



2007 Trends in Nonemployer Statistics in Nevada

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Introduction

In 2007, 7.7 million firms had employees and another 21.7 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 2007, Nevada had the highest growth rate of nonemployer establishments with an increase of 86.1 percent. Overall, Western states experienced a higher growth rate (41.5 percent) in nonemployer establishments than the nation (40.6 percent), despite Alaska having the lowest growth rate in the nation.

Table 1. Nonemployer Establishment Growth in Western United States, 1997 to 2007.

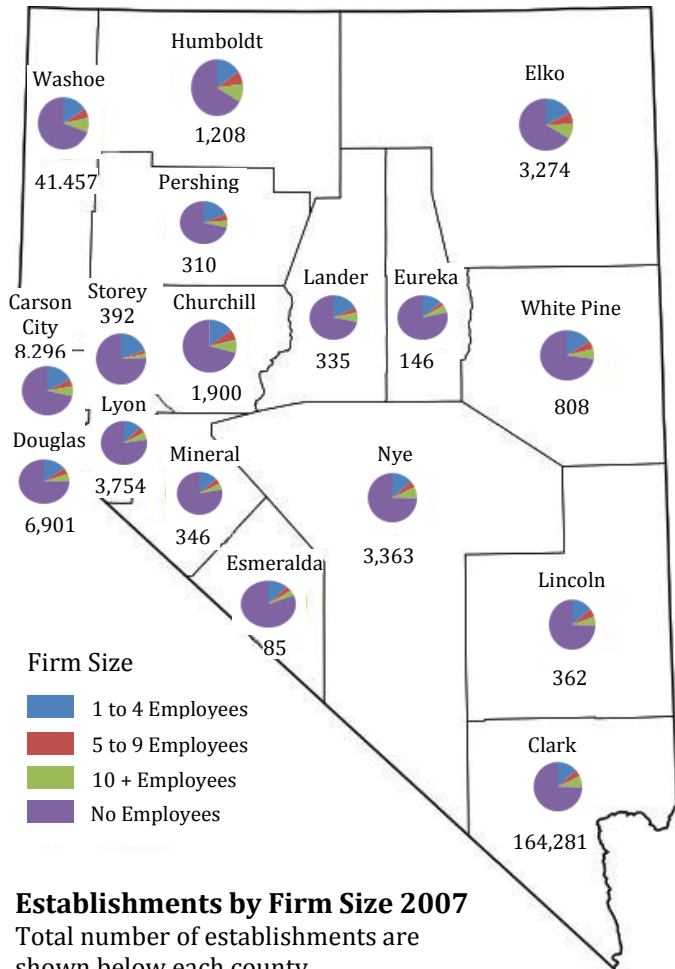
State	Nonemployers		Change	Percentage Change	National Rank
	1997	2007			
Nevada	93,777	174,492	80,715	86.1%	1
Arizona	240,925	389,134	148,209	61.5%	4
Utah	126,190	188,841	62,651	49.6%	10
Idaho	79,240	114,338	35,098	44.3%	13
California	1,936,556	2,757,179	820,623	42.4%	16
Colorado	303,196	426,017	122,821	40.5%	17
Hawaii	70,203	96,263	26,060	37.1%	22
Washington	315,367	412,651	97,284	30.8%	27
Wyoming	34,179	43,950	9,771	28.6%	30
New Mexico	96,964	123,567	26,603	27.4%	33
Montana	67,187	83,999	16,812	25.0%	40
Oregon	209,846	261,731	51,885	24.7%	43
Alaska	48,964	53,615	4,651	9.5%	51
Western States	3,622,594	5,125,777	1,503,183	41.5%	
United States	15,439,609	21,708,021	6,268,412	40.6%	

Source: U.S. Department of Commerce. *Nonemployer Statistics*. U.S. Census Bureau, Economic Planning and Coordination Division, Register Analysis Branch, 1997 and 2007.

Table 2. Establishment Shares by Firm Size 2007

Area Name	Total Establishments	Firms with 1-4 Employees	Firms with 5-9 Employees	Firms with 10 or More Employees	Nonemployer Firms
Churchill	1,900	14.6%	6.5%	8.1%	70.9%
Clark	164,281	13.4%	4.5%	7.4%	74.6%
Douglas	6,901	14.6%	4.6%	5.1%	75.7%
Elko	3,274	17.3%	7.2%	9.3%	66.2%
Esmeralda	85	11.8%	3.5%	3.5%	81.2%
Eureka	146	13.0%	2.7%	5.5%	78.8%
Humboldt	1,208	15.4%	7.5%	10.3%	66.8%
Lander	335	17.3%	3.9%	6.9%	71.9%
Lincoln	362	14.4%	5.5%	5.8%	74.3%
Lyon	3,754	12.4%	4.6%	5.3%	77.7%
Mineral	346	13.0%	4.3%	4.6%	78.0%
Nye	3,363	13.4%	4.8%	5.5%	76.2%
Pershing	310	18.7%	4.8%	5.2%	71.3%
Storey	392	19.4%	2.3%	2.6%	75.8%
Washoe	41,457	15.9%	5.8%	8.7%	69.6%
White Pine	808	15.5%	5.4%	6.4%	72.6%
Carson City	8,296	17.4%	4.8%	6.3%	71.5%
Nevada	237,331	14.1%	4.8%	7.5%	73.5%

