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Contact: Michael DeVault
Phone: 615-636-2297
Email: michael.devault@technologyadvice.com

Fit Small Business: Best States to Start a Business in 2024

Texas Wins, West Virginia Surprises; Massachusetts, Hawaii Finish Last



[NASHVILLE, TN – ########] Texas and West Virginia are great potential locations for entrepreneurs to consider opening their next enterprises. The two states nabbed the top spot in the first annual Fit Small Business ranking of Best States to Start a Business.

The report examined business, economic, and demographic data in all fifty states to arrive at its best-of list. That data revealed some surprising results, according to small business expert Brigitte Korte.

“We weren’t surprised Texas came out on top,” said Korte, who led the study. “They have a zero-percent state income tax rate, low regulations, and are generally business-friendly. But West Virginia was the surprise. We weren’t expecting that.”

West Virginia ranked 7th in overall affordability, 9th in labor market strength, and 11th in local

market conditions. But Korte also noted West Virginia can be challenging for some entrepreneurs, particularly those seeking to invest other people's money.

"West Virginians tend to invest very little into new businesses, and this has led to a very business-friendly state that sees the lowest startup activity in the nation," Korte said. "But for operators who have their own capital, West Virginia could be the promised land."

The Fit Small Business study examined more than 800 data points across an array of categories, including commercial real estate costs, crime rates, and each state's labor market. The states making the cut for tops are:

1. Texas
2. West Virginia
3. Michigan
4. Utah
5. Wisconsin
6. Oklahoma
7. Tennessee
8. North Carolina
9. Indiana
10. Georgia

West Virginia wasn't the only over-performer, according to Korte. Oklahoma, Indiana, and Utah also rose above the competition. But all of the top ten states tended to share a few common traits.

"All of the states in the top ten offer business owners an inexpensive labor force, lower operating costs, and a business-friendly environment," Korte said. "Some of the states, like Utah, may be smaller, but they're still giants when it comes to business opportunity.."

In addition to singling out the best states to start a business, the Fit Small Business report also identified the five worst states. Those states were, in descending order,

46. New York
47. California
48. Maryland
49. Massachusetts
50. Hawaii

While several of these states see large numbers of new businesses started each year–California leads the nation both in the raw number and per capita measures of new enterprises started each year–Korte noted that doesn't make them great states for entrepreneurs. The primary factors the study identified: over-regulation and high operational costs.

"Regulations choke new businesses with added complexity and higher costs," Korte said. "Couple increased regulatory costs with higher prices for labor and commercial space, and that's a recipe for failure."

For a detailed examination of the best and worst states for starting a small business, as well as a complete list of the data examined, visit FitSmallBusiness.com.

Since its founding in 2013, Fit Small Business has helped more than 80 million small business owners find the answers to their small business questions. Through its expert writers and strong editorial independence, Fit Small Business provides actionable guidance on a wide array of subjects, from small business marketing to office technology. Its mission is to provide readers with the best answers to the challenges they face operating their businesses. Fit Small Business is a publication of TechnologyAdvice.

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