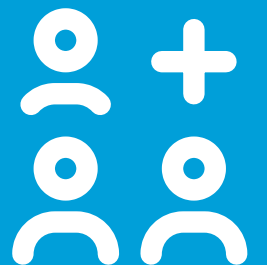
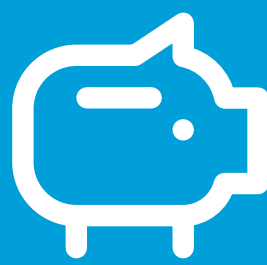


# 2018 Small Business Friendliness Survey



Conducted annually since 2012, the **Thumbtack Small Business Friendliness Survey** is the largest continuous study of small business owners' perceptions of government policy in the United States.

The 2018 survey was completed by 7,629 small business owners in all fifty states and across 249 occupations, including plumbers, contractors, lawyers, personal trainers and caterers.

While these businesses are generally small (94 percent have five employees or less), they help drive the American economy, with more than one in five Americans working at a micro-business with five or less employees. As the service economy expands, with over 91 percent of jobs over the next decade expected to be in service occupations, the number of small and micro-businesses is only expected to climb.

This year, the small business owners we heard from graded their state and local governments on eight key factors that affect their business, from the ease of starting a business to licensing regulations, as well as an overall grade for how supportive their governments are towards the small business community in general.



Geraldine O., Photographer

In this seventh year of the survey, small business owners revealed four major priorities:

**Small businesses deserve a bigger spotlight.**

Small business owners increasingly feel that government is prioritizing corporations and large businesses over the small businesses that drive the American economy. Nearly 70 percent of small business owners think their local government cares most about attracting and supporting new corporations, while only 30 percent believe that supporting local small businesses is the priority. Whether it's states offering tax breaks for corporate relocations or changes to the tax code that lower the corporate tax rate, small business owners feel their concerns and issues are not being prioritized.

**Health care is still a big financial deal.**

For small business owners and entrepreneurs, access to affordable health care is one of the biggest policy issues impacting their ability to stay in business. As political rhetoric and posturing affects the costs of monthly health insurance premiums, small business owners want less talk and more relief.

**Local issues matter.**

This year, small business owners reported that issues like rising housing prices and increasing transportation costs are impacting their ability to work where they live and travel to customers.

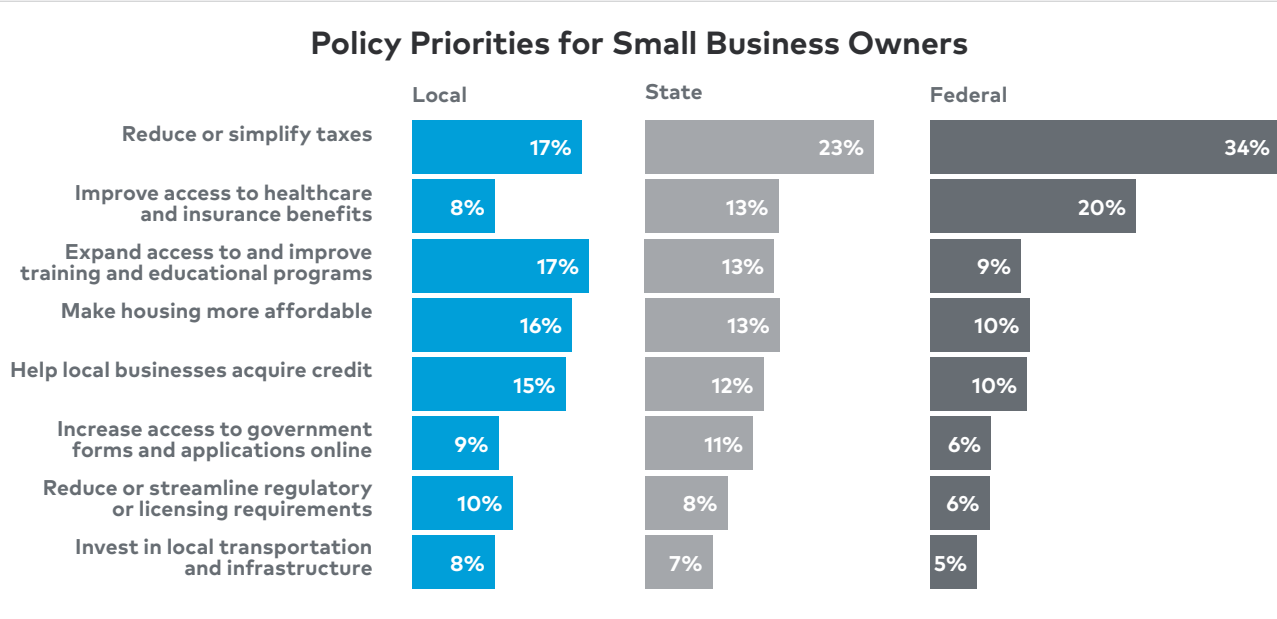
**Training for the future is key.**

As new technologies appear and traditional jobs change, training matters more than ever.

