

**Maryland Small Business Fact Sheet**  
**Maryland Department of Business and Economic Development**

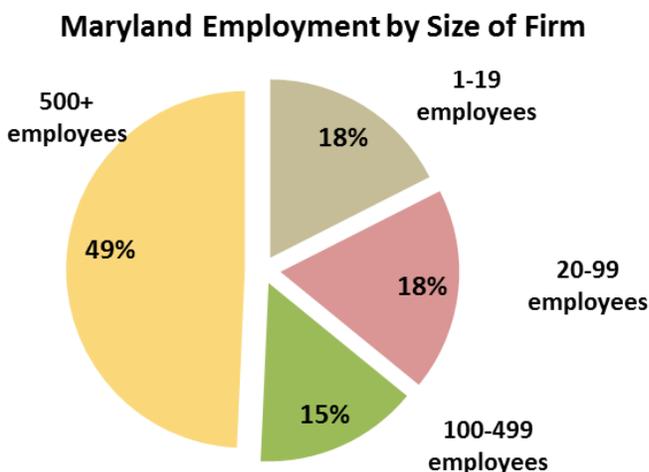
**1. Employer Firms\***

**Firms with Fewer Than 100 Employees**

- Maryland has 101,892 firms (94.9 percent of all employer firms) that have fewer than 100 employees.
- These firms employ 772,858 workers, 35.9 percent of the workforce of employer firms in the state.
- These firms have an annual payroll of \$33.0 billion, 31.1 percent of total payroll.

**Firms with Fewer Than 20 Employees**

- Maryland has 91,215 firms (85.0 percent of all employer firms) that have fewer than 20 employees.
- These firms employ 377,149 workers, 17.5 percent of the workforce.
- These firms have an annual payroll of \$15.3 billion, 14.4 percent of the total payroll.



**Firms with Fewer Than Five Employees**

- Maryland has 61,518 firms (57.3 percent of all employer firms) that have fewer than five employees.
- These firms employ 104,930 workers, or 4.9 percent of the workforce.
- These firms have an annual payroll of \$4.5 billion, 4.3 percent of the total payroll.

**Maryland - Employer Firms 2012- by Employment Size**

Employment size of enterprise	Firms*	Establishments	Employees	Annual Payroll (\$1,000)
<b>All firms</b>	107,324	134,305	2,152,458	105,889,051
Firms with 0 to 4 employees**	61,518	61,585	104,930	4,500,711
Firms with 5 to 9 employees	18,270	18,408	120,138	4,585,276
Firms with 10 to 19 employees	11,427	11,915	152,081	6,183,127
Firms with 20 to 99 employees	10,677	13,241	395,709	17,708,872
Firms with 100 to 499 employees	2,711	6,529	318,598	15,773,833
Firms with 500 employees or more	2,721	22,627	1,061,002	57,137,232

i<sup>[1]</sup>A firm is an aggregation of all establishments owned by a parent company.

\*\*An establishment with 0 employment is an establishment reporting no paid employees in the mid-March pay period, but paid employees at some time during the year.

\* U.S. Census Bureau, Statistics of U.S. Businesses, 2012 from County Business Patterns. The series excludes data on self-employed individuals, employees of private households, railroad employees, agricultural production employees, and most government employees.

**Firms with Fewer Than 500 Employees (SBA definition of a small business)**

- Of the total 109,087 employer firms in Maryland, 104,603 have fewer than 500 employees.
- These firms employ over 1 million workers (1,091,456).
- These firms have an annual payroll of \$48.7 billion, 46.0 percent of the total payroll of employer firms in the state.

**Firms with More than 500 Employees**

- Maryland has 2,721 firms (2.5 percent of all employer firms) that have more than 500 employees.
- These firms employ 1.06 million workers, or 49.3 percent of the workforce.
- These firms have an annual payroll of \$57 billion, 54% percent of the total payroll.

The largest number of Maryland small businesses are engaged in professional, scientific, technical and other services (17 percent), followed by construction (13 percent), health care & social assistance (12 percent), other services (12 percent), and retail trade (10 percent). Industries with the largest share of employment in that sector were construction and personal and other services.

**2. Nonemployer Firms<sup>i</sup>**

The definition of a nonemployer business is one that has no paid employees or payroll, has annual business receipts of \$1,000 or more (\$1 or more in the construction industries), and is subject to federal income taxes.

- In 2013 Maryland had 456,511 establishments that do not have employees, approximately 80 percent of all firms in the state.
- Maryland had the third highest rate of increase between 2012 and 2013 (up 3.2 percent) in the number of nonemployer locations following Nevada, Florida and the District of Columbia.
- Maryland nonemployer firms had sales of over \$19.0 billion in 2013.
- The largest share of Maryland nonemployer firms are engaged in professional, scientific, technical (16 percent) and other services (14 percent). The share of nonemployer firms in health care is 12 percent, followed by real estate (10 percent) and construction (10 percent).
- The business can be unincorporated or incorporated, although incorporated nonemployers are rare, as the owner is considered an employee of the venture and would have to avoid payroll to be considered a nonemployer.
- Most nonemployers are self-employed sole proprietors operating unincorporated businesses, and may or may not be the owner's principal source of income.
- A nonemployer business may operate from its owner's home address or from a separate business location. Each distinct business income tax return filed by a nonemployer business is counted as an establishment.

