

The SBEC's *Small Business Policy Index*

The Small Business and Entrepreneurship Council's (SBEC) annual Small Business Policy Index (SBPI) is irrelevant and misleading as a guide to state policy towards small business and bears no relation to how states actually perform on measures of innovation, new business formation, or small business longevity. It purports to measure how well state government supports and nurtures entrepreneurship and small business development, but is actually just a rough indicator of a state's level of progressive taxes.

What Drives the SBPI?

While the index purports to be a measure of how well state government supports small businesses and entrepreneurship, it really does no more than rank the states by the progressivity of their tax system. The more progressive, the worse the rank. [Read more](#)

The SBPI Fails to Predict Entrepreneurial Dynamism

When we compare a state's score on the SBPI with the state's actual performance on a variety of measures of entrepreneurial activity, small business survival, and economic dynamism, we find that the "best" states on the SBPI do no better than the "worst" states. [Read more](#)

Anatomy of the SBPI

The SBPI doesn't focus on the factors that affect businesses the most. Of the 42 measures that make up the index, 15 deal with progressive taxation, nine with other kinds of taxes, and eight with the size of government. [Read more](#)

What is the SBEC?

While the SBEC's stated mission is to "encourage entrepreneurship and small business growth," its lobbying activities reveal a very conservative, anti-government agenda. [Read more](#)