Source: U.S. Department of Commerce. Nonemployer Statistics. U.S. Census Bureau, Economic Planning and Coordination Division, Register Analysis Branch, 2007. U.S. Department of Commerce. County Business Patterns. U.S. Census Bureau, Economic Planning and Coordination Division, Register Analysis Branch, 2007.



Establishments

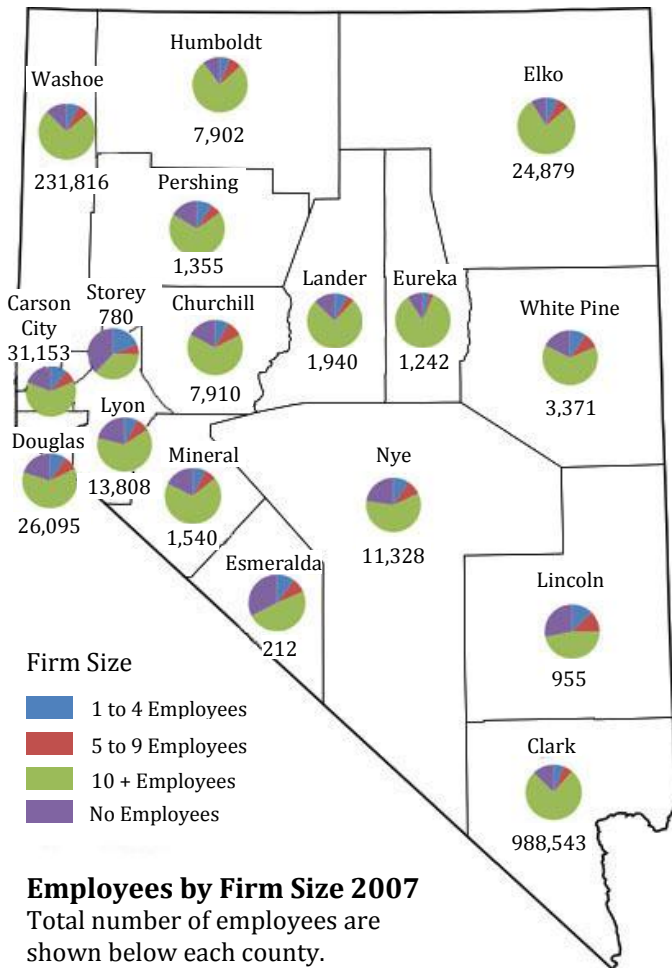
Table 2 shows the establishment shares by firm size in 2007 for each county in Nevada as well as the state overall. In 2007, nonemployer firms comprised between 66.2 percent and 81.2 percent of all establishments in the Nevada counties. Esmeralda County had the greatest percentage of establishments having no employees, with 69 of 85 establishments (81.2 percent) as nonemployer firms. Elko County had the smallest percentage of nonemployer firms with 2,166 (66.2 percent) establishments having no employees.

Humboldt County had the greatest percentage of large establishments, with 10.3 percent of its firms having 10 employees or more. Storey County had the lowest percentage of large firms, with just 2.6 percent of its firms having 10 or more employees.

Table 3. Employee Shares by Firm Size 2007

Area Name	Total Employees	Firms with 1-4 Employees	Firms with 5-9 Employees	Firms with 10 or more Employees	Nonemployer Firms
Churchill	7,910	7.7%	9.6%	65.6%	17.0%
Clark	988,543	5.8%	5.5%	76.3%	12.4%
Douglas	26,095	9.4%	8.3%	62.3%	20.0%
Elko	24,879	6.2%	7.2%	77.9%	8.7%
Esmeralda	212	9.9%	8.4%	49.1%	32.5%
Eureka	1,242	3.8%	2.3%	84.7%	9.3%
Humboldt	7,902	5.4%	7.5%	76.9%	10.2%
Lander	1,940	7.1%	4.5%	76.0%	12.4%
Lincoln	955	12.1%	13.0%	46.8%	28.2%
Lyon	13,808	7.7%	7.9%	63.3%	21.1%
Mineral	1,540	7.3%	6.8%	68.3%	17.5%
Nye	11,328	9.0%	9.0%	59.4%	22.6%
Pershing	1,355	8.8%	6.4%	68.6%	16.3%
Storey	780	19.0%	6.3%	36.6%	38.1%
Washoe	231,816	6.7%	6.9%	74.0%	12.5%
White Pine	3,371	9.3%	9.2%	64.1%	17.4%
Carson City	31,153	10.4%	8.1%	62.4%	19.1%
Nevada	1,370,298	3.9%	5.6%	77.8%	12.7%

