

# Enterprising Cities: Regulatory Climate Index 2014

## Key Findings

Productive, innovative, and competitive economies require smart and simple regulations to prosper. ndp | analytics and the U.S. Chamber of Commerce Foundation developed the Enterprising Cities: 2014 Regulatory Climate Index (the Index) that compares and ranks the efficiency of local regulations that apply to small businesses in 10 cities across America.

The Index evaluates the number of procedures, time, and administrative costs that are required to comply with five areas of business regulation that reflect the business cycle of a small business. The Index assesses the areas of starting a business, dealing with construction permits, registering property, paying taxes, and enforcing contracts. The results act as a barometer for the overall business environment and point to areas where reform is necessary for competitiveness. The main results of the study are:

- Among the 10 cities in the 2014 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.
- There are sizable variations in the design, practice, and costs to fulfill basic regulatory requirements for small businesses. Geographical and historical influences seem to account for much of this variance. 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.
- Each city evaluated 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 provides comprehensive information.

The ease of doing business in America's cities will help determine the future of America's economic growth. 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.