To read the formal report and methodology, visit <https://www.thumbtack.com/survey>.

# Policy Priorities For Small Business Owners

In addition to asking small business owners to rate the performance of their federal, state and local governments, we also asked them about the top issues affecting their business. Here’s what they said their government officials should focus on:



Christina & Mei Y., Event Florist



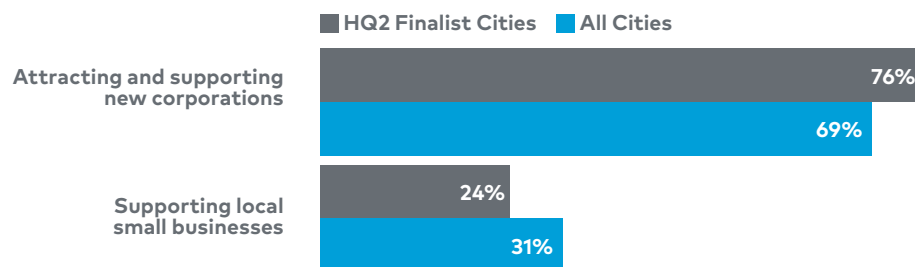
Chantelle H., Wedding Makeup

# Priorities Matter

Over the past year, the news has been filled with stories about the government taking action to help large corporations, from the Amazon HQ2 competition where cities and regions battled to offer the biggest incentive package, to the focus on lowering the corporate tax rate in the 2017 tax reform package. We wanted to know how this affected small business owners' perceptions of government so we asked a very simple question: Do your state and local governments care more about supporting large corporations or local small businesses? While we know that government programs are not binary and officials can support both, the results were overwhelmingly clear: 69 percent of our respondents said that their local governments are prioritizing corporations over small businesses like theirs, while only 31 percent said the inverse.

Additionally, small business owners are very aware of highly-publicized government efforts on behalf of large corporations and that affected their perceptions of who their governments are prioritizing. Small business owners in cities that were named Amazon HQ2 contest finalists were nearly 9 percent more likely to say their local government cares more about attracting and supporting new corporations than existing small businesses.<sup>1</sup>

## What Do Small Business Owners Think Local Governments Prioritize?



When it comes to resources and strategy, policy makers at all levels appear increasingly and disproportionately focused on what they can do to lure large businesses to their city or state. State and local governments would be well served to listen to their constituents and put the same effort and attention into supporting existing local businesses by streamlining the local business registration process or by reforming the tax code to help small businesses survive their initial lean years.

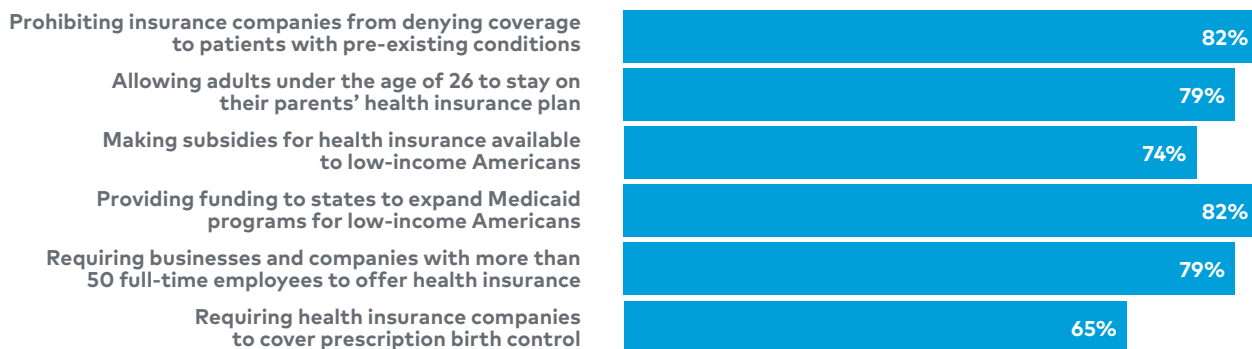
<sup>1</sup> HQ2 finalist cities include Atlanta, Austin, Boston, Chicago, Columbus, Dallas, Denver, Indianapolis, Los Angeles, Miami, Nashville, Newark, New York, Philadelphia, Pittsburgh, Raleigh, Washington D.C.

