

There has been a lot of chatter about the burden of regulations on small businesses. It turns out that small business owners do worry about regulations a lot — but not so much *environmental* regulations. According to a new survey, what they really care about are licensing and tax regulations. Environmental regulations just don't matter much.

The Thumbtack internet site provides services to small businesses and conducts [a business climate poll](#) with support from the Kaufman Foundation. Their results reflect a roughly representative sample of over 7000 small business owners. (The sample does underrepresent small manufacturing firms, of which there are few anyway, but it overrepresents construction firms.) They then grade states based on their business friendly climates, and the results are roughly what you'd expect — Texas is considered very friendly and California very unfriendly, for example. They also do some statistical analysis to determine what drives the overall business friendliness ratings. For instance, they looked at the connection between ratings for the friendliness of environmental regulations and the overall rating.

It turns out that there's no statistical connection at all between environmental regs and overall business friendliness. (That is, the relationship is within the margin of error from being zero.) To the extent there's any effect, it's actually slightly negative: people who find a state's environmental regulations less friendly are actually just a bit more likely to rate the state's overall friendliness higher. In contrast, employment regs, tax regs, and requirements for licensing and permits loom larger. Zoning regulations and health & safety regulations also have some impact.

Of course, no single piece of evidence can be decisive. But it looks like the rhetoric about EPA as an enemy of small business doesn't have much foundation.