

Businesses without Workers: New Hampshire Nonemployer Statistics, 2013

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There were 101,795 New Hampshire nonemployer establishments in 2013. About 89,400 of those were sole proprietorships, representing 87.8 percent of the state's nonemployer establishments. New Hampshire nonemployer establishments in *Construction* had the largest share of receipts and the second largest number of establishments.

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 consist of 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 establishments account for many business establishments, they represent only a small portion of the economy and are, therefore, not included in other business establishment statistics.

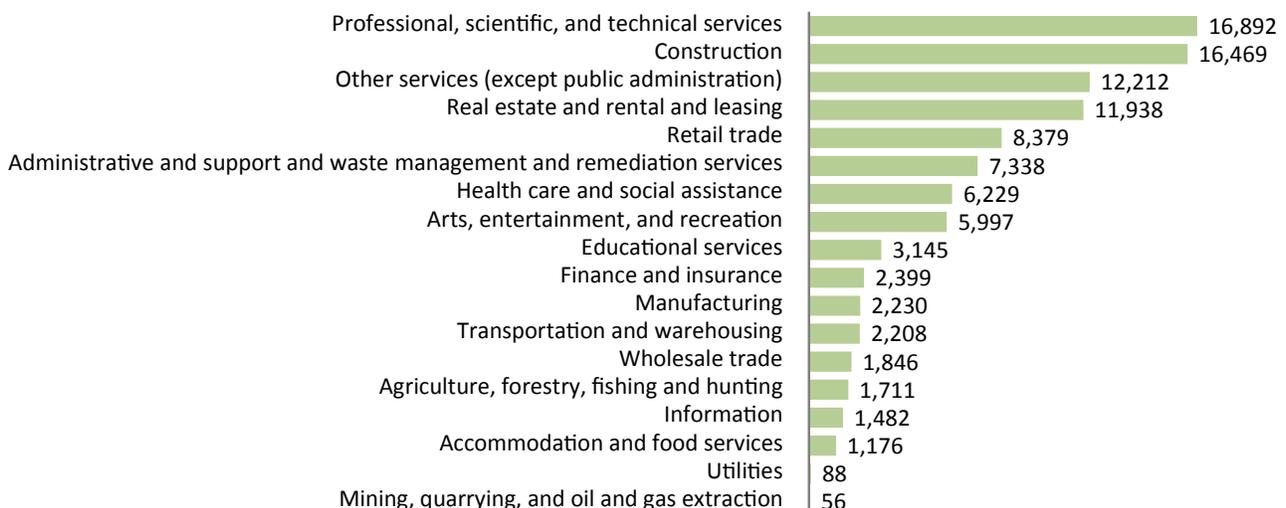
New Hampshire Nonemployer Statistics

Almost one-third of all New Hampshire nonemployer

establishments were in two industry sectors – *Professional, scientific, and technical services* (16.6 percent, about 16,900 establishments) and *Construction* (16.2 percent, just under 16,500 establishments). Only two other industries constituted more than 10 percent of nonemployer establishments. *Other services*, which includes businesses such as laundry services, hairdressers, funeral homes, auto repair services, and religious, and political organizations, made up 12.0 percent (12,200) of nonemployer establishments, and *Real estate and rental and leasing* made up 11.7 percent (roughly 11,940 establishments).

¹ U.S. Census Bureau, Nonemployer Statistics. <http://www.census.gov/econ/nonemployer/> The majority of all business establishments in the United States are nonemployers, yet these firms average less than 4 percent of all sales and receipts nationally. Due to their small economic impact, these firms are excluded from most other Census Bureau business statistics (the primary exception being the Survey of Business Owners). The Nonemployers Statistics series is the primary resource available to study the scope and activities of nonemployers at a detailed geographic level.

