	\$40
5.4	Enforcement of Judgment	2	110	\$0
	TOTALS	22	371	\$205

METROPOLITAN AREA

LOS ANGELES, CA LONG BEACH, CA SANTA ANA, CA

POPULATION

2012

13,052,921

POPULATION GROWTH

2011-2012

0.83%

GDP

2012

\$765,759,000

GDP GROWTH

2013

4.58%

REAL GDP PER CAPITA

2012

\$51,404

CIVILIAN UNEMPLOYMENT RATE

OCTOBER 2013

8.6%

PERCENTAGE OF RESIDENTS WITH A BACHELOR'S DEGREE OR HIGHER

2013

31%

FORTUNE 500 HEADQUARTERS

2012

19

ENTREPRENEURS PER 100,000 PEOPLE

2012

530

SMALL ENTERPRISES

LESS THAN 20 EMPLOYEES

210,139

MEDIUM ENTERPRISES

20-499 EMPLOYEES

41,992

NEW ESTABLISHMENTS

2013

31,680

ESTABLISHMENTS THAT SHUT DOWN

2013

35,685

DETAILED CITY DATA

LOS ANGELES, CALIFORNIA

The rankings are based on five areas of business regulation for starting and operating a business in the United States. These areas are Starting a Business, Dealing with Construction Permits, Registering Properties, Paying Taxes, and Enforcing Contracts. In order to measure the regulations necessary to start and operate the business, we examine the combination of required procedures, time, and costs. Los Angeles's detailed findings can be seen below.

Area of Business Regulation	Number of Procedures	Time (days)	Cost
Starting a Business	4	5	\$70
Dealing with Construction Permits	14	105	\$85,841
Registering Property	5	10	\$28,318
Paying Taxes	38	—	\$275,766
Enforcing Contracts	23	305	\$545

Area 1. Starting a Business

Phase	Name of Procedure	Procedures	Time	Cost
1.1	Reserve the company's business name, file the company's articles of organization, and adopt the company's operating agreement	2	3	\$70
1.1.1	Check availability of entity name with the Secretary of State	1	1	\$0
1.1.2	Incorporate LLC with Secretary of State	1	2	\$70
1.2	Apply for EIN for tax and employer purposes	2	2	\$0
1.2.1	Federal procedure (uniform)	1	1	\$0
1.2.2	State tax procedure	1	1	\$0
1.3	Register as an employer with the unemployment insurance division of the state's department of labor	—	—	—
1.3.1	Register with Department of Labor	—	—	—
1.4	Comply with any local regulations, including registrations, licenses, and publication requirements	—	—	—
1.4.1	Obtain necessary business and/or professional license and comply with specific requirements	—	—	—
	TOTALS	4	5	\$70

**Area 2.
Dealing with Construction Permits**

Phase	Name of Procedure	Procedures	Time	Cost
2.1	Pre-Construction	9	100	\$85,739
2.1.1	City Planning department	2	75	\$6,447
2.1.1.1	Submit the Zoning Diagram	1	30	\$4,167
2.1.1.2	Submit City Environmental Quality Review Form to Department of Environmental Protection	1	45	\$2,280
2.1.2	Department of Buildings	6	24	\$77,709
2.1.2.1	Submit compliance forms of Building Code to Department of Buildings (DoB)	—	—	—
2.1.2.2	Request & obtain approval and permit from DoB	5	23	\$73,354
2.1.2.2.1	Request & obtain plan approval from DoB	1	0	\$0
2.1.2.2.2	Request & obtain work permit from DoB	4	23	\$73,354
2.1.2.2.2.1	Building permit	1	20	\$66,308
2.1.2.2.2.2	Electrical permit	1	1	\$2,131
2.1.2.2.2.3	Plumbing permit	1	1	\$3,700
2.1.2.2.2.4	Mechanical permit	1	1	\$1,215
2.1.2.3	Grading permits or other procedures	1	1	\$4,355
2.1.3	Department of Transportation	1	1	\$1,583
2.1.3.1	Request & obtain permit from Dept. of Transportation (DoT)	1	1	\$1,583
2.2	Post-Construction	5	5	\$102
2.2.1	Department of Planning	—	—	—
2.2.1.1	Receive on-site inspection by zoning	—	—	—
2.2.1.2	Request & obtain on-site inspection approval by Department of Environmental Protection	—	—	—
2.2.2	Department of Buildings	5	5	\$102
2.2.2.1	Request & obtain on-site inspection approval by DoB	1	1	\$0
2.2.2.2	Receive on-site electric inspection and obtain approval	1	1	\$0
2.2.2.3	Receive on-site mechanical inspection and obtain approval	1	1	\$0
2.2.2.4	Receive on-site plumbing inspection and obtain approval	1	1	\$0
2.2.2.5	Receive on-site inspection regarding grading permit or others	—	—	—
2.2.2.6	Request & obtain Occupancy Certificate from the DoB	1	1	\$102
2.2.3	Department of Transportation	—	—	—
2.2.3.1	Request & obtain on-site inspection by DoT	—	—	—
	TOTALS	14	105	\$85,841

