

Businesses without Employees: New Hampshire Nonemployer Statistics, 2015

According to the Census Bureau's Nonemployer Statistics, there were 104,437 New Hampshire nonemployer businesses in 2015. Over 91,700 were sole proprietorships, representing 87.9 percent of the state's nonemployer businesses.

Nonemployer Statistics is an annual series of economic data for businesses that have no paid employees and are subject to federal income tax. The data include the number of businesses and total receipts by industry. Most

nonemployers are self-employed individuals operating unincorporated businesses (known as sole proprietorships), which may or may not be the owner's principal source of income.¹

Although nonemployer businesses account for many business establishments, they represent only a small portion of the economy and are, therefore, not included in other business establishment statistics. Based on the 2012 Economic Census, conducted by the US Census Bureau, nonemployer businesses

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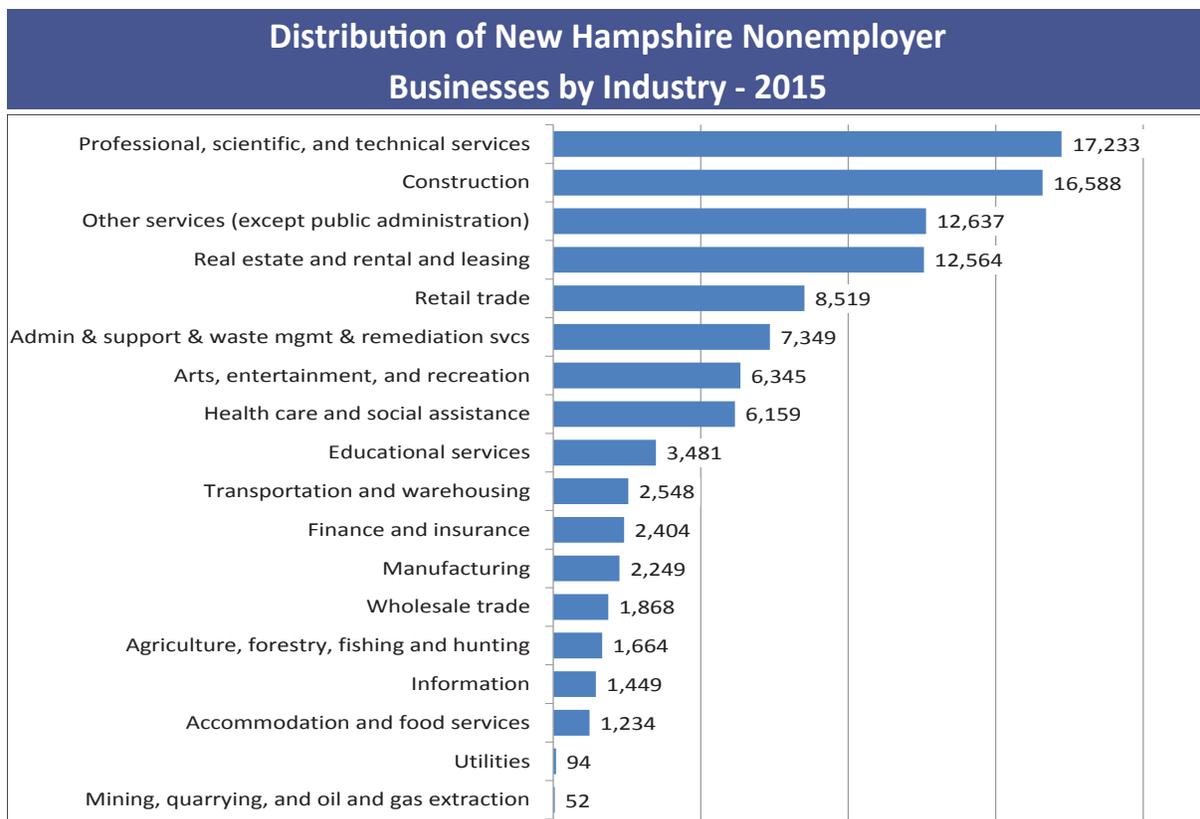
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¹ U.S. Census Bureau, 2015 Nonemployer Statistics.. <https://www.census.gov/econ/nonemployer/>

accounted for 3.1 percent of sales and receipts nationally in 2012. In New Hampshire, nonemployer businesses accounted for 4.4 percent of sales and receipts.²

Average Value of Sales, Shipments, Receipts, or Business Done³

The source of nonemployer statistics data is annual business income tax returns. From these forms, data on nonemployer receipts is compiled, including gross receipts, sales, commissions, and income from trades and businesses. For example, in 2015, *Construction* nonemployer businesses had the highest total value of sales, shipments, receipts, revenue or business done at nearly \$1.3 billion, with gross value of sales averaging \$77,800. The

average gross value of sales was just shy of \$97,000 for *Real estate and rental and leasing* nonemployer businesses.

New Hampshire Nonemployers by Industry

More than one-half of all New Hampshire nonemployer businesses were in four industry sectors:

- *Professional, scientific, and technical services*, 16.5 percent, 17,200 businesses; (nationally only 14 percent of nonemployer businesses were in this sector)
- *Construction*, 15.9 percent, 16,600 businesses; (nationally 10 percent of nonemployer businesses were in this sector)

- *Other services* (includes businesses such as laundry services, hairdressers, funeral homes, auto repair services, and religious or political organizations), 12.1 percent, 12,600 businesses; and
- *Real estate and rental and leasing*, 12.0 percent, 12,560 businesses.