# Don't Play Politics With Health Care

In our survey of policy priorities among small business owners, access to affordable health care was consistently a top priority with over 20 percent saying it should be the top priority for the federal government.

Small business owners told us that while there are problems with the Affordable Care Act and the available health insurance choices, they are frustrated with policymakers who play politics with their health care and drive up the costs of monthly premiums.

## Small Business Owners Support Keeping Health Care Protections



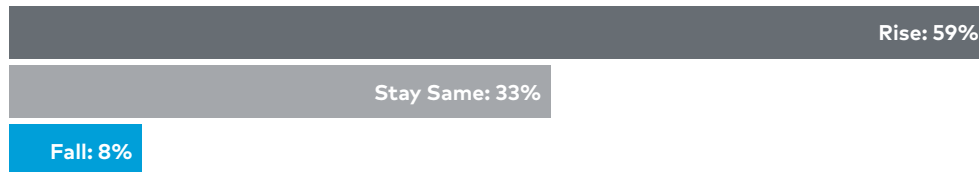
Brian C., Carpentry





The main priority for small business owners is lowering the cost of monthly health insurance premiums while not losing key protections. Of the small business owners that purchase their own health insurance, the majority have seen their monthly premiums rise significantly over the last year.

### Percent of Small Business Owners Who Are Seeing Their Premiums Change, 2017–2018



As a Thumbtack small business owner in Minneapolis put it, “Health care is the single biggest barrier to small businesses.” The data supports this. One-quarter of all Thumbtack professionals reported that access to health care affected their decision to start their own small business. Policy makers should work together to bring down the cost of health care premiums for everyone, so that even more people will be able to pursue their dreams of starting their own business.



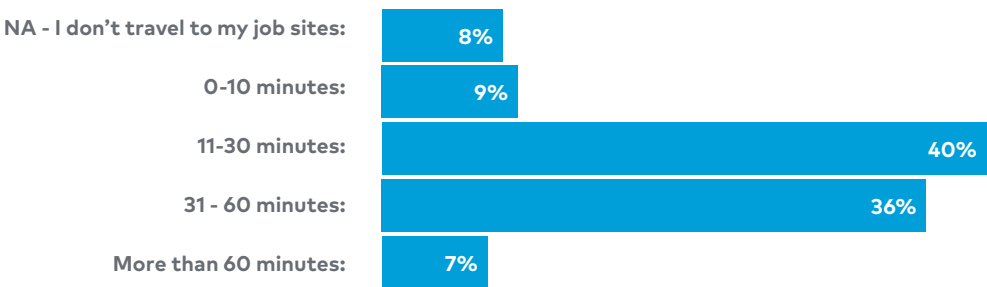
Christina B., Outdoor Landscaping



# How Place Affects Business

This year a substantial share of small business owners reported that housing prices were a drain on their business and ability to live and establish their business near clients. Over 40 percent of Thumbtack small business owners typically have to commute over 30 minutes to a job site—a significant number of these long-distance travelers say that investment in affordable housing and transportation infrastructure should be the top local priority.

Average Commute Times Among Small Business Owners



Nearly one in six small business owners said the top local priority should be making housing more affordable as Americans across the country struggle with rapidly rising housing prices in cities and are forced to move further away from urban centers (and customers) to find housing they can afford.

Governments should look to find ways to make it easier for professionals to live closer to the customers they serve, creating greater choice in housing, allowing them to spend less time between jobs.



David J., Plumber

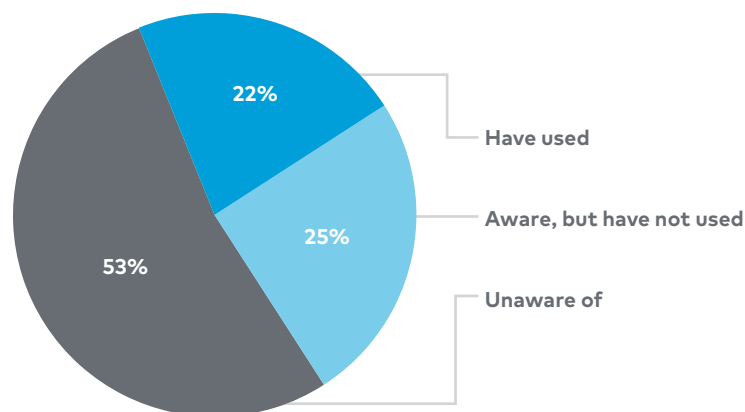


# Training For The Future Is Key

The single most important local policy priority for our respondents this year was expanding access to and improving training and educational programs, with 18 percent naming it their top local issue. This is even more prevalent for younger small business owners who more commonly look to local institutions to facilitate their continued professional development. More than one in five small business owners under the age of 35 and almost one in four under 25 want their local policymakers to prioritize this issue over all others.