**Area 3.
Registering Property**

Phase	Name of Procedure	Procedures	Time	Cost
3.1	Obtain a Title Report	3	8	\$5,858
3.1.1	Request and obtain title report	2	5	\$250
3.1.2	Purchase title insurance policies	1	3	\$5,608
3.2	Title Transferring	1	1	\$22,400
3.2.1	Real estate transfer tax	1	1	\$22,400
3.3	Title Recording	1	1	\$60
3.3.1	Public recordation	1	1	\$38
3.3.2	Mortgage recording tax	—	—	—
3.4	Additional Procedures	—	—	—
3.4.1	Real property transfer tax	—	—	—
	TOTALS	5	10	\$275,766

**Area 4.
Paying Taxes**

Phase	Name of Procedure	Payments per Year	Statutory Tax
4.1	Corporate Tax	4	\$53,040
4.1.1	Corporate income tax – state, county, city	4	\$53,040
4.2	Employment Tax	24	\$164,570
4.2.1	Employer paid – hospital insurance contributions	12	\$137,370
4.2.2	Employer paid – state unemployment tax (new hire)	12	\$27,200
4.2.3	Employer paid – commuter transportation mobility tax	—	—
4.3	Operating Tax	4	\$14,400
4.3.1	Sales tax – state, county, city	4	\$14,400
4.4	Additional Local Regulations & Procedures	6	\$43,756
4.4.1	License tax (selective and max)	1	\$20,280
4.4.2	State disability insurance or employee	4	\$20,176
4.4.3	State employee expense tax	—	—
4.4.4	State franchise tax	1	\$3,300
	TOTALS	38	\$275,766

**Area 5.
Enforcing Contracts**

Phase	Name of Procedure	Procedures	Time	Cost
5.1	Commencing Litigation Phase	6	40	\$435
5.2	Attachment Request Phase	3	0	\$25
5.3	Litigation Phase	10	225	\$60
5.4	Enforcement of Judgment	4	40	\$25
	TOTALS	23	305	\$545

METRO AREA

NEW YORK, NY NORTHERN NEW JERSEY, NJ LONG ISLAND, PA

POPULATION

2012

19,831,858

FORTUNE 500 HEADQUARTERS

2012

68

POPULATION GROWTH

2011-2012

0.52%

ENTREPRENEURS PER 100,000 PEOPLE

2012

340

GDP

2012

\$1,358,416,000

SMALL ENTERPRISES

LESS THAN 20 EMPLOYEES

362,435

GDP GROWTH

2013

3.15%

MEDIUM ENTERPRISES

20-499 EMPLOYEES

54,905

REAL GDP PER CAPITA

2012

\$59,172

NEW ESTABLISHMENTS

2013

53,024

CIVILIAN UNEMPLOYMENT RATE

OCTOBER 2013

7.8%

ESTABLISHMENTS THAT SHUT DOWN

2013

54,612

PERCENTAGE OF RESIDENTS WITH A BACHELOR'S DEGREE OR HIGHER

2013

36%

DETAILED CITY DATA

NEW YORK CITY, NEW YORK

The rankings are based on five areas of business regulation for starting and operating a business in the United States. These areas are Starting a Business, Dealing with Construction Permits, Registering Properties, Paying Taxes, and Enforcing Contracts. In order to measure the regulations necessary to start and operate the business, we examine the combination of required procedures, time, and costs. New York's detailed findings can be seen below.