Estimating the Impact of Nonemployer “Employment”

There are four types of organization for nonemployer businesses. An *individual or sole proprietorship* refers to an unincorporated business that is owned by an individual, including self-employed persons. A *partnership* represents an unincorporated business which

Average Value of Sales, Shipments, Receipts, or Business Done by New Hampshire Nonemployer Businesses - 2015

Industry Sectors	Industry share of total 2015 nonemployer receipts and sales	Nonemployer value of sales, shipments, receipts, revenue or business done (\$1,000)	Average value of sales, shipments, receipts, revenue, or business done per nonemployer business (dollars)
Construction	21.8%	\$1,291,234	\$77,841
Real estate and rental and leasing	20.6%	\$1,216,554	\$96,829
Professional, scientific, and technical services	14.9%	\$880,101	\$51,071
Retail trade	7.9%	\$467,914	\$54,926
Other services (except public administration)	7.2%	\$427,851	\$33,857
Finance and insurance	4.3%	\$253,852	\$105,596
Health care and social assistance	3.7%	\$216,339	\$35,126
Admin & support & waste mgmt & remediation svcs	3.6%	\$214,457	\$29,182
Wholesale trade	3.5%	\$207,602	\$111,136
Arts, entertainment, and recreation	2.7%	\$158,580	\$24,993
Transportation and warehousing	2.6%	\$152,150	\$59,714
Manufacturing	2.0%	\$117,027	\$52,035
Accommodation and food services	1.5%	\$90,364	\$73,229
Agriculture, forestry, fishing and hunting	1.5%	\$88,519	\$53,197
Information	1.1%	\$63,352	\$43,721
Educational services	1.0%	\$59,210	\$17,009
Utilities	0.1%	\$4,714	\$50,149
Mining, quarrying, and oil and gas extraction	0.1%	\$2,978	\$57,269

² Establishments owned by government entities are not included in nonemployer data; all data represent privately-owned establishments.

³ Nonemployer Statistics originate from tax return information of the Internal Revenue Service. The data are subject to nonsampling error such as errors of self-classification by industry on tax forms, as well as errors of response, nonreporting and coverage. Values provided by each firm are slightly modified to protect the respondent’s confidentiality. For further information about methodology and data limitations, see Survey Methodology at www.census.gov/econ/nonemployer/index.html

is owned by two or more persons with a shared financial interest. The other two types are *corporation*, a legally incorporated business, and *S-corporation*, which is an entity that does not pay federal taxes, but divides and passes to shareholders any income or losses; the shareholders must report that income or loss on their own individual income tax returns.

In 2015, New Hampshire had 91,757 sole proprietorships, 9,060 nonemployer partnerships, and 3,620 nonemployer corporations and S-corporations (combined). A majority of nonemployer businesses in each industry sector was a sole proprietorship, with the exception of the *Real estate, rental and leasing* sector. There were more partnerships than individual proprietorships in this sector, and more than one-third

of all corporations among statewide nonemployers was in the *Real estate, rental and leasing* sector.

Distribution of Private Industry Employment

To estimate the number of nonemployer workers, an assumption can be made that each sole proprietorship or incorporated nonemployer represents one worker, and that each nonemployer partnership represents two workers. Combining nonemployer estimates based on type of establishment with covered employment, a measure of employment for workers covered by unemployment insurance, represents the distribution of workers by industry more completely.

To provide a comparative ranking, the share of New Hampshire private covered employment by industry

sector was ranked. A second ranking includes nonemployers along with of private covered employment by industry sector. The comparison reveals the four industries most impacted by nonemployer businesses: *Professional and technical services; Construction; Other services; and Real estate and rental and leasing*. While all four industries increased in share and rank, the *Real estate and rental and leasing* industry sector was impacted the most with the addition of nonemployer data. The sector moved from a 1.6 percent share to a 3.8 percent share, rising from a rank of 16 to a rank of 11.

Anita Josten, Research Analyst

Distribution of Private Industry Employment in New Hampshire					
Industry Sectors	Share of Total Private Covered Employment	Rank	Industry Sectors	Share of Total Private Covered Employment Plus Nonemployers	Rank
Retail Trade	17.2%	1	Retail Trade	15.6%	1
Health Care and Social Assistance	15.9%	2	Health Care and Social Assistance	14.2%	2
Manufacturing	12.2%	3	Manufacturing	10.5%	3
Accommodation and Food Services	10.3%	4	Accommodation and Food Services	8.8%	4
Administrative and Waste Services	6.1%	5	Professional and Technical Service	7.7%	5
Professional and Technical Service	6.3%	6	Administrative and Waste Services	6.3%	6
Finance and Insurance	4.4%	7	Construction	6.2%	7
Wholesale Trade	3.6%	8	Other Services Except Public Admin	5.0%	8
Construction	5.2%	9	Finance and Insurance	4.7%	9
Other Services Except Public Admin	5.0%	10	Wholesale Trade	4.4%	10
Educational Services	1.2%	11	Real Estate and Rental and Leasing	3.8%	11
Transportation and Warehousing	3.5%	12	Educational Services	3.5%	12
Information	2.0%	13	Arts, Entertainment, and Recreation	2.7%	13
Arts, Entertainment, and Recreation	2.4%	14	Transportation and Warehousing	2.4%	14
Management of Companies/Enterprises	2.2%	15	Information	2.1%	15
Real Estate and Rental and Leasing	1.6%	16	Management of Companies/Enterprises	1.3%	16
Utilities	0.4%	17	Agriculture/Forestry/Fishing	0.6%	17
Agriculture/Forestry/Fishing	0.4%	18	Utilities	0.3%	18
Mining	0.1%	19	Mining	0.1%	19

Shaded Bar indicates industries with the largest number of nonemployer establishments

Sources: US Census Bureau, Nonemployer Statistics 2015, and US Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2015