Despite this widespread emphasis on the importance of training programs, most communities aren't providing or effectively publicizing the training, skill development or networking programs that small business owners are looking for. Only 22 percent of our respondents indicated that they have participated in a locally-organized training or networking program, while more than half (53 percent) say they don't know of any programs available that could help them grow their business or develop professionally. Speaking to a common reason why more small business owners aren't using local professional development programs, a tax preparation professional in Dallas told us that while he's interested in local training programs for his employees, he's "not even sure about what resources are available."

**Most Small Business Owners Are Not Aware of Local Training or Network Program**



This perspective also sheds light on how the lack of effective and widely-used training programs isn't just an issue affecting those in the beginning stages of their careers or without a college degree (there's actually no statistical correlation between respondents' educational attainment and prioritizing better training and educational programs). It also affects the ability of small business owners to hire new employees. Of the employers we heard from, only 38 percent said it was "somewhat" or "very easy" to hire new employees — and the most common reason why: they can't find qualified workers in their community (57 percent said this).



# What Affects Small Business Owners' Perceptions Of Government Friendliness.

What makes small businesses rate their governments as friendly? The following government policies and programs affected small businesses most in this year's grades and rankings.

## Taxes

On the state level, tax regulations are the top priority for small business owners. Professionals don't mind paying their fair share as long as the tax requirements are easy to understand. They are more frustrated by what many perceive as an unnecessarily complicated tax code than a tax rate a majority view as fair.

## Training

Training and networking opportunities — offered by government agencies, chambers of commerce, and local organizations — are valuable to small businesses looking to develop new skills, run their business more efficiently, or network with industry colleagues or potential clients. In particular, younger small business owners want to develop new skills and contacts to ensure they can grow their businesses.

## Licensing

Licensing requirements continue to affect small business owners' evaluations of their local governments. Small business owners want training or testing obligations, required forms and fee structures to be easy to navigate and uniformly enforced.

## Labor regulations

Labor regulations on hiring and employment are key for small businesses looking to expand. Small business owners want state and local policies that make it as easy as possible to hire new workers without burdensome paperwork and delays.

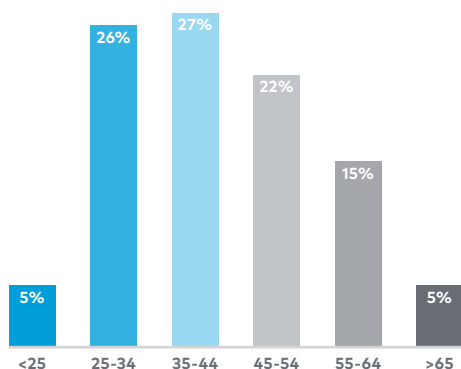
## Websites

Government websites are a primary resource to help small businesses comply with regulations, apply for licenses, or provide information about operating in the community. Governments that offer informative, interactive and easy-to-use website experiences are consistently rated more highly than those with sites that offer little information and a poor user experience.

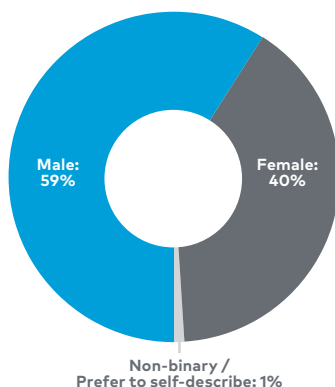
# Who is the small business owner?

The 2018 Thumbtack Small Business Friendliness Survey was completed by 7,629 small business owners in all fifty states, across 247 occupations including plumbers, contractors, lawyers, personal trainers and caterers. Small business owners help drive the American economy, with more than one-in-five Americans working at a micro-business with five or fewer employees.

