



2005 Trends in Nonemployer Statistics in Nevada

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Introduction

In 2005, 7.5 million firms had employees and another 20.4 million firms had no employees across the nation. A nonemployer business is defined as a business that has no paid employees, has annual business receipts of \$1,000 or more (\$1 or more in construction industries) and is subject to federal income tax. Nonemployer businesses are generally small, such as real estate agents and independent contractors. They constitute nearly 75 percent of all businesses, but they contribute only about 3 percent of overall sales and receipts data. Generally, an establishment is a single physical location at which business is conducted or services or industrial operations are performed. However, for nonemployers, each distinct business income tax return filed by a

nonemployer business is counted as an establishment. Nonemployer businesses may operate from a home address or a separate physical location. Despite the large presence of nonemployer businesses in the economy, little research has been done to examine the trends of these businesses.

As shown in Table 1, from 1997 through 2005, Nevada had the highest growth rate of nonemployer establishments with an increase of 74.4 percent. Overall, western states experienced a higher growth rate (33.2 percent) in nonemployer establishments than the nation (32.1 percent), despite Alaska having the lowest growth rate in the nation.

Table 1. Nonemployer Establishment Growth in Western United States, 1997 to 2005.

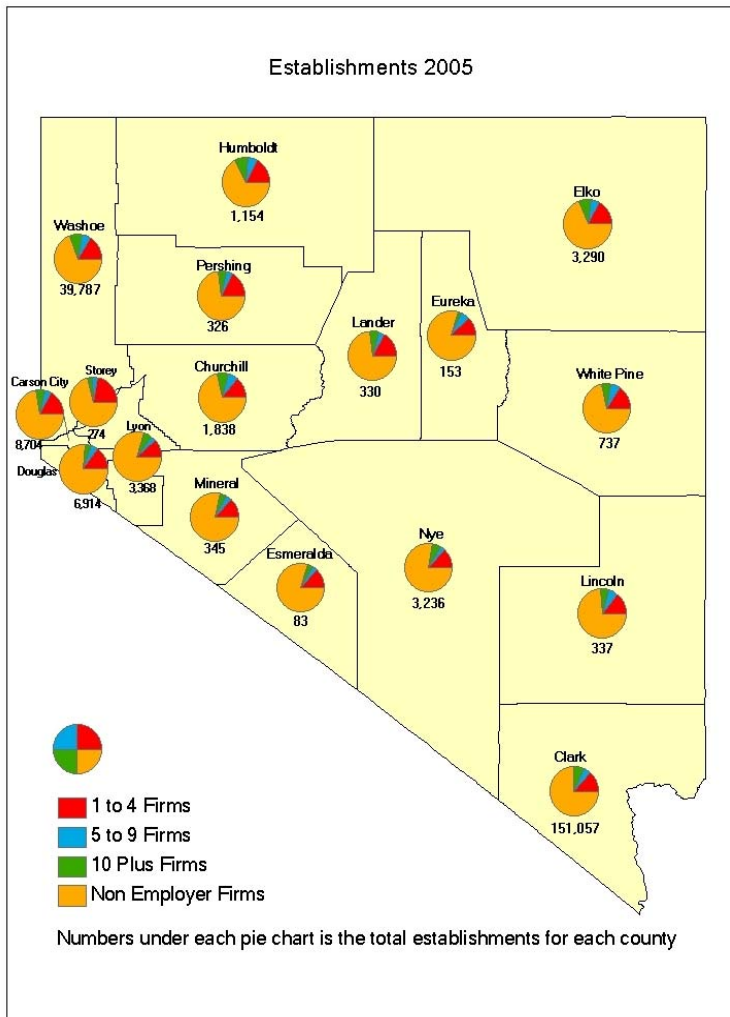
State	Nonemployers		Change	Percentage Change	Rank
	1997	2005			
Nevada	93,777	163,512	69,735	74.4%	1
Arizona	240,925	358,145	117,220	48.6%	4
Utah	126,190	175,121	48,931	38.8%	7
California	1,936,556	2,609,258	672,702	34.7%	11
Idaho	79,240	106,257	27,017	34.1%	14
Colorado	303,196	401,092	97,896	32.3%	17
Hawaii	70,203	87,717	17,514	25.0%	27
Washington	315,367	386,895	71,528	22.7%	32
Wyoming	34,179	41,861	7,682	22.5%	33
Montana	67,187	80,851	13,664	20.3%	38
New Mexico	96,964	116,614	19,650	20.3%	40
Oregon	209,846	246,129	36,283	17.3%	46
Alaska	48,964	50,928	1,964	4.0%	51
Western States	3,622,594	4,824,380	1,201,786	33.2%	
United States	15,439,609	20,392,068	4,952,459	32.1%	