**3. Self-Employment**

Data on self-employment and nonemployer businesses are similar, but different in important ways. Because most business ventures are unincorporated one-person operations, data on self-employment and nonemployers overlap significantly.

---

<sup>i</sup> U.S. Census Bureau, 2013 Nonemployer Statistics.

- Self-employment data track an occupation and an owner. The tax status of the venture can be unincorporated (generally sole proprietors filing Schedule Cs with their personal tax returns) or incorporated.
- Maryland self-employment is estimated to be 266,000 in 2011.<sup>i</sup>

**Maryland Business Ownership by Ethnicity and Gender (Includes all business sizes.)**

**According to the 2012 Survey of Businesses Owners:**

- In 2012, Maryland was home to 531,953 businesses with 204,185 of these firms owned by minorities and 210,053 owned by women.
  - There were 20,901 women-owned firms with payroll, employing 197,423 workers. These women-owned firms had sales of \$26.4 billion and a payroll of \$7.5 billion.
  - There were 21,969 minority-owned firms with payroll, employing 182,659 workers. These minority-owned firms had sales of \$26.6 billion and a payroll of \$6.8 billion.
- There were 102,130 African American businesses in Maryland in 2012 with total sales of \$8.9 billion.
  - There were 5,962 African American firms with payroll, employing 54,352 workers.
  - Sales for African American firms with paid employees were approximately \$6.5 billion, and payroll totaled \$2.1 billion.
  - There were 119,198 African American firms with no paid employees, with sales of \$2.5 billion.
- There were 37,447 Hispanic American businesses in Maryland in 2012 with total sales of \$5.4 billion.
  - There were 3,564 Hispanic firms with payroll, employing 31,270 workers. Sales for Hispanic American firms with paid employees were \$4.4 billion, and payroll totaled \$1.1 billion.
  - There were 33,883 Hispanic firms with no paid employees, with sales of \$989 million.
- There were 41,845 Asian American businesses in Maryland in 2012 with total sales of \$15.8 billion.
  - There were 12,173 Asian American firms with payroll, employing 89,215 workers. Sales for Asian American firms with paid employees were \$14.5 billion, and payroll totaled \$3.3 billion.
  - There were 29,672 Asian American firms with no paid employees. Sales for firms with no paid employees were \$1.3 billion.
- There were 51,427 Veteran-owned businesses in Maryland in 2012 with total sales of \$22.5 billion.
  - There were 9,111 Veteran-owned firms with payroll, employing 104,170 workers. Sales for Veteran-owned firms with paid employees were \$20.7 billion, and payroll totaled \$4.9 billion.
  - There were 42,317 Veteran-owned firms with no paid employees. Sales for firms with no paid employees were \$1.9 billion.

---

<sup>i</sup> U.S. Small Business Administration, *The Small Business Economy, 2012*

## **Glossary of Terms**

### **Annual Payroll**

Total annual payroll includes all forms of compensation, such as salaries, wages, commissions, bonuses, vacation allowances, sick-leave pay, and the value of payments in kind (e.g., free meals and lodgings) paid during the year to all employees.

### **Employment**

Paid employment consists of full and part-time employees, including salaried officers and executives of corporations, who were on the payroll in the pay period including March 12. Included are employees on sick leave, holidays, and vacations; not included are proprietors and partners of unincorporated businesses.

### **Establishments**

Generally, an establishment is a single physical location where business is conducted or services or industrial operations are performed. However, for nonemployers we count each distinct business income tax return filed by a nonemployer business as an establishment. A nonemployer business may operate from its owner's home address or from a separate business location.

### **Firm**

A firm is a business organization consisting of one or more domestic establishments in the same state and industry that were specified under common ownership or control. The firm and the establishment are the same for single-establishment firms. For each multi-establishment firm, establishments in the same industry within a state will be counted as one firm- the firm employment and annual payroll are summed from the associated establishments.

### **Nonemployer**

A nonemployer business is one that has no paid employees, has annual business receipts of \$1,000 or more (\$1 or more in the construction industries), and is subject to federal income taxes.

### **Receipts**

Includes gross receipts, sales, commissions, and income received from trades and businesses, as reported on annual business income tax returns. Business income consists of all payments received for services rendered by nonemployer businesses, such as payments received as independent agents and contractors.

### **Sole proprietors**

Some may refer to the self-employed or nonemployers as sole proprietors, but this is not always the case. Self-employed individuals can choose to incorporate or file as sole proprietors. Nonemployers can also be unincorporated or incorporated, although incorporated nonemployers are rare, as the owner is often considered an employee of the venture and would have to avoid payroll to be considered a nonemployer. About two-thirds of the self-employed run unincorporated operations and just under 95 percent of nonemployers are unincorporated.