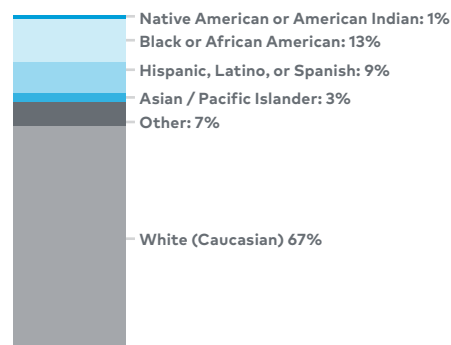
## Age



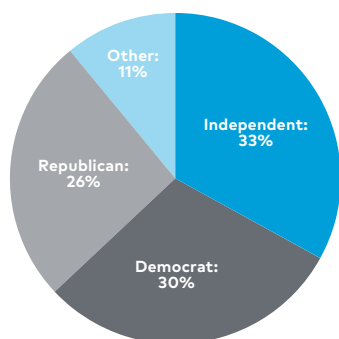
## Gender



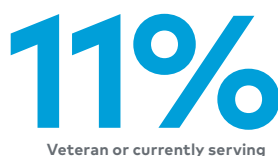
## Ethnicity



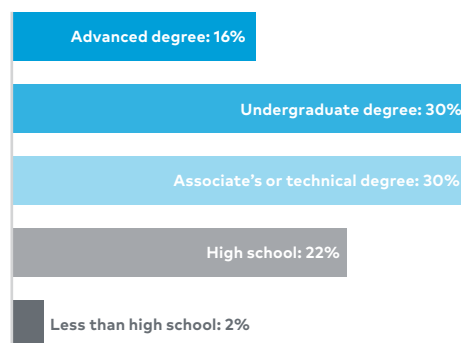
## Political Ideology



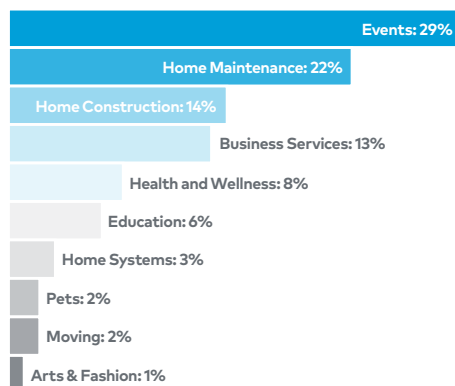
## Veteran Status



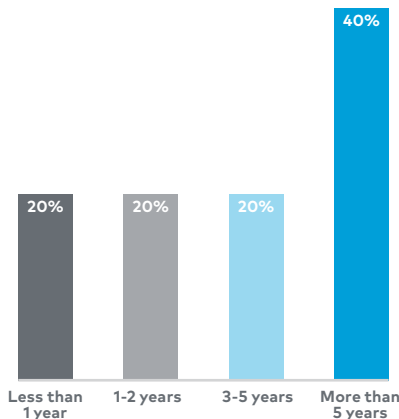
## Education level



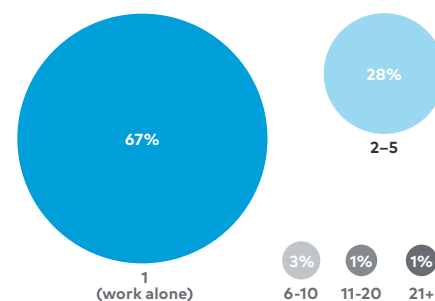
## Industry



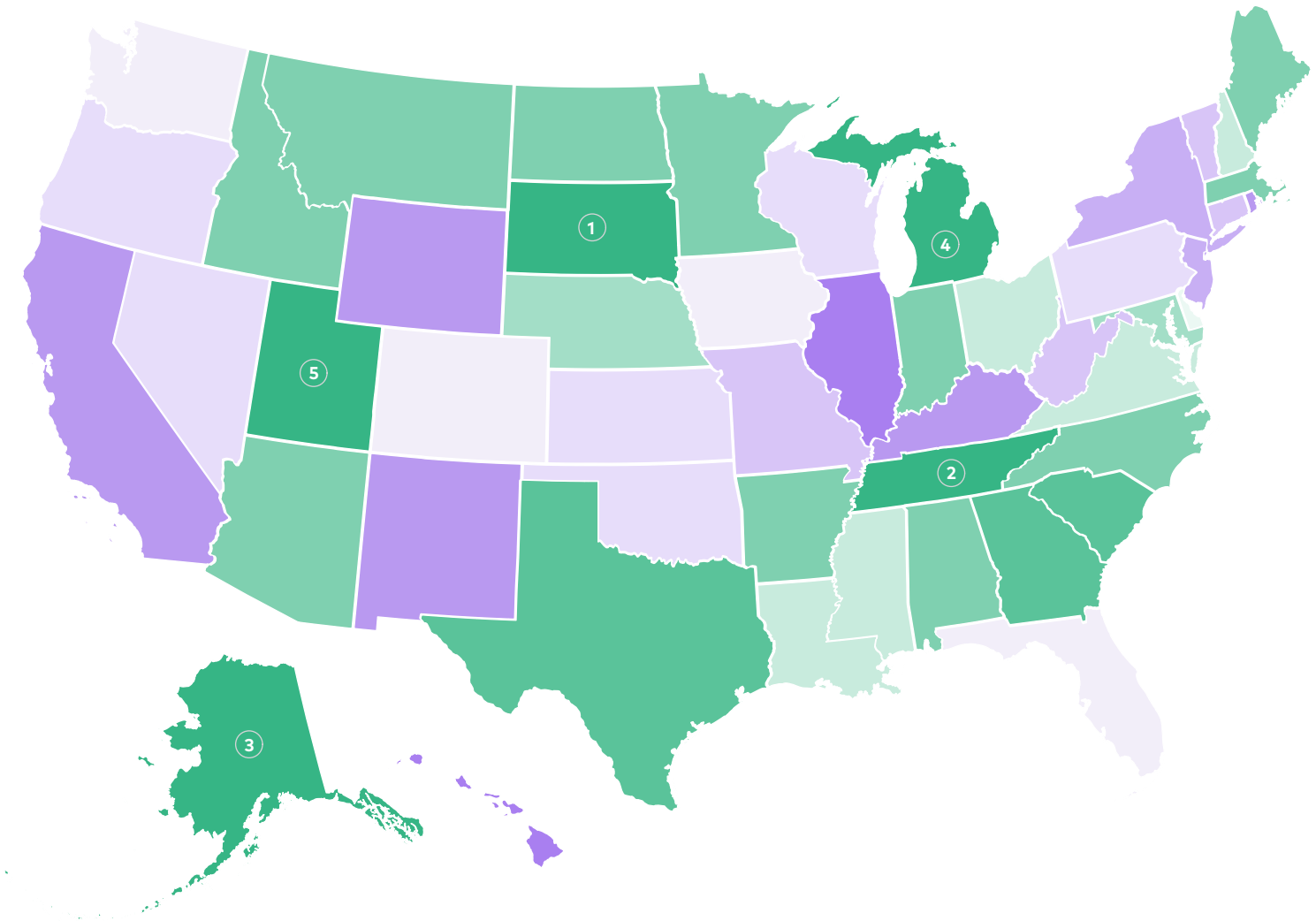
## Years in Business



## Employees



# How the States Scored



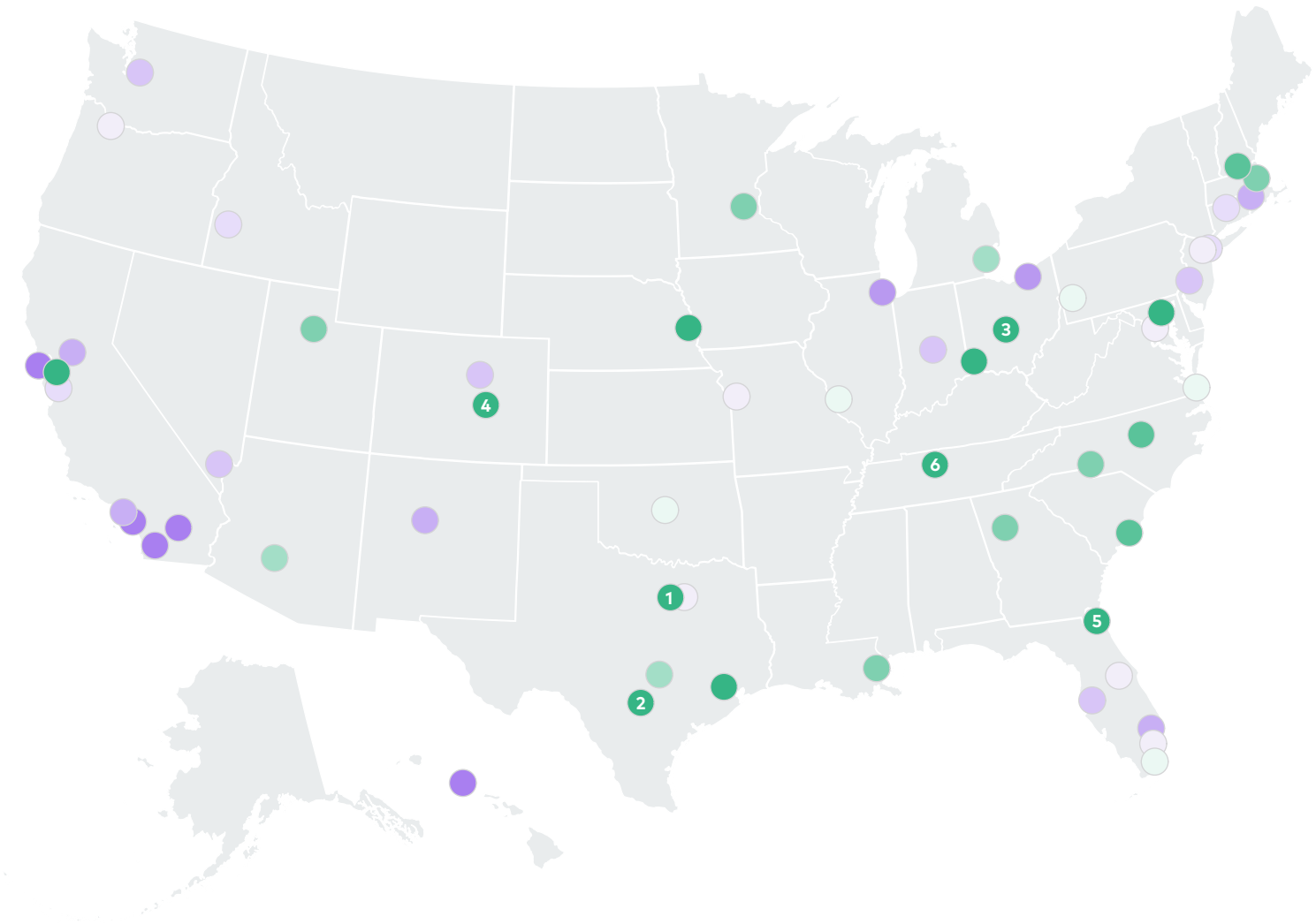
Top scoring  
overall states

- |                |            |
|----------------|------------|
| 1 South Dakota | 4 Michigan |
| 2 Tennessee    | 5 Utah     |
| 3 Alaska       |            |



For the full set of rankings, see page 12.

# How the Cities Scored



## Top scoring overall cities

- |                   |                        |
|-------------------|------------------------|
| 1 Fort Worth, TX  | 4 Colorado Springs, CO |
| 2 San Antonio, TX | 5 Jacksonville, FL     |
| 3 Columbus, OH    | 6 Nashville, TN        |



For the full set of rankings, see page 12.