Nonemployer Establishments in New Hampshire 2013



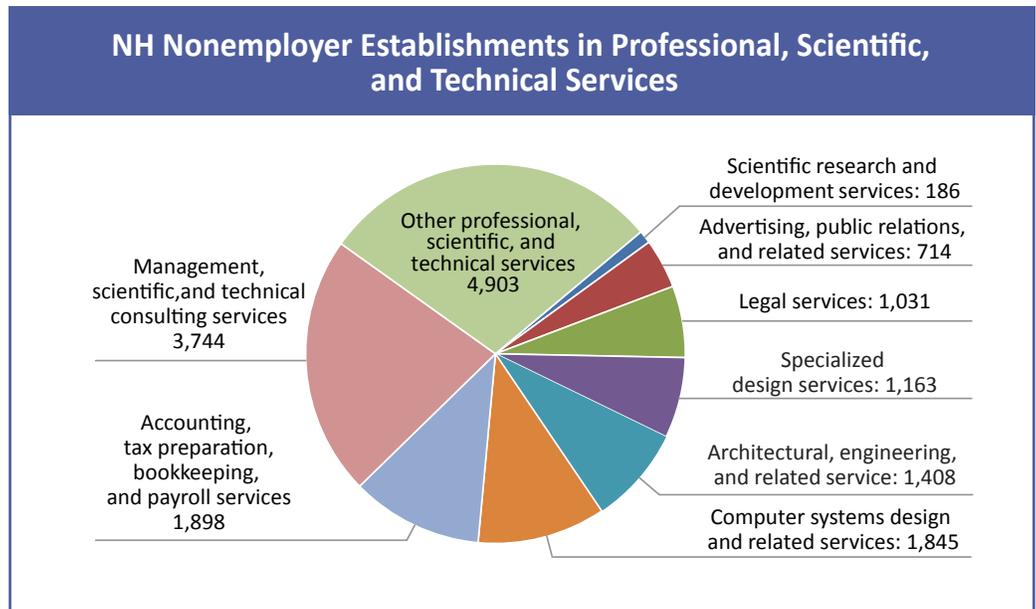
Source: Nonemployer Statistics 2013, U.S. Census Bureau

Professional scientific, and technical services nonemployer establishments

Within the *Professional scientific, and technical services* sector, nonemployer establishments were not evenly distributed among the subsectors. The largest number, 4,903 nonemployer establishments, was in *Other professional, scientific, and technical services*, which includes marketing research and public opinion polling services, commercial and portrait photographic services, veterinary, and translation services. Another 3,744 establishments were in *Management, scientific, and technical consulting services*. The number of establishments in *Accounting, tax preparation, bookkeeping, and payroll services* and *Computer systems design and related services* was about half that quantity, with 1,898 and 1,845 nonemployer establishments, respectively.

Almost 94 percent of nonemployer establishments in *Professional scientific and technical services* were sole proprietorships, compared to 87.8 percent of total nonemployer establishments for all sectors statewide. In four of this industry’s subsectors, over 95 percent of nonemployer establishments were sole proprietorships:

- *Accounting, tax preparation, bookkeeping, and payroll services*, 96.9 percent;
- *Legal services*, 95.6 percent;
- *Specialized design service*, 95.4 percent; and
- *Management, scientific, and technical consulting services*, 95.1 percent.

