

Small Business, Entrepreneurship, and Economic Recovery Conference October 26, 2010



Session B: Public Policy
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- **Local Roles in Supporting Small Business Development**
- **How Did Kelo Affect Business Formation?**
- **The Impact of Personal Bankruptcy Law on Entrepreneurship**

- Common themes
 - Business formation and growth
 - Heterogeneity
 - Policy efficacy

- Divergent theme
 - Unemployment and entrepreneurship

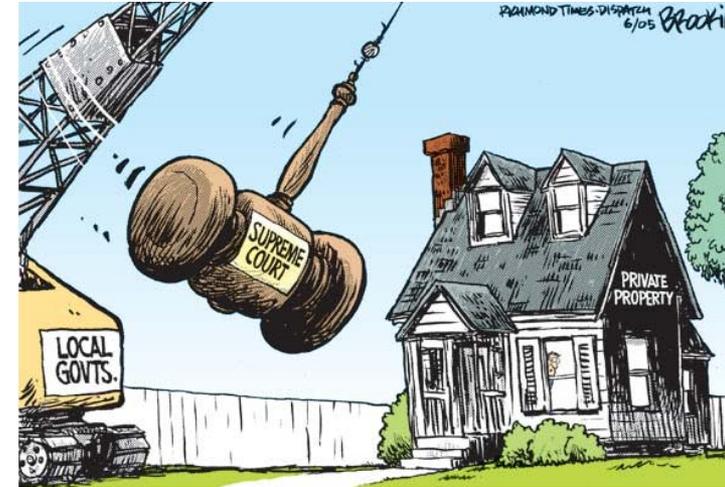


- **Key Issue(s)**
 - How can local governments Support and grow their small Business communities?
- **Findings**
 - Small businesses have distinct challenges at various stages of development.
 - Policy categories: management; market; capital; regulatory; and culture.
 - Policies in the areas of regulatory assistance and public/private collaboration are most significant.



How Did Kelo Affect Business Formation?

- Key Issue(s)
 - Can states enact laws that Restrict Eminent domain without retarding Business formation?



- Findings
 - New firm formation impacted by state's legislative response to Kelo.
 - State-level law restricting eminent domain increase business formation by 10%.

- **Key Issue(s)**
 - How do personal Bankruptcy laws affect Entrepreneurship?
- **Findings**
 - Minimal impact on high ability entrepreneurs.
 - Length and fraction of garnishment most significant.
 - Lenient regimes = more entrepreneurs; smaller firms; younger firms; and higher turnover.



- How should local governments prioritize program investments directed towards self- employed, stage one and stage two companies?
- What policy areas are most attractive for additional investments?



The Impact of Personal Bankruptcy Law on Entrepreneurship

- What bankruptcy regime is most favorable for supporting high-tech entrepreneurs?
- In determining the relative merits of quantity vs. quality of entrepreneurship how important is the entrepreneur's ability to price risk?



How Did Kelo Affect Business Formation?

- Are there programs/policies at the local level(i.e. incubators, etc.) that can negate the Kelo affect on business formation?