Source: U.S. Department of Commerce. Nonemployer Statistics. U.S. Census Bureau, Economic Planning and Coordination Division, Register Analysis Branch, 2007. U.S. Department of Commerce. County Business Patterns. U.S. Census Bureau, Economic Planning and Coordination Division, Register Analysis Branch, 2007.



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 greatest percentage of employees works in large firms (10 or more employees). Storey County is the exception, with 38.1 percent of individuals working in nonemployer firms versus 36.6 percent of its employees working in firms of 10 or more employees. Eureka County has the highest percentage of employees (84.7 percent) working in large firms, while Storey County has the lowest percentage of workers (36.6 percent) employed by large firms.

In 11 counties in 2007, there were more nonemployer firms than employees working in establishments with less than 10 employees. Storey County had the greatest percentage of individuals in nonemployer firms (38.1 percent), while Elko County had the lowest percentage of workers (8.7 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 2007. In 2007, more than a 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 31 percent of total receipts.

Overall, Nevada experienced 22.3 percent growth in nonemployer establishments from 2003 to 2007. All sectors had some positive growth during this period. The sector experiencing the highest growth in establishments was the Utilities Sector with a 64.2 percent increase. The sector with the

smallest establishment growth rate over this period was the Wholesale Trade Sector, which experienced an 8.6 percent increase.

The changes in nonemployer receipts by industry are also shown in Table 4. In Nevada, each sector experienced higher nonemployer receipts in 2007 than 2003. Overall, Nevada nonemployer receipts increased by 21.8 percent over the four-year period. The Utilities Sector had the highest growth rate with an 82.7 percent increase in total receipts. The Manufacturing Sector had the lowest growth rate in total receipts for nonemployer firms, experiencing a modest 8.4 percent increase.

Table 4. Nevada Nonemployment Statistics by NAICS Sector, 2003-2007

NAICS Sector	2003 Nonemployer Establishments		2007 Nonemployer Establishments		Percent Change 2003-2007	
	Number	Receipts (\$1000)	Number	Receipts (\$1000)	Number	Receipts
Forestry and Ag Services	647	23,162	772	30,006	19.3%	29.5%
Mining	333	16,596	387	29,582	16.2%	78.2%
Utilities	67	3,738	110	6,829	64.2%	82.7%
Construction	9,467	615,803	10,973	694,548	15.9%	12.8%
Manufacturing	1,949	127,164	2,217	137,893	13.8%	8.4%
Wholesale trade	3,130	295,004	3,399	350,357	8.6%	18.8%
Retail trade	13,994	691,641	16,317	792,440	16.6%	14.6%
Transportation and Warehousing	4,403	263,307	5,826	395,504	32.3%	50.2%
Information	2,555	139,179	3,121	186,398	22.2%	33.9%
Finance and Insurance	9,132	678,716	10,494	800,097	14.9%	17.9%
Real Estate and Rental and Leasing	24,288	1,989,118	30,284	2,231,931	24.7%	12.2%
Professional, Scientific and Technical Services	22,190	1,239,623	26,404	1,526,344	19.0%	23.1%
Administrative and Waste Management	8,753	311,679	12,897	421,406	47.3%	35.2%
Educational Services	1,840	38,839	2,865	49,125	55.7%	26.5%
Health Care and Social Assistance	8,146	371,113	9,768	477,979	19.9%	28.8%
Arts, Entertainment and Recreation	10,383	493,809	13,336	690,364	28.4%	39.8%
Accommodation and Food Service	1,789	128,302	2,171	144,687	21.4%	12.8%
Other Services	19,663	583,563	23,151	792,503	17.7%	35.8%
TOTAL	142,729	8,010,356	174,492	9,757,993	22.3%	21.8%

Source: U.S. Department of Commerce. *Nonemployer Statistics*. U.S. Census Bureau, Economic Planning and Coordination Division, Register Analysis Branch, 2007.

Conclusion

Nonemployer firms comprise nearly 75 percent of all businesses in Nevada. From 1997 to 2007, Nevada experienced an 86.1 percent increase in nonemployer establishments, outpacing the national growth rate by more than 45.5 percent. Additionally in 2007,

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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