Area of Business Regulation	Number of Procedures	Time (days)	Cost
Starting a Business	7	8	\$1,306
Dealing with Construction Permits	15	79	\$32,060
Registering Property	7	10	\$249,383
Paying Taxes	33	—	\$219,024
Enforcing Contracts	20	511	\$880

Area 1. Starting a Business

Phase	Name of Procedure	Procedures	Time	Cost
1.1	Reserve the company's business name, file the company's articles of organization, and adopt the company's operating agreement	3	4	\$325
1.1.1	Check availability of entity name with the Secretary of State	1	1	\$5
1.1.2	Incorporate LLC with Secretary of State	2	3	\$320
1.2	Apply for EIN for tax and employer purposes	2	2	\$0
1.2.1	Federal procedure (uniform)	1	1	\$0
1.2.2	State tax procedure	1	1	\$0
1.3	Register as an employer with the unemployment insurance division of the state's department of labor	—	—	—
1.3.1	Register with Department of Labor	—	—	—
1.4	Comply with any local regulations, including registrations, licenses, and publication requirements	2	2	\$981
1.4.1	Obtain necessary business and/or professional license and comply with specific requirements	—	—	—
	TOTALS	7	8	\$1,306

**Area 2.
Dealing with Construction Permits**

Phase	Name of Procedure	Procedures	Time	Cost
2.1	Pre-Construction	7	71	\$31,835
2.1.1	City Planning department	2	30	\$1,460
2.1.1.1	Submit the Zoning Diagram	1	20	\$110
2.1.1.2	Submit City Environmental Quality Review Form to Department of Environmental Protection	1	10	\$1,350
2.1.2	Department of Buildings	5	41	\$30,375
2.1.2.1	Submit compliance forms of Building Code to Department of Buildings (DoB)	2	1	\$375
2.1.2.2	Request & obtain approval and permit from DoB	3	40	\$30,000
2.1.2.2.1	Request & obtain plan approval from DoB	1	0	\$0
2.1.2.2.2	Request & obtain work permit from DoB	2	40	\$30,000
2.1.2.2.2.1	Building permit	2	40	\$30,000
2.1.2.2.2.2	Electrical permit	—	—	—
2.1.2.2.2.3	Plumbing permit	—	—	—
2.1.2.2.2.4	Mechanical permit	—	—	—
2.1.2.3	Grading permits or other procedures	—	—	—
2.1.3	Department of Transportation	—	—	—
2.1.3.1	Request & obtain permit from Dept. of Transportation (DoT)	—	—	—
2.2	Post-Construction	8	8	\$225
2.2.1	Department of Planning	2	2	\$220
2.2.1.1	Receive on-site inspection by zoning	1	1	\$0
2.2.1.2	Request & obtain on-site inspection approval by Department of Environmental Protection	1	1	\$220
2.2.2	Department of Buildings	6	6	\$5
2.2.2.1	Request & obtain on-site inspection approval by DoB	1	1	\$0
2.2.2.2	Receive on-site electric inspection and obtain approval	1	1	\$0
2.2.2.3	Receive on-site mechanical inspection and obtain approval	1	1	\$0
2.2.2.4	Receive on-site plumbing inspection and obtain approval	1	1	\$0
2.2.2.5	Receive on-site inspection regarding grading permit or others	1	1	\$0
2.2.2.6	Request & obtain Occupancy Certificate from the DoB	1	1	\$600
2.2.3	Department of Transportation	—	—	—
2.2.3.1	Request & obtain on-site inspection by DoT	—	—	—
	TOTALS	15	79	\$32,060

**Area 3.
Registering Property**

Phase	Name of Procedure	Procedures	Time	Cost
3.1	Obtain a Title Report	3	6	\$16,008
3.1.1	Request and obtain title report	2	3	\$520
3.1.2	Purchase title insurance policies	1	3	\$15,488
3.2	Title Transferring	1	1	\$16,000
3.2.1	Real estate transfer tax	1	1	\$16,000
3.3	Title Recording	2	2	\$112,125
3.3.1	Public recordation	1	1	\$125
3.3.2	Mortgage recording tax	1	1	\$112,125
3.4	Additional Procedures	1	1	\$105,250
3.4.1	Real property transfer tax	1	1	\$105,250
	TOTALS	7	10	\$249,383