# Appendix:

## State and City Rankings

| Rank | State          | Overall Grade |
|------|----------------|---------------|
| 1    | South Dakota   | A+            |
| 2    | Tennessee      | A+            |
| 3    | Alaska         | A+            |
| 4    | Michigan       | A+            |
| 5    | Utah           | A+            |
| 6    | Georgia        | A             |
| 7    | Texas          | A             |
| 8    | South Carolina | A             |
| 9    | North Dakota   | A-            |
| 10   | Maine          | A-            |
| 11   | Arizona        | A-            |
| 12   | Alabama        | A-            |
| 13   | North Carolina | A-            |
| 14   | Minnesota      | A-            |
| 15   | Massachusetts  | A-            |
| 16   | Arkansas       | A-            |
| 17   | Idaho          | A-            |
| 18   | Montana        | A-            |
| 19   | Indiana        | A-            |
| 20   | Maryland       | B+            |
| 21   | Nebraska       | B+            |
| 22   | Ohio           | B             |
| 23   | New Hampshire  | B             |
| 24   | Mississippi    | B             |
| 25   | Virginia       | B             |
| 26   | Louisiana      | B             |
| 27   | Delaware       | B-            |
| 28   | Iowa           | C+            |
| 29   | Florida        | C+            |
| 30   | Colorado       | C+            |
| 31   | Washington     | C+            |
| 32   | Kansas         | C             |
| 32   | Oklahoma       | C             |
| 34   | Oregon         | C             |
| 35   | Wisconsin      | C             |
| 36   | Pennsylvania   | C             |
| 37   | Nevada         | C             |
| 38   | Connecticut    | C-            |
| 39   | Vermont        | C-            |
| 40   | Missouri       | C-            |
| 41   | West Virginia  | C-            |
| 42   | New York       | D+            |
| 43   | New Jersey     | D+            |
| 44   | California     | D             |
| 45   | Wyoming        | D             |
| 46   | Kentucky       | D             |
| 47   | New Mexico     | D             |
| 48   | Rhode Island   | D             |
| 49   | Hawaii         | F             |
| 50   | Illinois       | F             |

