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**Draper Hero Institute Updates Monthly Draper Innovation Index US States Compete to Land in Top Ten of Best Places to Launch a Startup**

**Utah Overtakes Texas in DII US Top 5  
Washington Falls 9 Places Out of Top 10 to 18th, New York Drops 6 Places to 41st  
California Remains at 15<sup>th</sup>, but Drops to 31<sup>st</sup> in the Regulatory and Tax Scenario  
Virginia Breaks Back into the Top 10 at 9th  
Nebraska Jumps 8 Spots; Montana Climbs 5  
Kansas, Nevada, Oklahoma, and Virginia See Improvements  
New Mexico and Maine Fall**

**San Mateo, California** – The Draper Hero Institute (DHI) announces their March 2023 update to the Draper Innovation Index U.S. (DII US), which evaluates each state’s innovation and entrepreneurship environment. This new update incorporates recently released data from several sources, including Milken Institute’s 2022 State Technology and Science Index and the Tax Foundation’s 2023 State Business Tax Climate Index.

| February 2023 Top Ten |    | March 2023 Top Ten |    | Change |
|-----------------------|----|--------------------|----|--------|
| Florida               | 1  | Florida            | 1  | -      |
| Texas                 | 2  | Utah               | 2  | ↑      |
| Utah                  | 3  | Texas              | 3  | ↓      |
| Colorado              | 4  | Colorado           | 4  |        |
| North Carolina        | 5  | North Carolina     | 5  |        |
| South Dakota          | 6  | Arizona            | 6  | ↑      |
| Arizona               | 7  | South Dakota       | 7  | ↓      |
| Georgia               | 8  | Delaware           | 8  | ↑      |
| Washington            | 9  | Virginia           | 9  | ↑      |
| Delaware              | 10 | Georgia            | 10 | ↓      |

“Starting a new business is more expensive in the United States than in almost any of its industrialized peers,” said DHI founder Tim Draper. “Addressing this chronic overregulation is a tremendous economic opportunity for states to play a major role in their own economic future. For example Washington, which as recently as April 2022 was ranked first in the DII US, has fallen to 18<sup>th</sup> in this update, almost exclusively because of unfavorable changes to regulatory and tax policy. Especially in today’s economy, the last thing you want to do is to make it harder for innovators and entrepreneurs to innovate – and investors to invest.”

**Top Takeaways from the DII US March 2023 Update:**

- **Utah** overtook **Texas** for 2<sup>nd</sup> place in the DII US’s top five due to its improved performance in Milken’s State Technology and Science Index compared to Texas’ drop in the Milken index, higher



overall capital investments, and higher rate of business formation.

- **Washington** saw the single largest decline in both the DII US Balanced scenario (falling from 9<sup>th</sup> to 18<sup>th</sup>) and in the Regulatory and Tax scenario (falling from 11<sup>th</sup> to 19<sup>th</sup>) due to a precipitous decline of 13 places (15<sup>th</sup> to 28<sup>th</sup>) on the 2023 State Business Tax Climate Index ranking.
- **New York** saw the second largest decline in the Balanced scenario, falling 6 ranks from 35<sup>th</sup> to 41<sup>st</sup> due to new weakness in overall investments and in business formation.
- Despite remaining steady at 15<sup>th</sup> in the DII US Balanced scenario and 1<sup>st</sup> in the Tech Innovation scenario, **California** saw its Regulatory and Tax scenario rank fall 4 ranks from 27<sup>th</sup> to 31<sup>st</sup> due to its Tax Climate Index score and business formation statistics declining.
- **Nevada** rose the ranks in both the DII US Balanced and Tech Innovation scenarios, rising 3 ranks from 14<sup>th</sup> to 11<sup>th</sup> and 5 ranks from 27<sup>th</sup> to 22<sup>nd</sup>, respectively. It remained in 10<sup>th</sup> place in the Regulatory and Tax scenario.
- **Nebraska** saw the single largest improvement in the Balanced scenario, rising from 42<sup>nd</sup> to 34<sup>th</sup>. It also rose by 5 ranks in the Tech Innovation scenario and by 3 ranks in the Regulatory and Tax scenario due to strong improvements in its Milken State Technology and Science Index score and its State Business Tax Climate Index score as well as strong overall capital investments.
- **Montana** rose across all three DII US scenarios: by 5 ranks in the Balanced scenario, 3 ranks in the Tech Innovation scenario, and 4 ranks in the Regulatory and Tax scenario. This was due to its improvements on the Milken State Technology and Science Index.
- **Kansas, Nevada, Oklahoma, and Virginia** all saw their Balanced scenario rankings improve by 3 places; **Virginia** returned to the Balanced Scenario's top 10.
- **New Mexico** and **Maine** both saw declines across all DII US scenarios. **New Mexico** fell the most in the Balanced scenario, from 34<sup>th</sup> to 39<sup>th</sup>, driven by a decline in its State Technology and Science Index score. **Maine** saw the largest decline in the Regulatory and Tax scenario, dropping by 5 places because of declines in both the State Technology and Science Index score and State Business Tax Climate Index score.
- **Nebraska, Nevada, and Wyoming** all tied for the largest improvements in the Tech Innovation scenario (+5 ranks in each case). **New Jersey** saw the single largest decline, falling by 5 places.
- **Oklahoma** and **South Carolina** saw the largest improvements in the Regulatory and Tax scenario (improvement of 5 places) supported by improvements for both states in the State Business Tax Climate scores.

“State-level support of innovation and entrepreneurship is vitally important because the United States as a whole is in a chronic, decades-long entrepreneurship slump,” said Dr. Wallace Walrod, DHI Chief Economic Advisor. “Americans are starting new businesses at about half the rate they were in the 1970s, which directly causes a tremendous drain on innovation and job creation. While organizations like Right to Start are doing great work addressing this issue, state governments need to think and think hard about what they can do to make things better for today’s -- and tomorrow’s -- entrepreneurs.”

The DII US will continue to post monthly updates in 2023, which can be accessed [here](#).

### About Draper Hero Institute

Founded by legendary Silicon Valley venture capitalist and entrepreneur Timothy C. Draper, Draper Hero Institute (DHI) provides applicable and modern resources for future entrepreneurs globally and ensures inclusiveness and opportunities for all. As an action-based research institution, DHI focuses its efforts on non-traditional pathways to guide future entrepreneurs in the new economy. Through programs that ignite innovative research; united through connectivity and networking; and mentoring efforts through applied education, DHI provides a portal for creative thinking and ultimately driving change to better prepare future entrepreneurs to take on heroic endeavors.



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