**Area 4.
Paying Taxes**

Phase	Name of Procedure	Payments per Year	Statutory Tax
4.1	Corporate Tax	4	\$42,600
4.1.1	Corporate income tax – state, county, city	4	\$42,600
4.2	Employment Tax	24	\$161,600
4.2.1	Employer paid – hospital insurance contributions	12	\$128,800
4.2.2	Employer paid – state unemployment tax (new hire)	12	\$32,800
4.2.3	Employer paid – commuter transportation mobility tax	—	—
4.3	Operating Tax	4	\$14,200
4.3.1	Sales tax – state, county, city	4	\$14,200
4.4	Additional Local Regulations & Procedures	1	\$624
4.4.1	License tax (selective and max)	—	—
4.4.2	State disability insurance or employee	1	\$624
4.4.3	State employee expense tax	—	—
4.4.4	State franchise tax	—	—
	TOTALS	33	\$219,024

**Area 5.
Enforcing Contracts**

Phase	Name of Procedure	Procedures	Time	Cost
5.1	Commencing Litigation Phase	4	120	\$210
5.2	Attachment Request Phase	3	20	\$545
5.3	Litigation Phase	11	275	\$125
5.4	Enforcement of Judgment	2	96	\$0
	TOTALS	20	511	\$880

METRO AREA

RALEIGH, NC CARY, NC

POPULATION

2012

1,188,564

POPULATION GROWTH

2011-2012

2.23%

GDP

2012

\$61,392,000

GDP GROWTH

2013

4.01%

REAL GDP PER CAPITA

2012

\$44,892

CIVILIAN UNEMPLOYMENT RATE

OCTOBER 2013

6.0%

PERCENTAGE OF RESIDENTS WITH A BACHELOR'S DEGREE OR HIGHER

2013

41%

FORTUNE 500 HEADQUARTERS

2012

2

ENTREPRENEURS PER 100,000 PEOPLE

2012

260

SMALL ENTERPRISES

LESS THAN 20 EMPLOYEES

16,250

MEDIUM ENTERPRISES

20-499 EMPLOYEES

4,040

NEW ESTABLISHMENTS

2013

3,026

ESTABLISHMENTS THAT SHUT DOWN

2013

2,858

DETAILED CITY DATA

RALEIGH, NORTH CAROLINA

The rankings are based on five areas of business regulation for starting and operating a business in the United States. These areas are Starting a Business, Dealing with Construction Permits, Registering Properties, Paying Taxes, and Enforcing Contracts. In order to measure the regulations necessary to start and operate the business, we examine the combination of required procedures, time, and costs. Raleigh's detailed findings can be seen below.

Area of Business Regulation	Number of Procedures	Time (days)	Cost
Starting a Business	5	5	\$155
Dealing with Construction Permits	13	39	\$12,927
Registering Property	5	8	\$13,391
Paying Taxes	33	—	\$198,510
Enforcing Contracts	22	313	\$470

Area 1. Starting a Business

Phase	Name of Procedure	Procedures	Time	Cost
1.1	Reserve the company's business name, file the company's articles of organization, and adopt the company's operating agreement	2	2	\$155
1.1.1	Check availability of entity name with the Secretary of State	1	1	\$30
1.1.2	Incorporate LLC with Secretary of State	1	1	\$125
1.2	Apply for EIN for tax and employer purposes	2	2	\$0
1.2.1	Federal procedure (uniform)	1	1	\$0
1.2.2	State tax procedure	1	1	\$0
1.3	Register as an employer with the unemployment insurance division of the state's department of labor	1	1	\$0
1.3.1	Register with Department of Labor	1	1	\$0
1.4	Comply with any local regulations, including registrations, licenses, and publication requirements	—	—	—
1.4.1	Obtain necessary business and/or professional license and comply with specific requirements	—	—	—
	TOTALS	5	5	\$155