Source: U.S. Department of Commerce, Nonemployer Statistics. U.S. Census Bureau, Economic Planning and Coordination Division, Register Analysis Branch, 1997 and 2005.

Table 2. Establishment Shares by Firm Size 2005

Area Name	Total Establishments	Firms with 1-4 Employees	Firms with 5-9 Employees	Firms with 10 or More Employees	Nonemployer Firms
Churchill	1,838	14.1%	6.7%	7.8%	71.4%
Clark	151,057	13.6%	4.4%	7.3%	74.7%
Douglas	6,914	15.2%	4.1%	4.7%	76.0%
Elko	3,290	16.8%	6.3%	8.2%	68.7%
Esmeralda	83	13.3%	3.6%	3.6%	79.5%
Eureka	153	12.4%	5.9%	2.0%	79.7%
Humboldt	1,154	17.1%	6.8%	8.8%	67.4%
Lander	330	16.7%	3.6%	6.7%	73.0%
Lincoln	337	13.9%	6.8%	5.3%	73.9%
Lyon	3,368	11.2%	3.7%	5.1%	80.0%
Mineral	345	12.8%	4.3%	4.3%	78.6%
Nye	3,236	12.6%	4.0%	5.5%	77.8%
Pershing	326	17.2%	4.3%	5.8%	72.7%
Storey	274	21.9%	3.6%	3.6%	70.8%
Washoe	39,787	16.4%	5.6%	8.5%	69.6%
White Pine	737	15.5%	6.6%	6.5%	71.4%
Carson City	8,704	16.7%	4.8%	6.4%	72.1%
Nevada	222,073	14.4%	4.7%	7.3%	73.6%

Source: U.S. Department of Commerce. Nonemployer Statistics. U.S. Census Bureau, Economic Planning and Coordination Division, Register Analysis Branch, 2005. U.S. Department of Commerce. County Business Patterns. U.S. Census Bureau, Economic Planning and Coordination Division, Register Analysis Branch, 2005.