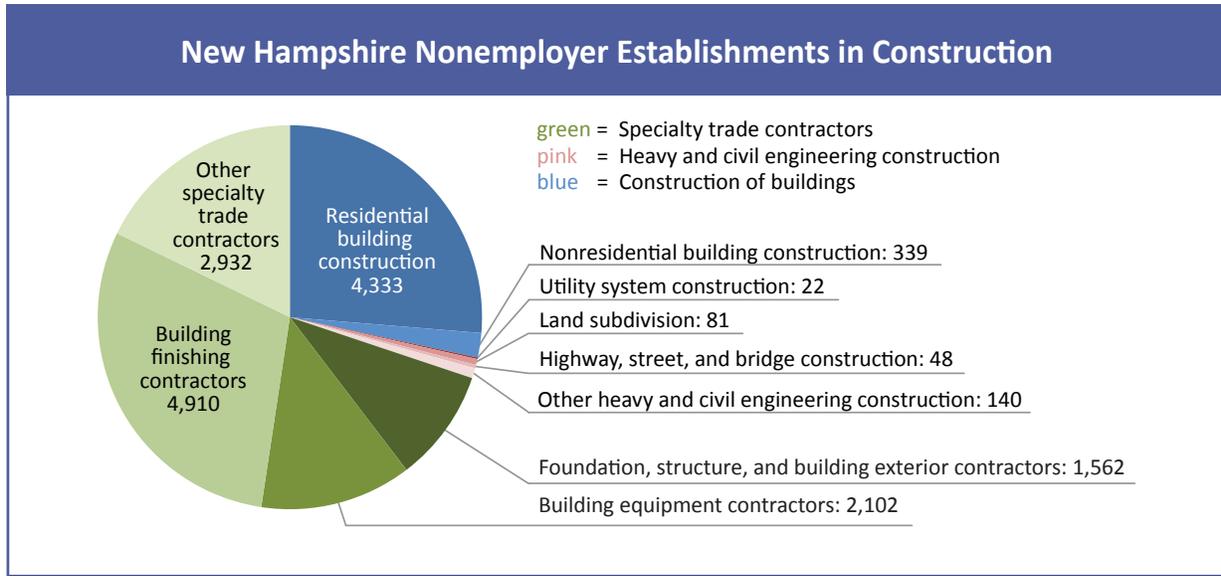


Source: Nonemployer Statistics 2013, U.S. Census Bureau

In *Computer systems design and related services*, 86.8 percent of nonemployer establishments were sole proprietorships. This was the only subsector with a smaller share of sole proprietorships than the total for all nonemployer establishments. In

addition, 7.1 percent of nonemployer establishments in this subsector were corporations, almost double the share of the total for all nonemployer establishments, where 3.6 percent were corporations.

	Share of Nonemployer Establishments by Organization Type		
	Corporations	Sole Proprietorships	Partnerships
Computer systems design and related services	7.1%	86.8%	6.1%
Scientific research and development services	4.3%	90.9%	4.8%
Architectural, engineering, and related services	4.8%	91.5%	3.6%
Advertising, public relations, and related services	2.8%	93.0%	4.2%
Other professional, scientific, and technical services	3.0%	93.9%	3.2%
Management, scientific, and technical consulting services	2.3%	95.1%	2.6%
Specialized design services	2.1%	95.4%	2.5%
Legal services	1.9%	95.6%	2.4%
Accounting, tax preparation, bookkeeping, and payroll services	1.8%	96.9%	1.3%
Total for all sectors	3.6%	87.8%	8.6%