**Area 2.
Dealing with Construction Permits**

Phase	Name of Procedure	Procedures	Time	Cost
2.1	Pre-Construction	5	31	\$12,212
2.1.1	City Planning department	2	24	\$1,644
2.1.1.1	Submit the Zoning Diagram	1	23	\$1,370
2.1.1.2	Submit City Environmental Quality Review Form to Department of Environmental Protection	1	1	\$274
2.1.2	Department of Buildings	3	7	\$10,568
2.1.2.1	Submit compliance forms of Building Code to Department of Buildings (DoB)	—	—	—
2.1.2.2	Request & obtain approval and permit from DoB	2	6	\$10,368
2.1.2.2.1	Request & obtain plan approval from DoB	1	5	\$2,400
2.1.2.2.2	Request & obtain work permit from DoB	1	1	\$7,968
2.1.2.2.2.1	Building permit	1	1	\$838
2.1.2.2.2.2	Electrical permit	0	0	\$2,990
2.1.2.2.2.3	Plumbing permit	0	0	\$2,300
2.1.2.2.2.4	Mechanical permit	0	0	\$1,840
2.1.2.3	Grading permits or other procedures	1	1	\$200
2.1.3	Department of Transportation	—	—	—
2.1.3.1	Request & obtain permit from Dept. of Transportation (DoT)	—	—	—
2.2	Post-Construction	8	8	\$715
2.2.1	Department of Planning	1	1	\$136
2.2.1.1	Receive on-site inspection by zoning	—	—	—
2.2.1.2	Request & obtain on-site inspection approval by Department of Environmental Protection	1	1	\$136
2.2.2	Department of Buildings	7	7	\$579
2.2.2.1	Request & obtain on-site inspection approval by DoB	1	1	\$0
2.2.2.2	Receive on-site electric inspection and obtain approval	1	1	\$145
2.2.2.3	Receive on-site mechanical inspection and obtain approval	1	1	\$145
2.2.2.4	Receive on-site plumbing inspection and obtain approval	1	1	\$145
2.2.2.5	Receive on-site inspection regarding grading permit or others	2	2	\$134
2.2.2.6	Request & obtain Occupancy Certificate from the DoB	1	1	\$10
2.2.3	Department of Transportation	—	—	—
2.2.3.1	Request & obtain on-site inspection by DoT	—	—	—
	TOTALS	13	39	\$12,927

**Area 3.
Registering Property**

Phase	Name of Procedure	Procedures	Time	Cost
3.1	Obtain a Title Report	3	6	\$5,335
3.1.1	Request and obtain title report	2	3	\$1,275
3.1.2	Purchase title insurance policies	1	3	\$4,060
3.2	Title Transferring	1	1	\$8,000
3.2.1	Real estate transfer tax	1	1	\$8,000
3.3	Title Recording	1	1	\$56
3.3.1	Public recordation	1	1	\$56
3.3.2	Mortgage recording tax	—	—	—
3.4	Additional Procedures	—	—	—
3.4.1	Real property transfer tax	—	—	—
	TOTALS	5	8	\$13,391

**Area 4.
Paying Taxes**

Phase	Name of Procedure	Payments per Year	Statutory Tax
4.1	Corporate Tax	4	\$41,400
4.1.1	Corporate income tax – state, county, city	4	\$41,400
4.2	Employment Tax	24	\$143,870
4.2.1	Employer paid – hospital insurance contributions	12	\$134,270
4.2.2	Employer paid – state unemployment tax (new hire)	12	\$9,600
4.2.3	Employer paid – commuter transportation mobility tax	—	—
4.3	Operating Tax	4	\$10,800
4.3.1	Sales tax – state, county, city	4	410,800
4.4	Additional Local Regulations & Procedures	1	\$2,440
4.4.1	License tax (selective and max)	1	\$2,440
4.4.2	State disability insurance or employee	—	—
4.4.3	State employee expense tax	—	—
4.4.4	State franchise tax	—	—
	TOTALS	33	\$198,510

**Area 5.
Enforcing Contracts**

Phase	Name of Procedure	Procedures	Time	Cost
5.1	Commencing Litigation Phase	4	65	\$250
5.2	Attachment Request Phase	3	10	\$200
5.3	Litigation Phase	12	136	\$20
5.4	Enforcement of Judgment	3	102	\$0
	TOTALS	22	313	\$470

METRO AREA

SAN FRANCISCO, CA

OAKLAND, CA

FREMONT, CA

POPULATION

2012

4,455,560

POPULATION GROWTH

2011-2012

1.33%

GDP

2012

\$360,395,000

GDP GROWTH

2013

8.89%

REAL GDP PER CAPITA

2012

\$69,542

CIVILIAN UNEMPLOYMENT RATE

OCTOBER 2013

6.2%

PERCENTAGE OF RESIDENTS WITH A BACHELOR'S DEGREE OR HIGHER

2013

43%

FORTUNE 500 HEADQUARTERS

2012

16

ENTREPRENEURS PER 100,000 PEOPLE

2012

380

SMALL ENTERPRISES

LESS THAN 20 EMPLOYEES

74,424

MEDIUM ENTERPRISES

20-499 EMPLOYEES

16,634

NEW ESTABLISHMENTS

2013

10,692

ESTABLISHMENTS THAT SHUT DOWN

2013

12,049

DETAILED CITY DATA

SAN FRANCISCO, CALIFORNIA

The rankings are based on five areas of business regulation for starting and operating a business in the United States. These areas are Starting a Business, Dealing with Construction Permits, Registering Properties, Paying Taxes, and Enforcing Contracts. In order to measure the regulations necessary to start and operate the business, we examine the combination of required procedures, time, and costs. San Francisco's detailed findings can be seen below.