Establishments

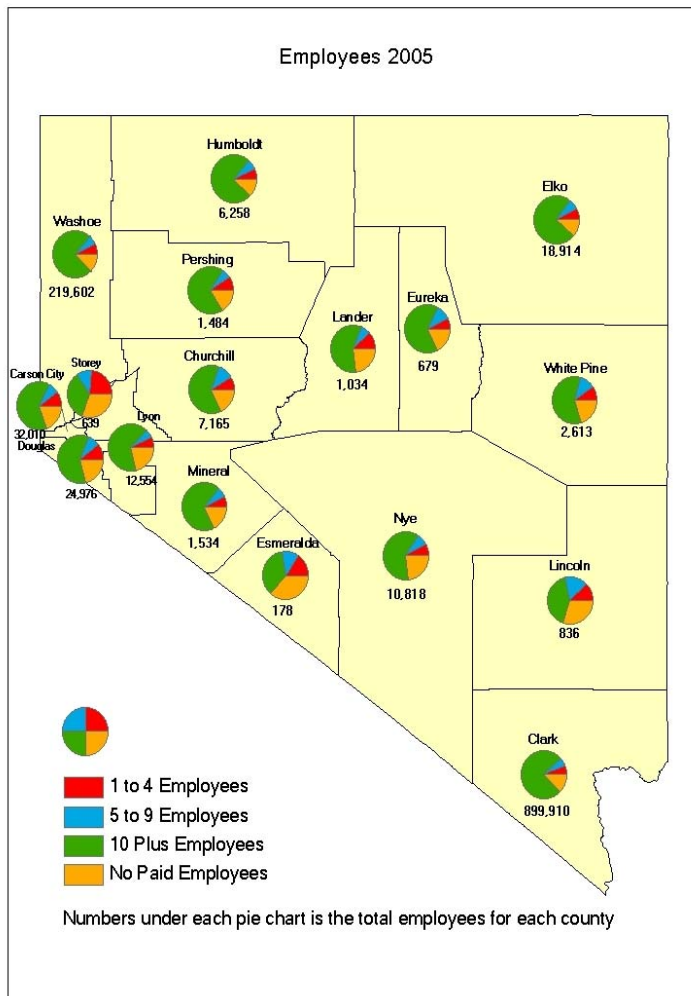
Table 2 shows the establishment shares by firm size in 2005 for each county in Nevada as well as the state overall. In 2005, Nonemployer firms comprised between 67.4 percent and 80 percent of all establishments in the Nevada counties. Lyon County had the greatest percentage of establishments having no employees, and 2,694 (80 percent) nonemployer firms. Humboldt County had the smallest percentage of nonemployer firms with 778 (67.4 percent) establishments having no employees.

Humboldt County had the greatest percentage of large establishments, with 8.8 percent of its firms having 10 employees or more. Eureka County had the lowest percentage of large firms, with just 2 percent of its firms having 10 or more employees.

Table 3. Employee Shares by Firm Size

Area Name	Total Employees	Firms with 1-4 Employees	Firms with 5-9 Employees	Firms with 10 or more Employees	Nonemployer Firms
Churchill	7,165	8.3%	11.0%	62.4%	18.3%
Clark	899,910	6.0%	5.4%	76.1%	12.5%
Douglas	24,976	10.9%	8.2%	59.9%	21.0%
Elko	18,914	7.2%	7.6%	73.2%	12.0%
Esmeralda	178	15.7%	11.8%	36.0%	37.1%
Eureka	679	7.6%	10.1%	64.4%	18.0%
Humboldt	6,258	6.5%	7.2%	73.9%	12.4%
Lander	1,034	11.7%	7.2%	57.8%	23.3%
Lincoln	836	12.1%	16.6%	41.4%	29.8%
Lyon	12,554	6.7%	6.1%	65.7%	21.5%
Mineral	1,534	6.9%	6.6%	68.8%	17.7%
Nye	10,818	8.5%	7.5%	60.7%	23.3%
Pershing	1,484	9.1%	6.4%	68.6%	16.0%
Storey	639	23.5%	11.0%	35.2%	30.4%
Washoe	219,602	7.0%	6.6%	73.8%	12.6%
White Pine	2,613	9.3%	11.2%	59.3%	20.1%
Carson City	32,010	9.9%	7.9%	62.6%	19.6%
Nevada	1,252,934	6.5%	5.9%	74.6%	13.1%

Source: U.S. Department of Commerce. Nonemployer Statistics. U.S. Census Bureau, Economic Planning and Coordination Division, Register Analysis Branch, 2005. U.S. Department of Commerce. County Business Patterns. U.S. Census Bureau, Economic Planning and Coordination Division, Register Analysis Branch, 2005.



Employees

Table 3 examines the employee shares by firm size. Each nonemployer firm was assigned one employee to represent the business owner. For all but one county the majority of employees work in firms with 10 employees or more. Esmeralda County is the lone exception, with 37.1 percent of individuals working in nonemployer firms versus 36 percent of its employees working in firms of 10 or more employees. Clark County has the highest percentage of employees (76.1 percent) working in large firms, while Storey County has the lowest percentage of workers (35.2 percent) employed by firms of 10 or more employees.