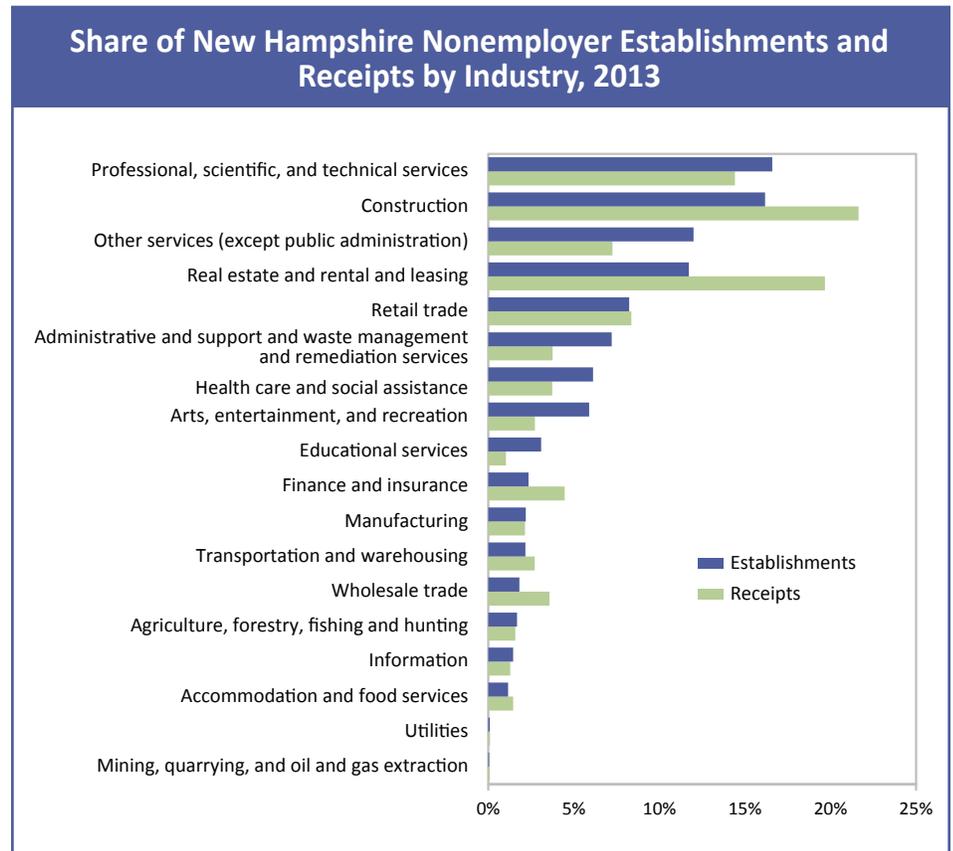
Source: Nonemployer Statistics 2013, U.S. Census Bureau

Construction nonemployer establishments

Almost 16,500 nonemployer establishments were in *Construction*. Establishments in *Specialty trade contracting* far outnumbered those in the remaining *Construction* subsectors. Among the 11,500 establishments in *Specialty trade contracting*, 4,910 establishments were *Building finishing contractors*, 2,930 were *Other specialty trade contractors*, 2,100 were *Building equipment contractors*, and 1,560 were *Foundation, structure, and building exterior contractors*. Nonemployer establishments in *Construction of buildings* were much more likely to be in *Residential building construction* than *Nonresidential building construction*, with 4,330 establishments in the former, and 340 establishments in the latter. Fewer than 300 nonemployer establishments were in *Heavy and civil engineering construction*, many of which performed a single specialized task in the larger construction project.

Almost 95 percent of nonemployer establishments in *Construction* were sole proprietorships. This was primarily driven by *Specialty trade contracting*, where 95.5 percent of establishments were sole

proprietorships. Almost 93 percent of establishments in *Construction of buildings* were sole proprietorships, while the share of *Heavy and civil engineering contractors* was less than 80 percent.



Source: Nonemployer Statistics 2013, U.S. Census Bureau

Receipts from Nonemployer Establishments

In New Hampshire, nonemployer establishments in two industry sectors accounted for over 40 percent of total nonemployer receipts for all sectors, *Construction* with 21.6 percent, and *Real estate and rental and leasing* with 19.7 percent.

Nonemployer receipts are different from sales and receipts published for establishments with employees. The U.S. Census Bureau defines nonemployer receipts as gross receipts, sales, commissions, and income from trades and businesses as reported on annual business income tax returns. In comparison, data on receipts for employer establishments, extracted from the U.S. Census Bureau's Economic Census, is defined as the total sales, shipments, receipts, revenue, or business done by domestic establishments (excluding foreign subsidiaries).

Construction nonemployer receipts

In 2013, nonemployer receipts in *Construction* establishments were valued at \$1.187 billion, the highest value among all nonemployer establishments. About 86 percent of these receipts were from sole proprietor establishments.

Real estate and rental and leasing nonemployer receipts

Receipts in 2013 for nonemployer establishments in *Real estate and rental and leasing* were valued at \$1.079 billion. Unlike *Construction*, over 45 percent of nonemployer establishments in *Real estate and rental and leasing* were partnerships, while about 43 percent were sole

proprietorships. Receipts followed the larger portion of establishments, with almost 63 percent of receipts from partnership establishments and 23 percent from sole proprietorships.