Area of Business Regulation	Number of Procedures	Time (days)	Cost
Starting a Business	4	5	\$70
Dealing with Construction Permits	19	184	\$108,063
Registering Property	5	10	\$35,888
Paying Taxes	38	—	\$255,337
Enforcing Contracts	23	205	\$500

Area 1. Starting a Business

Phase	Name of Procedure	Procedures	Time	Cost
1.1	Reserve the company's business name, file the company's articles of organization, and adopt the company's operating agreement	2	3	\$70
1.1.1	Check availability of entity name with the Secretary of State	1	1	\$0
1.1.2	Incorporate LLC with Secretary of State	1	2	\$70
1.2	Apply for EIN for tax and employer purposes	2	2	\$0
1.2.1	Federal procedure (uniform)	1	1	\$0
1.2.2	State tax procedure	1	1	\$0
1.3	Register as an employer with the unemployment insurance division of the state's department of labor	—	—	—
1.3.1	Register with Department of Labor	—	—	—
1.4	Comply with any local regulations, including registrations, licenses, and publication requirements	—	—	—
1.4.1	Obtain necessary business and/or professional license and comply with specific requirements	—	—	—
	TOTALS	4	5	\$70

**Area 2.
Dealing with Construction Permits**

Phase	Name of Procedure	Procedures	Time	Cost
2.1	Pre-Construction	12	175	\$106,703
2.1.1	City Planning department	4	139	\$77,985
2.1.1.1	Submit the Zoning Diagram	2	73	\$28,476
2.1.1.2	Submit City Environmental Quality Review Form to Department of Environmental Protection	2	66	\$49,509
2.1.2	Department of Buildings	8	36	\$26,718
2.1.2.1	Submit compliance forms of Building Code to Department of Buildings (DoB)	1	1	\$0
2.1.2.2	Request & obtain approval and permit from DoB	5	33	\$27,498
2.1.2.2.1	Request & obtain plan approval from DoB	2	30	\$17,434
2.1.2.2.2	Request & obtain work permit from DoB	3	3	\$10,064
2.1.2.2.2.1	Building permit	1	1	\$7,476
2.1.2.2.2.2	Electrical permit	1	1	\$2,409
2.1.2.2.2.3	Plumbing permit	—	—	—
2.1.2.2.2.4	Mechanical permit	1	1	\$179
2.1.2.3	Grading permits or other procedures	2	2	\$1,220
2.1.3	Department of Transportation	—	—	—
2.1.3.1	Request & obtain permit from Dept. of Transportation (DoT)	—	—	—
2.2	Post-Construction	7	9	\$1,360
2.2.1	Department of Planning	2	1	\$0
2.2.1.1	Receive on-site inspection by zoning	1	1	\$0
2.2.1.2	Request & obtain on-site inspection approval by Department of Environmental Protection	1	0	\$0
2.2.2	Department of Buildings	5	8	\$1,360
2.2.2.1	Request & obtain on-site inspection approval by DoB	1	2	\$680
2.2.2.2	Receive on-site electric inspection and obtain approval	1	2	\$0
2.2.2.3	Receive on-site mechanical inspection and obtain approval	1	2	\$680
2.2.2.4	Receive on-site plumbing inspection and obtain approval	—	—	—
2.2.2.5	Receive on-site inspection regarding grading permit or others	1	1	\$0
2.2.2.6	Request & obtain Occupancy Certificate from the DoB	1	1	\$0
2.2.3	Department of Transportation	—	—	—
2.2.3.1	Request & obtain on-site inspection by DoT	—	—	—
	TOTALS	19	184	\$108,063

