“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 places 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

Edward Glaeser, Ph.D.
Fred and Eleanor Glimp Professor of Economics, Harvard University

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.

About the Project Director

Michael Hendrix
Director, Emerging Issues & Research, U.S. Chamber of Commerce Foundation

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.

About the Contributors

Nam D. Pham, Ph.D.
Managing Partner, ndp | analytics

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.

Justin Badlam
Principal, ndp | analytics

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).

Anil Sarda
Associate, ndp | analytics

Anil Sarda is an associate at ndp | analytics. He provides research and analysis on client projects as well as lead support for marketing efforts of the firm. He first joined the firm in 2012. Prior to that, Sarda held marketing and corporate strategy positions at BranchOut, a rapidly growing professional social media network based in San Francisco, and at PRGX Global, an international business analytics and profit discovery firm in Atlanta. He graduated from The George Washington University, School of Business with a B.B.A. degree in international business and marketing.

Davide Sonzogni
Senior Advisor, ndp | analytics

Davide Sonzogni is a senior advisor to ndp | analytics. He is an entrepreneur and a certified international business engineer with more than 10 years of professional expertise and proven track record in strategy, international business management, business development, and start-up development. His industry experience ranges from European- and American-based businesses in the luxury retail/hospitality, entertainment, sports, and Internet sectors. He is an instructional assistant and facilitator for M.B.A.-level international management, statistics, and finance courses at The George Washington University. He recently published a research paper on Chinese investments in Europe in the *Washington Institute of China Studies Journal*. He holds an M.B.A. from The George Washington University and is a graduate of Politecnico di Milano (Italy), with a master's degree in industrial engineering.