| Rank | City                 | Overall Grade |
|------|----------------------|---------------|
| 1    | Fort Worth, TX       | A+            |
| 2    | San Antonio, TX      | A+            |
| 3    | Columbus, OH         | A+            |
| 4    | Colorado Springs, CO | A+            |
| 5    | Jacksonville, FL     | A+            |
| 6    | Nashville, TN        | A+            |
| 7    | Charleston, SC       | A             |
| 8    | Manchester, NH       | A             |
| 9    | Raleigh, NC          | A             |
| 10   | Charlotte, NC        | A-            |
| 11   | Salt Lake City, UT   | A-            |
| 12   | Minneapolis, MN      | A-            |
| 13   | Boston, MA           | A-            |
| 14   | Atlanta, GA          | A-            |
| 15   | New Orleans, LA      | A-            |
| 16   | Detroit, MI          | B+            |
| 17   | Phoenix, AZ          | B+            |
| 18   | Austin, TX           | B+            |
| 19   | Houston, TX          | B             |
| 20   | Baltimore, MD        | B             |
| 20   | Oakland, CA          | B             |
| 22   | Omaha, NE            | B             |
| 23   | Cincinnati, OH       | B             |
| 24   | Miami, FL            | B-            |
| 25   | St. Louis, MO        | B-            |
| 26   | Oklahoma City, OK    | B-            |
| 27   | Virginia Beach, VA   | B-            |
| 28   | Pittsburgh, PA       | B-            |
| 29   | Fort Lauderdale, FL  | C+            |
| 30   | Orlando, FL          | C+            |
| 31   | Newark, NJ           | C+            |
| 32   | Washington, DC       | C+            |
| 33   | Dallas, TX           | C+            |
| 34   | Portland, OR         | C+            |
| 35   | Kansas City, MO      | C+            |
| 36   | Boise, ID            | C             |
| 36   | Hartford, CT         | C             |
| 38   | San Jose, CA         | C             |
| 39   | New York, NY         | C             |
| 40   | Tampa, FL            | C-            |
| 41   | Denver, CO           | C-            |
| 42   | Las Vegas, NV        | C-            |
| 43   | Indianapolis, IN     | C-            |
| 44   | Philadelphia, PA     | C-            |
| 45   | Seattle, WA          | C-            |
| 46   | Los Angeles, CA      | D+            |
| 47   | Albuquerque, NM      | D+            |
| 48   | West Palm Beach, FL  | D+            |
| 49   | Sacramento, CA       | D+            |
| 50   | Providence, RI       | D+            |
| 51   | Cleveland, OH        | D             |
| 52   | Chicago, IL          | D             |
| 53   | Riverside, CA        | F             |
| 54   | San Diego, CA        | F             |
| 55   | Anaheim, CA          | F             |
| 56   | Honolulu, HI         | F             |
| 57   | San Francisco, CA    | F             |

# About Thumbtack

Powering the businesses of hundreds of thousands of local professionals, Thumbtack is one of the largest local services companies in the U.S., offering nearly 1,000 categories, with a working professional in every county in the U.S. Thumbtack helped customers complete millions of jobs — from plumbing, to catering, to personal training to math tutoring. Founded in 2008, Thumbtack is headquartered in San Francisco.

## Survey Methodology

Between June 4, 2018 and July 16, 2018, Thumbtack surveyed 7,629 small business owners from across the U.S. operating across hundreds of categories, including as electricians, music teachers, wedding planners, and wellness professionals. The survey asked these entrepreneurs about the policies of their states and cities toward small business, as well as the overall level of support in their community. For the survey methodology, please visit: <https://www.thumbtack.com/survey>.

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### Lucas Puente, Lead Economist, *Thumbtack*

Lucas studies Thumbtack's marketplace dynamics and the policy challenges facing small service businesses. Passionate about using data to better understand the American economy, Lucas' previous research topics include decision-making at the Federal Reserve and the role of technology in the contemporary labor market. He has masters and doctorate degrees from Stanford University and is a graduate of the University of Georgia.