**Area 3.
Registering Property**

Phase	Name of Procedure	Procedures	Time	Cost
3.1	Obtain a Title Report	3	8	\$5,858
3.1.1	Request and obtain title report	2	5	\$250
3.1.2	Purchase title insurance policies	1	3	\$5,608
3.2	Title Transferring	1	1	\$30,000
3.2.1	Real estate transfer tax	1	1	\$30,000
3.3	Title Recording	1	1	\$30
3.3.1	Public recordation	1	1	\$30
3.3.2	Mortgage recording tax	—	—	—
3.4	Additional Procedures	—	—	—
3.4.1	Real property transfer tax	—	—	—
	TOTALS	5	10	\$35,888

**Area 4.
Paying Taxes**

Phase	Name of Procedure	Payments per Year	Statutory Tax
4.1	Corporate Tax	4	\$53,040
4.1.1	Corporate income tax – state, county, city	4	\$53,040
4.2	Employment Tax	24	\$164,570
4.2.1	Employer paid – hospital insurance contributions	12	\$137,370
4.2.2	Employer paid – state unemployment tax (new hire)	12	\$27,200
4.2.3	Employer paid – commuter transportation mobility tax	—	—
4.3	Operating Tax	4	\$14,000
4.3.1	Sales tax – state, county, city	4	\$14,000
4.4	Additional Local Regulations & Procedures	6	\$23,727
4.4.1	License tax (selective and max)	1	\$251
4.4.2	State disability insurance or employee	4	\$20,176
4.4.3	State employee expense tax	—	—
4.4.4	State franchise tax	1	\$3,300
	TOTALS	38	\$255,337

**Area 5.
Enforcing Contracts**

Phase	Name of Procedure	Procedures	Time	Cost
5.1	Commencing Litigation Phase	5	40	\$450
5.2	Attachment Request Phase	3	0	\$25
5.3	Litigation Phase	11	125	\$0
5.4	Enforcement of Judgment	4	40	\$25
	TOTALS	23	205	\$500

METRO AREA

ST. LOUIS, MO

ST. LOUIS, IL

POPULATION

2012

2,795,794

POPULATION GROWTH

2011-2012

0.09%

GDP

2012

\$136,677,000

GDP GROWTH

2013

3.32%

REAL GDP PER CAPITA

2012

\$41,670

CIVILIAN UNEMPLOYMENT RATE

OCTOBER 2013

6.5%

PERCENTAGE OF RESIDENTS WITH A BACHELOR'S DEGREE OR HIGHER

2013

30%

FORTUNE 500 HEADQUARTERS

2012

9

ENTREPRENEURS PER 100,000 PEOPLE

2012

350

SMALL ENTERPRISES

LESS THAN 20 EMPLOYEES

40,822

MEDIUM ENTERPRISES

20-499 EMPLOYEES

11,090

NEW ESTABLISHMENTS

2013

6,044

ESTABLISHMENTS THAT SHUT DOWN

2013

6,742

DETAILED CITY DATA

ST. LOUIS, MISSOURI

The rankings are based on five areas of business regulation for starting and operating a business in the United States. These areas are Starting a Business, Dealing with Construction Permits, Registering Properties, Paying Taxes, and Enforcing Contracts. In order to measure the regulations necessary to start and operate the business, we examine the combination of required procedures, time, and costs. St. Louis's detailed findings can be seen below.

Area of Business Regulation	Number of Procedures	Time (days)	Cost
Starting a Business	4	4	\$155
Dealing with Construction Permits	13	50	\$31,764
Registering Property	4	7	\$3,666
Paying Taxes	33	—	\$213,656
Enforcing Contracts	19	258	\$205

Area 1. Starting a Business

Phase	Name of Procedure	Procedures	Time	Cost
1.1	Reserve the company's business name, file the company's articles of organization, and adopt the company's operating agreement	2	2	\$155
1.1.1	Check availability of entity name with the Secretary of State	1	1	\$0
1.1.2	Incorporate LLC with Secretary of State	1	1	\$155
1.2	Apply for EIN for tax and employer purposes	2	2	\$0
1.2.1	Federal procedure (uniform)	1	1	\$0
1.2.2	State tax procedure	1	1	\$0
1.3	Register as an employer with the unemployment insurance division of the state's department of labor	—	—	—
1.3.1	Register with Department of Labor	—	—	—
1.4	Comply with any local regulations, including registrations, licenses, and publication requirements	—	—	—
1.4.1	Obtain necessary business and/or professional license and comply with specific requirements	—	—	—
	TOTALS	4	4	\$155