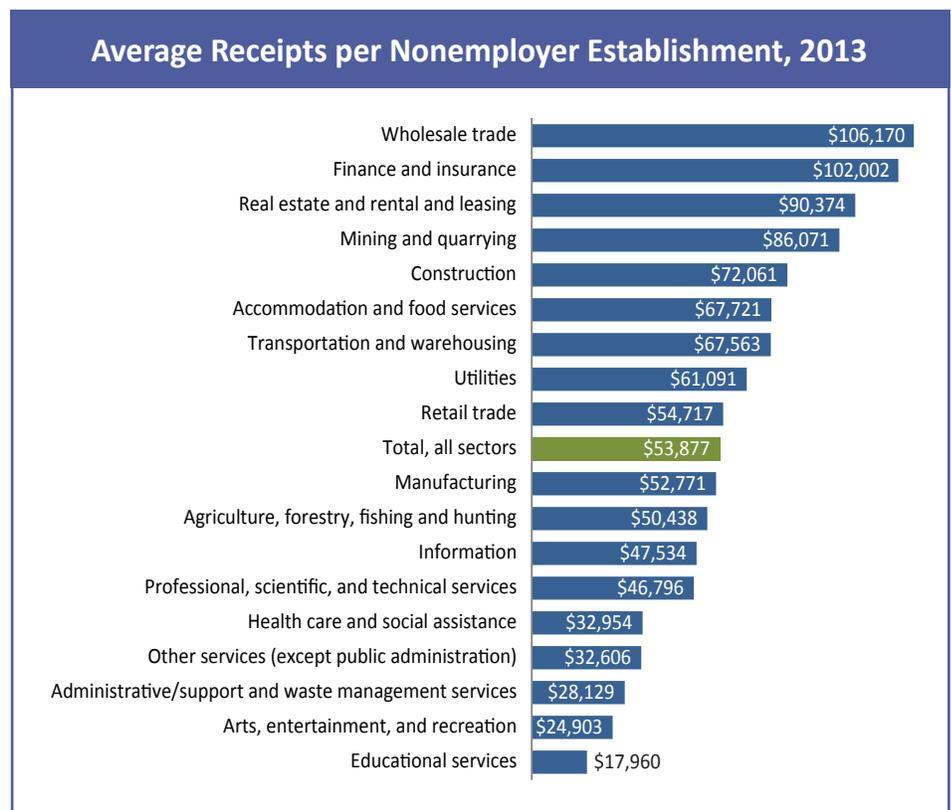
Average Receipts from Nonemployer Establishments

In 2013, New Hampshire's nonemployer establishments reported nearly \$5.5 billion in receipts, averaging \$53,877 per establishment. Among the industry sectors, *Wholesale trade* held the highest average receipts, with \$106,170 per establishment. *Finance and insurance*, averaging \$102,002 per establishment, and *Real estate and rental and leasing*, averaging \$90,374 per establishment, followed. Sectors with the lowest average receipts

were *Administrative and support and waste management services*, averaging \$28,129 per establishment; *Arts, entertainment, and recreation*, averaging \$24,903 per establishment; and *Educational services*, averaging \$17,960 per establishment.²

Summary

Over 100,000 New Hampshire business establishments did not have paid employees in 2013. In comparison, there were 34,800 New Hampshire business establishments with paid employees in the same year.³ While the number of nonemployer establishments is more than double the number of establishments with employees, the economic impact of these establishments is relatively small.



Source: Nonemployer Statistics 2013, U.S. Census Bureau/NHES Calculation

² Average receipts are total receipts divided by the total number of establishments. While these data are useful for comparison, receipts do not include hours worked nor business expenses that may have been deducted on annual business income tax returns.

³ Firms by Size Report, Quarterly Census of Employment and Wages. Economic and Labor Market Information Bureau, New Hampshire Employment Security, September 2014. Data include only employees covered by unemployment insurance at private, non-government business establishments.