In 11 counties in 2005, there were more nonemployer firms than employees working in establishments with less than 10 employees. Esmeralda County had the greatest percentage of individuals in nonemployer firms (37.1 percent), while Elko County had the lowest percentage of workers (12.0 percent) in nonemployer firms.

Nonemployer Statistics by Industry

Table 4 depicts the growth in nonemployer establishments by industry in the state of Nevada from 2003 to 2005. In 2005, more than one-third of all nonemployer firms were in the Real Estate and Rental and Leasing Sector and the Professional, Scientific and Technical Services Sector, accounting for more than 43 percent of total receipts.

Overall, Nevada experienced a 14.6-percent growth in nonemployer establishments from 2003 to 2005. All sectors had some positive growth during this period. The sector experiencing the highest growth in establishments was the Real Estate and Rental and Leasing Sector with a 31-percent increase.

The sector with the smallest establishment growth rate over this period was the Manufacturing Sector, which experienced just a 0.5-percent increase.

The changes in nonemployer receipts by industry are also shown in Table 4. In Nevada, each sector experienced higher nonemployer receipts in 2005 than 2003. Overall, Nevada nonemployer receipts increased by 22.1 percent over the 2-year period. The Utilities Sector had the highest growth rate with a 44.8-percent increase in total receipts. The Accommodation and Food Service Sector had the lowest growth rate in total receipts for nonemployer firms, experiencing a modest 4.9-percent increase.

Table 4. Nevada Nonemployment Statistics by NAICS Sector, 2003-2005

NAICS Sector	2003 Nonemployer Establishments		2005 Nonemployer Establishments		Percent Change 2003-2005	
	Number	Receipts (\$1000)	Number	Receipts (\$1000)	Number	Receipts
Forestry and Ag Services	647	23,162	686	26,418	6.0%	14.1%
Mining	333	16,596	380	23,539	14.1%	41.8%
Utilities	67	3,738	86	5,411	28.4%	44.8%
Construction	9,467	615,803	10,785	734,285	13.9%	19.2%
Manufacturing	1,949	127,164	1,959	140,249	0.5%	10.3%
Wholesale trade	3,130	295,004	3,215	316,232	2.7%	7.2%
Retail trade	13,994	691,641	14,877	744,543	6.3%	7.6%
Transportation and Warehousing	4,403	263,307	5,179	352,073	17.6%	33.7%
Information	2,555	139,179	2,920	179,018	14.3%	28.6%
Finance and Insurance	9,132	678,716	10,549	762,591	15.5%	12.4%
Real Estate and Rental and Leasing	24,288	1,989,118	31,810	2,739,518	31.0%	37.7%
Professional, Scientific and Technical Services	22,190	1,239,623	24,179	1,475,139	9.0%	19.0%
Administrative and Waste Management	8,753	311,679	9,686	370,271	10.7%	18.8%
Educational Services	1,840	38,839	2,321	46,725	26.1%	20.3%
Health Care and Social Assistance	8,146	371,113	9,144	417,032	12.3%	12.4%
Arts, Entertainment and Recreation	10,383	493,809	12,001	600,344	15.6%	21.6%
Accommodation and Food Service	1,789	128,302	1,997	134,556	11.6%	4.9%
Other Services	19,663	583,563	21,738	710,731	10.6%	21.8%
TOTAL	142,729	8,010,356	163,512	9,778,675	14.6%	22.1%

Source: U.S. Department of Commerce. *Nonemployer Statistics*. U.S. Census Bureau, Economic Planning and Coordination Division, Register Analysis Branch, 2005.

Conclusion

Nonemployer firms comprise nearly 75 percent of all businesses in Nevada. From 1997 to 2005, Nevada experienced a 74.4-percent increase in nonemployer establishments, outpacing the national growth rate by more than 42 percent. Additionally in 2005, nonemployer

firms outnumbered all individuals working in firms with less than 10 employees. Considering this information, it is important to further examine the impacts of rural nonemployer establishments in Nevada and the western United States.

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