**Area 2.
Dealing with Construction Permits**

Phase	Name of Procedure	Procedures	Time	Cost
2.1	Pre-Construction	8	16	\$31,496
2.1.1	City Planning department	2	2	\$1,050
2.1.1.1	Submit the Zoning Diagram	1	1	\$0
2.1.1.2	Submit City Environmental Quality Review Form to Department of Environmental Protection	1	1	\$1,050
2.1.2	Department of Buildings	6	14	\$30,446
2.1.2.1	Submit compliance forms of Building Code to Department of Buildings (DoB)	1	3	\$25
2.1.2.2	Request & obtain approval and permit from DoB	5	11	\$30,421
2.1.2.2.1	Request & obtain plan approval from DoB	1	0	\$0
2.1.2.2.2	Request & obtain work permit from DoB	4	11	\$30,421
2.1.2.2.2.1	Building permit	1	10	\$30,025
2.1.2.2.2.2	Electrical permit	1	1	\$132
2.1.2.2.2.3	Plumbing permit	1	0	\$132
2.1.2.2.2.4	Mechanical permit	1	0	\$132
2.1.2.3	Grading permits or other procedures	—	—	—
2.1.3	Department of Transportation	—	—	—
2.1.3.1	Request & obtain permit from Dept. of Transportation (DoT)	—	—	—
2.2	Post-Construction	5	34	\$268
2.2.1	Department of Planning	—	—	—
2.2.1.1	Receive on-site inspection by zoning	—	—	—
2.2.1.2	Request & obtain on-site inspection approval by Department of Environmental Protection	—	—	—
2.2.2	Department of Buildings	5	34	\$268
2.2.2.1	Request & obtain on-site inspection approval by DoB	1	1	\$47
2.2.2.2	Receive on-site electric inspection and obtain approval	1	1	\$47
2.2.2.3	Receive on-site mechanical inspection and obtain approval	1	1	\$47
2.2.2.4	Receive on-site plumbing inspection and obtain approval	1	1	\$47
2.2.2.5	Receive on-site inspection regarding grading permit or others	—	—	—
2.2.2.6	Request & obtain Occupancy Certificate from the DoB	1	30	\$80
2.2.3	Department of Transportation	—	—	—
2.2.3.1	Request & obtain on-site inspection by DoT	—	—	—
	TOTALS	13	50	\$31,764

**Area 3.
Registering Property**

Phase	Name of Procedure	Procedures	Time	Cost
3.1	Obtain a Title Report	3	6	\$3,600
3.1.1	Request and obtain title report	2	3	\$350
3.1.2	Purchase title insurance policies	1	3	\$3,250
3.2	Title Transferring	—	—	—
3.2.1	Real estate transfer tax	—	—	—
3.3	Title Recording	1	1	\$66
3.3.1	Public recordation	1	1	\$66
3.3.2	Mortgage recording tax	—	—	—
3.4	Additional Procedures	—	—	—
3.4.1	Real property transfer tax	—	—	—
	TOTALS	4	7	\$3,666

**Area 4.
Paying Taxes**

Phase	Name of Procedure	Payments per Year	Statutory Tax
4.1	Corporate Tax	4	\$37,500
4.1.1	Corporate income tax – state, county, city	4	\$37,500
4.2	Employment Tax	24	\$161,070
4.2.1	Employer paid – hospital insurance contributions	12	\$132,990
4.2.2	Employer paid – state unemployment tax (new hire)	12	\$28,080
4.2.3	Employer paid – commuter transportation mobility tax	—	—
4.3	Operating Tax	4	\$13,586
4.3.1	Sales tax – state, county, city	4	\$13,586
4.4	Additional Local Regulations & Procedures	1	\$1,500
4.4.1	License tax (selective and max)	1	\$1,500
4.4.2	State disability insurance or employee	—	—
4.4.3	State employee expense tax	—	—
4.4.4	State franchise tax	—	—
	TOTALS	33	\$213,656

**Area 5.
Enforcing Contracts**

Phase	Name of Procedure	Procedures	Time	Cost
5.1	Commencing Litigation Phase	3	30	\$133
5.2	Attachment Request Phase	1	10	\$36
5.3	Litigation Phase	9	95	\$0
5.4	Enforcement of Judgment	6	123	\$36
	TOTALS	19	258	\$205

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